

STRUCTURED FINANCE

New Issue Report

Contact Securitization Company S.A.E. (CSC) – 8th Issue 2011-2016

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 June 2011. 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:

April 30, 2011

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

Radwa Wehashy
Risk Rating Analyst
(202) 3749-5616
radwa.wehashy@merisratings.com

WEBSITE:

www.merisratings.com

DEFINITIVE RATINGS

Class	Description	Amount (EGP mn)	% of Notes	Expected Maturity	Fixed Coupon (%)	Frequency	Rating
A	Senior	105	30.00	Jul-12	11.00	Monthly	AA+
B	Subordinated	156	44.57	July-14	11.375	Monthly	AA
C	Junior Subordinated	89	25.43	Jun-16	11.75	Monthly	A
Total		350					

OPINION

This is the eighth asset-backed bond issued by Contact Securitization Company S.A.E (CSC). The bond issue is EGP 350,000,000 and is backed by 3,763 auto installment-sale contracts (EGP 385,361,731 outstanding receivable balance on the closing date of the transaction¹) co-originated by Contact Auto Credit (CAC)² (47% of the principal outstanding balance), Bavarian – Contact Car Trading (BCCT) (10%), Star Auto Credit (22%), and Contact Egyptian International Motor Auto Credit (CEIM) (21%). The contracts have been written over the period between 19/9/2010 and 28/4/2010.

The first asset backed security (ABS) 2005-2010 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 2006-2011 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 2007-2012 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.

The fourth ABS 2008-2013 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.

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 fifth asset-backed bond 2009-2014 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 2010-2015 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%).

The seventh asset-backed bond 2010-2015 in the amount of EGP 420,000,000 was backed by 4,796 auto 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%).

Up to date, all of the above transactions are performing well, with regular payments of interest and principal. It is worth mentioning, however, that on June 2, 2011, **MERIS** placed Tranche (B) in the 6th Issue and Tranche (A) in the 7th Issue on review for possible downgrade. The rating action was triggered by the underlying pool of receivables' lower than expected prepayment rates and the slowdown in collections following the January 25th Revolution, which had caused a temporary liquidity squeeze that might result in a cash requirement above the levels of credit enhancement currently available to these securities.

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, 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 90% cumulative recovery rates as of the time of writing this report.
- Lower negative carry (1.7% vs. 2.6% and above in the 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 (i) over-collateralization in the amount of 1.6% net of expenses; (ii) cash reserve account that is to be built up over the initial 6 months by virtue of deferring EGP 500,000 of fees due to the Originator to reach EGP 3 million at the end of the first 6 months, or 0.86% of the notes' original aggregate balance; (iii) 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, except for a small portion of 4% related to the sale of used cars. The pool is granular (concentrations per client less than 0.19% of the total outstanding principal pool value) and well diversified in terms of car make and geographic distribution.
- The pool has a relatively low weighted average loan-to-value ratio at origination (67.14%), 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 3.7 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.
- Class A notes will follow a predetermined amortization schedule. Although, the predetermined repayment schedule provides greater visibility of expected cash flows to investors, it presents extra challenges to the transaction in terms of liquidity management and prepayment risk. The liquidity risk is partially mitigated by maintaining sufficient cash reserves to ensure at all times the next month's fixed payment obligations under the notes (senior fees, coupon and principal amortization). Class A notes are completely insulated from prepayment risk, as the scheduled principal amortization include no prepayment expectation, with 70% of actual prepayments being passed through to Class B note holders, and the remaining 30% of prepayments being retained in the residual cash balance supporting Class A notes.
- 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% for new cars and 20%-30% for used vehicles, 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 8th 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 350,000,000
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 “D” by Moody’s Investor Service)
Custodian:	CIB
Financial Adviser:	Sarwa Capital
Arrangers and Underwriters:	Arab African International Bank, National Bank of Egypt & Ahly United Bank
Structure type:	Senior Subordinated Structure, Class A – Predetermined Amortization, Class B& C - Pass-Through Amortization
Credit Support:	<ul style="list-style-type: none">• 1.6% over collateralization (net of expenses)• Cash reserve account of EGP 3mn (0.86% of the notes’ original aggregate balance) to be built up over the first 6 months;• Subordinated Servicing Fee in the amount of 2.25% p.a. (0.19% monthly) of the outstanding principal portfolio balance on a monthly basis;

