MERIS

Middle East Rating & Investors Service

December 2010

STRUCTURED FINANCE **New Issue Report**

Contact Securitization Company S.A.E. (CSC) - Seventh Issue 2010-2015

Auto Receivables/Egypt

*This report addresses the structure and characteristics of the transaction based on the information provided to **MERIS** by Contact Securitization Company **as of November 2010.** 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:
November 30, 2010

Contacts:
Miglena Spasova, CFA
Senior Risk Rating Analyst
(202) 3749-5616
miglena.spasova@merisratings.com

Marwa Ezzat, MBA
Senior Risk Rating Analyst
(202) 3749-5616
marwa.ezzat@merisratings.com

Ahmed Badr, MBA
Risk Rating Analyst
(202) 3749-5616
ahmed_badr@merisratings.com

WEBSITE:
www.merisratings.com

DEFINITIVE RATINGS

Class	Description	Amount (EGP mn)	% of Notes	Expected Maturity	Fixed Coupon (%)	Frequency	Rating
A	Senior	**157**	37.38	Jan-12	9.00	Monthly	**AA+**
B	Subordinated	**190**	45.24	Jan-14	10.25	Monthly	**AA**
C	Junior Subordinated	**73**	17.38	Dec-15	11.00	Monthly	**A**
Total		**420**					

OPINION

This is the seventh asset-backed bond issued by Contact Securitization Company S.A.E (CSC). The bond issue is EGP 420,000,000 and is backed by 4,796 auto installment-sale contracts (EGP 468,887,311 outstanding receivable balance on the closing date of the transaction[1]) co-originated by Contact Auto Credit (CAC)[2] (49% of the principal outstanding balance), Bavarian – Contact Car Trading (BCCT) (11%), Star Auto Credit (19%), and Contact Egyptian International Motor Auto Credit (CEIM) (21%). The contracts have been written over the period between 7/4/2010 and 30/10/2010.

The first asset backed security (ABS) issued by CSC amounted to EGP 140,000,000 and was backed by 1,549 auto installment-sale contracts co-originated by CAC (93% of the contracts) and BCCT (7% of the contracts), over the period 2002 – 2005. In November 2008, the issuer used its call option to retire the bonds.

The second ABS issued by CSC amounted to EGP 159,000,000 and was backed by 1,895 auto installment-sale contracts co-originated by CAC (79% of the initial pool balance) and BCCT (21% of the initial pool balance) over the period from 30/11/2005 to 30/9/2006.

The third issuance amounted to EGP 275,000,000 and was backed by 3,070 auto installment-sale contracts co-originated by CAC (81% of the principal outstanding balance) and BCCT (19% of the principal outstanding balance) over the period from 1/10/2006 to 15/10/2007.

[1] Net present value of the total portfolio receivables (including principal, interest and insurance) discounted at the notes' weighted average coupon rate.
[2] Contact Car Trading (CCT) was renamed to Contact Auto Credit (CAC) in 2010.

The forth ABS in the amount of EGP 392,000,000 was backed by 4,913 auto-installment sale contracts, co-originated by CAC (85% of the initial pool balance) and BCCT (15%) over the period from Dec. 2003 to Oct. 2008.

The fifth asset-backed bond in the amount of EGP 495,000,000 was backed by 5,719 auto installment-sale contracts, co-originated by CAC (69% of the principal outstanding balance), BCCT (10%), Star Auto Credit (15%), and CEIM (6%).

The sixth asset-backed bond in the amount of EGP 470,000,000 was backed by 5,554 auto installment-sale contracts co-originated by Contact Auto Credit (CAC) (49% of the principal outstanding balance), Bavarian – Contact Car Trading (BCCT) (8%), Star Auto Credit (22%), and Contact Egyptian International Motor Auto Credit (CEIM) (21%).

