

STRUCTURED FINANCE

New Issue Report

Sarwa Securitization Company S.A.E. (SSC) – 12th Issue 2014-2019

Auto Receivables/Egypt

This report addresses the structure and characteristics of the transaction based on the information provided to MERIS by Sarwa Securitization Company as of May 2014. The ratings address the expected loss posed to investors by the final maturity. In MERIS opinion the structure allows for timely payment of interest and ultimate repayment of principal at par on or before the final maturity date. MERIS ratings address only the credit risk associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

POOL CLOSING DATE:
March 31, 2014

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DEFINITIVE RATINGS

Class	Description	Amount (EGP mn)	% of Notes	Expected Maturity	Fixed Coupon (%)	Frequency	Rating
A	Senior	359	39.93	Jul-15	9.24	Monthly	AA+(sf)
B	Subordinated	428	47.61	Jul-17	9.84	Monthly	AA(sf)
C	Junior Subordinated	112	12.46	May-19	10.54	Monthly	A(sf)
Total		899					

OPINION

This is the twelfth asset-backed bond issued by Sarwa Securitization Company S.A.E. (SSC)¹. The bond issue is EGP 899,000,000 and is backed by 12,298 auto installment-sale contracts (EGP 984,595,656 outstanding receivable balance on the closing date of the transaction²) initially co-originated by Contact Auto Credit (CAC)³ (52% of the principal outstanding balance), Bavarian – Contact Car Trading (BCCT) (12%), Star Auto Credit (17%), and Contact Egyptian International Motor Credit (CEIM) (18%). The contracts have been written over the period between 14/9/2009 and 31/03/2014. The portfolio includes the remaining balances from Sarwa Securitization 8th and 9th issues, which were called early on June 1, 2014.

SSC's previous transactions are summarized in the following table:

Issue No.	Bond Tenor	Issue Size (EGP Million)	# Contracts	Bond Principal Outstanding (EGP)*
1	2005-2010	140	1,549	Called in 2008
2	2006-2011	159	1,895	Fully redeemed in 2011
3	2007-2012	275	3,070	Fully redeemed in 2012
4	2008-2013	392	4,913	Fully redeemed in 2013
5	2009-2014	495	5,719	7,538,049
6	2010-2015	470	5,554	41,360,000
7	2010-2015	420	4,796	60,225,000
8	2011-2016	350	3,763	73,469,977
9	2013-2017	814	9,859	422,483,053
10	2013-2018	629	6,259	542,575,372

*As of 30 April 2014

Up to date, all of the above transactions are performing well, with regular payments of interest and principal.

¹ Sarwa Securitization Company was known as Contact Securitization Company prior to January 2014.

² Net present value of the total portfolio receivables (including principal, interest and insurance) discounted at the notes' weighted average coupon rate.

³ Contact Car Trading (CCT) was renamed to Contact Auto Credit (CAC) in 2010.

Strengths of the Transaction

- This is a repeat transaction by the same Issuer. Backing the issue is a static pool of receivables, initially co-originated by four companies, CAC, BCCT, Star and CEIM, under the same underwriting and servicing standards and procedures. The existing issues are performing well with reported cumulative credit default rates well below 1% and not less than 99% cumulative recovery rates as of the time of writing this report.
- The rating is based on the credit quality of the underlying auto receivables, which reflects the originators' strict underwriting, collection and monitoring policies and procedures.
- The credit enhancement available to the notes comes in the form of (i) over-collateralization in the amount of 2.7% net of expenses; (ii) subordinated servicing fees in the amount of 2.25% p.a. of the previous month's beginning principal portfolio balance available on a monthly basis.
- The transaction benefits from liquidity support in the form of a cash reserve account in the size of 3.5% of the outstanding aggregate notes' balance that is to be funded upon issuance of the notes from the first months' cash inflows and adjusted on a monthly basis in accordance with the notes' amortization.
- The transaction also benefits from a default reserve account to be funded from the overcollateral by setting aside 0.6% p.a. (0.05% monthly) from the previous month's beginning principal portfolio balance on a monthly basis.
- The bond is backed by a static amortizing pool of auto receivables with no balloon payments. The receivables are related to the sale of brand new passenger vehicles, except for 14% (in terms of principal outstanding) related to the sale of used cars. The pool is granular (concentrations per client less than 0.10% of the total outstanding principal pool value) and well diversified in terms of car make and geographic distribution.
- The pool has a relatively low weighted average loan-to-value ratio at origination (67.18%) and relatively high seasoning (16 months), which accelerates the build-up of owner's equity into the assets and hence increases the recovery potential in case of defaults.
- The Servicer, Contact Auto Credit (CAC), has built up a significant experience over the past 10 years. Its efficiency of operations is supported by an automated file management system. **MERIS** has conducted an operational review of the Servicer and believes that management, procedures and systems in place permit CAC to adequately perform its duties as a Servicer.
- Contractual appointment of CIB (the Custodian) as a back-up servicer to the transaction. As a Custodian, CIB has access to the Servicer's systems and database, and follows up daily on the performance of the pool. **MERIS** believes that the daily involvement of CIB in the performance of the pool will ensure a smooth and speedy transfer of the Servicer's role to CIB in the unlikely event of Servicer's bankruptcy. CIB's ability to serve as a back-up servicer of the transaction is also supported by its solid experience in servicing a large number of corporate and retail clients in Egypt.

Weaknesses of the Transaction

- Given the relatively short track record of the securitization market in Egypt, there is still lack of sufficient consistent data across market participants regarding historical arrears, default and recovery rates through the economic cycle.
- In general, **MERIS** perceives greater uncertainty associated with unrated Originators, and the use of securitization proceeds to fund the Originator's growing phase. However, this is mitigated by the Originator's experienced management team and strict adherence to its underwriting policies and procedures, which assure a high quality receivables pool.

- Class A notes will follow a predetermined amortization schedule. Although, the predetermined repayment schedule provides greater visibility of expected cash flows to investors, it presents extra challenges to the transaction in terms of liquidity management and prepayment risk. The liquidity risk is partially mitigated by maintaining sufficient cash reserves to ensure at all times a minimum of three months senior fees and coupon payments. Class A notes are completely insulated from prepayment risk, as the scheduled principal amortization includes no prepayment expectation, with 30% of actual prepayments being passed through to Class B note holders as principal amortization, and the remaining 70% of prepayments being retained in the residual cash balance supporting Class A notes.
- No independent calculation agent for the subordinated servicing fees. Partially mitigated by the performance reports to be issued by the Custodian and verified by the Auditors within a month after the actual cash disbursement date.
- 14% of the securitized receivables are related to the sale of used cars. In general, used cars are associated with a greater probability of default, due to the relatively riskier credit profile of the buyers.
- Although this is the 12th securitization transaction by the same issuer, legal uncertainties still exist, given that the transaction relies on key legal concepts that remain largely untested in judicial proceedings or in practice in Egypt. **MERIS** took comfort from the legal opinions provided by the transaction's legal advisor on issues such as true sale, separateness of accounts, and concluded that the legal risks were consistent with the assigned ratings.

