MERIS
Middle East Rating & Investors Service

May 2023

STRUCTURED FINANCE — New Issue Report

Sarwa Securitization Company S.A.E. (SSC) – 40th Issue 2023-2028

(Consumer Finance Receivables Pool Originated by Contact Credit and Contact Creditech Consumer Finance Companies)

Auto and Consumer Finance Receivables/Egypt

*This report addresses the structure and characteristics of the transaction based on the information provided to **MERIS** by Contact Credit and Contact Creditech Consumer Finance Companies **as of March 2023.** 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 CUT-OFF DATE:
March 01, 2023

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DEFINITIVE RATINGS

Class	Description	Amount (EGP mn)	% of Notes	Expected Maturity	Fixed Coupon (%)	Frequency	Rating
A	Senior	448	23.7%	April-24	17.75%	Monthly	**AA+(sf)**
B	Subordinated	904	47.8%	April-26	18.50%	Monthly	**AA(sf)**
C	Junior Subordinated	541	28.6%	Mar-28	19.00%	Monthly	**A(sf)**
Total		**1,893**					

OPINION

This is the 40th asset-backed bond issued by Sarwa Securitization Company S.A.E. (SSC). The bond issue is EGP 1,893,000,000 and is backed by 23,107 auto and consumer finance on-installments contracts (EGP 2,911,819,007 outstanding receivable balance as of the pool cut-off date) initially co-originated by Contact Credit Consumer Finance Company 89% of the principal outstanding balance) and Contact Creditech Consumer Finance Company (11%). The contracts have been written over the period between September 2019 and February 2023.

Up to date, all of the outstanding transactions (originated by Contact Companies) are performing well, with regular payments of interest and principal. SSC's previous auto receivable securitizations, as well as the recently issued consumer finance transaction (Sarwa 39th) 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	Fully redeemed in 2014
6	2010-2015	470	5,554	Fully redeemed in 2015
7	2010-2015	420	4,796	Fully redeemed in 2015
8	2011-2016	350	3,763	Fully redeemed in 2014, balances refinanced through SCC 12th Issue
9	2012-2017	814	9,859	
10	2013-2018	629	6,259	Fully redeemed in 2018
12	2014-2019	899	12,298	Fully redeemed in 2019
13	2014-2019	603	4,860	Fully redeemed in 2019
15	2015-2020	621	4,891	Fully redeemed in 2019
16	2015-2020	733	5,403	Fully redeemed in 2019 (early call), balances refinanced through SSC 33rd Issue
20	2016-2022	586	4,102	
22	2017-2022	1,147	5,475	
27	2018-2023	2,030	7,699	Early call on April 30, 2020
28	2018-2023	1,751	6,248	Early call on March 1, 2020
30	2019-2024	1,828	5,426	90,263,202
32	2019-2024	1,814	5,693	196,255,741
33	2020-2025	1,833	10,671	201,519,877
34	2020-2025	1,628	4,925	432,287,611
39***	2022-2027	1,076	47,397	1,011,450,946

*At Initial Rating
**As of February 2023
*** Consumer Finance Transaction

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 two companies, Contact Credit Consumer Finance Company and Contact Creditech Consumer Finance Company under the same underwriting and servicing standards and procedures. The outstanding 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 and consumer finance 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 8.22% net of expenses; and (ii) structural subordination of tranches B and C to the more senior tranches.

- The transaction benefits from liquidity support in the form of a cash reserve account in the size of 3.5% of the outstanding aggregate bond balance and it is to be funded from the first four months of collections and to be adjusted on a monthly basis thereafter 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.

- With 23,107 individual transaction (17,973 clients), the underlying pool of receivables is highly granular with individual concentrations not exceeding 0.3% and the top 20 clients accounting collectively for 4.9% of the total portfolio outstanding balance.

- The bond is backed by a static amortizing pool of auto and consumer finance receivables with no balloon payments. The receivables are related to auto loans representing 67.4% of the securitized pool principal (33.5% new vehicles, 25.3% used vehicles and 8.6% trucks), that were sold on installments, along with consumer finance loans representing 32.6%, including home finishing products, electronics, club memberships, furniture & home appliances, jewelry, education, insurance, events, shopping, green products and auto parts.

- The Servicer, Contact Credit Company, has built up a significant experience over the past 20 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 the management, procedures and systems in place permit Contact to adequately perform its duties as a Servicer. Furthermore, Contact Credit Company, has issued approximately 22 securitization bonds in the Egyptian market since 2005.

- Contractual appointment of Banque Misr (LT Deposit Rating "B3" by Moody's Investor Service, February 2023) as a back-up servicer to the transaction. As a Custodian, Banque Misr 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 Banque Misr 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. Banque Misr'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

- In general, **MERIS** perceives greater uncertainty associated with unrated Originators. However, this is mitigated by the Originators' experienced management team and strict adherence to its underwriting policies and procedures, which assure a high quality receivables pool.

- There is limited time series data available regarding historical arrears, default and recovery rates through the peaks and troughs of the economic cycle.

- Due to the revolving nature of the credit limit for the consumer finance portfolio, there is no clear segregation of the payments due to the securitization pool from the companies' normal business cycle. Thus, there is a higher risk of commingling the securitization cash flows with the Originators' own funds from operations.

- 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 around one month of senior fees and coupon payments.

- 25% of the securitized receivables are related to the sale of used vehicles. In general, used cars are associated with a greater probability of default due to the perceived higher credit risk of the buyers. Nevertheless, the majority of the used cars included in the securitization portfolio are premium brands, which indicate high creditworthiness of the buyers.

- The securitized pool is relatively young, with an average seasoning of only one month. 96% of the contracts have been generated over the last 2 months. Younger pools exhibit relatively higher frequencies of default as compared to more seasoned portfolios.