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

Strengths of the Transaction

- This is a repeat transaction by the same Issuer. Backing the issue is a static pool of receivables, co-originated by four companies, CAC (previously known as CCT), 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 rate as of the time of writing this report.
- Lower negative carry in comparison with previous transactions, due to a much smaller insurance component included in the securitized receivables.
- 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 over-collateralization in the amount of 3.2% net of expenses, in addition to subordinated servicing fees in the amount of 2.25% p.a. of the principal outstanding balance of the portfolio that will be available on a monthly basis (starting from the 3rd month after the closing date) to cover any delay or shortfall in the scheduled senior monthly payments under the notes' waterfall.
- 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. The pool is granular (concentrations per client less than 0.17% 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 (66.6%), 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 9 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

- The securitized pool is relatively young with a weighted average seasoning of 3.65 months (weighted average original tenor is 49 months).
- Given the relatively short track record of the Originator, there is not sufficient data available 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.
- The notes will follow a predetermined amortization schedule, and will be callable only after 48 months. 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 3-month coverage of interest and senior expenses. The installment-sale contracts include certain features such as prepayment penalty or various prepayment restrictions that in effect try to minimize the impact of prepayments on the transaction cash flows.
- No excess spread given the purchase price of the receivables (receivables discounted at the weighted average notes' coupon rate, and not the actual interest rate applied on the auto receivables), mitigated by the credit enhancements, as well as the minimum required down payment of 25%, which increases the recovery rate potential in case of any defaults.
- Contact Auto Credit currently owns approximately 99% (direct & indirect ownership) of Contact Securitization Company. Consequently, there is a risk of consolidation of CSC into CAC and the impact of this consolidation on the true sale mechanism of the securitization. **MERIS** took comfort from the legal opinion provided on the issue which rules out the possibility of a consolidation and subsequently a re-characterization of the true sale mechanism.
- Although this is the seventh securitization transaction, 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, consolidation risk and concluded that the legal risk was consistent with the rating assigned.

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

Amount Rated:	EGP 420,000,000
Issuer:	Contact 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 Auto Credit (CEIM)
Servicer:	Contact Auto Credit (CAC)
Back-up Servicer:	Commercial International Bank (CIB) (LT Deposit Rating "Ba2" and Financial Strength Rating "C-" by Moody's Investor Service)
Custodian:	CIB
Financial Adviser:	Sarwa Capital
Arrangers and Underwriters:	Arab African International Bank & Bank Misr
Structure type:	Senior Subordinated Structure, Predetermined Amortization Schedule
Credit Support:	• 3.2% over collateralization (net of expenses) • Subordinated Servicing Fee in the amount of 2.25% p.a. of the outstanding principal portfolio balance on a monthly basis;

COLLATERAL SUMMARY (see page 7 for more details)

Receivables:	Car installment-sale contracts.
Initial Pool Balance (NPV):	EGP 468,887,311
Number of Contracts:	4,796 fully amortizing contracts
Type of Vehicles:	100% new vehicles
Make of Vehicles*:	Mercedes: 19%, Kia 17%, BMW: 10%, Chevrolet: 10%, Hyundai: 9%, Jeep: 5%, Renault: 5%, Other non-luxury: 23%, Other luxury: 3%
Geographic Diversity*:	Greater Cairo: 63.1%, Alexandria: 19.1%, Other: 17.8%
WA Seasoning:	3.7 months
WA Remaining Maturity:	45.2 months
WA LTV (at origination):	66.56%

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

CREDIT SUPPORT

Class	Subordination	Over collateralization	Other
A	63%	3.2%	Subordinated Servicing Fee: 2.25%p.a. of the outstanding principal portfolio balance available on a monthly basis;
B	17%		
C	None		

TRANSACTION SUMMARY

This is the seventh repeat transaction of auto receivables securitization by the same issuer, Contact Securitization Company, after the launch of the previous issues in 2005, 2006, 2007, 2008, 2009 and June 2010 respectively. 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 installment-sale contracts have been co-originated by CAC, BCCT, Star Auto Credit and Contact EIM Auto 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.

