



11 May 2021

**CONTACT FINANCIAL ANNOUNCES Q1 2021 RESULTS**  
**Q1 CONSOLIDATED NET INCOME OF EGP 109 MN,**  
**UP 21% FROM Q1 2020**

**Financial Summary\***

***Financing Business***

- Total Portfolio of EGP 8.7 billion, up 34% YoY
- Financing Revenue of EGP 443 million, down 10% from Q1 2020
- Net Interest Income of EGP 145 million, up 8% from Q1 2020
- Financing Operating Income of EGP 261 million, same as Q1 2020
- Financing Net Income of EGP 104 million, up 5% from Q1 2020
- Annualized Return on Average Assets of 5%
- Annualized Return on Average Equity of 22.7%

***Insurance Business***

- GWP of EGP 125 million, up 67% from Q1 2020
- Insurance Revenue of EGP 151 million, up 67% from Q1 2020
- Insurance Operating Income of EGP 68 million, up 134% from Q1 2020
- Insurance Net Income of EGP 5 million

***Group Consolidated Metrics***

- Net Operating Income of EGP 329 million, up 13% from Q1 2020
- Net Income of EGP 109 million, up 21% from Q1 2020
- Annualized Return on Average Equity of 21.9%

**Contact Financial Holding SAE (CNFN.CA)**, Egypt's largest non-banking financial services provider, announced today its consolidated financial results for the period ending 31 March 2021, with consolidated net income after minority interest of EGP 109 million, up 21% from EGP 91 million for the period ending 31 March 2020.

Management commented “we begin this year reporting strong operational and financial figures that continue to demonstrate the coming together of the key elements of our strategy. With a market-leading range of consumer financial products, a streamlined branding and marketing approach, and a strong emphasis on distribution capabilities, the effects will be felt further in the coming phase.

The first quarter saw the full relaunch of contactcars.com as a standalone subsidiary, the launch of our first money market fund under Sarwa Life Insurance, and a number of new product launches within consumer finance. In addition, the Contact client application and the Contact Rewards loyalty program were launched with strong initial impact, complementing the rapid geographical expansion.”





### Summary Consolidated Financial Results\*

Income Statement (EGPm)	Q1 2021	Q1 2020	YoY
Financing Revenue	443	498	-10%
Financing Operating Income	261	261	0%
Insurance Revenue	151	90	67%
Insurance Operating Income	68	29	134%
Total Operating Income	329	290	13%
Earnings Before Tax	163	146	12%
<b>Net Income after minorities</b>	<b>109</b>	<b>91</b>	<b>21%</b>

### Group Renaming & Rebranding

During the first quarter of 2021, the group name officially changed to Contact Financial Holding S.A.E. from Sarwa Capital Holding for Financial Investments S.A.E. This was approved by the extraordinary general assembly on 15 February, and accordingly the company ticker on the Egyptian Exchange was changed to CNFN.CA from SRWA.CA.

The name change was effected to better reflect the composition of the group's business and its leading position within the consumer financial services landscape. This comes after all financing activities were consolidated under the Contact brand over the preceding period. The insurance and debt capital markets activities will retain the Sarwa brand.

### Financing Division

#### Operational Highlights

Propelled by receiving the first consumer finance license, Contact Credit expanded its product range substantially during the past year and ramped up its direct to customer approach through a variety of channels – physical and digital. With the emphasis shifting to distribution and addressing a wide audience, Contact added two new primary branches in Qalyubia and Monoufia, as part of a large geographical expansion. In addition, the size of the merchant network for Contact Shopping doubled to 3,079 during the quarter, growing 5x during the past year. This continuing plan aims to address demand across different segments of the population.

During this quarter, the Contact client application was launched, serving both existing and new clients. Existing clients can access their account, transactions and an array of benefits under the new Contact Rewards loyalty program; while new users can start the onboarding process with a number of incentives, as the process becomes increasingly seamless within the app.

Also during this quarter several new financing products were launched, including Shattab, the new streamlined home finishing financing product; a revamped club membership financing product; and adding insurance policies as a new product category for consumer financing.

**Total new financing** extended for the first quarter ending in March 31 2021 recorded EGP 1.7 billion, up 86% from the first quarter 2020 and up 22% from the fourth quarter of 2020. Passenger vehicles, consumer financing and mortgage were strong contributors to growth notwithstanding the disruption induced by the pandemic.