- The consumer finance contract will not be assigned to the bondholders, only copies on these contracts will be submitted to the custodian of the transaction. Nevertheless, the supporting securities (Cheques and promissory notes) of the consumer finance contracts will be delivered to the custodian as per the transaction's legal documents. The auto finance contracts along with the supporting securitizes will be submitted to the custodian. It is worthy to mention that the promissory notes' beneficiary is closed to the originators. Thus, the bondholders don't have direct recourse on the contract nor the promissory note. However, as per the collection and servicing agreement, Contact Credit Company, as the servicer of the securitization transaction, is obliged to transfer immediately (with a maximum three working days) any collected amounts, related to the securitized portfolio, to the transaction's custodian bank.

- Although there have been a reasonable number of securitizations in the Egyptian market, 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

Amount Rated:	EGP 1,893,000,000
Issuer:	Sarwa Securitization Company S.A.E.
Seller (s) /Originator (s):	Contact Credit Consumer Finance and Contact Creditech Consumer Finance Companies
Servicer:	Contact Credit Consumer Finance
Back-up Servicer:	Banque Misr (LT Deposit Rating "B3" by Moody's Investor Service)
Custodian:	Banque Misr
Underwriters and Promoters:	Contact, Banque Misr, NBE, CIB, Arab African International Bank, CI Capital, and Al Ahly Pharos
Structure type:	Senior Subordinated Structure, Class A – Predetermined Amortization, Class B & C - Pass-Through Amortization
Credit Support:	• 8.22% over collateralization (net of expenses); • Subordinated administration fees in the amount of 2.5% p.a. of the previous month's beginning principal portfolio balance that will be available on a monthly basis and will be paid only if the collection account has sufficient funds to cover the liquidity reserve, default reserve, senior fees and expenses, as well as coupons and principal amortization of Tranche A; • Structural subordination of class B and C to the more senior tranches.

COLLATERAL SUMMARY

Receivables:	Auto and Consumer Finance Contracts
Initial Principal Pool Balance:	EGP 1,765,055,583
Number of Contracts:	23,107 fully amortizing contracts
Type of Products*:	67% vehicles and 33% consumer finance
Type Vehicles*:	50% new vehicles, 38% used vehicles and 13% trucks
Make of Consumer Products*:	47% Home Interior, 35% Consumer Goods, and 18% Others
Geographic Diversity*:	48% Greater Cairo, 12% Alexandria, 40% Others
WA Seasoning:	1 months
WA Remaining Maturity:	45 months
WA LTV (Current):	78.2%

** Percentage calculated is based on the outstanding principal balance.*

CREDIT SUPPORT

Class	Subordination	Over collateralization	Other Credit Enhancement
A	76.3%	8.22%	Subordinated Administration Fee in the size of 2.5% p.a. of the previous month's beginning principal portfolio balance available on a monthly basis
B	28.6%		
C	None		

TRANSACTION SUMMARY

This is a 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 and used passenger and commercial vehicles (67% of the pool), as well as consumer finance contracts (33%) to customers domiciled in Egypt. The installment-sale contracts have been initially co-originated by Contact Credit Company and Contact Creditech Consumer Finance Company. It is worth noting, that Contact Creditech Consumer Finance Company is managed by Contact Credit Company 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. 85% of the securitized portfolio is secured by signed postdated cheques, while 15% has promissory notes signed by the clients.

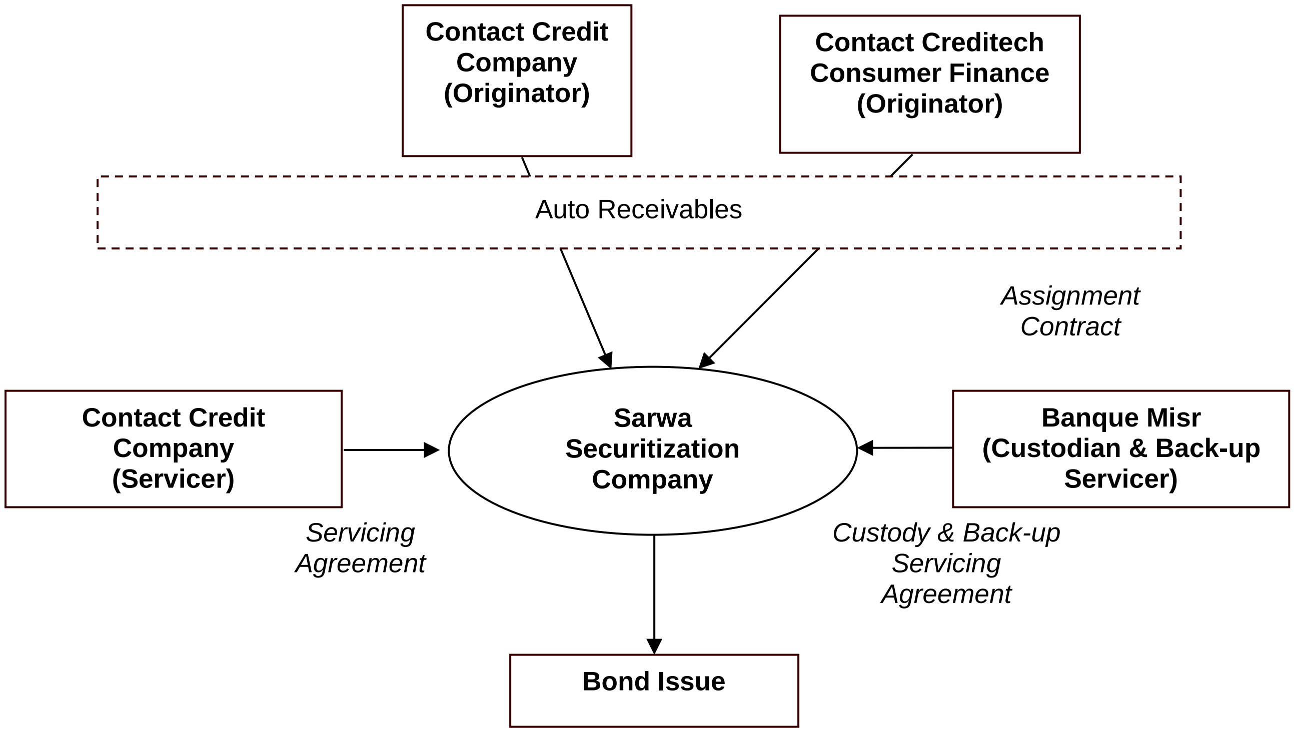
At closing of this transaction, the Originators will transfer to the Issuer the securitized assets. In order to finance the purchase of the securitized assets, the Issuer, Sarwa Securitization Company (SSC), will issue three classes of notes with different maturities suited to the needs of various investors. 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) less net present value of the senior fees and expenses. The notes will be paying a monthly fixed coupon of 17.75%, 18.50%, 19.00% p.a. in order of seniority. They will be callable starting from the 14th coupon payment, following the repayment of Tranche A. 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 around three months of senior fees and coupon payments. Further liquidity support to class A notes is available through the subordination of the administration fees, which will be available on a monthly basis to cover any shortfall in liquidity. 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 100% of actual prepayments being passed through to the Class B note holders as principal payments. The notes benefit from an internal credit enhancement in the form of (i) over-collateralization of 8.22% net of expenses, (ii) subordination of the administration fee of 2.5% 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, and (iii) structural subordination in the size of 76.3% for class A notes, and 28.6% for class B notes.