COLLATERAL SUMMARY (see page 8 for more details)

Receivables:	Car installment-sale contracts.
Initial Pool Balance (NPV):	EGP 385,361,731
Number of Contracts:	3,763 fully amortizing contracts
Type of Vehicles:	96% new vehicles, 4% used
Make of Vehicles*:	Mercedes: 22%, Kia 16%, Jeep: 9%, BMW: 9%, Hyundai: 8%, Chevrolet: 7%, Renault: 5%, Other non-luxury: 23%, Other luxury: 1%
Geographic Diversity*:	Greater Cairo: 64%, Alexandria: 18.5%, Other: 17.5%
WA Seasoning:	3.7 months
WA Remaining Maturity:	45.3 months
WA LTV (at origination):	67.14%

* Percentage calculated is based on the outstanding principal balance.

CREDIT SUPPORT

Class	Subordination	Over collateralization	Cash Reserve	Other
A	70%		0.86% of the notes’ original	Subordinated Servicing Fee:
B	25.4%		balance (EGP 3 million to be	2.25%p.a. of the outstanding
C	None	1.6%	built up over the initial 6	principal portfolio balance available
			months)	on a monthly basis

TRANSACTION SUMMARY

This is the eighth repeat transaction of auto receivables securitization by the same issuer, Contact Securitization Company. Like all previous issues, the securitized assets represent a static pool of fixed-rate auto receivables stemming from the sale of brand new passenger vehicles to customers domiciled in Egypt. The current issue, however, includes a small portion of 4% related to used car installment-sale contracts. 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.