New Financing Extended by Asset Class	YoY Growth
Auto	76%
Trucks	5%
Shopping/ Consumer Finance	43%
Mortgage	459%
Medical	78%
Other Financing Products	1886%
<b>Total</b>	<b>86%</b>

**Contact Auto** new financing grew substantially during the first quarter on the back of an improving car market and the new marketing approach, with a rising proportion of contracts coming through direct targeting, branches and cross selling.

**Contact Trucks** new financing grew by 5%, still impacted by the suppressed demand in the commercial vehicles' market from the interruptions in domestic and cross border trade activities and transportation. Contact expanded the product to include financing used light commercial vehicles to help capture demand. Despite the market conditions, Contact continued to promote the product directly to truck drivers and dealers, gaining a wider footprint outside Cairo & Alexandria through Contact branches across all governorates in Egypt.

**Consumer Financing** including Contact Shopping has grown significantly over the past year and further during the first quarter. Overall new financing grew by 43% with Contact Shopping growing by 88% (other products include membership financing and credit for insurance purchases). The unique technology platform, rebranding, expanded product range and fast-growing merchant network, as noted above, are the drivers of growth as Contact Shopping becomes the hub of the client relationship. It is important to note that, with an extensive product range, Contact Shopping now serves the needs of a large audience typically accessing credit through traditional and inefficient small merchant installment sales.

**Contact Mortgage** new financing increased substantially with enhanced activity on all products. Home equity loan executions (renamed from home finishing loans) nearly tripled with significantly lower interest rates as compared to Q1 2020. The reactivation of the low- and middle-income housing program saw a renewed contribution from that segment while a portfolio acquisition transaction also took place during the quarter.

A new long term mortgage product was poised for launch as the quarter drew to a close, offering 10-year mortgages and to be delivered via physical and digital channels starting with Sakneen, the online portal that Contact invested in during the quarter. Sakneen offers homebuyers with an enhanced search engine with unique tools that also serve to qualify units for financing, an important part of streamlining the mortgage finance process.

**Contact Medical** new financing witnessed substantial recovery during the first quarter of the year, supported by expanding market reach targeting new market segments of small clinics and medical centres outside Cairo such as Upper Egypt.

**Other Financing Products** include a variety of products including supply and logistics factoring, commercial real estate leasing, and other products.

## *Financing Portfolio*

In total, the portfolio grew by 34% year on year to EGP 8.7 billion at the end of the fourth quarter. Passenger vehicles represented 76% of the portfolio.

Portfolio	YoY Growth	% of Portfolio Q1 2021	% of Portfolio Q1 2020
Auto	35%	76%	75%
Trucks	46%	7%	7%
Shopping	8%	3%	4%
Mortgage	17%	7%	8%
Medical	45%	3%	3%
Others	52%	4%	3%
<b>Total</b>	<b>34%</b>	<b>100%</b>	<b>100%</b>

### Financial Highlights\*

Financing Business (EGPm)	Q1 2021	Q1 2020	YoY
Total Interest Income	327,574	371,099	-12%
Total Interest Expense	(182,820)	(237,335)	-23%
<b>Net Interest Income</b>	<b>144,755</b>	<b>133,764</b>	<b>8%</b>
Total Revenue from Portfolio Transfer	86,497	102,926	-16%
Total Fee Income	28,465	19,822	44%
Total Other Services Income	988	4,462	-78%
<b>Operating Financing Income</b>	<b>260,705</b>	<b>260,974</b>	<b>0%</b>
General and administrative expenses	(85,998)	(65,621)	31%
Sales and distribution expense	(13,409)	(9,388)	43%
Other operating Exp	(5,471)	(3,212)	70%
Provisions	2,895	(25,037)	-112%
ESOP	(6,031)	(4,037)	49%
Other Expenses	(319)	(178)	79%
<b>EBT</b>	<b>152,371</b>	<b>153,500</b>	<b>-1%</b>
Income Tax	(40,141)	(40,761)	-2%
<b>Net Income before Minorities</b>	<b>112,230</b>	<b>112,739</b>	<b>0%</b>
Minorities	(8,194)	(13,229)	-38%
<b>Financing Net Income</b>	<b>104,036</b>	<b>99,510</b>	<b>5%</b>

Total interest income recorded EGP 327 million, down by 12% during the quarter with a substantially lower portfolio yield due to lower interest rates. Interest expenses fell by 23% resulting in an 8% increase in net interest income combining both on and off-balance sheet constituents.