On the closing date, the originators will entrust a pool of auto receivables to the Custodian. The pool is static (non-revolving) and amortizing. It is worth noting that for the most part collections on the pool will by-pass the Servicer (Contact Credit Company) and be credited directly to the accounts of the 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 immediately, or within a maximum of three working days, in the collection account managed by the Custodian. Direct debit payments account for approximately 86% of the pool, 8% cheques, whereas the remaining 7% of the monthly payments represent cash and others.

STRUCTURAL AND LEGAL ASPECTS

The consumer finance receivables are structured to isolate the receivables from the insolvency risks of the originator(s)/seller(s). This is done by the originator(s)/seller(s) transferring the auto and consumer finance 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 – the two 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 March 20th, 2023) 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 Contact Credit Company, signed on March 20th, 2023) and the Custody Agreement (between SSC and **Banque Misr**, signed on March 20th, 2023), the collections of the monthly installments related to each of the 23,107 individual consumer finance contracts in the pool will bypass for the most part the account of the Servicer and will be credited directly to the account 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 (85%) 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 balance is paid by post-dated cheques (8%) or deducted directly from credit cards and cash (7%). Any occasional cash collections by the Servicer will have to be deposited immediately, or within a maximum of three working 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, 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)

Sarwa Securitization Company (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
Sarwa Capital	40,500	4,050,000	81%
Contact Credit Company 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 owns direct and indirect stake amounting to 99.9% of Sarwa Securitization Company. Thus, the originator's direct and indirect stake is 18%, which is currently in compliance with Financial Regulatory Authority's (FRA) requirements.

Credit Enhancements:

1. **Over-collateralization:** The assets backing the securities amount to EGP 2,104,307,614, representing the present value of the total outstanding principal and interest 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 11.2% by the Issuer, creating an over collateralization of EGP 211,307,614 at the beginning of the transaction. However, it is worth noting that part 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 PV of EGP 59,457,388 (expenses are modeled at 0% default and 0% prepayment). Thus, the transaction is left with 8.22% 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. **Administration Fee Subordination:** The administration fees in the size of 2.5% 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 and will be paid out only if the collection account has sufficient funds to cover the liquidity reserve, default reserve, senior fees and expenses, as well as coupons of the three tranches and principal amortization of Tranche A. The unused portion of the administration fees will be paid to the Issuer 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 administration fee for the respective month cannot be recovered by the Issuer in any subsequent month. **MERIS** notes that the administration fee subordination is most useful during the life of class A notes due to the predetermined amortization schedule of the notes and due to the more sizeable amount of the fees. During the life of class B and C notes, because of the pass through structure of the notes, as well as the significantly smaller size of the administration fees, the latter are not expected to be provide much liquidly or credit support, except some limited backing upon maturity of the notes.

3. **Structural Subordination:** Given the sequential senior subordinated structure of the transaction, the senior tranches benefit from the subordination of the more junior tranches, as follows: Class A is supported by a total of 76.3% of subordinated notes, whereas class B benefits from 28.6% in terms of subordination, provided by the most junior tranche.

Other support features:

- **Liquidity Support:** The transaction benefits from a liquidity reserve account in the size of 3.5% of the outstanding aggregate bond balance that is to be funded up front from the first four months of collections after the transaction close. 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 of around 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 the subordinated administration fees.

- **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 throughout the life of Class A, and 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. Liquidity Reserve Account: The reserve will be funded upfront form the first four months of collections to equal 3.5% of the aggregate notes balance. The balance of this account is to be adjusted thereafter on a monthly basis to equal 3.5% of the outstanding aggregate notes balance;
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, custody, listing, rating, insurance, advertising fees, etc. (excluding administration fees);
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 100% on to class B notes as principal amortization;
9. The residual cash balance will be used to pay the subordinated administration fee (2.5% p.a. of the previous month's beginning principal portfolio balance, payable monthly after the closing date) after paying the liquidity and default reserves, senior fees and expenses, coupons of the three tranches and principal amortization of Tranche A.