STRUCTURE SUMMARY (see page 4-5 for more details)

Amount Rated:	EGP 899,000,000
Issuer:	Sarwa Securitization Company S.A.E.
Seller (s) /Originator (s):	Contact Auto Credit (CAC), Bavarian–Contact Car Trading (BCCT), Star Auto Credit (SAC), and Contact Egyptian International Motor Credit (CEIM)
Servicer:	Contact Auto Credit (CAC)
Back-up Servicer:	Commercial International Bank (CIB) (LT Deposit Rating "Caa1" and Financial Strength Rating "E" by Moody's Investor Service)
Custodian:	CIB
Financial Adviser:	Sarwa Capital
Arrangers and Underwriters:	Arab African International Bank and Banque Misr
Structure type:	Senior Subordinated Structure, Class A – Predetermined Amortization, Class B & C - Pass-Through Amortization
Credit Support:	<ul style="list-style-type: none">• 2.7% over collateralization (net of expenses)• Subordinated Servicing Fee in the amount of 2.25% p.a. (0.19% monthly) of the previous month's beginning principal portfolio balance available on a monthly basis

COLLATERAL SUMMARY (see page 8 for more details)

Receivables:	Car installment-sale contracts.
Initial Pool Balance (NPV):	EGP 984,595,656
Number of Contracts:	12,298 fully amortizing contracts
Type of Vehicles:	86% new vehicles, 14% used
Make of Vehicles*:	Mercedes: 16.9%, Kia 13.5%, BMW: 12.3%, Hyundai: 10.7%, Chevrolet: 6.8%, Nissan: 5.1%, Renault: 4.7%, Jeep: 4.5%, Toyota: 3.9%, Skoda: 3.5%; Other non-luxury: 8.7%, Other luxury: 9.7%
Geographic Diversity*:	Greater Cairo: 57.4%, Alexandria: 19.5%, Other: 23.1%
WA Seasoning:	16 months
WA Remaining Maturity:	36 months
WA LTV (at origination):	67.2%

* Percentage calculated is based on the outstanding principal balance.

CREDIT SUPPORT

Class	Subordination	Over collateralization	Other
A	60.1%		
B	12.5%	2.7%	
C	None		Subordinated Servicing Fee: 2.25%p.a. of the previous month's beginning principal portfolio balance available on a monthly basis

TRANSACTION SUMMARY

This is the 12th repeat transaction of auto receivables securitization by the same issuer, Sarwa Securitization Company. Like all previous issues, the securitized assets represent a static pool of fixed-rate auto receivables stemming from the sale of brand new passenger vehicles to customers domiciled in Egypt. The current issue, however, similar to the preceding three, includes a portion of 14% related to used car installment-sale contracts. The installment-sale contracts have been initially co-originated by CAC, BCCT, Star Auto Credit and CEIM Credit. It is worth noting, that all four originators are managed by CAC and apply exactly the same underwriting policies and criteria. The auto receivables are secured by the cars, which are fully insured and subject to a resale restriction by the Traffic Directorate. The securitized pool includes also the remaining balances of the portfolios of the 8th (7% of the pool principal) and 9th issue (40% of the pool principal) which were called early on June 1, 2014.

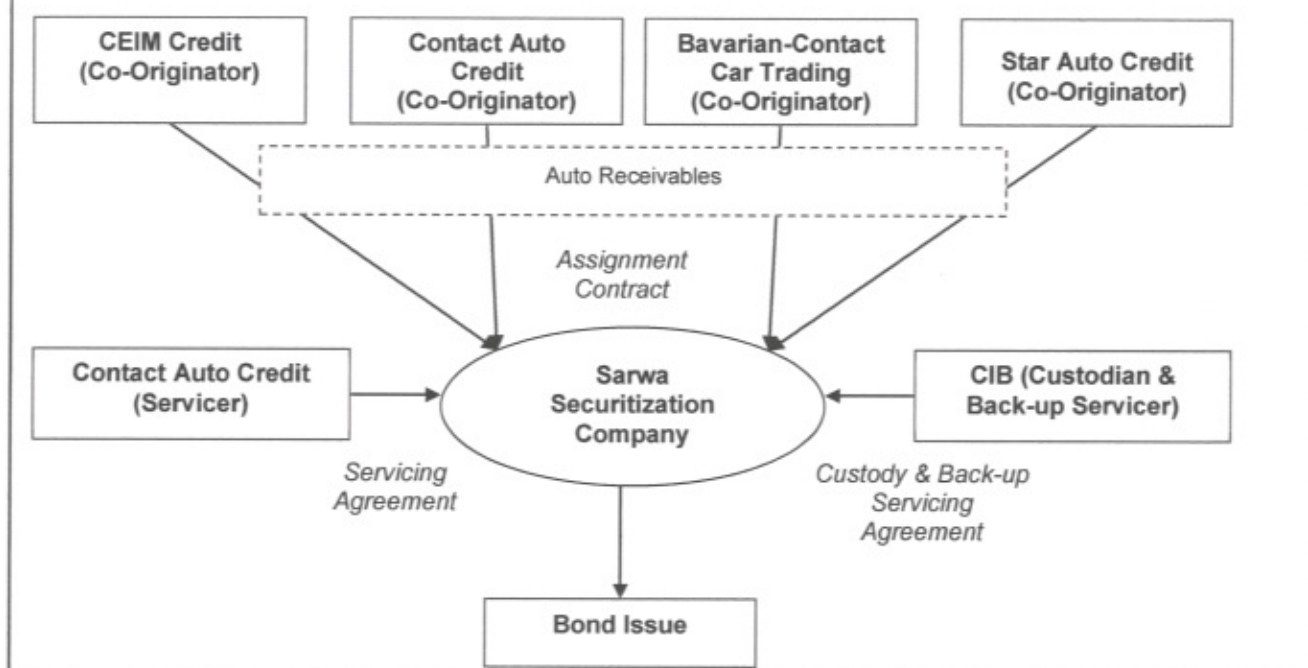
At closing of this transaction, the Originators will transfer to the Issuer the securitized assets. In order to finance the purchase of the securitized assets, the Issuer, Sarwa Securitization Company (SSC), will issue three classes of notes with different maturities suited to the needs of various investors. The notes' aggregate amount equals the net present value of the portfolio (the NPV of the portfolio is calculated by using the notes' weighted average coupon rate as the discount rate, leaving the transaction with zero excess spread) less the over-collateralization. The notes will be paying a monthly fixed coupon of 9.24%, 9.84% and 10.54% p.a. in order of seniority. They will be callable starting from the 14th coupon payment, following the repayment of Tranche A. Unlike the 6th and 7th Issues, and similar to the 8th, 9th and 10th issues, the current notes will follow a pass-through amortization structure, except for class A notes, the money market tranche, which will have a pre-determined amortization schedule. **MERIS** notes that while having a predetermined repayment schedule provides investors with greater visibility of cash flows, it presents additional challenges to the transaction in terms of liquidity management and prepayment risk. The liquidity risk will be partially mitigated by maintaining at all times a cash reserve account that is sufficient to cover at all times a minimum of three months of senior fees and coupon payments. The installment-sale contracts include certain features such as prepayment penalty or various prepayment restrictions that in effect try to limit the impact of prepayments on the transaction cash flows. It is worth noting that class A notes are completely insulated from prepayment risk, as the principal amortization schedule assumes no prepayments, with 30% of actual prepayments being passed through to the Class B note holders as principal payments, and the remaining 70% being retained within the residual cash balance to provide liquidity support to Class A notes. The notes benefit from an internal credit enhancement in the form of (i) over-collateralization of 2.7% net of expenses, and (ii) additional credit support coming from the subordination of 90% of the servicing fee, or 2.25%p.a. of the previous month's beginning principal value of the portfolio, which will be available on a monthly basis to cover any shortfall in senior fees and expenses, coupon and/or principal redemption of the notes.