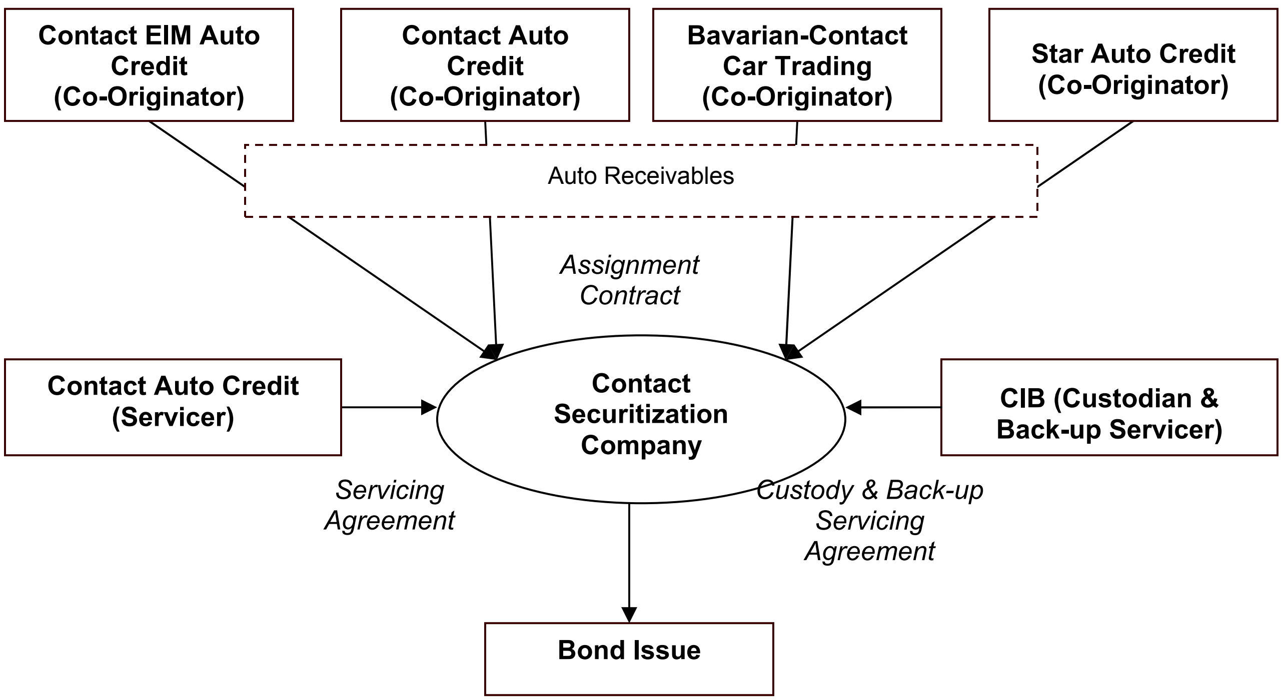
At closing of this transaction, the Originators will transfer to the Issuer the securitized assets. In order to finance the purchase of the securitized assets, the Issuer, Contact Securitization Company (CSC), will issue three classes of notes with different maturities suited to the needs of investors. The notes' aggregate amount equals the net present value of the portfolio (the NPV of the portfolio is calculated by using the bond's 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%, 10.25% and 11% p.a. in order of seniority. Similar to the 1st, 2nd, 3rd and 6th issues, the securities will follow a pre-determined amortization schedule. The current notes will be callable only after 48 months. **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 an excess cash reserve from the over-collateralization equal to a minimum of 3 months' worth of senior expenses and interest 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. The notes benefit from an internal credit enhancement in the form of over-collateralization of 3.2% net of expenses, as well as additional credit support coming from the subordination of 90% of the servicing fee, or 2.25%p.a. of the monthly principal outstanding value of the portfolio, which will be available on a monthly basis (starting from the 3rd month after the closing date) to cover any delays or shortfalls in the scheduled senior fees, interest and principal payments under 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 passenger vehicles installment-sale contracts generated over the past six months. Collections on the pool by the Servicer (CAC) will be swept every 3 days to the Issuer account with the Custodian (CIB) for the benefit of the note holders.

