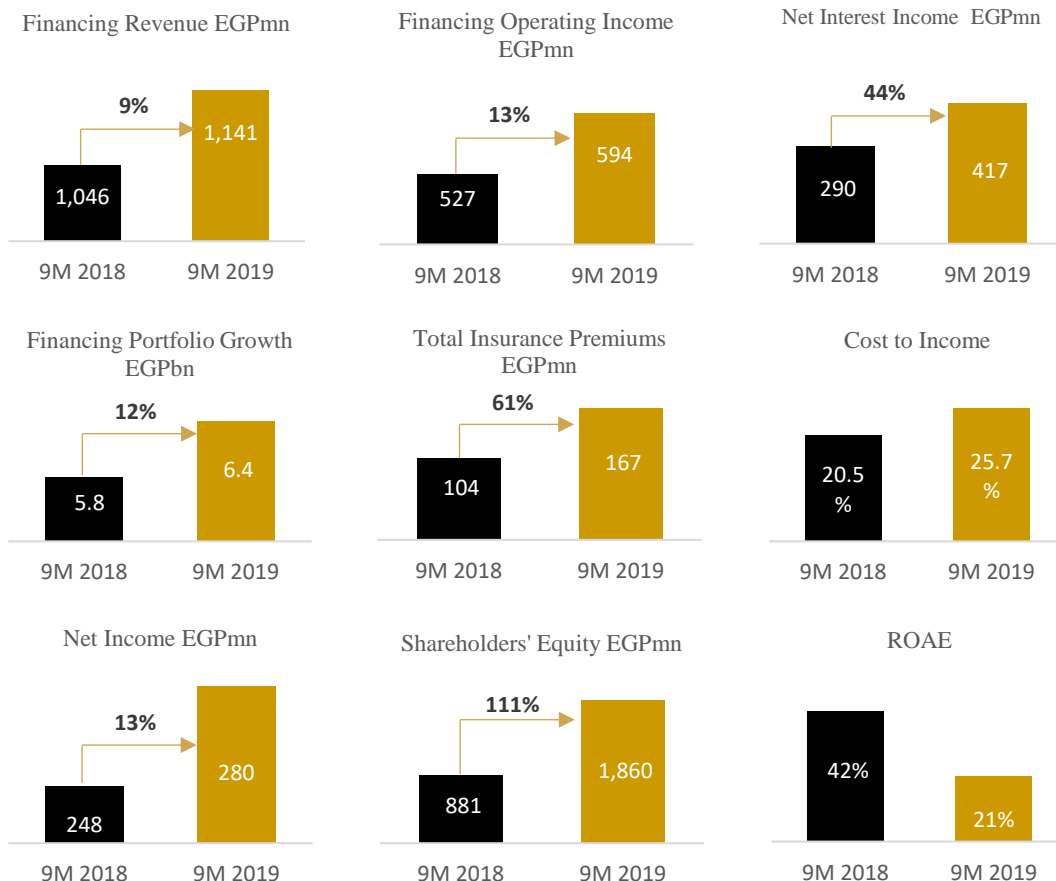


14 November 2019

**SARWA CAPITAL ANNOUNCES THIRD QUARTER RESULTS;  
CONSOLIDATED NET INCOME OF EGP 280 MILLION FOR 9M 2019,  
UP 13% FROM 2018**

**Key Highlights\***

- 9M Financing Revenue of EGP 1,141 million, up 9% from 9M 2018
- 9M Net Interest Income of EGP 417 million, up 44% from 9M 2018
- 9M Financing Operating Income of EGP 594 million, up 13% from 9M 2018
- 9M Insurance Revenue of EGP 139 million, up 108% from 9M 2018
- 9M Insurance Operating Income of EGP 52 million, up 82% from 9M 2018
- 9M Net Operating Income of EGP 646 million, up 16% from 9M 2018
- 9M Net Income of EGP 280 million, up 13% from 9M 2018
- Q3 Net Income of EGP 97 million, down 3% from Q3 2018
- Total Portfolio of EGP 6.4 billion, up 12% YoY
- 9M Annualized Return on Average Equity of 21.4%
- 9M Annualized Return on Average Assets of 6%



Sarwa Capital Holding for Financial Investments SAE (SRWA.CA), Egypt's leading consumer and structured financial services provider, announced today its consolidated financial results for the period ending 30 September 2019, with consolidated net income after minority interest of EGP 280 million, up 13% from EGP 248 million for the period ending 30 September 2018. For the third quarter, net income came to EGP 97 million, down 3% on the third quarter of 2018.

