11 November 2020

SARWA CAPITAL ANNOUNCES SOLID THIRD QUARTER RESULTS

CONSOLIDATED NET INCOME OF EGP 194 MILLION FOR 9M 2020, NORMALIZED NET INCOME OF EGP 309 MILLION

Key Highlights*

Financing Business

- Total Portfolio of EGP 7.3 billion, up 14% YoY
- Financing Revenue of EGP 1,109 million, down 3% from 9M 2019
- Net Interest Income of EGP 370 million, down 11% from 9M 2019
- Financing Operating Income of EGP 602 million, up 1% from 9M 2019
- Financing Net Income of EGP 207 million, down 32% from 9M 2019

Insurance Business

- GWP of EGP 202 million, up 264% from 9M 2019
- Insurance Revenue of EGP 280 million, up 102% from 9M 2019
- Insurance Operating Income of EGP 104 million, up 100% from 9M 2019
- Insurance Net Loss of EGP 13 million

Group Consolidated Metrics

- Net Operating Income of EGP 706 million, up 10% from 9M 2019
- 9M Net Income of EGP 194 million, down 31% from 9M 2019
- 9M Normalized Net Income of EGP 309 million, down 2% from 9M 2019
- Q3 Net Income of EGP 67 million, down 31% from Q3 2019
- 9M Annualized Return on Average Equity of 13%
- 9M Annualized Return on Average Assets of 3.8%

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 2020, with consolidated net income after minority interest of EGP 194 million, down 31% from EGP 280 million for the period ending September 30 2019. For the third quarter, net income came to EGP 67 million, down 31% on the third quarter of 2019.

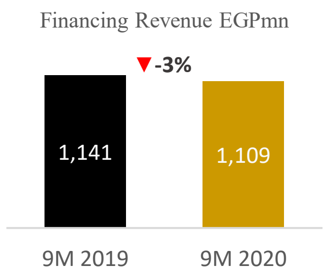
Separating the new insurance businesses, and adjusting for ESOP amortization, new treasury bill tax treatment, and provisions from the application of IFRS 9, normalized consolidated net profit came in at EGP 309 million, down 2% from the period ending September 30 2019. Worth noting that the financing businesses have fully prepared for the implementation of IFRS9 as well as regulatory provisions.

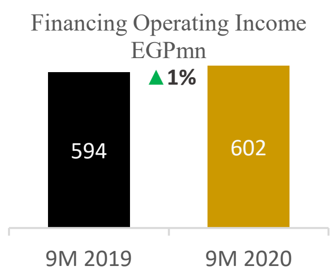
Management commented: "We are pleased to report solid results for the first nine months of the year. This quarter has brought many positive developments for our business; starting with

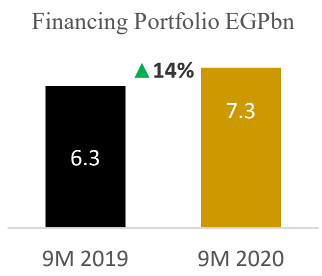
*All figures except Net Income and Equity figures based on reclassified management accounts. See note at end.

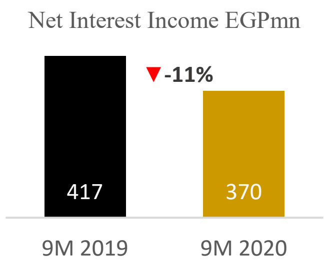
the strong rebound in activity in our consumer lending activities following the challenging conditions of the second quarter of the year. As the quarter closed, we were completing work on the first phase of our new digital transformation and marketing strategy, with the consumer lending activities looking set to capture strong growth going forward. We have also prepared fully for the application of new accounting and regulatory rules, and with an array of new funding sources being finalized, our strong balance sheet further supports the strong growth potential ahead.

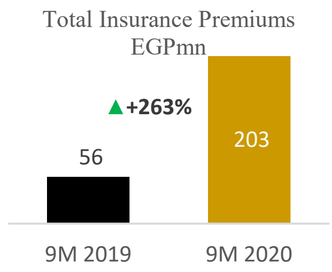
Our insurance businesses have continued to make strong progress in size and scope, and with the implementation of the technological infrastructure almost complete, a broad range of product offerings and distribution channels will come online beginning a new growth phase. Meanwhile, the relaunch of our market-leading automotive portal and marketplace, contactcars.com, is imminent, leading to substantial value creation.”