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 CSC, 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 5/12/2010) 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 CMA Law 95/92 and its directives.*

Collections, Commingling Risk and Separateness of Accounts

According to the Servicing Agreement (between CSC and CAC, signed on 5/12/2010) and the Custody Agreement (between CSC and CIB, signed on 5/12/2010), the Servicer will collect the monthly installments related to each of the 4,796 individual auto installment-sale contracts in the pool and transfer the collected cash every 3 days to the Issuer's account with the Custodian for the benefit of the bondholders. The majority of the installments (87%) are collected through direct debit of the borrowers' accounts with CIB, which facilitates the collection process. The remaining is paid by cheques (12%) or deducted directly from credit cards (1%). **MERIS** believes that the 3-day sweep mechanism of the transaction mitigates the risk of mingling 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 CMA requirements, the Custodian will maintain three separate accounts: (1) an account for bond amortization; (2) an account for coupon payments; and (3) an account for reinvesting any surplus cash. Transactions on these three 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 coupon, and any remaining cash will be applied towards the bond amortization. The cash outflows follow a one-month lag from the actual collection, i.e. previous month collections are kept with the Custodian and reinvested in highly liquid risk-free instruments (T-bills or certificates of deposit). The collections from the previous month, along with the return from their investment, are used to cover current month senior fees and expenses, bond coupon and principle.

The legal advisor of the transaction provided a legal opinion regarding the clarification of the clauses in the CMA 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 ABS issues 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: Contact Securitization Company (CSC)
CSC 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%**

The majority shareholder of the Issuer, the Egyptian International Company for Trade & Investment, was initially owned by CIB (Custodian) at 96.3%, since the CMA Law 95/1992 imposes a ceiling of 20% on the Originator's ownership in the Issuer. However, on July 12th, 2006, pursuant to the CMA BoD's waiver of the 20% ownership limitation, CAC acquired CIB's shareholding in CSC. CAC currently holds 96.8% of the Egyptian International Company for Trade and Investment, which translates into a 97% direct and indirect ownership stake in the Issuer.

MERIS has noted that such shareholding structure, where the Issuer is a majority owned subsidiary of the Originator, poses the risk of involuntary/substantive consolidation between the two entities in case of the Originator's bankruptcy. The legal opinion provided on this issue rules out the possibility of such consolidation given the isolation of the securitized assets from both the bankruptcy of the Originator and the SPV as per the CMA law 95/1992.

Credit Enhancements:

1) Over-collateralization: The assets backing the securities amount to EGP 468,887,311, 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 10.43% by the Issuer, creating an over collateralization of EGP 48.9 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 collection fees and insurance premiums, as well as other fees and expenses, with an estimated NPV of EGP 35.5 million (expenses are modeled at the 0% default, 0% prepayment level, and discounted at the bond weighted average coupon rate). Thus, the transaction is left with only 3.2% of over collateralization net of expenses that could be used to provide pure credit or liquidity support.

2) Servicing Fee Subordination: 90% of the servicing fee, or 2.25% p.a. of the monthly outstanding principal portfolio balance, will be available starting from the 3rd month after the closing date to cover any shortfall in collections from the securitized pool of contracts that might impair the settlement of any payments to the bondholders on their due dates. 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, according to the cash waterfall below.

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

1. Senior transaction fees, such as servicing (0.25%p.a. of the outstanding portfolio principal balance, payable monthly, starting from the 3rd month after the closing date), custody, listing, rating, advertising, etc.
2. Coupon on Class A Notes;
3. Coupon on Class B Notes;
4. Coupon on Class C Notes;
5. Principal on Class A Notes until fully repaid;
6. Principal on Class B Notes until fully repaid;
7. Principal on Class C Notes;
8. Subordinated Servicing Fees (2.25%p.a. of the portfolio outstanding principal balance, payable monthly starting from the 3rd month 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. 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.

COLLATERAL (See Appendix I for more details)

The portfolio consists of auto receivables in an amount equal to EGP 468,887,311 arising under car installment-sale contracts co-originated by Contact Auto Credit (CAC) (49% of the principal outstanding balance), Bavarian – Contact Car Trading (BCCT) (11%), Star Auto Credit (19%), and Contact Egyptian International Motor Auto Credit (CEIM) (21%). The contracts are concluded with retail clients domiciled in Egypt to finance the purchase of brand new passenger vehicles.