Separating the insurance business, normalized net profit came in at EGP 292 million for the period ending 30 September 2019, up 18% from the period ending 30 September 2018, and EGP 102 million for the third quarter in 2019, up 1% from EGP 100 million for the third quarter in 2018.

Management commented: "We are pleased to report our interim results for the first nine months of the year, demonstrating solid financials through a period of substantial expansion and important milestones, while navigating volatile asset markets and changing financial markets conditions. Our focus on healthy economics in a tight market, further supported by investments in new capabilities and technologies, puts us in a strong position going forward.

We expect a strong close to the year end and to head into 2020 with robust momentum and with a number of product launches and technological implementations coming into play in both the financing and insurance divisions."

#### *Summary Financial Results\**

<b>Income Statement (EGPm)</b>	<b>9M 2019</b>	<b>9M 2018</b>	<b>YoY</b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>YoY</b>
Financing Revenue	1,141	1,046	9%	368	419	-12%
Financing Operating Income	594	527	13%	183	217	-16%
Insurance Operating Income	52	29	82%	26	11	128%
Net Operating Income	646	555	16%	209	228	-9%
Earnings Before Tax	427	400	7%	133	174	-24%
Net Income after minorities	280	248	13%	97	100	-3%

#### *Revenues*

Financing Operating Income, which includes net interest income, refinancing income and fee income, rose by 13% despite a drop in refinancing income by of 32% from the comparable period in 2018 on the back of the funding cycle and the timing of securitization. As compared to securitizations in Q2 and Q3 last year, one securitization offering was completed in Q1 2019 with another targeted for Q4.

Contributing to the growth is the expansion in margins primarily as a result of the product mix targeting higher risk adjusted returns, as well as an enhanced funding mix. Net interest margin recorded 9.1% during the period, up from 7.6% in the corresponding period in 2018 and up from 8.4% during the first half of the year.

Strategically, Sarwa has targeted healthy economics and sustainable profitability in a tight market from the last quarter of 2018 and over the course of 2019; to counteract the volatility in the underlying asset markets combined with tight monetary conditions. This has contributed to profitability growth while, with the tight market somewhat abating, and expectations of improving consumer activity over the coming period, positioning the financing business in a strong position going forward.

### *Financing Operations*

Total new financing extended for the period recorded EGP 2.8 billion, down 8% from EGP 3.1 billion for the period to September 2018.

New Financing Extended	YoY Growth
<b>Contact Group - Auto Credit</b>	-18%
<b>getGO - Consumer Durables Credit</b>	3%
<b>Contact Mortgages</b>	32%
<b>Leasing &amp; Factoring</b>	91%
<b>Total</b>	<b>-8%</b>

New Financing Extended by Asset Type	2017	2018	9M 2019
<b>Auto</b>	92%	88%	81%
<b>Real Estate</b>	2%	5%	10%
<b>Medical</b>	1%	2%	3%
<b>Others</b>	5%	5%	6%

#### *1. Auto Credit*

Total auto credit declined by 18% during the period, an improving rate of decline as compared to the first six months of the year, as a result of efforts at deeper market penetration beginning to bear fruit and despite a slow market recovery with a continued lag in car purchases. Complementing the passenger car segment is the further implementation of the commercial vehicle financing operation.

Going forward auto credit should be boosted by a substantially growing network and nationwide presence with newly opened offices in more cities in the Delta region, in addition to a substantial investment on the digital front. A recovery in the car market will accelerate growth.

#### *2. Consumer Credit*

Consumer durable financing through the getGo finance product, in its various forms, grew by 3% with the number of transactions growing by 6% during the period. With substantial reworking of the underlying technical infrastructure, network expansion slowed during the period standing at 636 outlets at the end of the first half. Along with an enhanced product experience, the new “getGo – by Contact” platform is being prepared for accelerated growth.