EGPmn	Q4 2019	Q1 2020	Net Interest Income	NIM %	Q4 2020	Q1 2021	Net Interest Income	NIM %
<b>On-BS Portfolio</b>	2,767	2,002	114	19.16%	2,460	2,752	111	16.99%
<b>Off-BS Portfolio</b>	3,858	4,504	20	0	5,266	5,977	34	0
<b>Total</b>	6,625	6,506	134	8.15%	7,726	8,728	145	7.04%

Net interest margin stood at 7% during the first quarter compared to 8.1% during the comparable period. The above table shows that off balance sheet margin rose while on-balance sheet margin fell. On the other hand, net revenue from portfolio transfer dipped slightly to 7.7% after adjusting for recalled portfolios. This comes as treasury bills diverged from Central Bank of Egypt rates, falling only slightly as compared to a large reduction in CBE rates.

## Total Revenue from Portfolio Transfer:

	Q1-2021	Q1-2020
Total Transferred Portfolio	1,119,218	1,690,589
Refinancing of Recalled Portfolio		(641,037)
<b>Transferred Portfolio (New Origination)</b>	<b>1,119,218</b>	<b>1,049,552</b>
Total Revenue from Portfolio Transfer	86,497	102,926
Refinancing Recalled Portfolio Revenue		(16,336)
<b>Net Gain (New Origination)</b>	<b>86,497</b>	<b>86,590</b>
% New Origination	7.73%	8.25%
% Recalled Portfolio		2.55%

Financing operating income, which includes net interest income, net revenue from portfolio transfer and fee income, stood at level EGP 260 million during the first three months of 2021.

Operating costs of the financing division came in at EGP 86 million during the first quarter of 2021, up by 31% from the same period in 2021 on the back of investing in expanding the network geographically from approaching our clients directly as part of our new strategic framework and operating costs for contactcars.com. As a result, cost to income, as measured by operating expenses, came in at 33%, compared to 25.1% during the same period in 2020. Sales commissions and marketing costs grew by 26% to EGP 11.6 million for the year.

Financing net income recorded EGP 102 million compared with EGP 99 million for the first quarter of 2021.

## Insurance Division

### Operational Highlights

Insurance Services (EGP 000s)	Q1 2021	Q1 2020	YoY	FY 2020	FY 2019	YoY
Total Premiums	140,925	85,100	66%	330,506	246,653	34%
<b>Of which underwritten by Sarwa</b>	<b>124,710</b>	<b>74,763</b>	<b>67%</b>	<b>283,857</b>	<b>109,227</b>	<b>160%</b>

Gross written premiums for both Sarwa Insurance and Sarwa Life reached EGP 125 million in during the period, a 67% increase on the comparable period. At EGP 81 million, Sarwa Insurance was the larger contributor with 89% year on year growth, driven by motor insurance. Meanwhile, Sarwa Life launched its SME life and health products during the quarter with immediate positive results.

Though still in the build-up phase, claim ratios are at 50%, while overall combined ratio stood at 94% at the close of the quarter. Total assets under management for both companies rose by 55% to EGP 327 million at the end of March. Total investment income grew by 72%.

During February, Sarwa Life issued its first fund, an open-ended money market fund with an initial size of EGP 100 million. The fund quickly grew, reaching EGP 468 million at the close of the quarter.

## Financial Highlights

<b>Insurance Business P&amp;L (EGPm)</b>	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>YoY</b>
Gross Written Premium	124,708	74,763	67%
<b>Net Underwriting Revenue</b>	<b>63,178</b>	<b>22,606</b>	<b>179%</b>
Other Insurance Operating Revenue	4,717	6,417	-26%
<b>Total Insurance Operating Income</b>	<b>67,895</b>	<b>29,023</b>	<b>134%</b>
General and administrative expenses	(26,540)	(20,501)	29%
Sales and distribution expense	(28,154)	(15,502)	82%
Impairment loss on receivable	(2,812)	(854)	229%
<b>EBT</b>	<b>10,389</b>	<b>(7,834)</b>	
Income Tax	(1,959)	(1,158)	69%
<b>Consolidated Net Income before Minorities</b>	<b>8,430</b>	<b>(8,992)</b>	
Minorities	(3,176)	141	
<b>Insurance Net Income</b>	<b>5,254</b>	<b>(8,851)</b>	

During the first quarter of 2021, even after applying group cost allocations, the insurance companies combined has turned to profitability with reported net income of EGP 5 million compared with a loss of EGP 9 million for 2020.