The maximum original maturity of the contracts is 60 months and the weighted average original maturity is 49 months. The weighted average remaining term to maturity is 45 months. Thus, the weighted average seasoning of the initial portfolio is 4 months.

The number of contracts included in the portfolio is 4,796. The largest obligor in the pool accounts for only 0.167% of the total portfolio amount, given the company's single obligor limits of maximum 3 contracts and EGP 700,000 of principal outstanding. The single obligor exposure is calculated on a consolidated basis for Contact Auto Credit and its subsidiaries.

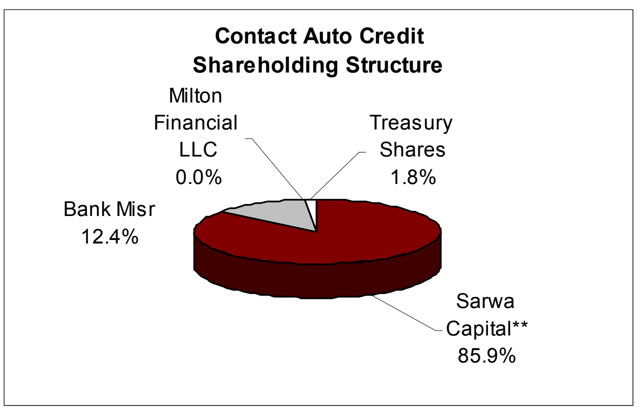
The portfolio is well diversified in terms of car make including a total of 38 different brands. The top 5 brands account for 65%, of the total principal outstanding of the pool, the top 10 – for a total of 84%, whereas the remaining 16% consist of less popular brands with concentrations below 3%. As 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 200,000 as the cut-off point between luxury and non-luxury cars) account for approximately 38% 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 16.73% p.a. The obligors are geographically spread across Egypt; however, significant concentrations exist around the Greater Cairo area (approx. 63% of the total principal outstanding), followed by Alexandria (19%).

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 approximately 6% of the total passenger car market in Egypt. Its share of the auto finance market is estimated at around 40%. 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%). The new investors are currently 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.

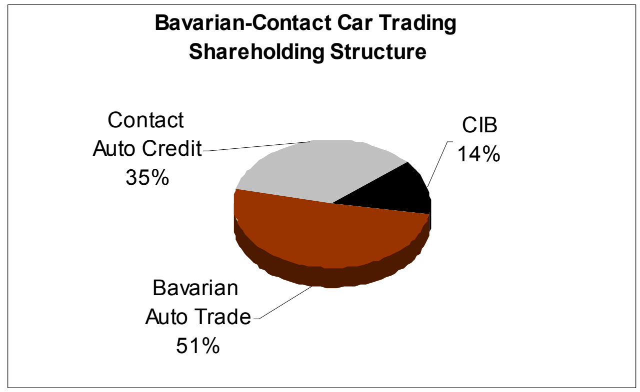


* Amwal Khaleej was founded in late 2004 as a regional private investment firm that sources, structures, and acts as investor in strategic minority equity investments, private placements, privatizations, and buy-outs in the Middle-East / North-Africa (MENA) region.

**Sarwa Capital is owned by Sarwa Investments (48.3%), Bahbishy 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.



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 (EIC)

EIC 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 EIC, 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.

MERIS met with the management team of Contact and performed an operational review of the company, focusing on the origination channels, underwriting guidelines and procedures, servicing and administration operations within the company. **MERIS** also addressed the management of delinquent accounts, repossession and recovery processes implemented by CAC. **MERIS** believes that the management and system capabilities continue to be sufficient to fully comply with their responsibilities under the transaction.

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 a recently-added 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 59;
- Any car makes are eligible for refinance except Chinese made cars (with the exception of Brilliance and Esperanza, but the minimum down payment required is at least 30% instead of 25%);
- The minimum downpayment is 25%.

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 700,000 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 with CIB and AUBE (currently 87%), and the remaining pay by checks (12%) or credit cards (1%). Approximately 90% of the receivables are collected within 10 days from the due date. Delays up to 30 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 21,151 securitized contracts under the outstanding securitization transactions up to date, there have been a total of 51 cases of repossession (credit default), in addition to 268 total loss cases (insurance coverage) and 49 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.