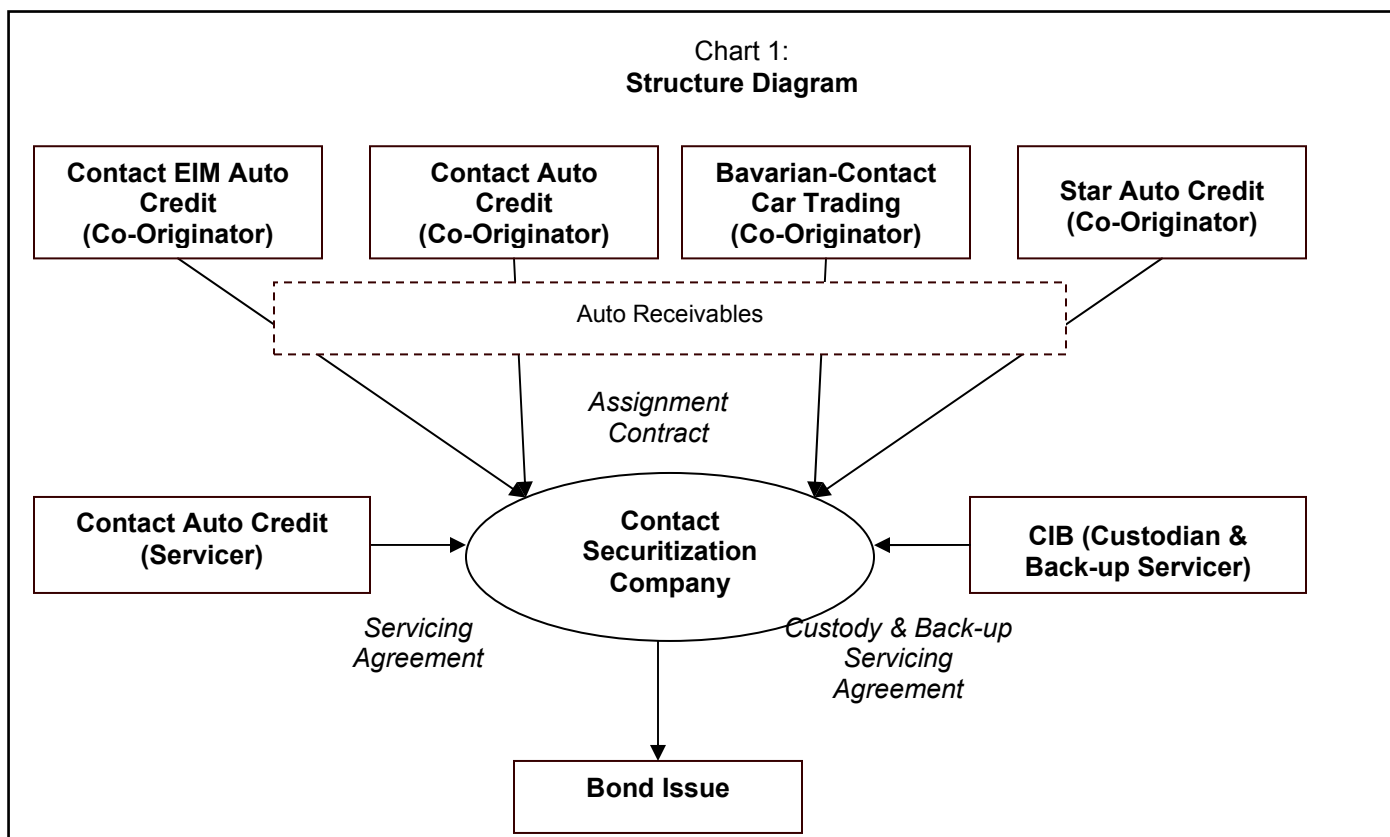
At closing of this transaction, the Originators will transfer to the Issuer the securitized assets. In order to finance the purchase of the securitized assets, the Issuer, Contact Securitization Company (CSC), will issue three classes of notes with different maturities suited to the needs of investors. The notes' aggregate amount equals the net present value of the portfolio (the NPV of the portfolio is calculated by using the notes' weighted average coupon rate as the discount rate, leaving the transaction with zero excess spread) less the over-collateralization. The notes will be paying a monthly fixed coupon of 11%, 11.375% and 11.75% p.a. in order of seniority. Unlike the 6th and 7th Issues, the current notes will follow a pass-through amortization structure, except for class A notes, 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 residual cash balance that is sufficient to cover the following month's fixed payment obligations under the notes (senior fees, coupon and principal amortization). 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 70% of actual prepayments being passed through to the Class B note holders, and the remaining 30% being retained within the residual cash balance to provide liquidity support to Class A notes. The notes benefit from an internal credit enhancement in the form of (i) over-collateralization of 1.6% net of expenses, (ii) cash reserve account to be built up over the initial 6 months by virtue of deferring EGP 500,000 of monthly fees due to the Originator, to reach EGP 3 million, or 0.86% of the notes' original balance, and (iii) 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 (96%) and used (4%) passenger vehicles installment-sale contracts generated over the past ten months. It is worth noting that for the most part collections on the pool will by-pass the Servicer (CAC) and be credited directly to the accounts of Issuer (CSC), thus effectively mitigating the risk of commingling the transaction's funds with the Servicer's own funds. With regards to occasional cash collections, the Servicer will undertake a commitment to deposit them within a day to the accounts of the Issuer. Direct debit payments account for approximately 87% of the pool, credit card authorizations – for 1%, whereas the rest of the monthly payments represent cheque collections.