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 60 months from the notes' issuance date.

COLLATERAL

The portfolio consists of auto and consumer finance receivables in an amount equal to EGP 2,911,819,444 arising under car installment-sale contracts and consumer finance transactions initially co-originated by Contact Credit Company (89% of the principal outstanding balance) and Contact Creditech Consumer Finance Company (11%). The contracts have been written over the period between September 2019 and February 2023. The 23,107contracts are concluded with retail clients domiciled in Egypt to finance the purchase of brand new (34% of the pool principal balance), used passenger and commercial vehicles (25%), trucks (9%) and consumer finance transactions (33%). The consumer finance transactions (33%) are mostly used to finance home interior and consumer goods, representing 27% of the securitized portfolio, the remaining 6% is mainly used to finance education, wedding, insurance, green finance, and other services. The consumer finance receivables have been originated through purchases on installments within the company's branches or the mobile application.

Similar to most of the previous SSC auto transactions, the current securitization pool includes a portion of used cars sales installment contracts, under the Originator's used car program. The minimum down payment ranges between 10% to 30% depending on the car make. The used cars eligible for refinancing also have to meet certain criteria in terms of mileage (max. 65,000-85,000 km) 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 current portfolio also includes a small part of staff car finance contracts, both used and new cars, which allow for less than 10% minimum down payment for regular employees and 0% down payment for managers.

It is worth to mention that Contact Credit Company has recently introduced financing program for heavy trucks and pickups, both new and used vehicles. The company applies same policies and procedures for underwriting, credit approvals and the required cheques and/or other guarantees. The minimum down payment for this new product is 30% and up to 5-years, with a maximum limit up to EGP 6 million. In this current securitized pool, heavy trucks and pickups vehicles represent 16% of the total portfolio principal balance, out of which 9% are new vehicles and 7% are used.

The maximum original maturity of all contracts in the securitization pool is 60 months and the weighted average original maturity is 46 months. The weighted average remaining term to maturity is 45 months. The securitized pool is relatively young, with an average seasoning of only one month. 96% of the contracts have been generated over the last 2 months. Younger pools exhibit relatively higher frequencies of default as compared to more seasoned portfolios.

The number of contracts included in the portfolio is 23,107. The largest obligor in the pool accounts for only 0.28% of the total portfolio amount, given the company's single obligor limit of maximum 3 contracts and value of EGP 6,000,000.

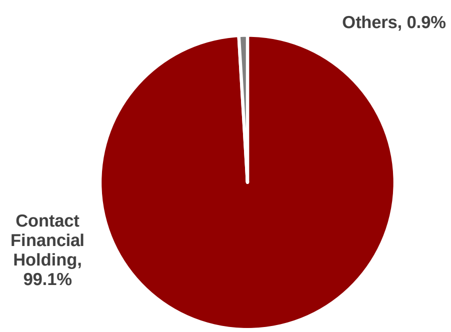
The securitized receivables bear a fixed interest rate, and the weighted average yield is 29.4% p.a. The obligors are geographically spread across Egypt; however, significant concentrations exist around the Greater Cairo area (approx. 48% of the total principal outstanding), followed by Alexandria (12%).

1. Contact Credit Company

Incorporated in 2001, Contact Credit Company, initially under the name of Contact Car Trading, is a joint stock company. Contact has built itself into a leading auto financing company in Egypt. The company offers auto finance products to private customers, and currently accounts for roughly 30% from the auto finance companies, excluding banks. In addition to car financing, the company provides car insurance services, which are considered complementary to its core business activities. It is worthy to mention that in April 2020, Contact Credit Company has received the first consumer financing license in line with the new Consumer Credit Act by the Financial Regulatory Authority (FRA). Currently, Contact Credit Company provides all consumer finance products, auto finance, home finishing financing, club memberships, education finance, insurance policies, furniture, home appliances, electronic devices, car accessories and maintenance, bicycles, clothes, watches, jewelry, eyeglasses, sport supplies and others.

In January 2008, Contact Credit Company underwent a major change in ownership. In order to avoid conflict of interest with its biggest shareholder, Commercial International Bank (CIB), 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 AAIB (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. In February 2016, the stake of Amwal Khaleej in Sarwa Capital was acquired by the Egyptian American Enterprise Fund. The shareholders are working closely with the management to diversify and expand the company's activities into other complementary retail financial services - consumer finance, small and medium sized leasing and factoring, as well as mortgages - and position the company as a fully-fledged retail finance provider as opposed to a specialized auto finance company.

Contact Credit Shareholders Structure



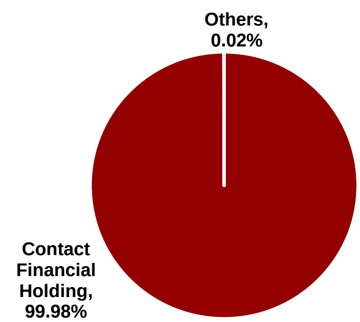
Contact Financial Holding Company is owned by the Egyptian American Enterprise Fund (43.64%), Orascom Investment Holding (30%), Milton Financial (11.67%), and Bahubaish Family (7.58%). The remaining 7.11% represent free float. Milton Financial belongs to the original private investors who initially established Contact back in 2001.

Contact Credit Company authorized capital is EGP 1 billion, while issued and paid-in capital is EGP 443.5 million with a par value of EGP 10.

2. Contact Creditech Company

Contact Creditech Company was established in February 2022, as a joint stock company. The purpose of the company is to provide consumer finance products through the mobile application and instant approvals, capitalizing on the artificial intelligence and digitalized technology in the customers' limits approvals and funds disbursements. The company's authorized capital is EGP 100 million, while the issued and paid-in capital is EGP 25 million.