On the closing date, CAC will entrust a pool of auto receivables to the Custodian. The pool is non-revolving (static) and amortizing. It is entirely composed of new (86%) and used (14%) passenger vehicles installment-sale contracts generated over the past four years. It is worth noting that for the most part collections on the pool will by-pass the Servicer (CAC) and be credited directly to the accounts of Issuer (SSC), thus effectively mitigating the risk of commingling the transaction's funds with the Servicer's own funds. With regards to occasional cash collections, the Servicer will undertake a commitment to deposit them within 3 working days to the accounts of the Issuer. Direct debit payments account for approximately 90% of the pool, credit card authorizations – for 1%, whereas the rest of the monthly payments represent cheque collections.

STRUCTURAL AND LEGAL ASPECTS

Auto receivables securitization is structured to isolate the auto receivables from the insolvency risks of the originator(s)/seller(s). This is done by the originator(s)/seller(s) transferring the auto installment-sale contracts by means of true sale to a bankruptcy-remote special purpose entity, who will ultimately issue the bond to the investors. Under the structure – please refer to the following diagram – all four originators of the receivables, sell and assign all their rights and benefits in the receivables to SSC, a special purpose bankruptcy remote shareholding company, the Issuer. **MERIS** has received a legal opinion stating that the sale of the receivables from the originators to the Issuer (based on an Assignment Contract dated 02/06/2014) constitutes a true sale. The pool of receivables is secured by the cars, which are fully insured and subject to a resale restriction by the Traffic Directorate.

Chart 1:
Structure Diagram



* A true sale according to the Capital Market Law 95/92 and its directives.

Collections, Commingling Risk and Separateness of Accounts

According to the Servicing Agreement (between SSC and CAC, signed on 02/06/2014) and the Custody Agreement (between SSC and CIB, signed on 02/06/2014), the collections of the monthly installments related to each of the 12,298 individual auto installment-sale contracts in the pool will bypass for the most part the accounts of the Servicer and will be credited directly to the accounts of the Issuer (SSC). The funds will then be transferred to the Issuer's account with the Custodian for the benefit of the bondholders. The majority of the installments (90%) are collected through direct debit of the borrowers' bank accounts across Egypt through the Automated Clearing House system, which facilitates the collection process. The remaining is paid by cheques (9%) or deducted directly from credit cards (1%). Any occasional cash collections by the Servicer will have to be deposited within three business days in the accounts of the Issuer. MERIS believes that the by-pass collection mechanism, whereby direct debit and cheque collections are credited directly to the accounts of the Issuer, along with the 3-day sweep mechanism for any cash collections by the Servicer itself, mitigate the risk of commingling the funds collected by the Servicer on behalf of the SPV with its own funds. In addition, the opinion furnished by the legal advisor regarding commingling risk states that funds collected by the Servicer on the securitized assets are the property of the bondholders and cannot be subject to claims by the Servicer's creditors if trapped in the Servicer's bankruptcy estate.

In accordance with the Capital Market Law requirements, the Custodian will maintain six separate accounts: (1) an account for bond amortization; (2) an account for coupon payments; (3) an account for reinvesting any surplus cash; (4) an account for collections; (5) a default reserve account; and (6) a liquidity reserve account. Transactions on these six accounts have to take place based on written instructions from the Issuer. Once a month, the Custodian will pay the senior servicing fees and the coupons related to the three classes of notes, and the remaining cash will be applied towards replenishing the reserve accounts and principal amortization of the notes in accordance with the specified cash waterfall.

The legal advisor of the transaction provided a legal opinion regarding the clarification of the clauses in the Capital Market Law 95/1992 regarding the need of the Issuer, Servicer, and Custodian to maintain separate accounts for different securitization transactions. The CMA law 95/1992 explicitly addresses the issue of separateness and non-consolidation of different securitization transactions by the same Issuer. The opinion provided is consistent with the rating assigned to the notes, notwithstanding the fact that similar structures have not been tested in Egyptian courts yet.

The Issuer: Sarwa Securitization Company (SSC)

SSC, previously known as Contact Securitization Co., was established as a shareholding company on 8/11/2005 according to CMA Law 95/1992 (Commercial register No. 17199 Giza). The company's shareholding structure is as follows:

Shareholders	# of Shares	EGP	% Ownership
Egyptian International Co. for Trade & Investments L.L.C	40,500	4,050,000	81%
Contact Auto Credit S.A.E	9,000	900,000	18%
Bavarian Contact Car Trading S.A.E	500	50,000	1%
Total	50,000	5,000,000	100%

It is worth noting that Sarwa Capital acquired CAC's stake in the Egyptian International Company for Trade and Investment and currently holds 99.9% of the company. Thus, the originator's direct and indirect stake has been reduced from 97% to only 18% direct stake, which is currently in compliance with EFSA's requirements.

Credit Enhancements:

- 1) Over-collateralization:** The assets backing the securities amount to EGP 984,595,656, representing the net present value of the total outstanding principal, interest and insurance receivables stemming from the securitized auto installment-sale contracts discounted at the bond weighted average coupon rate. The assets will be purchased at a discount of 9% by the Issuer, creating an over collateralization of EGP 86 million at the beginning of the transaction. However, it is worth noting that the majority of this over-collateral will be used to cover the transaction expenses, such as servicing fees and insurance premiums, as well as other fees and expenses, with an estimated NPV of EGP 61 million (expenses are modeled at 0% default and 0% prepayment). Thus, the transaction is left with only 2.7% of over collateralization net of expenses that could be used to provide pure credit support. It is worth mentioning that the above estimate does not take into account any reinvestment income.
- 2) Servicing Fee Subordination:** 90% of the servicing fee, or 2.25% p.a. of the previous month's beginning principal portfolio balance, will be available on a monthly basis to cover any shortfall in the transaction's waterfall. The unused portion of the servicing fees will be paid to the Servicer on a monthly basis, after settlement of all senior fees and expenses, coupon and principal payments due, as well as the cash reserve accounts according to the cash waterfall below. It is worth mentioning that once used by the transaction, the subordinated servicing fee for the respective month cannot be recovered by the Servicer in any subsequent month. Following the full redemption of the notes, any excess cash may be returned to the Originator.
- 3) Liquidity Support:** The transaction benefits from a cash reserve account in the initial size of 3.5% of the outstanding aggregate notes balance that is to be funded from the first months' cash collections. The cash reserve will be adjusted on a monthly basis and maintained at all times at 3.5% of the outstanding notes' balance. The cash reserve is sized to provide liquidity support to the transaction roughly covering three months of senior fees and coupon payments at any given month. It is worth mentioning that the liquidity support can be used to cover any shortfall in senior fees and expenses, as well as coupon and principal payments under the notes, but can under no circumstances be used to cover subordinated servicing fees.
- 4) Default Reserve Account:** The overcollateralization will be used to fund a default reserve account by setting aside 0.6% p.a. (0.05% monthly) from the previous month's beginning principal portfolio balance on a monthly basis. The default reserve account can be used only upon maturity of Class B notes, or Class C notes to cover any shortfall in coupon or principal payment under the bonds.