STRUCTURAL AND LEGAL ASPECTS

Auto receivables securitization is structured to isolate the auto receivables from the insolvency risks of the originator(s)/seller(s). This is done by the originator(s)/seller(s) transferring the auto installment-sale contracts by means of true sale to a bankruptcy-remote special purpose entity, who will ultimately issue the bond to the investors. Under the structure – please refer to the following diagram – all four originators of the receivables, sell and assign all their rights and benefits in the receivables to 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 16/06/2011) 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 CSC and CAC, signed on 16/06/2011) and the Custody Agreement (between CSC and CIB, signed on 16/06/2011), the collections of the monthly installments related to each of the 3,763 individual auto installment-sale contracts in the pool will bypass for the most part the accounts of the Servicer and will be credited directly to the accounts of the Issuer (CSC) with CIB or Ahli United Bank. 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 (87%) are collected through direct debit of the borrowers' accounts with CIB or Ahli United Bank, which facilitates the collection process. The remaining is paid by cheques (12%) or deducted directly from credit cards (1%). Any occasional cash collections by the Servicer will have to be deposited within a day in the accounts of the Issuer. **MERIS** believes that the by-pass collection mechanism, whereby direct debit and cheque collections are credited directly to the accounts of the Issuer, along with the daily sweep mechanism for any cash collections by the Servicer itself, mitigate the risk of commingling the funds collected by the Servicer on behalf of the SPV with its own funds. In addition, the opinion furnished by the legal advisor regarding commingling risk states that funds collected by the Servicer on the securitized assets are the property of the bondholders and cannot be subject to claims by the Servicer's creditors if trapped in the Servicer's bankruptcy estate.

In accordance with the Capital Market Law requirements, the Custodian will maintain 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 principal amortization of the notes. 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 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 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%

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 Capital Market Law 95/1992.

Credit Enhancements:

- 1) Over-collateralization:** The assets backing the securities amount to EGP 385,361,731, representing the net present value of the total outstanding principal, interest and insurance receivables stemming from the securitized auto installment-sale contracts discounted at the bond weighted average coupon rate. The assets will be purchased at a discount of 9.18% by the Issuer, creating an over collateralization of EGP 35.4 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 30 million (expenses are modeled at the 0.5% default). Thus, the transaction is left with only 1.6% of over collateralization net of expenses that could be used to provide pure credit support.
- 2) Cash Reserve Account:** The cash reserve account is to be built over the first 6 months of the transaction with equal monthly deposits of EGP 500,000, until it is fully funded at EGP 3mn (0.86% of the notes' original balance). The account will be funded by virtue of deferring on monthly basis an amount equal to 60% of the cost of funds fees that are due to the Originator (EGP 500,000 monthly), and retaining it in a special account with the Custodian for the benefit of the Bondholders. The size of this reserve may be revised from time to time subject to rating agency, EFSA & bondholders' approval.
- 3) 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. Cash Reserve Account to be funded with EGP 500,000 monthly for the first 6 months after closing until it is fully funded at EGP 3 million. The cash reserve, which will be funded with deferred fees (cost of funds) due to the Originator, may be reduced from time to time subject to rating agency approval. The cash reserve account will be excluded from the calculation of the residual cash balance below.
3. Coupon of A
4. Coupon of B
5. Coupon of C
6. 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 previous month's residual cash balance less the amounts under (1),(4)&(5).

7. Any prepayments during the lifetime of Class A will be passed at 70% on to class Class B as principal amortization, the remaining 30% will be retained in the residual cash balance.
8. The residual cash balance will be used to pay the subordinated servicing fee (2.25%p.a. of the portfolio outstanding principal balance, payable monthly starting from the 3rd month after the closing date) subject to the following conditions:
 - There are sufficient funds within the residual cash balance to cover the following month's fixed bond obligations (senior fees, coupon & principal amortization) during the first 13 months of the transaction, and there are sufficient funds covering at least 3% of the aggregate outstanding principal notes' balance in any given month thereafter;
 - In case of any cumulative net losses exceeding EGP 600,000, the excess amount will be immediately deducted from the following month's subordinated servicing fee before paying it to the Servicer. Cumulative net losses represent the cumulative outstanding principal loan balance of any contracts that are overdue for more than 120 days less any recoveries (except for cases of total asset loss or obligor death, which are covered by insurance), and will be evaluated on a quarterly basis. In case the cumulative net losses above EGP 600,000 exceed the amount of subordinated servicing fees available in the following month, the remaining balance will be carried forward and deducted from the subsequent months' subordinated servicing fees until losses are fully covered.