Total revenues from insurance activities including insurance brokerage services reached EGP 151 million, up from EGP 90 million in the first quarter of 2020.

On a consolidated basis, insurance operating income came in at EGP 63 million during the first three months of 2021 compared to EGP 23 million during the corresponding period of 2020.

Total operating costs for insurance activities reached EGP 27 million during the first three months of 2021, increasing from EGP 21 million the comparable period in 2020 with the expense ratio recording 69%.

### contactcars.com

At the end of the first quarter, the contactcars.com web portal and smartphone apps were fully relaunched under the new setup as a stand alone company. As Egypt's leading automotive marketplace, the conversion into a separate commercial entity aims to capitalize on its reach and monetize the substantial and evolving opportunity in offering digital services to the car market, on both the dealer and end user fronts.

With the relaunch contactcars.com is enhancing the user experience as well as adding a host of new services for both consumers and dealers, bringing the entire automotive ecosystem closer together and further simplifying the process of buying, selling and owning a new or used car through a faster, better experience. The company is also adding a strong layer of automotive dealer services with a dedicated app supporting dealers to access a range of tools such as targeted advertising, trade-in facilitation, virtual used car showrooms and used car auctions. In addition, contactcars.com is introducing car ownership assistance providing owners useful products and services as part of a seamless digital experience.

### Treasury and Debt Capital Market Division

Liquidity continues to be substantial with a wide funding base from banks and debt capital markets with total of EGP 10.3 billion available to the group.

As mentioned earlier, the group's funding strategy is shifting towards systematically funding the financing activities through Sukuk issuances rather than securitizing the portfolio, increasing our on-balance sheet's capacity. Unlike refinancing through securitization, Sukuk are a primary funding tool offering revolving liquidity at loan origination based on pre-set criteria and margins set by the offering terms and approved by a Sharia board and the regulator. The benefits are enhanced liquidity due to its direct and revolving nature, and mitigating

transient pricing risk. During the first quarter of 2021, the group has been utilizing the proceeds of the EGP 2.5 billion Sukuk issued during the third quarter of 2020 to originate new auto credit and truck financing loans directly through the Sukuk vehicle.

## **Group Shareholders' Equity**

Consolidated equity net of minority interest and portfolio fair value premium reached EGP 2 billion at the end of the first quarter in 2021 compared to closing at EGP 1.9 billion at the end of the comparable period in 2020.

## **Important Note Regarding Group Financial Performance & Accounts**

To simplify both the group consolidated financials and the divisional reporting, and to clarify the transition from the audited financials to the management reclassified accounts, the board of directors approved today a new-look detailed income statement. The new income statement forms a clearer basis for the management reclassified accounts, in two steps as follows:

- The income statement is adjusted to reflect entities which are not consolidated. This includes (Table 1):
  - Companies where Contact has full control of yet are not consolidated (but detailed in the notes to the financial statements).
  - Recurring revenue (and associated expenses) from off-balance sheet portfolios due to their materiality.
- The line items are then reclassified to better reflect the business activities of the group in the Management Reclassified Accounts (Table 2).

The full audited consolidated accounts, segment reports, KPIs and reclassified management accounts are available on the company website [investorrelations.contact.eg](http://investorrelations.contact.eg)