Priority of Payments

Allocation of the collections from the securitized contracts will be applied in the following order of priority:

1. Cash Reserve Account representing 3.5% of the outstanding aggregate notes' balance at the beginning of each month since issuance date. The balance of this account is to be adjusted on a monthly basis.
2. Default Reserve Account representing 0.05% of the previous month's beginning principal portfolio balance on a cumulative basis.
3. Senior transaction fees and expenses, such as servicing (0.25%p.a. of the outstanding portfolio principal balance, payable monthly), custody, listing, rating, insurance, advertising fees, etc.
4. Coupon of class A notes
5. Coupon of class B notes

6. Coupon of class C notes
7. Principal amortization of the most senior outstanding tranche, whereby Class A will follow a predetermined amortization schedule, and Class B & C - a pass through amortization schedule, in which the amount of principal amortization in any given month will equal the current month cash inflows less the amounts under (1), (2), (3), (4), (5), and (6).
8. Any prepayments during the lifetime of Class A will be passed at 30% on to class B notes as principal amortization, while the remaining 70% will be retained in the residual cash balance.
9. The residual cash balance will be used to pay the subordinated servicing fee (2.25%p.a. of the previous month's beginning principal portfolio balance, payable monthly after the closing date).

Given the sequential senior subordinated structure of the transaction, Class B note holders will only start receiving principal repayments after the full amortization of Class A notes (no later than 13 months after the transaction close), except for any prepayments received during the lifetime of Class A notes. Similarly, Class C note holders, being subordinated to Class B notes, will only start receiving principal repayments after the full redemption of Class B notes, which is to be no later than 37 months after the transaction closing date. Class C note holders are to be fully repaid within 59 months from the notes' issuance date.

COLLATERAL (See Appendix I for more details)

The portfolio consists of auto receivables in an amount equal to EGP 984,595,656 arising under car installment-sale contracts initially co-originated by Contact Auto Credit (CAC) (52% of the principal outstanding balance), Bavarian – Contact Car Trading (BCCT) (12%), Star Auto Credit (17%), and Contact Egyptian International Motor Credit (CEIM) (18%). The contracts are concluded with retail clients domiciled in Egypt to finance the purchase of brand new (86%) and used (14%) passenger vehicles. The securitized pool includes also the remaining balances of the portfolios of the 8th (7% of the pool principal) and 9th issue (40% of the pool principal) which were called early on June 1, 2014.

Similar to the previous three issues, the current securitization pool includes a portion of used cars sales installment contracts, under the Originator's recently launched used car program. The minimum downpayment is 20% or 30% depending on the car make. The used cars eligible for refinancing also have to meet certain criteria in terms of mileage (max. 65,000-85,000km) and maximum age at the date of application (3-5 years) and by the end of the contract date (7-9 years). The maximum available tenor is still 60 months, provided that the car does not exceed the maximum age by the end of the contract date.

The maximum original maturity of the all contracts in the securitization pool is 60 months and the weighted average original maturity is 53 months. The weighted average remaining term to maturity is 36 months. It is worth noting that with an average seasoning of 16 months, this portfolio is relatively more seasoned than the previous transactions, whose average seasoning was 6 months. The seasoning of the pool was affected positively by the re-securitization of the remaining portfolios of the 8th and 9th issues.

The number of contracts included in the portfolio is 12,298. The largest obligor in the pool accounts for only 0.10% of the total portfolio amount, given the company's single obligor limit of maximum 3 contracts and EGP 900,000 of principal outstanding. The single obligor exposure is calculated on a consolidated basis for Contact Auto Credit and its subsidiaries.

The portfolio is well diversified in terms of car make including a total of 41 different brands. The top 5 brands account for 60% of the total principal outstanding of the pool, the top 10 – for a total of 82%, whereas the remaining 18% consist of less popular brands with concentrations below 3%. As different car brands exhibit different rates of depreciations, a diversified pool is more likely to experience stable depreciation rate and successful recoveries on defaulted contracts, if any. It is also worth noting that luxury brands (for the purposes of this report MERIS has used EGP 250,000 as the cut-off point between luxury and non-luxury cars) account for approximately 39% of the total outstanding principal amount of the portfolio, which is an indication of the relatively high credit quality of the obligors.

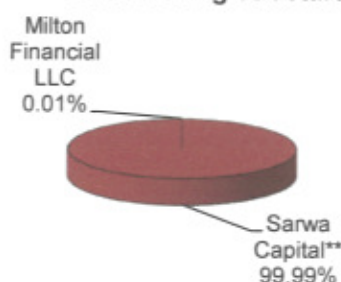
The securitized receivables bear a fixed interest rate, and the weighted average yield is 18.6% p.a. The obligors are geographically spread across Egypt; however, significant concentrations exist around the Greater Cairo area (approx. 57% of the total principal outstanding), followed by Alexandria (20%).

1. Contact Auto Credit (CAC)

Incorporated in 2001, CAC, initially under the name of Contact Car Trading, is a private joint stock company. CAC has built itself into a leading auto financing company in Egypt. The company offers auto finance products to private customers, and currently accounts for 5.8% of the total passenger car market in Egypt. In addition to car financing, the company provides car insurance services, which are considered complementary to its core business activities.

In January 2008, Contact Auto Credit underwent a major change in ownership. In order to avoid conflict of interest with its biggest shareholder, Commercial International Bank, the founding management team of the company acting in a consortium with Amwal Khaleej* under the name of Sarwa Investments, arranged for a management buy-out of the company, whereas they acquired 56.7% equity stake in the company, previously owned by CIB (38.4%) and Egyptian Investment Direct Fund (18.3%). In 2013, Sarwa Capital further consolidated its ownership by acquiring the remaining 12.6% stake of Banque Misr. The shareholders are working closely with the management to diversify and expand the company's activities into other complementary retail financial services (with a special focus on mortgage finance) and position the company as a fully-fledged retail finance provider as opposed to a specialized auto finance company.

**Contact Auto Credit
Shareholding Structure**



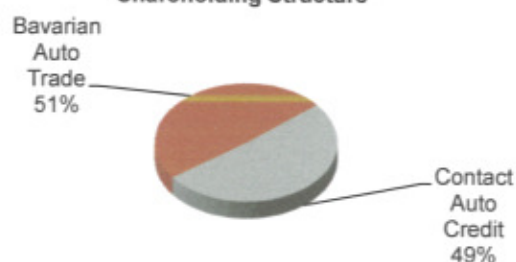
* Amwal Khaleej was founded in late 2004 as a regional private investment firm that sources, structures, and acts as investor in strategic minority equity investments, private placements, privatizations, and buy-outs in the Middle-East / North-Africa (MENA) region.

**Sarwa Capital is owned by Sarwa Investments (48.3%), Bahbshy Family (19.81%), Milton Financial LLC (30.0%), and Aboul Fotouh Family (1.98%).

2. Bavarian-Contact Car Trading (BCCT)

Bavarian-Contact Car Trading was established in 2004 for the purpose of providing financial services to the BMW and MINI brands. The company has the shareholding structure presented in the figure below. Since 2003, the Bavarian Auto Group (a consortium of Egyptian, Gulf and German investors) has had exclusive rights for assembly, importation, distribution and after-sales support for BMW Group products in Egypt.

**Bavarian-Contact Car Trading
Shareholding Structure**



3. Star Auto Credit (SAC)

SAC was incorporated in February 2009 to exclusively provide financial services for clients of Mercedes-Benz passenger vehicles in Egypt, purchasing vehicles from showrooms owned directly and indirectly by the National Company for Cars (NATCO), being the majority shareholder of Star Auto Credit (66.6%). The remaining 33.4% of the company is owned by Contact Auto Credit.