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 (See Appendix I for more details)

The portfolio consists of auto receivables in an amount equal to EGP 385,361,731 arising under car installment-sale contracts co-originated by Contact Auto Credit (CAC) (47% of the principal outstanding balance), Bavarian – Contact Car Trading (BCCT) (10%), Star Auto Credit (22%), 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 (96%) and used (4%) passenger vehicles.

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

The maximum original maturity of the all contracts in the securitization pool is 60 months and the weighted average original maturity is 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 3,763. The largest obligor in the pool accounts for only 0.19% of the total portfolio amount, given the company's single obligor limit 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.

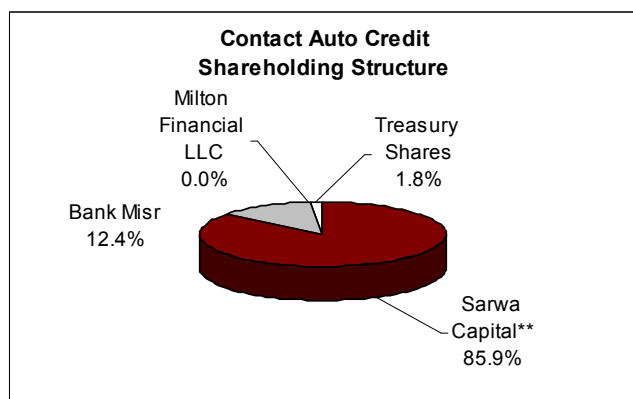
The portfolio is well diversified in terms of car make including a total of 35 different brands. The top 5 brands account for 64%, of the total principal outstanding of the pool, the top 10 – for a total of 87%, whereas the remaining 13% consist of less popular brands with concentrations below 3%. As 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 46% 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 16.74% p.a. The obligors are geographically spread across Egypt; however, significant concentrations exist around the Greater Cairo area (approx. 64% of the total principal outstanding), followed by Alexandria (18.5%).

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.

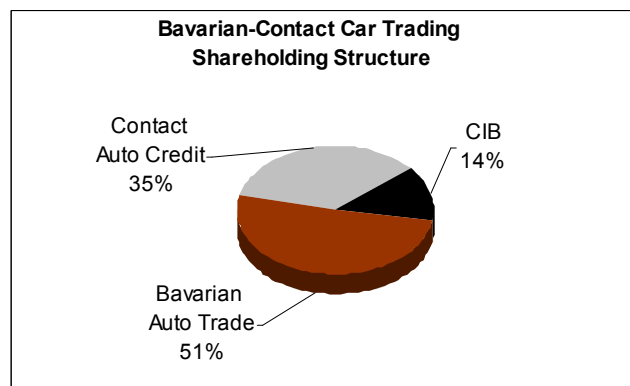


* Amwal Khaleej was founded in late 2004 as a regional private investment firm that sources, structures, and acts as investor in strategic minority equity investments, private placements, privatizations, and buy-outs in the Middle-East / North-Africa (MENA) region.

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

2. Bavarian-Contact Car Trading (BCCT)

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



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 60;
- 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%, except for certain used cars where it can go down to 20%.

The company has a number of credit-related directives stipulating various credit limits to avoid any significant concentrations within the portfolio in terms of assets (car make), borrower employment type, industry classification, etc. There is a single obligor limit of EGP 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%). It is noteworthy that CAC exerted extraordinary efforts to avoid any disruption in the monthly collection cycle during the temporary shutdown of the banks in Egypt in the early days of the Revolution. It managed to obtain exceptional approval from certain branches of CIB and AUBE and as a result was able to achieve around 60% collection rate in the first 5 days after January 30, 2011. The company has subsequently stepped up its collection efforts in an attempt to bring its efficiency levels back to the historical ones. According to a recently signed arrangement, monthly collections will be credited directly to the accounts of the Issuer (CSC) with CIB and AUBE, circumventing the accounts of the

Servicer. Any occasional cash payments made by the clients at the premises of the Servicer will be deposited immediately (maximum next day) with the accounts of the Issuer at the aforementioned banks. 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 35,338 securitized contracts generated by the company up to date, there have been a total of 108 cases of repossession (credit default), in addition to 415 total loss cases (insurance coverage) and 73 cases of obligor's death (life insurance coverage). Recoveries in case of credit default have been sufficient to cover at least 90% of the loan outstanding value, and the time frame for repossessing and selling the cars in the secondary market has been within the range of two to eight weeks.