**Table 1: Mapping the Audited Revenue & Expense Statement with The Consolidated Management Account**

Audited financials Q1 2021	EGP "000"	Breakdown of Sec. Net Revenue (Note 19)	JV's Consolidation (Note 15)	Consolidated Adjusted Accounts	
		After Adjustments	KPMG Standalone		
Sales Revenue - goods and services	115,829		166,400	282,229	Sales Revenue - goods and services
Income from financing activities	110,352	162,715	7,824	280,891	Income from financing activities
Securitization Gain	-		-	-	Securitization Gain
Discounting gain	15,932		4,680	20,612	Discounting gain
Sukuk gain	60,216		5,670	65,885	Sukuk gain
Interest Income (Cash Surplus Financing)	21,678	<b>10,961</b>		32,639	Interest Income (Cash Surplus Financing)
Interest Income (Cash Surplus Insurance)	4,072			4,072	Interest Income (Cash Surplus Insurance)
Management Fees (Securitization Issuance)	23,659	<b>(23,404)</b>		255	Management Fees (Securitization Issuance)
Discounting Income (Escrow account deduction)	8,876			8,876	Discounting Income (Escrow account deduction)
Securitization Profit	761	<b>(761)</b>		-	Securitization Profit
Fee Income	20,877		1,973	22,850	Fee Income
Profit share from associates	6,850		<b>(6,850)</b>	-	Profit share from associates
Other Insurance Service (Insurance)	-			-	Other Insurance Service (Insurance)
Net Revenue from portfolio transferred	1,096			1,096	Net Revenue from portfolio transferred
Management fees & Incentive Fees	1,462		(1,462)	1	Management fees & Incentive Fees
Other Operating Revenue	1,573			1,573	Other Operating Revenue
Income from website	2,896			2,896	Income from website
Income from mutual fund - life insurance	408			408	Income from mutual fund -life insurance
Other revenue	2,976		1,218	4,195	Other revenue
Portfolio Management Fees	1,026		-	1,026	Portfolio Management Fees
<b>Total Revenues</b>	<b>400,537</b>	<b>149,512</b>	<b>179,454</b>	<b>729,503</b>	<b>Total Revenues</b>
Cost of sales - good and services	(107,916)		(163,512)	(271,429)	Cost of sales - good and services
General and administrative expense	(98,548)		(181)	(98,729)	General and administrative expense
Interest Expense	(31,150)	(149,512)	(2,176)	(182,837)	Interest Expense
Interest Expense (Right of use)	(1,102)			(1,102)	Interest Expense (Right of use)
Operating expense	(2,594)		(2,878)	(5,471)	Operating expense
Contingent provision	1,535		<b>(227)</b>	1,308	Contingent provision
Other Services cost (Insurance)	(1,995)			(1,995)	Other Services cost (Insurance)
Sales and distribution expense	(11,397)		(2,013)	(13,409)	Sales and distribution expense
(Deficit)from insurance activities	14,055			14,055	(Deficit)from insurance activities
Impairment of financial assets	(1,265)		408	(857)	Impairment of financial assets
ESOP expenses	(6,031)			(6,031)	ESOP expenses
Foreign currency differences	74		-	74	Foreign currency differences
Board of directors' allowances	(319)			(319)	Board of directors' allowances
Other Insurance Services				-	Other Insurance Services
Investment Income (Losses)			-	-	Investment Income (Losses)
<b>Total Expense</b>	<b>(246,652)</b>	<b>(149,512)</b>	<b>(170,579)</b>	<b>(566,743)</b>	<b>Total Expense</b>
Net Profit for the year before tax	<b>153,885</b>	<b>0</b>	<b>8,875</b>	<b>162,760</b>	
Income tax	(39,109)		(2,992)	(42,100)	Income tax
Net Profit for the year after tax	<b>114,776</b>	<b>0</b>	<b>5,884</b>	<b>120,660</b>	
Non-controlling interest	(5,486)		(5,884)	(11,369)	Non-controlling interest
<b>Net Income</b>	<b>109,290</b>	<b>0</b>	<b>0</b>	<b>109,291</b>	<b>Net Income</b>