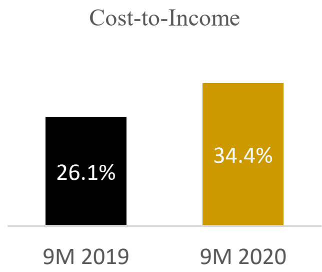


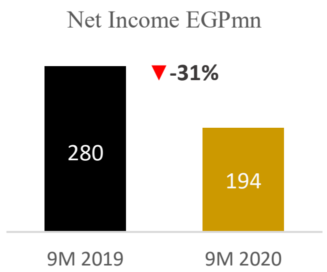


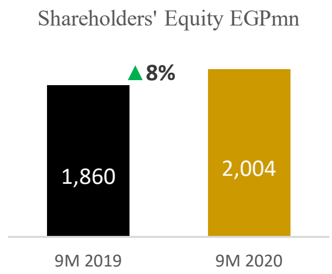


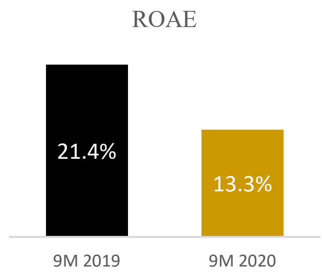












*All figures except Net Income and Equity figures based on reclassified management accounts. See note at end.

*Summary Consolidated Financial Results**

Income Statement (EGPm)	9M 2020	9M 2019	YoY	Q3 2020	Q3 2019	YoY
Financing Revenue	1,109	1,141	-3%	353	368	-4%
Financing Operating Income	602	594	1%	196	183	7%
Insurance Revenue	280	139	102%	101	68	49%
Insurance Operating Income	104	52	100%	33	26	30%
Net Operating Income	706	645	10%	229	208	10%
Earnings Before Tax	331	427	-22%	116	133	-12%
Net Income after minorities	194	280	-31%	67	97	-31%

Digital Transformation

During the year, a number of technological implementations took place as part of an enhanced digital strategy covering the entire scope of the business – together with a redeveloped marketing, customer acquisition and retention strategy. For the financing business, aspects of this include new digital channels to provide clients with an omnichannel experience, AI-based customer acquisition and loan processing, a new transaction platform at our merchant network, and a digitally enhanced customer engagement and loyalty system. Additionally, investment in AI has significantly boosted our credit and risk capabilities, increasing the scope of the financing business including enabling new partnerships, as well as enabling new credit insurance products.

Furthermore in insurance, the imminent completion of the technological infrastructure will enable a number of new digital implementations, including new digital channels for clients and brokers, and product-specific implementations in motor and health insurance.

On a separate and important note, the spinning off of our market-leading automotive portal and marketplace, contactcars.com, into a new company with a full relaunch is underway. contactcars.com is Egypt's largest automotive marketplace with more than 1 million monthly website visitors and over 1 million app users, and is poised to transform into a flourishing business.

*All figures except Net Income and Equity figures based on reclassified management accounts. See note at end.

Financing Division

Rebranding

As part of the new marketing strategy, the group rebranded all financing activities under the well-known "Contact" brand including retail as well as commercial financing lines. As part of this, the consumer durables financing product was also rebranded from the current brand name "Getgo" to "Contact Shopping" reflecting the wide variety of the financed consumer goods and the ease of transacting through our new digital platform. As noted above, together with the digital transformation plan, the new approach enables a unified digital platform for all contact products.

Operational Highlights

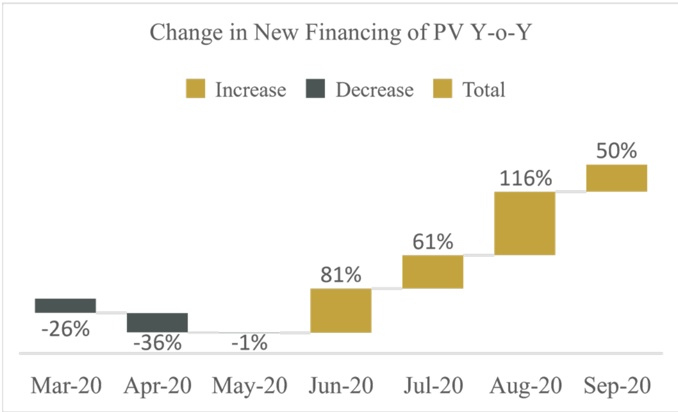
Total new financing extended for first nine months of 2020 recorded EGP 3.2 billion, up 15% from 9M 2019 and up 41% quarter-on-quarter. Passenger and commercial vehicles, were the main contributors to the strong growth.