The servicing agreement signed between 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 domestic currency deposit rating and D Financial strength rating on a global scale, March 2011)

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 90% 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: **MERIS** has received monthly prepayment data on the previous securitizations of CAC, and has noted that historical average prepayment rates have varied between 3.9% and 15.1%. **MERIS** has tested the transaction using various prepayment rates between 0% and 20%;
- Credit Support: Over collateralization of 1.6% (net of expenses), EGP 3mn cash reserve to be built up over 6 months by equal monthly deposits of EGP 500,000, in addition to the subordination of servicing fee of 2.25%p.a. of the monthly portfolio principal outstanding balance.

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

RATING SENSITIVITIES AND MONITORING

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

APPENDIX I: POOL DATA

Distribution by Original Term To Maturity				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
12	8,885,466	3%	107	3%
24	37,155,189	11%	367	10%
36	67,478,826	20%	630	17%
48	32,733,213	10%	363	10%
60	198,185,404	58%	2,296	61%
Total	344,438,098	100%	3,763	100%

Distribution by Seasoning				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
<=2	116,642,313	34%	1,359	36%
3-4	89,865,492	26%	973	26%
5-6	128,044,808	37%	1,321	35%
7-8	8,951,406	3%	97	3%
>9	934,079	0%	13	0%
Total	344,438,098	100%	3,763	100%

Distribution by Remaining Term To Maturity				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
1-12	8,911,080	3%	109	3%
13-18	7,855,924	2%	81	2%
19-24	29,629,897	9%	289	8%
25-30	13,858,314	4%	127	3%
31-36	53,694,630	16%	504	13%
37-42	6,709,990	2%	64	2%
43-48	25,788,539	7%	299	8%
49-54	40,929,115	12%	470	12%
>=55	157,060,611	46%	1,820	48%
Total	344,438,098	100%	3,763	100%

Distribution by Original Principal Balance				
EGP ('000)	Principal Outstanding	% Total	# of Contracts	# of Contracts %
400-700	33,542,104	10%	77	2%
200-399	75,099,210	22%	309	8%
100-199	79,154,968	23%	619	16%
50-99	124,708,225	36%	1,868	50%
<50	31,933,592	9%	890	24%
Total	344,438,098	100%	3,763	100%

Distribution by Current Outstanding Principal Balance				
EGP ('000)	Principal Outstanding	% Total	# of Contracts	# of Contracts %
400-670	26,164,830	8%	56	1%
200-399	71,507,760	21%	270	7%
100-199	76,844,039	22%	536	14%
50-99	126,185,768	37%	1,760	47%
<50	43,735,701	13%	1,141	30%
Total	344,438,098	100%	3,763	100%

APPENDIX I: POOL DATA - CONTINUED

Distribution by Original LTV				
LTV	Principal Outstanding	% Total	# of Contracts	# of Contracts %
<=30%	2,225,857	1%	73	2%
31%-40%	7,867,800	2%	172	5%
41%-50%	29,611,584	9%	439	12%
51%-60%	39,065,992	11%	504	13%
61%-70%	74,012,491	21%	813	22%
71%-75%	186,691,218	54%	1,734	46%
76%-80%	4,963,156	1%	28	1%
Total	344,438,098	100%	3,763	100%