As mentioned in the PSN, the servicing agreement signed between CSC 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 both originators are performed by CAC.

CUSTODIAN AND BACK-UP SERVICER

CIB (rated by Moody's at Ba2 bank deposit rating and C- Financial strength rating on a global scale, July 2009)

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.

Currently the single largest shareholder of CIB is Actis, a private equity firm with over 60 years of investment experience in emerging markets and a vast knowledge of consumer banking (Strategic Investor) with a 9.3% stake. Approximately 87% 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 5% market share. 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 challenged by increasing competition following the significant consolidation within the Egyptian banking sector, by a retail banking franchise that has not yet been developed, by the existence of significant credit concentrations and lack of geographic diversification.

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%), 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: 6 months
- Prepayment rate: 15% constant annual prepayment rate. **MERIS** has received monthly prepayment data on the previous four securitizations of CAC, and has noted that historical average prepayment rates have varied between 5.4% and 15.3%.
- Over collateralization: 3.2% (net of expenses), in addition to the subordinated 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	10,735,708	3%	139	3%
24	42,687,696	10%	447	9%
36	84,101,679	21%	877	18%
48	40,793,177	10%	464	10%
60	231,065,458	56%	2,869	60%
Total	**409,383,718**	**100%**	**4,796**	**100%**

Distribution by Seasoning				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
<=2	131,961,857	32%	1,367	29%
3-4	126,911,834	31%	1,575	33%
5-6	143,368,062	35%	1,756	37%
7-8	6,570,709	2%	87	2%
>9	571,255	0%	11	0%
Total	**409,383,718**	**100%**	**4,796**	**100%**

Distribution by Remaining Term To Maturity				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
1-12	10,825,323	3%	141	3%
13-18	7,581,520	2%	97	2%
19-24	35,108,563	9%	352	7%
25-30	16,200,515	4%	172	4%
31-36	67,893,608	17%	704	15%
37-42	9,570,028	2%	99	2%
43-48	31,366,002	8%	367	8%
49-54	44,219,048	11%	588	12%
>=55	186,619,109	46%	2,276	47%
Total	**409,383,718**	**100%**	**4,796**	**100%**

Distribution by Original Principal Balance				
EGP ('000)	Principal Outstanding	% Total	# of Contracts	# of Contracts %
400-600	37,150,363	9%	81	2%
200-399	82,478,620	20%	335	7%
100-199	84,165,385	21%	689	14%
50-99	159,695,568	39%	2,416	50%
<50	45,893,782	11%	1,275	27%
Total	**409,383,718**	**100%**	**4,796**	**100%**

Distribution by Current Outstanding Principal Balance				
EGP ('000)	Principal Outstanding	% Total	# of Contracts	# of Contracts %
400-600	28,498,932	7%	57	1%
200-399	79,481,015	19%	294	6%
100-199	79,933,953	20%	581	12%
50-99	160,465,035	39%	2,267	47%
<50	61,004,783	15%	1,597	33%
Total	**409,383,718**	**100%**	**4,796**	**100%**

APPENDIX I: POOL DATA - CONTINUED

Distribution by Original LTV				
LTV	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
<=30%	3,100,865	1%	100	2%
31%-40%	10,370,801	3%	209	4%
41%-50%	39,268,556	10%	594	12%
51%-60%	49,501,133	12%	643	13%
61%-70%	83,558,828	20%	980	20%
71%-75%	223,583,534	55%	2,270	47%
Total	**409,383,718**	**100%**	**4,796**	**100%**

Distribution by Original Car Value (Purchase Price)				
EGP '000	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
600-1400	33,559,296	8%	75	2%
400-599	46,357,724	11%	164	3%
200-399	87,468,517	21%	533	11%
100-199	140,085,163	34%	1,799	38%
50-99	99,478,555	24%	2,137	45%
<50	2,434,462	1%	88	2%
Total	**409,383,718**	**100%**	**4,796**	**100%**