Contact Creditech Shareholders Structure



Origination and Underwriting Process

Currently the Contact Credit and Contact Creditech Companies activities are centralized in the head office in Cairo, complemented by other branches (around 60 branches and mini branches) inside Cairo (Zamalek, Giza, Maadi, New Cairo, Downtown, Nasr City), as well as other remote branches located in Alexandria, Mansoura, Tanta, Ismalia, Hurghada, Sharm El Sheikh, Damietta, Sharqia and Asyut. As per the management, the number of branches will reach 100 within the coming 2 years, in order to capture new market segments, in addition to have more focus on the digital channels. The sales team includes 166 sales people, covering the aforementioned different geographic areas and the call center.

Underwriting decisions are centralized and are based both on quantitative and qualitative analysis of the applicant's credit history. The initial application process starts with the client downloading the mobile app and filling in some basic information, which, through the rule engine, automatically generates an initial credit limit or by recommendation from the merchants for some products such as home finishing. To activate the limit the client needs to visit one of the company's branches to fill out a physical application form as per the FRA-approved template, including permission for a credit bureau investigation. The final customer limit is thereby either approved or rejected. The information is subject to verification by the company's credit officers through a field investigation. The approved limit has to be covered by a signed promissory note. Around 25% of the prospect clients are rejected, Among the most common reasons for rejection are poor i-score, bad history, or restricted area.

Contact Credit Company 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, i-score, 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 disagreement between the two, the final credit decision goes to the Managing Director. 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 65;
- Any car makes are eligible for refinance except Chinese made cars (with the exception of some brands that are highly demanded in the market, but in all cases the minimum down-payment is 30% and some cases require 50% minimum down payment);
- The minimum down payment is 10% for both new and used cars. A recently introduced staff scheme allows for less than 10% down payment and 0% for managers.

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 6,000,000. In addition, a single obligor is allowed 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 buyers' income has to cover the monthly installment 3 to 5 times depending on his type and sector of employment and takes into account the buyer's other obligations.

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 (85% for the current transaction), and the remaining pay by cheques (8%) or credit cards/cash (7%). According to the servicing agreement, monthly collections are 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 with the accounts of the Issuer, with a maximum of three working days.

Clients are reminded through automatically generated text messages of the upcoming due date. They have a seven-day grace period after the due date before the system starts applying penalties. The collection function is fully in-house with no dependence on external collection agencies. The total headcount for the credit and the collection teams is 450 employees. The collection team are in charge of following up on the collections until all payments have been received. As per the management, the average collection rate is around 90% on the installment due date and reaches 97% within 90 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 auto 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 Contact'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 auto default rate has been negligible. Reportedly, out of the 160,849 contracts generated and securitized by the company as of June 2023, there have been a total of 1,479 cases of repossession (credit default), in addition to 1,336 total loss cases (insurance coverage) and 671 cases of obligor's death (life insurance coverage). Recoveries in case of credit default have been sufficient to approximately 98% 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. Given the relatively short track record for the consumer finance products compared to the auto, there is no enough historical statistics of the collection performance and recovery rates for the consumer finance products.

The servicing agreement signed between SSC and Contact Credit Company 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 Contact Credit Company as a Servicer, its strict follow-up and monitoring guidelines, as well as the IT and management information systems currently in place, **MERIS** believes that Contact Credit Company is capable of adequately servicing the receivables in this pool. The collection activities for the two originators are performed by Contact Credit Company.

CUSTODIAN AND BACK-UP SERVICER

Banque Misr (B3 local currency deposit rating by Moody's – February 2023)

Banque Misr SAE (BM) is an Egyptian commercial bank that provides a range of corporate, retail, investment banking and Islamic banking services. As of 30 June 2022, BM was the second-largest bank in the country in terms of assets. As of the same date, it held a market share of around 18% share of the domestic market and reported total unconsolidated assets of EGP 1.5 trillion.

Currently, BM operates through a network of around 798 branches and units. Currently, BM had branches the UAE and France. BM has banking subsidiaries in Lebanon and Germany, as well as representative offices in Russia and China. In addition, the Saudi Arabian cabinet granted the bank a license to open its first branch in the country.

BM is also the 100% owner of Banque du Caire. It is worthy to mention that BM intention is to proceed with an IPO for Banque du Caire once market conditions allow. BM does not consolidate its stake in Banque du Caire, but is rather included in the bank's financials as an investment and carried at amortized cost.

The bank's reputation as being the second largest bank in Egypt and its track record are considered positive factors to act as a Custodian to the proposed transactions. Banque Misr is also formally appointed as a back-up Servicer to the securitization transaction. As a custodian, Banque Misr will have daily access to the originator's collection system and databases. Banque Misr is rated by Moody's and has a local currency deposit rating of B3, as of February 2023.

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.

MERIS has received the historical data regarding delinquencies from the Originator. However, historical data alone can hardly be a reliable indicator of the pool's performance in the future. Therefore, **MERIS** has stressed the available historical data and used a log normal distribution to model the transaction. The distribution is defined by a cumulative mean default rate, coupled with a volatility (coefficient of variation = standard deviation/mean) around 70% to reflect the higher uncertainty associated with the lack of sufficient and reliable historical data, as well as the lack of certainty around the current economic circumstances.

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;
- Prepayment rate: **MERIS** has received monthly prepayment data on the previous securitizations of Contact, and has noted that historical average prepayment rates have varied between 10% and 20%. **MERIS** has tested the transaction using various prepayment rates between 0% and 20%;
- Credit Support: Over collateralization of 8.22% (net of expenses), in addition to the subordination of administration fee of 2.5% p.a. of the monthly portfolio principal outstanding balance, as well as structural subordination of the junior tranches to the more senior ones.