4. Egyptian International – Contact Motor Credit LLC (CEIM)

CEIM was established in April 2009, as a 50/50 joint venture company between Contact Auto Credit and Egyptian International Motors (EIM), the exclusive distributor for Kia and Renault passenger vehicles in Egypt. The purpose of the company is to exclusively provide financial services for clients of Kia and Renault passenger vehicles in Egypt, purchasing vehicles from showrooms owned directly or indirectly by EIM.

Upon their incorporation, all CAC subsidiaries, namely BCCT, SAC and CEIM, have entered into operating agreements with Contact Auto Credit, to fully manage the operations of those auto finance companies, capitalizing on its experience as the leading company in providing car finance in Egypt. Hence, all of the subsidiaries offer car financing and insurance programs for their respective brands with exactly the same terms and conditions offered by CAC as described below.

Origination and Underwriting Process

Currently the company activities are centralized in the head office in Cairo, complemented by a branch in Zamalek, as well as two remote branches, one in Alexandria and one in Mansoura. Other areas outside of Cairo are covered through floating sales teams visiting the major auto dealerships. The sales team includes 38 sales people, organized in 5 teams, covering 4 different geographic areas and the call center. Approximately 85% of the business origination comes through the auto dealerships. CAC is expanding its network by building strong alliances with well-established auto dealerships and having a dedicated sales representative in the dealer's premises. In 2009, the company's expanded its presence in the auto dealerships by establishing two new subsidiaries, authorized to provide car finance services on an exclusive basis in the showrooms owned by the official distributors for Kia, Renault and Mercedes in Egypt.

Underwriting decisions are centralized and are based both on quantitative and qualitative analysis of the applicant's credit history. CAC has an internally developed score card in place that is automatically generated by the system based on the information filled in the borrower's initial application. It takes into account factors such as stability in employment, education, sector of activity, previous credit history, real estate ownership, debt to income ratio, etc. The information is subject to verification by the company's credit officers through a field investigation, including a personal meeting with the prospect client, as well as third party cross-checks. The credit officers issue a recommendation based on their assessment of the applicant's ability and willingness to honor its financial obligations under the contract. Credit approvals are granted following independent voting on each application by the credit committee, which consists of the Credit Risk Head and the Head of the Investigation Department. In case of a disagreement between the two, the final credit decision goes to the Managing Director. Approximately 15% of prospect clients get rejected at the initial screening by the sales people, before the application enters the credit cycle. Another 25% of all initially filtered applications are further rejected during the credit process, indicating the company's tight scrutiny and strict approval procedures. The standard approval process takes between 3 and 5 working days depending on the responsiveness of the applicant with regard to any additional information requirements.

Contact's main underwriting criteria include the following:

- The obligor's age ranges from 21 to 60;
- Any car makes are eligible for refinance except Chinese made cars (with the exception of Great Wall, Brilliance and Speranza, but the minimum down payment required is at least 30% instead of 25%);
- The minimum down payment is 25%, except for certain used cars where it can go down to 20%.

The company has a number of credit-related directives stipulating various credit limits to avoid any significant concentrations within the portfolio in terms of assets (car make), borrower employment type, industry classification, etc. There is a single obligor limit of EGP 900,000 of outstanding principal and a maximum of three outstanding contracts at any point of time, provided that the first contract has been performing for at least 2 years. The borrower's income has to cover the monthly installment 3 to 5 times depending on his type and sector of employment.

Collection and Recovery Process

Installments are due on two collection dates – the 15th and the 30th day of the month. The majority of the customers pay by direct debit order (currently 90%), and the remaining pay by checks (9%) or credit cards (1%). It is noteworthy that CAC exerted extraordinary efforts to avoid any disruption in the monthly collection cycle during the temporary shutdown of the banks in Egypt in the early days of the January 2011 Revolution. It managed to obtain exceptional approval from certain branches of CIB and AUBE and as a result was able to achieve around 60% collection rate in the first 5 days after January 30, 2011. The company has subsequently stepped up its collection efforts in an attempt to bring its efficiency levels back to the historical ones. According to a recently signed arrangement, monthly collections will be credited directly to the accounts of the Issuer (SSC), circumventing the accounts of the Servicer. Any occasional cash payments made by the clients at the premises of the Servicer will be deposited immediately (maximum next day) with the accounts of the Issuer. Approximately 85-90% of the receivables are collected within 30 days from the due date. Delays up to 60 days from the due date are handled by the company's credit officers. Upon failure of the customer to pay two installments in a row, the company has the right to repossess the car, and in case of no settlement to sell it. Repossessed cars are sold directly, relying on CAC's well-established relationships with the auto dealers. In case the customer is not satisfied with the offer price, he has the right to find another buyer. Since the beginning of its operations, the company's default rate has been negligible. Reportedly, out of the 46,585 contracts generated and

securitized by the company up to date, there have been a total of 413 cases of repossession (credit default), in addition to 736 total loss cases (insurance coverage) and 185 cases of obligor's death (life insurance coverage). Recoveries in case of credit default have been sufficient to cover at least 99% of the loan outstanding value, and the time frame for repossessing and selling the cars in the secondary market has been within the range of two to eight weeks.

The servicing agreement signed between SSC and CAC details the responsibility of the Servicer including, among others, the following:

- Sending notification letters to borrowers;
- Issuing monthly reports on collections, delays, and defaults to the Custodian;
- Renewing the insurance policies of the cars in the securitized pool on an annual basis;
- Original contract documents are kept with the Custodian and are made available to the Servicer to take necessary action when needed.

Given the experience of CAC as a Servicer, its strict follow-up and monitoring guidelines, as well as the IT & management information systems currently in place, **MERIS** believes that CAC is capable of adequately servicing the receivables in this pool. The collection activities for all four originators are performed by CAC.

CUSTODIAN AND BACK-UP SERVICER

CIB (rated by Moody's at Caa2 domestic currency deposit rating and E Financial Strength Rating on a global scale, March 2013)

CIB was founded in 1975 as a joint venture bank by the state-controlled National Bank of Egypt (NBE) and the Chase Manhattan Bank. Since its inception, CIB has been run independently from NBE, while its impressive performance and management strength is in part a legacy of its former association with Chase. The bank is Egypt's leading private sector company with 153 branches and over 500 ATMs. It serves 700 corporate and 400 small and medium sized enterprises, as well as 500,000 retail clients.

In May 2014, CIB's largest shareholder since 2009 - Actis, a private equity firm with over 60 years of investment experience in emerging markets and a vast knowledge of consumer banking (Strategic Investor), sold its remaining stake of 6.5% to Fairfax Financial Holdings. Approximately 90% of the shares are free float, and the balance is held by local institutional investors.

CIB is one of the leading financial services conglomerate in Egypt. The Bank is a medium-sized player with an approximate 8% market share in terms of deposits. Among its key strengths are its strong corporate banking franchise, sound management, strong credit culture and well-trained workforce. The bank's strong position in Egypt is currently tested by the challenging domestic operating environment, which is putting pressure on asset quality and profitability.

The bank's reputation as being one of the largest private sector banks in Egypt and its track record are considered positive factors to act as a Custodian to the proposed transactions. CIB is also formally appointed as a back-up Servicer to the transaction. As a custodian, CIB already has daily access to Contact's collection system and databases. In addition, the fact that the majority of the obligors have their accounts with CIB is likely to facilitate the collection procedures, in case CIB needs to assume the role of a Servicer.