New Financing Extended by Asset Class	YoY Growth
Passenger Vehicles	24%
Commercial Vehicles	25%
Real Estate Financing & Mortgage	-80%
Medical Devices	-3%
Consumer Goods	-2%
Club Memberships	87%
Others	-
Total	**15%**

Passenger vehicles new financing picked up remarkably by 24% y-o-y during the first nine months period of 2020 despite the significant slowdown during the during the second quarter and with a recovery in passenger vehicles market during the third quarter. As shown in the figure below, the negative impact from Covid-19 was limited to the period from mid-March till May due to the containment measures taken by the government. Working on upgrading our digital platform alongside the expansion of the branch network, and adopting a more direct-to-client approach through targeted marketing has put this segment in a strong position.

The substantial growth in number of new loan applications witnessed during the first half of 2020, started to translate into contracts once the government lifted restrictions. Immediately after, the business activity reached pre-crisis levels and the strong growth from June onwards exceeded targets supported by an active car market, favourable interest rate environment and reticent competition.

*All figures except Net Income and Equity figures based on reclassified management accounts. See note at end.



Commercial vehicles new financing continued its substantial growth despite the contraction in commercial vehicles' activity during the year. The demand for commercial vehicles has faced short term headwinds due to the containment measures of the pandemic and resulted in a decline in trade activities, construction operations, and cross-border transportation. Nonetheless, this line continues to grow, showing its high potential.

Real estate financing & mortgages including home finishing, portfolio acquisition and low-income housing financing fell by 80%. year-on-year due to the slowdown in the construction and real estate markets from the negative impacts of the pandemic and the temporary discontinuance of the low-income housing mortgage product during the first half of 2020.

Nonetheless, the renewal of that program took place in late September and an uptick in number of applications to be reflected in the fourth quarter. The program will target middle income households in addition to low-income with a cross selling strategy targeting middle income households.

Consumer goods new financing has recovered during the third quarter of the year, erasing its 14% decline during second quarter of 2020. The recovery comes as a new digital platform and transaction experience was implemented during the second quarter and with the substantial expansion of the eligible product range. The number of merchant outlets grew sizably as a result to over 1,200 locations. Both the product range and network will continue to expand.

Medical devices new financing also recovered most of its decline during the third quarter, supported by the re-opening of activity affected by the shutdowns of the second quarter.

Other asset classes such as the newly introduced supply and logistics factoring services were added to the services offered to small and medium-sized businesses. The group plans to expand further into financing renewable energy, education and insurance with the FRA approving those services under the new Consumer Finance Act.

*All figures except Net Income and Equity figures based on reclassified management accounts. See note at end.