Distribution by Monthly Repayment Amount				
EGP	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
10,000-63,346	69,525,927	17%	225	5%
5,000-9,999	73,610,905	18%	398	8%
2,000-4,999	144,411,791	35%	1,654	34%
1000-1,999	109,169,245	27%	2,090	44%
<1000	12,665,851	3%	429	9%
Total	**409,383,718**	**100%**	**4,796**	**100%**

Distribution by Product Type				
EGP	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
Economy	210,581,486	51%	2,219	46%
Flexible	127,316,097	31%	1,692	35%
Standard	39,501,982	10%	389	8%
Islamic	31,984,151	8%	496	10%
Total	**409,383,718**	**100%**	**4,796**	**100%**

Distribution by Originator				
EGP	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
Contact	200,022,938	48.9%	2,962	61.8%
C-EIM	86,481,107	21.1%	1,325	27.6%
Star	79,087,091	19.3%	302	6.3%
BCCT	43,792,583	10.7%	207	4.3%
Total	**409,383,718**	**100%**	**4,796**	**100%**

Distribution by Payment Method				
EGP	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
Direct Debit	355,820,197	87%	4,417	92%
Checks	48,848,635	12%	316	7%
Credit Card	4,714,886	1%	63	1%
Total	**409,383,718**	**100%**	**4,796**	**100%**

APPENDIX I: POOL DATA - CONTINUED

Distribution by Car Make					
	Make	Principal Outstanding	% Total	# of Contracts	# of Contracts %
1	Mercedes	79,087,091	19.3%	302	6.3%
2	Kia	67,673,624	16.5%	980	20.4%
3	BMW	42,708,324	10.4%	201	4.2%
4	Chevrolet	40,089,371	9.8%	695	14.5%
5	Hyundai	36,201,576	8.8%	685	14.3%
6	Jeep	19,317,370	4.7%	122	2.5%
7	Renault	18,807,483	4.6%	345	7.2%
8	Volkswagen	15,172,087	3.7%	124	2.6%
9	Skoda	12,783,069	3.1%	124	2.6%
10	Nissan	12,616,043	3.1%	216	4.5%
11	Speranza	11,490,377	2.8%	272	5.7%
12	Daihatsu	9,257,445	2.3%	127	2.6%
13	Fiat	4,537,713	1.1%	84	1.8%
14	Honda	4,356,806	1.1%	47	1.0%
15	Toyota	4,283,581	1.0%	55	1.1%
16	Proton	3,539,131	0.9%	74	1.5%
17	Dodge	3,471,487	0.8%	16	0.3%
18	Audi	2,340,239	0.6%	11	0.2%
19	Suzuki	2,264,380	0.6%	73	1.5%
20	Peugeot	2,050,216	0.5%	20	0.4%
21	Mitsubishi	1,941,591	0.5%	28	0.6%
22	Brilliance	1,661,340	0.4%	34	0.7%
23	Haima	1,539,363	0.4%	49	1.0%
24	Seat	1,480,332	0.4%	16	0.3%
25	Mazda	1,382,142	0.3%	14	0.3%
26	Volvo	1,314,228	0.3%	3	0.1%
27	Mahindra	1,150,607	0.3%	14	0.3%
28	Mini	1,084,259	0.3%	6	0.1%
29	Ford	1,009,341	0.2%	7	0.1%
30	Subaru	968,314	0.2%	12	0.3%
31	Lada	880,487	0.2%	26	0.5%
32	Land Rover	662,515	0.2%	1	0.0%
33	Jaguar	518,900	0.1%	1	0.0%
34	Lincoln	489,424	0.1%	1	0.0%
35	Chrysler	437,525	0.1%	1	0.0%
36	Opel	387,740	0.1%	4	0.1%
37	Citroen	262,618	0.1%	3	0.1%
38	Great Wall	165,578	0.0%	3	0.1%
	Total	**409,383,718**	**100%**	**4,796**	**100%**