**Table 2: The Consolidated Reclassified Management Accounts**

	Q1 2021	Q1 2020	YoY
<b>Financing Business:</b>			
Income from financing activities	280,891	319,001	
Management fees (securitization issuances)	255	800	
Management fees from associates	1	0	
Interest revenue from transferred portfolio	1,096	2,990	
Portfolio management fees	1,026	55	
Interest income (cash surplus)	32,639	45,946	
Discounting Income (Escrow account release)	8,876	-	
Other operating revenue	2,791	2,306	
<b>Total interest income</b>	<b>327,574</b>	<b>371,099</b>	<b>-12%</b>
Interest expense	182,820	(237,335)	
<b>Total interest expenses</b>	<b>182,820</b>	<b>(237,335)</b>	<b>-23%</b>
<b>Net interest income</b>	<b>144,756</b>	<b>133,764</b>	<b>8%</b>
Securitization gain	-	102,926	
Discounting gain	20,612	-	
Sukuk gain	65,885	-	
<b>Net revenue from portfolio transfer</b>	<b>86,497</b>	<b>102,926</b>	<b>-16%</b>
Fee income	22,593	14,864	
Other revenue	5,872	4,958	
<b>Total fee income</b>	<b>28,465</b>	<b>19,822</b>	<b>44%</b>
Insurance services revenue	-	750	
Insurance services Cost	(1,995)	(1,329)	
Sales revenue - goods and services	274,154	1,042,453	
Cost of sales - goods and services	(271,171)	(1,037,411)	
<b>Total other services income</b>	<b>988</b>	<b>4,462</b>	<b>-78%</b>
<b>Net Financing operating Income</b>	<b>260,706</b>	<b>260,974</b>	<b>0%</b>
<b>Insurance business:</b>			
GWP	124,708	74,763	67%
Reinsurance & reserves	(52,813)	(40,927)	29%
Claims & provisions	(21,967)	(17,078)	28%
Investment income	5,127	2,988	72%
Outward reinsurance commissions income	6,697	1,846	263%
Fee income	1,427	1,014	41%
<b>Insurance operating income</b>	<b>63,178</b>	<b>22,606</b>	<b>179%</b>
Other insurance income	4,717	6,417	-26%
<b>Total operating income</b>	<b>328,601</b>	<b>289,996</b>	<b>13%</b>
General and administrative expenses	(112,538)	(86,122)	31%
Sales and distribution expenses	(41,564)	(24,890)	67%
Other operating expenses	(5,471)	(3,212)	
Contingent provision & Impairment of financial assets	83	(25,891)	-100%
ESOP expenses	(6,031)	(4,037)	49%
Fees & others	(319)	(178)	79%
<b>EBT</b>	<b>162,760</b>	<b>145,666</b>	<b>12%</b>
Income Tax	(42,100)	(41,919)	0%
<b>Net Income before Minorities</b>	<b>120,660</b>	<b>103,747</b>	<b>16%</b>
Minorities	(11,369)	(13,088)	-13%
<b>Net Income</b>	<b>109,291</b>	<b>90,659</b>	<b>21%</b>

**Table 3: Financing Business Income Statement**

	Q1-2021	Q1-2020	YoY
Income from financing activities	280,891	319,001	
Management fees (securitization issuances)	255	800	
Management fees from associates	1	0	
Interest Revenue from transferred portfolio	1,096	2,990	
Portfolio management fees	1,026	55	
Discounting Income (Escrow account release)	8,876		
Interest income (cash surplus)	32,639	45,946	
Other operating revenue	2,791	2,306	
<b>Total interest income</b>	<b>327,574</b>	<b>371,099</b>	<b>-12%</b>
Interest expense	(182,820)	(237,335)	
<b>Total interest expense</b>	<b>(182,820)</b>	<b>(237,335)</b>	<b>-23%</b>
<b>Net interest income</b>	<b>144,755</b>	<b>133,764</b>	<b>8%</b>
Securitization gain	-	102,926	
Discounting gain	20,612	-	
Sukuk gain	65,885	-	
<b>Net Revenue from portfolio transfer</b>	<b>86,497</b>	<b>102,926</b>	<b>-16%</b>
Fee income	22,593	14,864	
Other revenue	5,872	4,958	
<b>Total fee income</b>	<b>28,465</b>	<b>19,822</b>	<b>44%</b>
Insurance services revenue	-	750	
Insurance services Cost	(1,995)	(1,329)	
Sales revenue - goods and services	274,154	1,042,453	
Cost of sales - goods and services	(271,171)	(1,037,411)	
<b>Total other services income</b>	<b>988</b>	<b>4,462</b>	<b>-78%</b>
<b>Financing operating income</b>	<b>260,705</b>	<b>260,974</b>	<b>0%</b>
General and administrative expenses	(93,279)	(73,774)	
Interest expense (rent)	(545)		
G&A cost allocation	7,826	8,153	-4%
<b>Net Operating Expenses</b>	<b>(85,998)</b>	<b>(65,621)</b>	<b>31%</b>
Sales and distribution expenses	(13,409)	(9,388)	43%
Other operating expenses	(5,471)	(3,212)	
Contingent provision & Impairment of financial assets	2,895	(25,037)	-112%
ESOP	(6,031)	(4,037)	49%
Foreign currency differences	-	(38)	
Board of directors' allowances	(319)	(140)	
<b>Earnings Before Tax</b>	<b>152,371</b>	<b>153,500</b>	<b>-1%</b>
Income Tax	(40,141)	(40,761)	-2%
<b>Financing Net Income before minorities</b>	<b>112,230</b>	<b>112,739</b>	<b>0%</b>
Minorities	(8,194)	(13,229)	-38%
<b>Financing Net Income</b>	<b>104,036</b>	<b>99,510</b>	<b>5%</b>