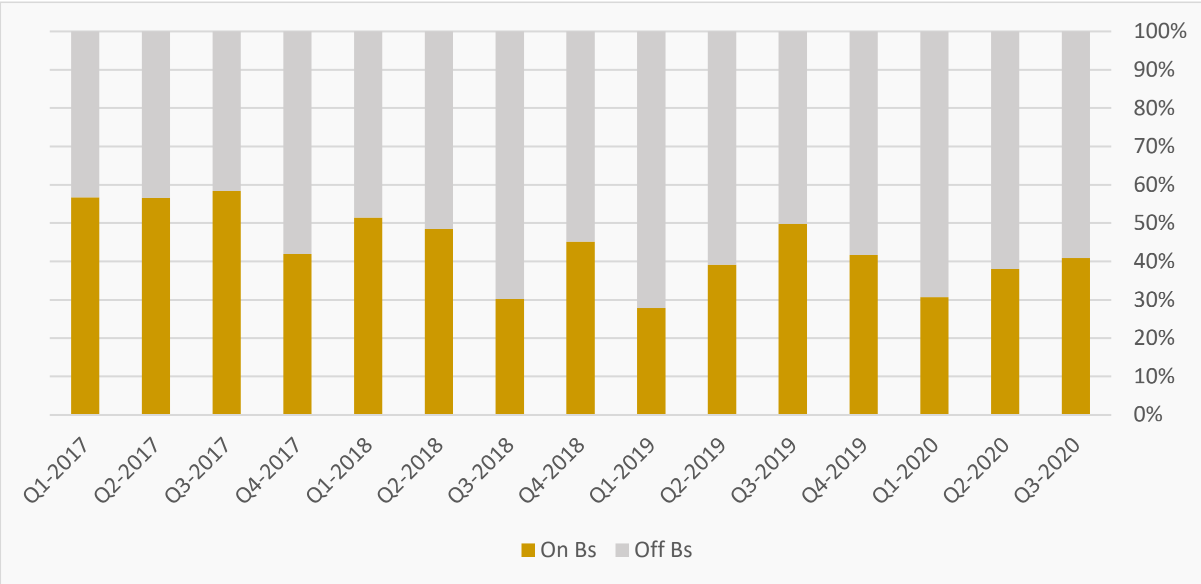
Financing Portfolio

In total, the portfolio grew by 14% year on year to EGP 7.3 billion at the end of the third quarter.

Portfolio	YoY Growth	% of Portfolio Sep 30 2020	% of Portfolio Sep 30 2019
Passenger Vehicles	11%	75.5%	77.2%
Commercial Vehicles	94%	8.3%	4.9%
Real Estate Financing & Mortgages	-3%	8.6%	10.1%
Medical	51%	3.1%	2.3%
Consumer Durables	2%	1.3%	1.4%
Club Memberships	0%	1.5%	1.7%
Others	-12%	1.8%	2.3%
Total	**14%**	**100%**	**100%**

EGP m	Sep 30 2020	%	Sep 30 2019	%
On-balance sheet portfolio	2,988	41%	3,210	50%
Off-balance sheet portfolio	4,327	59%	3,229	50%
Total	**7,315**	**100%**	**6,439**	**100%**

The below shows the total outstanding portfolio on- and off- balance sheet since Q1 2017:



*All figures except Net Income and Equity figures based on reclassified management accounts. See note at end.

Treasury and Debt Capital Market Activities

During the first quarter of 2020, the group issued a securitization bond of EGP 1.8 billion in March. Treasury operations decided to move to non-recourse discounting of EGP 1.7 billion with banks during the subsequent quarters, owing to more favourable terms in the current environment. Liquidity has remained high during the year leading treasury operations to purse a range of new funding arrangements for the upcoming period.

Financial Highlights

Financing Business P&L (EGP000s)	9M 2020	9M 2019	YoY	Q3 2020	Q3 2019	YoY
Interest Income	876,854	964,054	-9%	285,781	348,579	-18%
Interest Expense	(506,677)	(547,040)	-7%	(156,591)	(184,657)	-15%
Net Interest Income	370,177	417,014	-11%	129,190	163,921	-21%
Fee Income	57,953	53,905	8%	24,906	19,153	30%
Refinancing Income	173,937	122,980	41%	41,909	0	-
Financing Income	**602,067**	**593,899**	**1%**	**196,005**	**183,075**	**7%**
Other Services	24,149	32,245	-25%	10,200	14,892	-32%
Financing Operating Income	**626,216**	**626,143**	**0%**	**206,205**	**197,967**	**4%**
Other Income/Expense	2,290	3,174	-28%	71	2,628	-97%
Financing Provisions	(35,484)	(4,396)	707%	13,249	(2,632)	-603%
OPEX	(185,970)	(130,077)	43%	(64,501)	(45,039)	43%
SG&A	(31,110)	(24,642)	26%	(13,958)	(7,182)	94%
Marketing Expenses	(9,361)	(2,547)	267%	(5,880)	(551)	967%
ESOP	(12,133)	0	-	(4,048)	0	-
Depreciation	(13,783)	(15,390)	-10%	(4,851)	(5,137)	-6%
EBT	340,664	452,266	-25%	126,287	140,054	-10%
Tax*	(110,513)	(90,752)	22%	(41,918)	(30,116)	39%
Consolidated Net Income	230,151	361,514	-36%	84,369	109,938	-23%
Minorities	(22,958)	(56,607)	-59%	(6,555)	(5,730)	14%
Financing Net Income	**207,193**	**304,907**	**-32%**	**77,814**	**104,208**	**-25%**

*Taxes include prepaid taxes due to the discounting financing structure of EGP 15 million Financing Operating Income, which includes net interest income, refinancing income and fee income, recorded EGP 602 million during the period ending September 30 2020 compared to EGP 594 million the prior year despite the financial impact of coronavirus particularly during the first quarter and into the second quarter of 2020.