APPENDIX I: POOL DATA - CONTINUED

Distribution by Governorate				
Governorate	**Principal Outstanding**	**% Total**	**# of Contracts**	**# of Contracts %**
Cairo	173,979,552	42.5%	1,797	37.5%
Giza	84,436,839	20.6%	890	18.6%
Alexandria	78,222,047	19.1%	1,151	24.0%
Red Sea	12,291,022	3.0%	151	3.2%
Beheira	11,998,135	2.9%	175	3.7%
Dakahlia	7,938,416	1.9%	103	2.1%
Gharbia	7,275,829	1.8%	101	2.1%
Qalyubia	6,861,766	1.7%	107	2.2%
Sharqia	4,405,562	1.1%	64	1.3%
Ismailia	3,216,370	0.8%	35	0.7%
Marsa Matrouh	2,983,036	0.7%	40	0.8%
Port Said	2,697,649	0.7%	22	0.5%
Kafr El-Sheikh	2,443,140	0.6%	31	0.6%
Monufia	2,426,723	0.6%	31	0.6%
Damietta	1,956,365	0.5%	27	0.6%
Suez	1,926,758	0.5%	26	0.5%
Beni Suef	1,066,095	0.3%	6	0.1%
Faiyum	912,261	0.2%	12	0.3%
Minya	752,905	0.2%	4	0.1%
South Sinai	489,053	0.1%	8	0.2%
Sharm El Sheikh	285,244	0.1%	3	0.1%
6th October	243,950	0.1%	4	0.1%
Asyut	59,626	0.0%	1	0.0%
Sohag	55,157	0.0%	1	0.0%
Aswan	45,942	0.0%	1	0.0%
Other	414,276	0.1%	5	0.1%
Total	**409,383,718**	**100%**	**4,796**	**100%**

APPENDIX II: AUTO RECEIVABLES SECURITISATION DEALS COMPARISON

	Contact No. 7	Contact No. 6	Contact No. 5	Contact No. 4	Contact No. 3	Contact No. 2	Contact No. 1
Bond Size (EGP mn)	420	470	495	392	275	159	140
Bond Structure	Senior Subordinated Multiple class; Pre-determined Amortization	Senior Subordinated Multiple class; Pre-determined Amortization	Single class pass through	Single class pass through	Single class pre-determined amortization schedule	Single class pre-determined amortization schedule	Single class pre-determined amortization schedule
Coupon	Class A: 9.00% Class B: 10.25% Class C: 11.00%	Class A: 9.375% Class B: 10.25% Class C: 10.75%	10.75%	CBE deposit rate + 0.25%, with a cap of 12.25% and a floor of 10%	9.50%	10.75%	11.00%
Maturity	Class A: Jan-12 Class B: Jan-14 Class C: Dec-15	Class A: July-11 Class B: July-13 Class C: June-15	Oct-14	Dec-13	Dec-12	Dec-11	Dec-10
O/C at issuance *(net of expenses):	**3.2%***	**3.0%***	**3.4%***	**2.4%***	**4.90%***	**5.25%***	**5.87%**
Additional Credit Support:	**Servicing Fee Subordination****	**1.5%**	**0.8%**	**1.53%**	**n.a.**	**n.a.**	**n.a.**
No. of Contracts	4,796	5,554	5,719	4,913	3,070	1,895	1,549
Seasoning (months)	3.7	4.1	4.4	7.6	6.5	6.1	n.a.
WA LTV (at origination):	66.56%	66.35%	67.03%	67.45%	66.7%	66.3%	n.a.
Assigned Rating:	Class A: AA+ Class B: AA Class C: A	Class A: AA+ Class B: AA Class C: A	AA	AA	AA	AA	AA
WA Interest Rate	16.73%	16.64%	17.09%	15.48%	15.50%	16.50%	17.50%

**Additional credit support will be available on a monthly basis (starting from the 3rd month after the closing date) in the amount of 2.25% p.a. of the outstanding principal balance of the securitized portfolio of receivables, which represents performance-based servicing fees. The amount can be used to cover any delay or shortfall in collections that might affect the payment of the transaction's senior fees and expenses, coupon and principal due. The unused portion of the 2.25% p.a. servicing fee will be paid to the Servicer on a monthly basis after settlement of all senior payments in the waterfall.

APPENDIX III: National Rating Scale

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