Distribution by Original Car Value (Purchase Price)				
EGP '000	Principal Outstanding	% Total	# of Contracts	# of Contracts %
600-1333	28,198,066	8%	66	2%
400-599	33,359,170	10%	114	3%
200-399	99,691,186	29%	586	16%
100-199	111,333,197	32%	1,430	38%
50-99	70,084,660	20%	1,500	40%
<50	1,771,819	1%	67	2%
Total	344,438,098	100%	3,763	100%

Distribution by Monthly Installment Amount				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
10,000-55,008	56,358,895	16%	183	5%
5,000-9,999	74,978,392	22%	390	10%
2,000-4,999	121,766,184	35%	1,317	35%
1000-1,999	82,575,507	24%	1,577	42%
<1000	8,759,120	3%	296	8%
Total	344,438,098	100%	3,763	100%

Distribution by Product Type				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Economy	176,974,941	51%	1,658	44%
Flexible	106,482,647	31%	1,429	38%
Standard	24,445,381	7%	228	6%
Islamic	22,625,166	7%	343	9%
Used	13,909,964	4%	105	3%
Total	344,438,098	100%	3,763	100%

Distribution by Originator				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Contact	162,708,059	47%	2,200	58%
C-EIM	73,085,009	21%	1,102	29%
Star	75,169,129	22%	300	8%
BCCT	33,475,900	10%	161	4%
Total	344,438,098	100%	3,763	100%

APPENDIX I: POOL DATA - CONTINUED

Distribution by Payment Method				
EGP	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Direct Debit	298,303,811	87%	3,471	92%
Checks	42,702,309	12%	250	7%
Credit Card	3,431,978	1%	42	1%
Total	344,438,098	100%	3,763	100%

Distribution by Car Make					
	Make	Principal Outstanding	% Total	# of Contracts	# of Contracts %
1	Mercedes	75,460,690	21.9%	302	8.0%
2	Kia	54,621,351	15.9%	772	20.5%
3	Jeep	32,224,402	9.4%	175	4.7%
4	BMW	31,998,877	9.3%	152	4.0%
5	Hyundai	25,927,503	7.5%	461	12.3%
6	Chevrolet	22,648,883	6.6%	408	10.8%
7	Renault	18,463,658	5.4%	330	8.8%
8	Volkswagen	14,317,032	4.2%	114	3.0%
9	Skoda	11,626,796	3.4%	113	3.0%
10	Speranza	11,211,293	3.3%	264	7.0%
11	Nissan	10,233,582	3.0%	173	4.6%
12	Daihatsu	5,303,452	1.5%	65	1.7%
13	Fiat	3,685,730	1.1%	71	1.9%
14	Toyota	3,361,741	1.0%	38	1.0%
15	Peugeot	2,862,561	0.8%	26	0.7%
16	Mazda	2,727,286	0.8%	38	1.0%
17	Suzuki	2,061,866	0.6%	64	1.7%
18	Proton	1,976,618	0.6%	39	1.0%
19	Seat	1,761,515	0.5%	21	0.6%
20	Mini	1,477,024	0.4%	9	0.2%
21	Volvo	1,171,687	0.3%	6	0.2%
22	Ford	1,138,691	0.3%	13	0.3%
23	Lada	1,051,394	0.3%	33	0.9%
24	Honda	1,035,675	0.3%	12	0.3%
25	Audi	821,654	0.2%	3	0.1%
26	Dodge	780,009	0.2%	4	0.1%
27	Mitsubishi	757,868	0.2%	11	0.3%
28	Brilliance	753,312	0.2%	16	0.4%
29	Opel	668,963	0.2%	8	0.2%
30	Porsche	662,515	0.2%	1	0.0%
31	Mahindra	568,507	0.2%	8	0.2%
32	Citroen	496,105	0.1%	5	0.1%
33	Subaru	475,412	0.1%	6	0.2%
34	Great Wall	59,913	0.0%	1	0.0%
35	Chrysler	44,532	0.0%	1	0.0%
	Total	344,438,098	100%	3,763	100%