### 3. Mortgage Finance

Mortgages continued to grow, with new financing growing by 32%. In the low-income housing product, Contact Mortgage Finance has been the largest private sector mortgage company to extend financing under the CBE mortgage finance initiative which supports low and middle-income households. The number of contracts are to slow down during the fourth quarter until the program is reintroduced through the Ministry of Finance instead of the CBE, expected to resume early next year.

### 4. Leasing & Factoring

The combined leasing and factoring businesses, both targeting primarily the transportation and medical sectors, in addition to piloting other structured deals and programs, grew substantially during the period. New lease financing grew by 60% during the period, and with the launch of the factoring business in Q2 2019, the combined segments grew by a total of 91%.

After extensive market assessment, management has decided to rebrand the commercial financing activities within the leasing and factoring businesses under the “Contact” brand. Consequently, the company names will change from “Plus Leasing and Factoring” to “Contact Leasing” and “Contact Factoring”. The Contact brand is a valuable asset to the group and adopting it for small business financing builds upon its history of innovation, quality of service, and credibility..

### 5. Debt Capital Markets

Continuing to leverage our expertise in debt capital markets, we maintained our strategic focus on deepening our collaboration with securitization bond issuers within the real estate sector. During the third quarter, another issue for Palm Hills Developments was launched, securitizing an EGP 776 million portfolio. This is the fourth issuance for Palm Hills bringing the total issuances to EGP2.4 billion to date, representing the largest residential real estate pool in the market.