MERIS ANALYSIS

Historical Data and Modeling

Based on the historic default data, the default distribution of granular portfolios is expected to follow closely the log-normal distribution. Therefore, the probabilities for default scenarios for entirely granular pools are derived from the log-normal default distribution. The exact shape of this distribution is determined by the cumulative mean default rate and its standard deviation.

Given the homogeneous (completely granular) nature of the pool, **MERIS** used the log normal method to model the cash flows of the transaction. The model is based on the expected loss methodology that reflects the notes expected cumulative loss and average life over various default rate scenarios. The final output is derived as the sum product of the various default rate scenario losses and lives of the notes weighted by the probability of default of each respective default rate scenario.

As per CAC's report, cumulative credit default rates up to date on the outstanding securitization transactions have been below 1%. Historic recoveries have been always sufficient to cover at least 99% of the defaulted amount (principal outstanding at default). However, given the limited track record of the originators, historical data can hardly be a reliable indicator of the pool's performance in the future. Therefore, **MERIS** used a log normal distribution to model the transaction, defined by cumulative mean default rates experienced in similar emerging markets (6% for new cars and 12% for used cars), coupled with a volatility (coefficient of variation = standard deviation/mean) above 50% to reflect the higher uncertainty associated with the lack of sufficient and reliable historical data.

Some of the other input parameters in the cash-flow model are summarized below:

- Amortization profile of the assets: the 0% default and 0% prepayment monthly amortization of the securitized assets according to the contractual amortization schedule;
- Timing of Default: The timing of default is used to calculate the defaulted amount per period expressed as a percentage of the cumulative defaults. **MERIS** has tested the transaction by using various default curves – front-loaded, flat, and back-loaded;
- Recovery lag: 50% after 6 months, 25% after 9 months, 25% after 12 months;
- Prepayment rate: **MERIS** has received monthly prepayment data on the previous securitizations of CAC, and has noted that historical average prepayment rates have varied between 3% and 20%. **MERIS** has tested the transaction using various prepayment rates between 0% and 20%;
- Credit Support: Over collateralization of 2.7% (net of expenses), in addition to the subordination of servicing fee of 2.25%p.a. of the monthly portfolio principal outstanding balance.

MERIS performed sensitivity analysis around the main inputs listed above, to test the impact of structural and asset features on the rating of the notes. **MERIS** concluded that, in view of the conservative assumptions applied and taking into consideration the transaction's qualitative factors, the credit enhancement available to the transaction is in line with the assigned ratings.

RATING SENSITIVITIES AND MONITORING

MERIS will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected. The monitoring will include reviews of periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through the media.

APPENDIX I: POOL DATA

Distribution by Original Term To Maturity				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
12	15,068,570	2%	179	1%
24	53,374,423	6%	553	4%
36	126,791,709	15%	1,773	14%
48	90,544,781	11%	1,402	11%
60	566,731,937	66%	8,391	68%
Total	852,511,420	100%	12,298	100%

Distribution by Seasoning				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
<=2	75,714,108	9%	631	5%
3-4	128,267,758	15%	1,126	9%
5-6	130,528,115	15%	1,202	10%
7-8	109,504,157	13%	1,080	9%
9-18	6,280,618	1%	62	1%
19-24	129,850,316	15%	2,040	17%
25-30	103,363,078	12%	1,897	15%
31-36	98,010,758	11%	2,255	18%
>36	70,992,512	8%	2,005	16%
Total	852,511,420	100%	12,298	100%

Distribution by Remaining Term To Maturity				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
1-12	45,643,457	5%	1,296	11%
13-18	58,526,259	7%	1,104	9%
19-24	113,601,241	13%	2,246	18%
25-30	124,938,026	15%	2,097	17%
31-36	140,797,825	17%	1,809	15%
37-42	97,147,096	11%	1,303	11%
43-48	26,242,204	3%	240	2%
49-54	95,304,591	11%	899	7%
>=55	150,310,722	18%	1,304	11%
Total	852,511,420	100%	12,298	100%

Distribution by Original Principal Balance				
EGP ('000)	Principal Outstanding	% Total	# of Contracts	# of Contracts %
400-900	60,193,064	7%	190	2%
200-399	202,926,628	24%	1,110	9%
100-199	262,213,583	31%	2,766	22%
50-99	278,553,798	33%	6,146	50%
<50	48,624,348	6%	2,086	17%
Total	852,511,420	100%	12,298	100%

APPENDIX I: POOL DATA - CONTINUED

Distribution by Current Outstanding Principal Balance				
EGP ('000)	Principal Outstanding	% Total	# of Contracts	# of Contracts %
400-836	26,123,496	3%	56	0%
200-399	141,307,097	17%	532	4%
100-199	240,944,238	28%	1,756	14%
50-99	251,500,024	30%	3,605	29%
<50	192,636,564	23%	6,349	52%
Total	852,511,420	100%	12,298	100%

Distribution by Original LTV				
LTV	Principal Outstanding	% Total	# of Contracts	# of Contracts %
<=30%	7,012,830	1%	212	2%
31%-40%	19,334,497	2%	444	4%
41%-50%	73,754,968	9%	1,335	11%
51%-60%	98,708,258	12%	1,595	13%
61%-70%	172,930,278	20%	2,653	22%
71%-75%	452,177,446	53%	5,901	48%
76%-80%	28,593,143	3%	158	1%
Total	852,511,420	100%	12,298	100%

Distribution by Original Car Value (Purchase Price)				
EGP '000	Principal Outstanding	% Total	# of Contracts	# of Contracts %
600-1365	42,025,294	5%	140	1%
400-599	121,741,576	14%	560	5%
300-399	108,628,190	13%	738	6%
200-299	136,599,690	16%	1,225	10%
100-199	307,321,359	36%	5,270	43%
<99	136,195,311	16%	4,365	35%
Total	852,511,420	100%	12,298	100%

Distribution by Monthly Installment Amount				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
10,000-56,594	114,412,567	13%	488	4%
5,000-9,999	207,789,856	24%	1,395	11%
2,000-4,999	345,670,150	41%	4,856	39%
1000-1,999	171,364,106	20%	4,833	39%
<1000	13,274,740	2%	726	6%
Total	852,511,420	100%	12,298	100%

Distribution by Product Type				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Flexible	329,770,807	39%	5,346	43%
Economy	323,805,999	38%	4,478	36%
Used	117,911,098	14%	1,116	9%
Standard	44,014,464	5%	555	5%
Islamic	37,009,051	4%	803	7%
Total	852,511,420	100%	12,298	100%

APPENDIX I: POOL DATA - CONTINUED

Distribution by Originator				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Contact	447,378,827	52%	7,915	64%
CEIM	154,695,033	18%	2,974	24%
Star	143,916,239	17%	801	7%
BCCT	106,521,320	12%	608	5%
Total	852,511,420	100%	12,298	100%

Distribution by Payment Method				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Direct Debit	766,591,021	90%	11,514	94%
Checks	80,228,482	9%	686	6%
Credit Card	5,691,917	1%	98	1%
Total	852,511,420	100%	12,298	100%

Distribution by Source of Origin				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
8 th Issue	63,761,983	7%	1,753	14%
9 th Issue	337,264,596	40%	6,418	52%
New	451,484,841	53%	4,127	34%
Total	852,511,420	100%	12,298	100%