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 **MERIS** website and other media channels.

APPENDIX I: POOL DATA

Distribution by Original Term To Maturity				
Months	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
1-12	147,410,782	8%	11,347	49%
13-24	225,603,250	13%	5,273	23%
25-36	356,742,947	20%	2,930	13%
37-48	106,678,505	6%	494	2%
49-60	928,620,098	53%	3,063	13%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Seasoning				
Months	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
0-2	1,700,500,345	96%	22,063	95%
2-4	27,060,702	2%	582	3%
5-8	26,758,299	2%	197	1%
9-12	2,398,820	0.1%	36	0.2%
13-18	2,517,925	0.1%	39	0.2%
19-40	5,819,492	0.3%	190	1%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Remaining Term To Maturity				
Months	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
1-12	149,122,524	8%	6,260	27%
13-24	228,475,442	13%	7,265	31%
25-36	356,036,360	20%	3,544	15%
37-48	106,302,795	6%	2,519	11%
49-60	925,118,462	52%	3,519	15%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Original Principal Balance				
EGP (‘000)	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
2,500,000-5,000,000	210,919,536	12%	66	0.3%
1,000,000-2,499,999	630,694,637	36%	437	2%
500,000-999,999	351,895,303	20%	547	2%
100,000-499,999	370,365,965	21%	1,700	7%
50,000-99,999	37,003,178	2%	642	3%
5,000-49,999	149,380,419	8%	12,104	52%
>4,999	14,796,545	1%	7,611	33%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Current Outstanding Principal Balance				
EGP (‘000)	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
2,500,000-5,000,000	194,200,574	11%	59	0.3%
1000,000-2,499,999	583,530,169	33%	378	2%
500,000-999,999	372,345,839	21%	899	4%
100,000-499,999	399,769,621	23%	1,264	5%
50,000-99,999	39,058,001	2%	531	2%
5,000-49,999	155,617,950	9%	11,049	48%
>4,999	20,533,428	1%	8,927	39%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Contract Value				
EGP ('000)	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
2,500,000-8,700,000	560,196,542	32%	264	1%
1000,000-2,499,999	516,155,647	29%	566	2%
500,000-999,999	285,867,160	16%	671	3%
100,000-499,999	219,185,670	12%	1,525	7%
50,000-99,999	45,396,817	3%	1,183	5%
5,000-49,999	127,406,045	7%	12,306	53%
>4,999	10,847,702	1%	6,592	29%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Current LTV				
LTV	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
<=40%	39,989,111	2%	294	1%
41%-50%	120,724,083	7%	277	1%
51%-60%	129,028,242	7%	337	1%
61%-70%	208,405,951	12%	1,219	5%
71%-80%	526,084,545	30%	2,623	11%
81%-90%	250,609,970	14%	5,491	24%
91%-100%	490,213,681	28%	12,866	56%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Monthly Installment Amount				
EGP	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
50,000-293,000	594,548,294	34%	308	1%
30,000-49,999	337,855,190	19%	334	1%
10,000-29,999	455,362,851	26%	1,021	4%
5,000-9,999	123,186,119	7%	812	4%
1,000-4,999	175,552,872	10%	5,541	24%
>999	78,550,257	4%	15,091	65%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Payment Method				
EGP	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
Direct debit	1,497,465,427	85%	8,345	36%
Checks	139,547,563	8%	132	0.6%
Cash	121,641,110	7%	13,937	60%
Wallet	6,373,960	0.4%	689	3%
Credit card	27,523	0.002%	4	0.02%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Originator				
EGP	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
Contact Credit	1,567,732,668	89%	3,453	15%
Creditech	197,322,915	11%	19,654	85%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Loan Type				
Loan Type	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
Auto	1,189,694,822	67%	1,538	7%
Home interior	267,954,100	15%	602	3%
Consumer Goods	200,188,086	11%	19,938	86%
Other Services	79,279,601	4%	613	3%
Education	12,369,113	1%	339	1%
Wedding	8,312,578	0.5%	63	0.3%
Green finance	7,211,440	0.4%	9	0.04%
New Insurance	45,843	0.003%	5	0.02%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Category				
Category	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
Automobiles	1,189,694,822	67%	1,538	7%
Finishing	279,971,191	16%	1,334	6%
Electronics	98,254,662	6%	10,208	44%
Club Memberships	79,279,601	4%	613	3%
Furniture & Home Appliances	35,781,471	2%	3,290	14%
Jewelry	29,551,501	2%	1,650	7%
Educational Services	12,382,481	1%	341	1%
Insurance	10,139,542	1%	733	3%
Others	30,000,311	1%	3,400	15%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Governorate				
Governorate	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
Cairo	533,428,481	30%	6,733	29%
Giza	279,742,190	16%	4,020	17%
Alexandria	209,212,789	12%	2,584	11%
Gharbia	96,565,364	5%	921	4%
Dakahlia	75,688,394	4%	498	2%
Monufia	74,227,858	4%	565	2%
Red Sea	64,366,614	4%	456	2%
Beheira	51,758,281	3%	425	2%
Damietta	42,567,619	2%	372	2%
Sharqia	36,995,719	2%	649	3%
Others	300,502,273	18%	5,884	26%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Security Type				
Security Type	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
Cheques	1,493,083,150	85%	2,613	11%
PN	271,972,433	15%	20,494	89%
Total	**1,765,055,583**	**100%**	**23,107**	**100%**