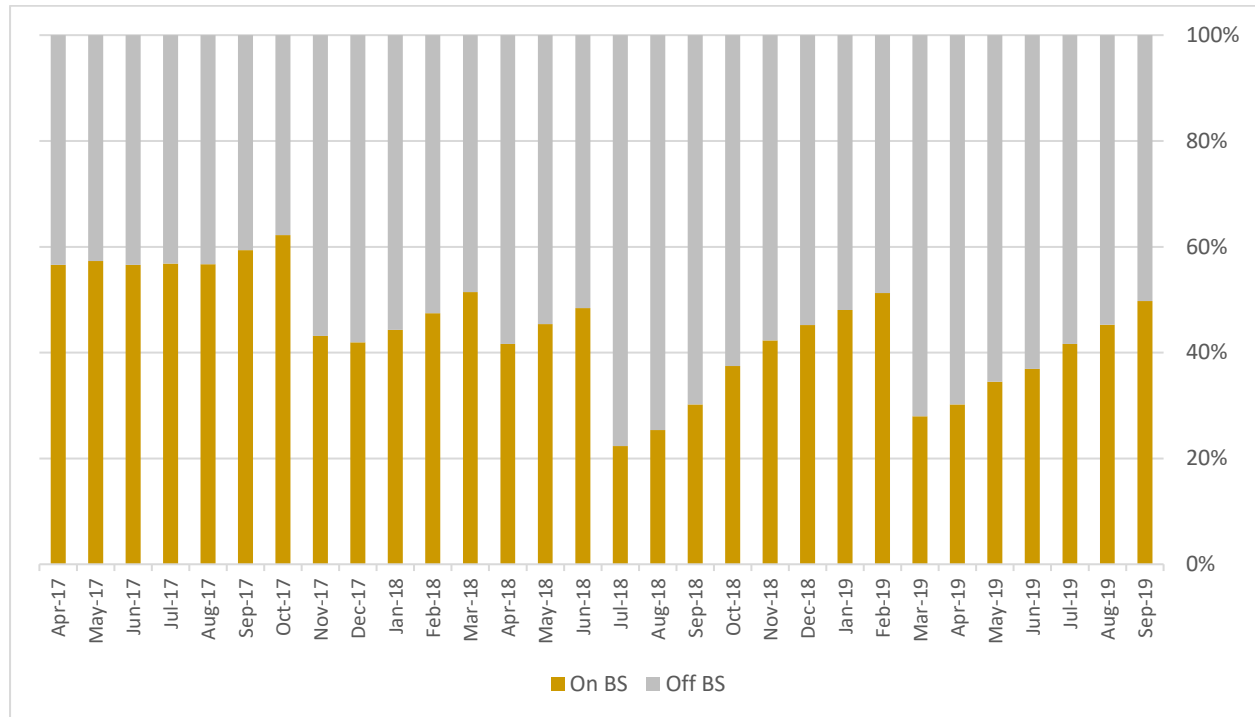
#### Financing Portfolio

Portfolio	YoY Growth	% of Portfolio Q3 2019	% of Portfolio Q3 2018
Contact Group - Auto Credit	3%	78%	84%
getGO - Consumer Durables Credit	6%	2%	2%
Contact Mortgages	134%	8%	4%
Leasing & Factoring	51%	11%	8%
Others	-37%	1%	2%
<b>Total</b>	<b>12%</b>	<b>100%</b>	<b>100%</b>

The total portfolio grew by 12% year on year to EGP 6.4 billion at the end of the third quarter. The non-auto credit products grew in their share of the portfolio to 22% from 16%.

EGP m	Sep 30 2019	Sep 30 2018
On-balance sheet portfolio	3,196	1,740
Off-balance sheet portfolio	3,229	4,017
<b>Total</b>	<b>6,425</b>	<b>5,757</b>

The below shows the on- and off- balance sheet ratios since Q1 2017:



### Insurance Operations

Insurance Services	9M 2019	9M 2018	YoY	Q3 2019	Q3 2018	QoQ
Total Premiums	166,911	103,853	61%	57,594	32,334	78%
Of which underwritten by Sarwa	55,711	-	-	32,688	-	-

Total revenues from insurance activities, including brokerage services, more than doubled to reach EGP 139 million during the first nine months of 2019, boosted by the operational launch of Sarwa's insurance businesses. Insurance operating income rose by 82% to EGP 52 million for the period.

Since Sarwa Life and Sarwa Insurance began operations at the beginning of April, gross written premiums reached EGP 56 million. This represents a very positive start as the businesses are both in the early stages with full-scale operations and a full product range targeted during Q2 2020, following the full implementation of the technological infrastructure.

### *Funding*

<b>Total Consolidated Debt (EGPm)</b>	<b>Sep 30 2019</b>	<b>Sep 30 2018</b>
Bank Debt	2,203.6	1,190.3
Non-recourse Debt	73.2	129.8
Securitization Bonds	3,728.2	4,503.3
<b>Total</b>	<b>6,005.0</b>	<b>5,823.4</b>

### *Costs*

Total operating costs reached EGP 166 million during the first nine months of 2019, increasing 46% from the comparable period in 2018. Approximately EGP 18.1 million, or 36% of the increase, are costs related to the insurance businesses. As a result, cost to income, as measured by operating expenses, came in at 25.7%, up from 20.5% during the comparable period in 2018. S, G & A, mostly representing sales commissions, grew by 42% to EGP 37.9 million for the first nine months of 2019, with insurance S, G & A contributing all of the increase.

### *Equity*

Consolidated equity net of minority interest reached EGP 1.86 billion at the end of the third quarter compared to closing at EGP 881 million at the end of the third quarter of 2018, owing to both the EGP 700 million capital increase as well as retained earnings.

### *Dividends*

At the Extraordinary General Meeting dated 8 September 2019, shareholders approved the distribution of the proposed stock dividend and increase in paid in capital of the company by issuing 3 shares for every five shares. The increase has been executed bringing the total number of shares outstanding to 1,196,974,000.