Distribution by Governorate				
Governorate	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Cairo	327,157,662	38.4%	4,050	32.9%
Alexandria	166,339,490	19.5%	2,916	23.7%
Giza	153,703,640	18.0%	2,025	16.5%
Gharbia	33,732,053	4.0%	508	4.1%
Beheira	26,242,304	3.1%	460	3.7%
Dakahlia	25,965,442	3.0%	409	3.3%
Red Sea	22,723,983	2.7%	392	3.2%
Ismailia	16,105,238	1.9%	262	2.1%
Monufia	15,635,296	1.8%	247	2.0%
Port Said	12,719,982	1.5%	148	1.2%
Sharqia	12,263,441	1.4%	205	1.7%
Damietta	9,874,267	1.2%	169	1.4%
Qalyubia	8,897,666	1.0%	157	1.3%
Kafr El-Sheikh	6,356,070	0.7%	107	0.9%
Marsa Matrouh	4,617,399	0.5%	101	0.8%
Faiyum	2,888,942	0.3%	47	0.4%
Suez	2,875,183	0.3%	43	0.3%
South Sinai	1,925,533	0.2%	22	0.2%
Beni Suef	814,038	0.1%	8	0.1%
Sohag	488,115	0.1%	2	0.0%
6th October	391,359	0.0%	8	0.1%
Luxor	343,719	0.0%	3	0.0%
Sharm El Sheikh	170,480	0.0%	3	0.0%
Helwan	133,308	0.0%	2	0.0%
Asyut	94,878	0.0%	2	0.0%
North Sinai	51,932	0.0%	2	0.0%
Total	852,511,420	100%	12,298	100%

APPENDIX I: POOL DATA - CONTINUED

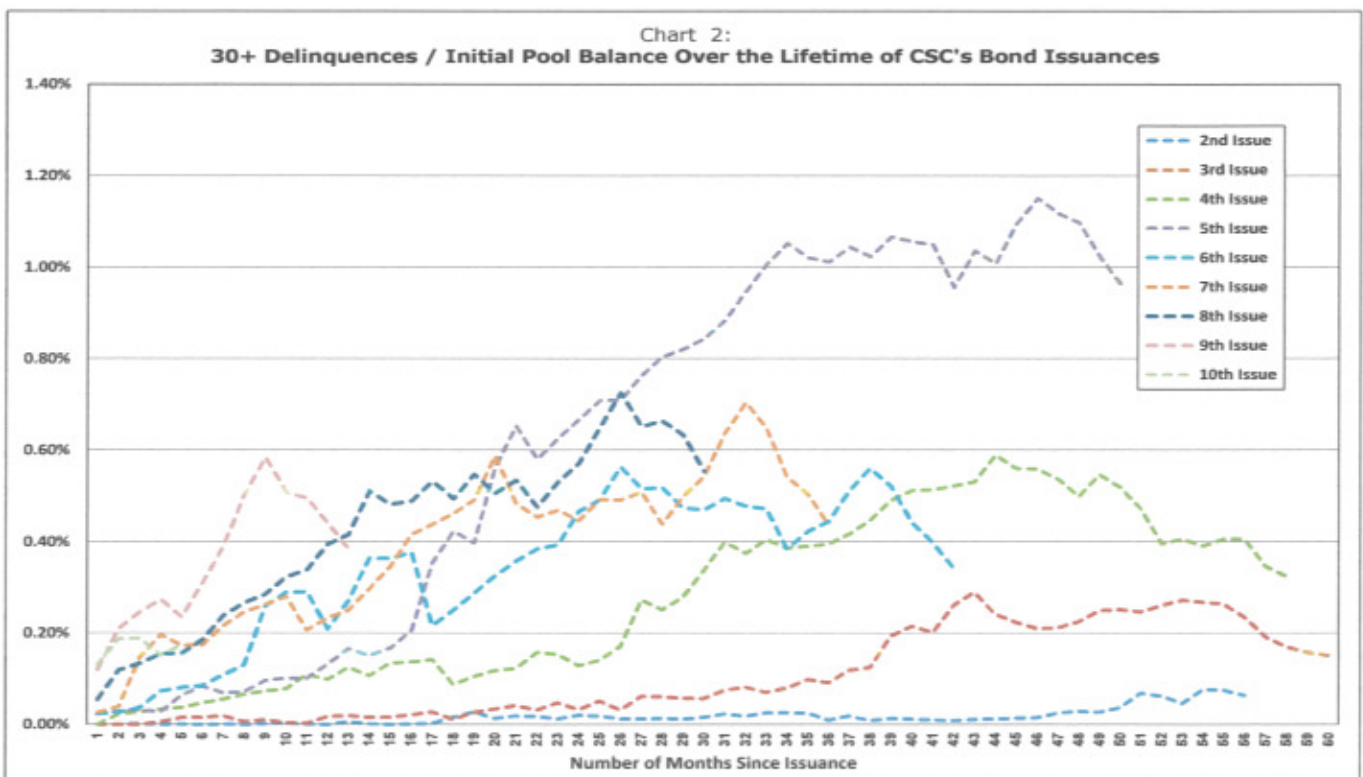
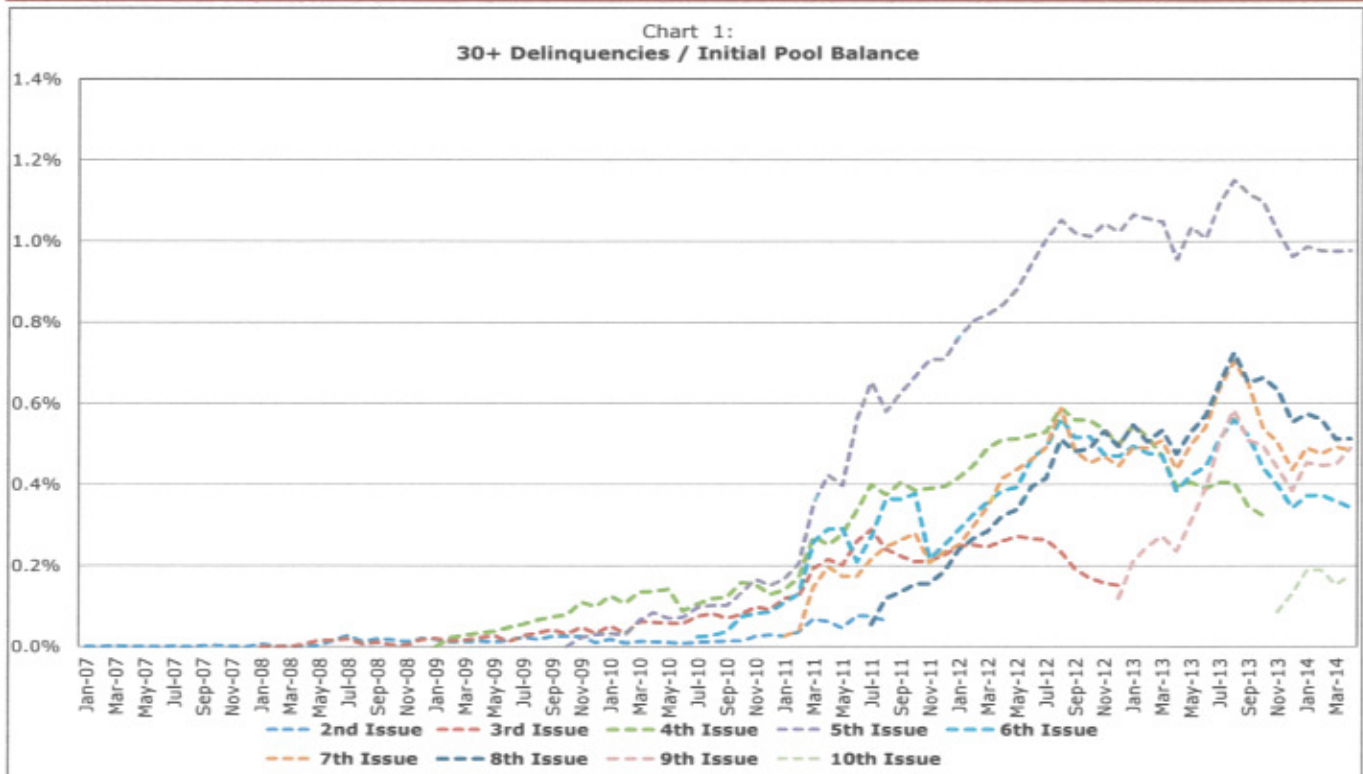
Distribution by Car Make					
	Make	Principal Outstanding	% Total	# of Contracts	# of Contracts %
1	Mercedes	143,916,239	16.9%	801	6.5%
2	Kia	114,981,711	13.5%	1,997	16.2%
3	BMW	104,586,751	12.3%	590	4.8%
4	Hyundai	91,315,767	10.7%	1,944	15.8%
5	Chevrolet	57,573,513	6.8%	1,495	12.2%
6	Nissan	43,603,871	5.1%	759	6.2%
7	Renault	39,713,322	4.7%	977	7.9%
8	Jeep	38,732,965	4.5%	308	2.5%
9	Toyota	33,038,861	3.9%	360	2.9%
10	Skoda	30,247,433	3.5%	392	3.2%
11	Volkswagen	21,809,316	2.6%	263	2.1%
12	Peugeot	16,440,491	1.9%	187	1.5%
13	Speranza	15,526,947	1.8%	578	4.7%
14	Mitsubishi	14,065,389	1.6%	235	1.9%
15	Opel	12,857,398	1.5%	126	1.0%
16	Daihatsu	7,796,932	0.9%	141	1.1%
17	Volvo	7,343,310	0.9%	56	0.5%
18	Dodge	6,695,527	0.8%	40	0.3%
19	Proton	5,426,205	0.6%	135	1.1%
20	Suzuki	4,735,125	0.6%	211	1.7%
21	Brilliance	4,668,886	0.5%	83	0.7%
22	Geely	4,548,637	0.5%	107	0.9%
23	Citroen	4,235,837	0.5%	47	0.4%
24	Subaru	3,875,325	0.5%	43	0.3%
25	Ford	3,817,009	0.4%	49	0.4%
26	Audi	3,264,336	0.4%	24	0.2%
27	Honda	3,176,031	0.4%	48	0.4%
28	Mazda	2,743,193	0.3%	51	0.4%
29	Fiat	2,240,423	0.3%	79	0.6%
30	Lada	2,186,644	0.3%	94	0.8%
31	Mini	1,934,570	0.2%	18	0.1%
32	Seat	2,022,820	0.2%	34	0.3%
33	Range Rover	1,367,236	0.2%	3	0.0%
34	Porsche	627,905	0.1%	1	0.0%
35	Chrysler	570,975	0.1%	3	0.0%
36	Mahindra	436,143	0.1%	13	0.1%
37	Land Rover	196,920	0.0%	1	0.0%
38	Cherry	54,879	0.0%	1	0.0%
39	Great Wall	52,098	0.0%	2	0.0%
40	MG	50,237	0.0%	1	0.0%
41	Changan	34,244	0.0%	1	0.0%
	Total	852,511,420	100%	12,298	100%