Distribution by Job Sector

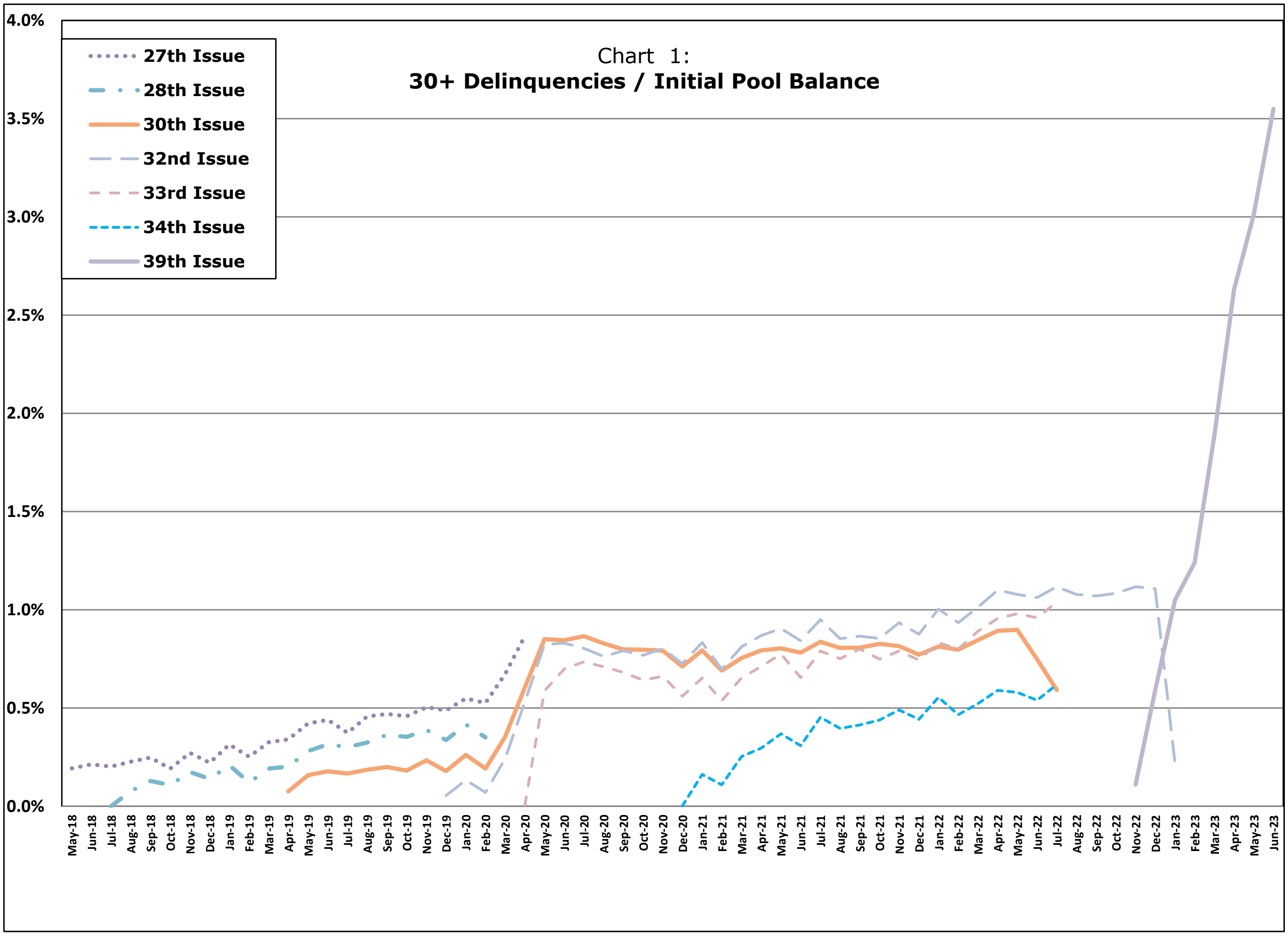
	Job Sector	Principal Outstanding	% Total	# of Contracts	# of Contracts %
1	Miscellaneous	418,882,229	24%	7,246	31%
2	Trading	161,567,531	9%	1,254	5%
3	Contracting and construction	122,614,819	7%	747	3%
4	Automotive	110,032,762	6%	776	3%
5	Medical	95,683,611	5%	1,312	6%
6	Food and beverage services	73,366,088	4%	791	3%
7	Clothing	58,459,201	3%	488	2%
8	Property development	57,537,148	3%	297	1%
9	Oil and gas	54,403,758	3%	641	3%
10	Government	49,595,478	3%	2,559	11%
11	Utilities	48,785,689	3%	688	3%
12	Miscellaneous industry	37,025,042	2%	318	1%
13	Tourism	35,072,313	2%	229	1%
14	Freight/shipping	32,242,793	2%	146	1%
15	Teaching	32,653,026	2%	990	4%
16	Other	377,134,096	22%	4,625	22%
	Total	**1,765,055,583**	**100%**	**23,107**	**100%**