Net interest margin recorded 7.1% during the period as compared to 9.1% in the corresponding period in 2019. The difference is affected by a shift in refinancing strategy during 2020, with higher off-balance sheet activity through securitization and discounting to take advantage of market movements. Spreads nonetheless tightened somewhat, with normalized NIM reaching 7.8% as a result of shifts in interest rates.

Operating costs of the financing division reached EGP 186 million during the first nine months of 2020, increasing 43% from the comparable period in 2019 on the back of expansion and digital transformation costs. As a result, cost to income, as measured by operating expenses, came in at 31.2%, up from 21.2% during the comparable period in 2019. S, G & A, mostly

*All figures except Net Income and Equity figures based on reclassified management accounts. See note at end.

representing sales commissions, grew by 26% to EGP 31 million for the first nine months of 2019.

During 2020, the group continued to build its financing provisions ahead of the application of IFRS 9, and to prepare for any potential pressure on asset quality from the pandemic. Fortunately, the impact on asset quality has been minimal. Furthermore, changes in the structure of regulatory provisions lowered required provisions while shifting part of the impact to the interest income section.

Insurance Division

Operational Highlights

Insurance Services (EGP 000s)	**9M 2020**	**9M 2019**	**YoY**	**Q3 2020**	**Q3 2019**	**YoY**
Total Premiums	238,613	165,423	44%	80,839	56,178	44%
Of which underwritten by Sarwa	202,927	55,711	264%	71,597	32,688	119%

Gross written premiums for both Sarwa Insurance and Sarwa Life have passed the EGP 200 million mark in their second year of operations. This is quite a remarkable milestone in such a short and challenging time.

Sarwa insurance recorded EGP 149 million in GWP driven by growth in motor insurance. While Sarwa life recorded EGP 54 million in premiums. Total assets under management in both companies grew by 72% to EGP 297 million from EGP 172 million at the end of the same period of 2019.

As previously noted, these achievements come despite a limited offering with the full product range and distribution capability awaiting the immanent completion of the underlying technological infrastructure.

*All figures except Net Income and Equity figures based on reclassified management accounts. See note at end.

Financial Highlights

Insurance Business P&L (EGP000s)	9M 2020	9M 2019	YoY	Q3 2020	Q3 2019	YoY
Gross Written Premium	202,917	55,711	264%	71,595	32,688	119%
Other Direct Income	3,205	1,416	126%	1,226	785	56%
Reinsurance Premium	(52,937)	(10,471)	406%	(16,112)	(7,387)	118%
Net written premium	153,184	46,656	228%	56,709	26,086	117%
Unearned premium reserve	(36,143)	(30,128)	20%	(11,505)	(15,253)	-25%
Net earned premium	**117,042**	**16,528**	**608%**	**45,204**	**10,833**	**317%**
Investment Income	22,913	12,295	86%	9,206	6,666	38%
Net claims incurred	(55,356)	(8,825)	527%	(29,830)	(7,180)	315%
Net Commissions	(21,422)	(4,782)	348%	(8,202)	(2,850)	188%
Provisions	(1,201)	0	-	(353)	0	-
Operating Expenses	(49,172)	(35,849)	37%	(16,134)	(12,402)	30%
SG&A	(21,700)	(4,638)	368%	(9,418)	(2,399)	292%
Total Expenses	(148,851)	(54,093)	175%	(63,937)	(24,831)	157%
Insurance activity surplus (deficit)	**(8,896)**	**(25,271)**	**-65%**	**(9,527)**	**(7,332)**	**30%**
Other income (expense)						
Other Income	8	3	175%	0	3	-100%
Depreciation	(968)	(236)	311%	(359)	(166)	116%
EBT	**(9,856)**	**(25,504)**	**-61%**	**(9,886)**	**(7,495)**	**32%**
Taxes	(2,706)	0	-1706%	(1,731)	0	-2062%
Insurance Net Income	**(12,562)**	**(25,335)**	**-50%**	**(11,617)**	**(7,407)**	**57%**

During the first nine months of 2020, after applying group cost allocations both insurance companies reported net losses of EGP 13.3 million compared with a loss of EGP 25 million for the same period last year.