APPENDIX II: AUTO RECEIVABLES SECURITISATION DEALS COMPARISON

	12 th Issue (2014-2019)	10 th Issue (2013-2018)	9 th Issue (2012-2017)	8 th Issue (2011-2016)	7 th Issue (2010-2015)	6 th Issue (2010-2015)
Bond Size (EGP mn)	899	629	814	350	420	470
Bond Structure	Senior Subordinated Multiple class; Class A Predetermined Amortization; Class B & C - Pass through	Senior Subordinated Multiple class; Class A Predetermined Amortization; Class B & C - Pass through	Senior Subordinated Multiple class; Class A Predetermined Amortization; Class B & C - Pass through	Senior Subordinated Multiple class; Class A Predetermined Amortization; Class B & C - Pass through	Senior Subordinated Multiple class; Pre-determined Amortization	Senior Subordinated Multiple class; Pre-determined Amortization
Coupon	Class A: 9.24% Class B: 9.84% Class C: 10.54%	Class A: 9.68% Class B: 10.28% Class C: 10.98%	Class A: 11.92% Class B: 12.52% Class C: 13.22%	Class A: 11.00% Class B: 11.375% Class C: 11.75%	Class A: 9.00% Class B: 10.25% Class C: 11.00%	Class A: 9.375% Class B: 10.25% Class C: 10.75%
Maturity	Class A: Jul-15 Class B: Jul-17 Class C: May-19	Class A: Nov-14 Class B: Nov-16 Class C: Oct-18	Class A: Dec-13 Class B: Dec-15 Class C: Nov-17	Class A: July-12 Class B: Jul-14 Class C: Jul-16	Class A: Jan-12 Class B: Jan-14 Class C: Dec-15	Class A: July-11 Class B: July-13 Class C: June-15
O/C at issuance *(net of expenses):	2.7%*	2.7%*	2.1%*	1.6%*	3.2%*	3.0%*
Additional Credit Support:	Servicing Fee Subordination**	Servicing Fee Subordination**	Servicing Fee Subordination**	Cash Reserve of EGP 3mn & Servicing Fee Subordination**	Servicing Fee Subordination**	1.5%
No. of Contracts	12,298	6,259	9,859	3,763	4,796	5,554
Seasoning (months)	16	6	9	4	4	4
WA LTV (at origination):	67.18%	66.80%	66.98%	67.14%	66.56%	66.35%
Used Cars	13.83%	16.69%	9.01%	4.04%		
Assigned Rating:	Class A: AA+ Class B: AA Class C: A	Class A: AA+ Class B: AA Class C: A	Class A: AA+ Class B: AA Class C: A	Class A: AA+ Class B: AA Class C: A	Class A: AA+ Class B: AA Class C: A	Class A: AA+ Class B: AA Class C: A
WA Interest Rate	18.55	18.63%	17.97%	16.74%	16.73%	16.64%

**Additional credit support will be available on a monthly basis in the amount of 2.25% p.a. (0.19% per month) of the outstanding principal balance of the securitized portfolio of receivables, which represents performance-based servicing fees. The unused portion of the 0.19% monthly servicing fee will be paid to the Servicer on a monthly basis after settlement of all senior payments in the waterfall.

APPENDIX III: PERFORMANCE OF SARWA SECURITIZATION TRANSACTIONS



APPENDIX IV: National Rating Scale

Quality of credit	Long	Short	
Gilt edged	AAA	Prime 1 Prime 2 Prime 3	Investment Grade
Very high	AA+		
	AA		
	AA-		
Upper-medium	A+		
	A		
	A-		
Medium grade	BBB+		
	BBB		
	BBB-		
Questionable	BB+	Not Prime	Speculative Grade
	BB		
	BB-		
Poor quality	B+		
	B		
	B		
Very poor	CCC+		
	CCC		
	CCC-		
	CC		
	C		

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