APPENDIX II: AUTO RECEIVABLES SECURITISATION DEALS COMPARISON

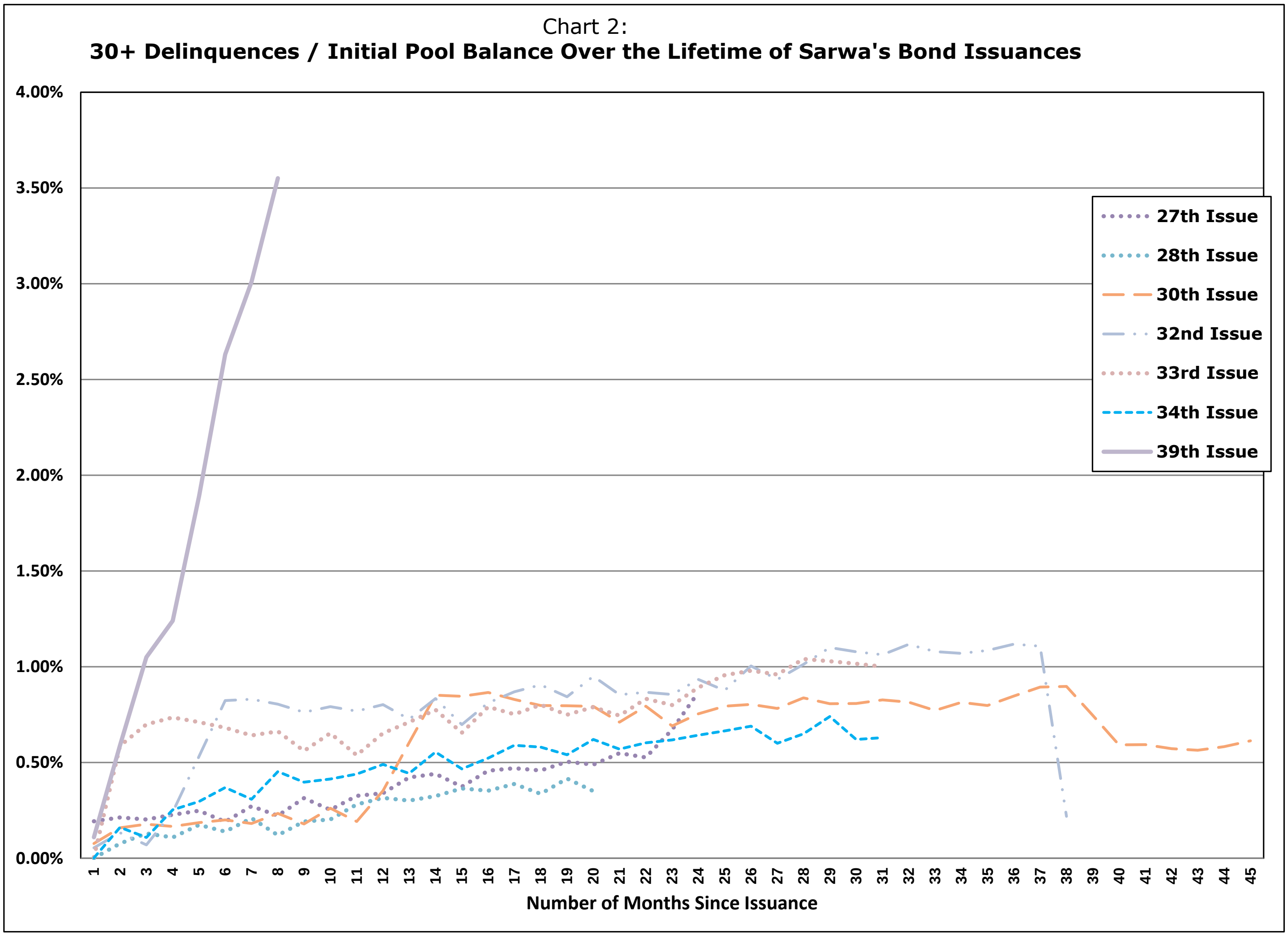
Transaction Number	39th Issue* (2022-2027)	34th Issue (2020-2025)	33rd Issue (2020-2025)	32nd Issue (2019-2024)	30th Issue (2019-2024)	28th Issue (2018-2023)	27th Issue (2018-2023)
Bond Size (EGP mn)	1,076	1,628	1,833	1,814	1,828	1,751	2,030
Bond Structure							
Coupon							
Class A:	14.85%	9.85%	11.71%	12.28%	14.56%	15.58%	14.01%
Class B:	15.60%	10.35%	12.41%	12.98%	15.41%	16.38%	14.81%
Class C:	16.10%	10.55%	12.71%	13.28%	15.91%	16.88%	15.31%
Maturity							
Class A:	Dec-23	Dec-21	Apr-21	Dec-20	April-20	Aug-19	May-19
Class B:	Dec-25	Dec-23	Apr-23	Dec-22	April-22	Aug-21	May-21
Class C:	Nov-27	Nov-25	Feb-25	Oct-24	Feb-24	Jun-23	Mar-23
Credit Enhancements:							
Internal Credit Support: 1) O/C **	**3.57%***	**3.6%***	**3.2%***	**3.2%***	**2.8%***	**2.9%***	**2.7%***
2) Administration Fee Subordination	**2.5% p.a.**	**2.5% p.a.**	**2.5% p.a.**	**2.5% p.a.**	**2.5% p.a.**	**2.5% p.a.**	**2.5% p.a.**
External Credit Support: LG	**5.16% (EGP 55.5 mn)**						**EGP 15 mn**
No. of Contracts	47,397	4,925	10,671	5,693	5,426	6,248	7,699
Seasoning (months)	3	6	16	4	4	6	8
WA LTV (at origination):	92.2%	72.4%	68.0%	66.1%	62.9%	63.5%	65.6%
Used Cars	-	21.0%	23.1%	24.9%	23.2%	22.10%	24.4%
Heavy Trucks and Pickups	-	16%	-	6%	-	-	-
Assigned Rating:							
Class A:	AA+	AA+	AA+	AA+	AA+	AA+	AA+
Class B:	AA	AA	AA	AA	AA	AA	AA
Class C:	A	A	A	A	A	A	A
WA Interest Rate (%)	32.6	21.1	23.9	25.8	26.5	26.5	26.6

*Consumer Finance Transaction.
**Net of expenses at issuance date.

APPENDIX III: PERFORMANCE OF SARWA SECURITIZATION TRANSACTIONS



APPENDIX III: PERFORMANCE OF SARWA SECURITIZATION TRANSACTIONS



APPENDIX IV: National Rating Scale

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