**Table 4: Insurance Business Income Statement**

	<b>Q1-2021</b>	<b>Q1-2020</b>	<b>YoY</b>
Direct premiums	124,708	74,763	67%
Outward reinsurance premiums	(37,922)	(22,280)	70%
Provisions for unearned premiums	(14,891)	(18,647)	-20%
Other operating income	1,427	1,014	41%
Incurred claims	(21,841)	(17,078)	28%
Provisions for retrograde fluctuations	(127)	-	
Net income from designated investments	4,319	1,975	119%
Investment income	808	1,012	-20%
Outward reinsurance commissions income	6,697	1,846	
<b>Net Underwriting Income</b>	<b>63,178</b>	<b>22,606</b>	<b>179%</b>
Sales revenue - goods and services	8,076	5,086	
Interest income (cash surplus)	4,072	4,578	
Money Market fee Income	408		
Fee income	257	86	
<b>Total Other Insurance Income</b>	<b>12,813</b>	<b>9,750</b>	
Cost of sales - goods and services	(258)	(781)	
<b>Total Other Insurance Costs</b>	<b>(258)</b>	<b>(781)</b>	
<b>Other insurance operating income</b>	<b>12,554</b>	<b>8,969</b>	<b>40%</b>
<b>Total insurance operating income</b>	<b>75,733</b>	<b>31,575</b>	<b>140%</b>
General and administrative expenses	(5,450)	(2,361)	
Other operating expenses	-	(70)	
Contingent provisions	(252)	(125)	
Impairment loss on receivables	(2,192)	-	
Foreign currency differences	57	4	
Total Other Insurance Costs	(8,096)	(3,333)	
<b>Net Operating Expenses</b>	<b>(26,540)</b>	<b>(20,501)</b>	
Direct commissions	(18,289)	(10,084)	81%
Production costs	(9,865)	(5,418)	82%
Impairment loss on receivable	(2,812)	(854)	229%
<b>EBT</b>	<b>10,389</b>	<b>(7,834)</b>	<b>-233%</b>
Income Tax	(1,959)	(1,158)	69%
<b>Net income before minorities</b>	<b>8,430</b>	<b>(8,992)</b>	<b>-194%</b>
Minorities	(3,176)	141	-2351%
<b>Insurance Net income</b>	<b>5,254</b>	<b>(8,851)</b>	<b>-159%</b>

—Ends—

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*About Contact Financial*

Contact Financial Holding SAE (CNFN.CA) is the largest non-bank financial services provider in Egypt changing the way people and business access finance and insurance. Operating since 2001, Contact adopts innovative approaches in extending its services, offering quality services with simple procedures and reaching a wide client base through its various subsidiaries, affiliates and partners.

Contact's financing division offers market leading services including consumer financing for new and used passenger and commercial vehicles and an array of consumer durables through Contact Credit, home finishing through Contact Mortgages, as well as commercial finance through Contact Leasing and Contact Factoring. Contact operates in insurance through Sarwa Insurance and Sarwa Life Insurance. Contact also offers an array of corporate financing services including securitization, structured debt and debt investment management. Contact Financial Holding SAE is authorized and regulated by the Financial Regulatory Authority (FRA).

*Forward-Looking Statements*

Certain statements in this Document are not historical facts and are forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's current beliefs and expectations in relation to future events. The forward-looking statements are typically identified by the use of forward-looking terminology, such as "believes", "expects", "may", "will", "could", "would", "should", "intends", "targets", "aims", "projects", "estimates", "plans", "assumes" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. In addition, from time to time, representatives of the Company have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by, or with the approval of, an authorised executive officer of the Company. Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to competitive strengths and weaknesses, business strategy and the trends anticipated in the industries and the political and legal environment in which the Company operates and other information that is not historical information. These forward-looking statements and other statements contained in this Document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Such forward-looking statements speak only as of the date on which they are made. Accordingly, the Company does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise other than as required by applicable laws or regulations. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.