Total revenues from insurance activities including brokerage services reached EGP 280 million, up from EGP 139 million in the first nine months of 2019. Revenues from Sarwa Insurance and Sarwa Life recorded EGP 226 million, up from EGP 68 million in the first nine months of 2019.

On a consolidated basis insurance, operating income came in at EGP 104 million compared to EGP 52 million during the corresponding period of 2019.

Total operating costs for insurance activities reached EGP 49 million during the first nine months of 2020, increasing from EGP 36 million the comparable period in 2019, reflecting the start-up and build-up phase.

*All figures except Net Income and Equity figures based on reclassified management accounts. See note at end.

Group Consolidated Costs

Total operating costs reached EGP 233 million during the first nine months of 2020, increasing 41% from the comparable period in 2019. The increase comes on the back of the additional investments by the group in expansion, marketing and digital transformation. As a result, cost to income, as measured by operating expenses, came in at 34.4%, up from 26.1% during the comparable period in 2019.

Group Shareholders' Equity

Consolidated equity net of minority interest reached EGP 2 billion at the end of the first nine months of 2020 compared to closing at EGP 1.8 billion at the end of the same period of 2019.

*All figures except Net Income and Equity figures based on reclassified management accounts. See note at end.

Group Consolidated Management Reclassified Accounts

Consolidated Net Income	9M 2020	9M 2019	YoY	Q3 2020	Q3 2019	YoY
Interest Income	876,854	964,054	-9%	285,781	348,579	-18%
Interest Expenses	(506,677)	(547,040)	-7%	(156,591)	(184,657)	-15%
Net Interest Income	**370,177**	**417,014**	**-11%**	**129,190**	**163,921**	**-21%**
Fee Income	57,953	53,905	8%	24,906	19,153	30%
Refinancing Income	173,937	122,980	41%	41,909	0	-
Financing Operating Income	**602,067**	**593,899**	**1%**	**196,005**	**183,075**	**7%**
Insurance Services						
GWP	202,917	55,711	264%	71,595	32,688	119%
Reinsurance & Reserves	(89,080)	(40,600)	119%	(27,617)	(22,640)	22%
Claims and Provisions	(56,557)	(8,825)	541%	(30,183)	(7,180)	320%
Investment income	22,913	12,295	86%	9,206	6,666	38%
Net Insurance Income	**80,193**	**18,582**	**332%**	**23,000**	**9,534**	**141%**
Other Insurance Services	24,149	32,245	-25%	10,200	14,892	-32%
Insurance Operating Income	**104,342**	**50,826**	**105%**	**33,200**	**24,426**	**36%**
Net Operating Income	**706,409**	**644,725**	**10%**	**229,205**	**207,501**	**10%**
Other Income/Expenses	3,748	4,502	-17%	(457)	3,415	-113%
Provisions & Doubtful Debt	(35,484)	(4,396)	707%	13,249	(2,632)	-603%
OPEX	(233,387)	(165,833)	41%	(78,881)	(57,441)	37%
SG&A	(74,232)	(34,062)	118%	(31,577)	(12,431)	154%
Marketing Expenses	(9,361)	(2,547)	267%	(5,880)	(551)	967%
ESOP	(12,133)	0	-	(4,048)	0	-
Depreciation	(14,751)	(15,625)	-6%	(5,210)	(5,303)	-2%
EBT	**330,808**	**426,763**	**-22%**	**116,401**	**132,559**	**-12%**
Taxes	(113,219)	(90,584)	25%	(43,649)	(30,028)	45%
Consolidated net Income	**217,588**	**336,179**	**-35%**	**72,752**	**102,531**	**-29%**
Minorities	(23,722)	(56,255)	-58%	(5,794)	(5,421)	7%
Net Income	**193,866**	**279,924**	**-31%**	**66,958**	**97,110**	**-31%**

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**

—Ends—

For more information, please contact:

Investor Relations
Sarah Hosni
Head of Investor Relations
Tel: +202 2575 7775
E-mail: ir@sarwa.capital
URL: investors.sarwa.capital

Head Office
7 Champollion Street,
Tahrir, Downtown
Cairo,11111
Egypt

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'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. Sarwa operates in insurance through Sarwa Insurance and Sarwa Life Insurance. Sarwa also offers 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