## Consolidated Management Reclassified Accounts

Income Statement (EGP000s)	9M 2019	9M 2018	YoY	Q3 2019	Q3 2018	YoY
Interest Income	964,054	808,750		348,579	284,796	
Interest Expense	(547,040)	(518,977)		(184,657)	(202,299)	
<b>Net Interest Income</b>	<b>417,014</b>	<b>289,773</b>	<b>44%</b>	<b>163,921</b>	<b>82,497</b>	<b>99%</b>
Fee Income	53,905	55,865	-4%	19,153	17,674	8%
Refinancing Income	122,980	180,985	-32%	0	116,697	-100%
<b>Financing Operating Income</b>	<b>593,899</b>	<b>526,623</b>	<b>13%</b>	<b>183,075</b>	<b>216,869</b>	<b>-16%</b>
Insurance Services:						
Gross Written Premiums	55,711	-		32,688	-	
Reinsurance & Reserves	(39,305)	-		(21,551)	-	
Claims and Provisions	(8,825)	-		(7,180)	-	
Investment Income	12,295	-		6,666	-	
<b>Net Insurance Revenue</b>	<b>19,877</b>	<b>-</b>		<b>10,623</b>	<b>-</b>	
Other Insurance Services	32,245	28,603	13%	14,892	11,200	33%
<b>Insurance Operating Income</b>	<b>52,121</b>	<b>28,603</b>	<b>82%</b>	<b>25,515</b>	<b>11,200</b>	<b>128%</b>
<b>Net Operating Income</b>	<b>646,020</b>	<b>555,760</b>	<b>16%</b>	<b>208,590</b>	<b>228,214</b>	<b>-9%</b>
Other Income/Expense	1,537	392		786	(198)	
Other Services	2,965	534		2,629	145	
Provisions	(4,396)	(9,247)		(2,632)	(4,700)	
Operating Expenses	(165,834)	(113,809)	46%	(57,441)	(39,060)	47%
SG&A	(37,904)	(26,747)	42%	(14,071)	(8,159)	72%
Depreciation	(15,625)	(6,772)		(5,303)	(2,306)	
<b>EBT</b>	<b>426,762</b>	<b>399,577</b>	<b>7%</b>	<b>132,559</b>	<b>173,791</b>	<b>-24%</b>
Taxes	(90,584)	(76,830)		(30,028)	(40,882)	
<b>Consolidated Income</b>	<b>336,178</b>	<b>322,747</b>	<b>4%</b>	<b>102,531</b>	<b>132,909</b>	<b>-23%</b>
Minorities	(56,253)	(74,583)		(5,421)	(32,436)	
<b>Net Income</b>	<b>279,925</b>	<b>248,164</b>	<b>13%</b>	<b>97,109</b>	<b>100,473</b>	<b>-3%</b>

### Important Note

Management accounts are a reclassification of the consolidated audited accounts as following:

- (1) The auto credit and consumer goods financing businesses are treated under current accounting standards as trading activities (due to the legal structure of the companies – using a hire-purchase contract structure) and as such they account for the sales value of the underlying assets (net of sales tax) and the cost which matches the sale. We reclassify the numbers and include only interest income/expense and present the income statement as a financing business.
- (2) The consolidated audited accounts do not consolidate any companies with ownership under 50%, even though Sarwa group entities have full management control over several of these businesses. In the reclassified accounts (income statement) these are consolidated fully with accounting for minorities. The portfolios of these companies are also consolidated.
- (3) Securitization and discounting financing are off-balance sheet and without recourse. Under current accounting standards the financial statements do not show the balance and income from portfolios that were refinanced via those structures, despite the fact that the group continues to earn substantial revenues from these portfolios during their full tenor. In the reclassified accounts the revenues (interest income) and expense (bond interest as interest expense) are reclassified and the full portfolio included.
- (4) The consolidated audited accounts summarize insurance companies' activities while the management accounts separate revenues; gross and net, and consolidating OPEX and SG&A.

Full audited consolidated accounts are available on the company website [www.sarwa.capital](http://www.sarwa.capital)

—Ends—

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*About Sarwa Capital*

Sarwa Capital Holding for Financial Investments SAE (SRWA.CA) is a pioneer in consumer and structured financial services in Egypt. Operating since 2001, Sarwa 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.

Sarwa offers market leading services including new and used car financing through Contact Auto Credit, home finishing finance through Contact Mortgages, consumer goods financing through getGo Credit Services, SME asset finance through Plus Leasing, insurance products through Sarwa Insurance and Sarwa Life Insurance, in addition to an array of corporate financing services including securitization, structured debt and debt investment management. Sarwa Capital Holding for Financial Investments 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.