APPENDIX I: POOL DATA - CONTINUED

Distribution by Governorate				
Governorate	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Cairo	143,351,824	41.6%	1,362	36.2%
Giza	71,231,484	20.7%	684	18.2%
Alexandria	63,882,854	18.5%	884	23.5%
Red Sea	11,529,032	3.3%	148	3.9%
Gharbia	8,913,725	2.6%	118	3.1%
Beheira	8,106,767	2.4%	121	3.2%
Dakahlia	6,311,447	1.8%	80	2.1%
Qalyubia	5,759,457	1.7%	75	2.0%
Sharqia	3,762,006	1.1%	57	1.5%
Monufia	3,051,898	0.9%	37	1.0%
Damietta	2,802,445	0.8%	38	1.0%
Ismailia	2,583,228	0.7%	33	0.9%
Kafr El-Sheikh	2,578,163	0.7%	32	0.9%
South Sinai	2,181,181	0.6%	16	0.4%
Marsa Matrouh	1,709,661	0.5%	21	0.6%
Port Said	1,523,299	0.4%	11	0.3%
Faiyum	1,326,738	0.4%	13	0.3%
Suez	1,240,028	0.4%	10	0.3%
Helwan	1,023,270	0.3%	7	0.2%
6th October	938,481	0.3%	11	0.3%
Sharm El Sheikh	266,071	0.1%	2	0.1%
Minya	257,383	0.1%	1	0.0%
Other	73,413	0.0%	1	0.0%
Asyut	34,242	0.0%	1	0.0%
Total	344,438,098	100%	3,763	100%

APPENDIX II: AUTO RECEIVABLES SECURITISATION DEALS COMPARISON

	8 th Issue (2011-2016)	7 th Issue (2010-2015)	6 th Issue (2010-2015)	5 th Issue (2009-2014)	4 th Issue (2008-2013)	3 rd Issue (2007-2012)	2 nd Issue (2006-2011)
Bond Size (EGP mn)	350	420	470	495	392	275	159
Bond Structure	Senior Subordinated Multiple class; Class A Predetermined Amortization; Class B & C - Pass through	Senior Subordinated Multiple class; Pre-determined Amortization	Senior Subordinated Multiple class; Pre-determined Amortization	Single class pass through	Single class pass through	Single class pre-determined amortization schedule	Single class pre-determined amortization schedule
Coupon	Class A: 11.00% Class B: 11.375% Class C: 11.75%	Class A: 9.00% Class B: 10.25% Class C: 11.00%	Class A: 9.375% Class B: 10.25% Class C: 10.75%	10.75%	CBE deposit rate + 0.25%, with a cap of 12.25% and a floor of 10%	9.50%	10.75%
Maturity	Class A: July-12 Class B: Jul-14 Class C: Jul-16	Class A: Jan-12 Class B: Jan-14 Class C: Dec-15	Class A: July-11 Class B: July-13 Class C: June-15	Oct-14	Dec-13	Dec-12	Dec-11
O/C at issuance *(net of expenses):	1.6%*	3.2%*	3.0%*	3.4%*	2.4%*	4.90%*	5.25%*
Additional Credit Support:	Cash Reserve of EGP 3mn & Servicing Fee Subordination**	Servicing Fee Subordination**	1.5%	0.8%	1.53%	n.a.	n.a.
No. of Contracts	3,763	4,796	5,554	5,719	4,913	3,070	1,895
Seasoning (months)	3.7	3.7	4.1	4.4	7.6	6.5	6.1
WA LTV (at origination):	67.14%	66.56%	66.35%	67.03%	67.45%	66.7%	66.3%
Assigned Rating:	Class A: AA+ Class B: AA Class C: A	Class A: AA+ Class B: AA Class C: A	Class A: AA+ Class B: AA Class C: A	AA	AA	AA	AA
WA Interest Rate	16.74%	16.73%	16.64%	17.09%	15.48%	15.50%	16.50%

**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. (0.19% per month) 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 0.19% monthly servicing fee will be paid to the Servicer on a monthly basis after settlement of all senior payments in the waterfall.

APPENDIX III: National Rating Scale

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

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