

Al-Tawfeek for Securitization Company (ATS) – 1st Issue 2010-2015 Leasing Receivables/Egypt

This report addresses the structure and characteristics of the transaction based on the information provided to MERIS by Al-Tawfeek for Securitization, Commercial International Bank & the Legal Advisor as of May 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:
December 25, 2009

POOL CUT OFF DATE:
June 1st, 2010

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DEFINITIVE RATINGS

Class	Description	Amount (EGP mn)	% of Notes	Expected Maturity	Fixed Coupon (%)	Frequency	Rating
A	Senior	233	40.451	10/07/11	9.00	Monthly	AA+
B	Subordinated	304	52.778	10/06/13	10.00	Monthly	AA
C	Junior Subordinated	39	6.771	10/06/15	11.25	Monthly	BBB-
Total		576					

OPINION

This is the first securitization transaction issued by Al-Tawfeek for Securitization S.A.E. (ATS). The bond issue is EGP 576,000,000 and is backed by 297 financial leasing contracts (EGP 598,909,413 net present value of outstanding receivables on the closing date of the transaction)¹ originated by Al-Tawfeek Leasing Company S.A.E. (AT Lease) over the period between 20/10/2006 and 25/12/2009.

Strengths of the Transaction

- The rating is based on the credit quality of the underlying leasing receivables, which reflects the Originator's strict underwriting, collection and monitoring guidelines and procedures.
- The credit enhancement available to the notes comes in the form of over-collateralization (net of expenses) in the amount of 1.57% of the bond size at the outset of the transaction, in addition to a cash reserve account in the amount of 1% (EGP 5.76 mn) as well as a bank letter of guarantee in the amount of 10% (EGP 57.6 mn) of the of the initial aggregate notes size.
- The bond is backed by a static amortizing pool of lease receivables. The pool includes mostly financial lease contracts, with residual value contracts accounting for only 6.6% of the principal outstanding value of the portfolio. The residual value risk embedded in the portfolio has been properly factored in the quantitative analysis of the transaction.
- The securitized pool is relatively seasoned with a weighted average seasoning of 24 months (weighted average original tenor is 58 months, leaving a weighted average remaining term to maturity of 34 months).
- **MERIS** has conducted an operational review of the Servicer and believes that the management, procedures and systems in place permit AT Lease to adequately perform its duties as a Servicer.

¹NPV of the pool's total outstanding receivable value including principal and profit rate, discounted at the notes weighted average coupon rate.

- Commercial International Bank (LT Deposit Rating “Ba2”^{*} and Financial Strength Rating “C-” by Moody’s Investor Service, 2009) has been contracted as a back-up servicer of the transaction. Despite the cold nature of the back-up service agreement, **MERIS** believes that CIB is adequately positioned to smoothly assume and carry out the servicing of the transaction should the need arise. CIB’s ability to serve as a back-up servicer of the transaction is supported by its solid experience in servicing a large number of corporate clients in Egypt.

Weaknesses of the Transaction

- Given the relatively short track record of the Originator, there is no sufficient data available regarding historical arrears, default rates and recoveries.
- 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 well-known shareholders (Dallah Al Baraka Group, rated BBB- by S&P), as well as the Originator’s adherence to its underwriting policies and procedures, which assure an acceptable quality receivables pool.
- The structure of the transaction reflects an element of intertwined relationships between the parties involved (Originator/Servicer/ Issuer) and an overlap of directorates.
- No excess spread given the purchase price of the receivables (receivables discounted at the bond weighted average coupon rate, and not the actual interest rate applied on the leasing receivables), mitigated by the other forms of credit enhancement available to the notes.
- Given the nature of the underlying assets and the type of clientele, the average ticket size is considerably high. Thus, the pool exhibits notably high individual obligor concentrations, with the topmost obligor accounting for 10.7%, the top 10 lessees – for 71.3%, and the top 20% - for 92.3% of the pool’s outstanding principal value. **MERIS** has adequately factored this feature in the quantitative analysis of the transaction.
- The pool has a notably high share of relatively longer original tenor (95% of the contracts in the pool have an original tenor greater than 52 months). Longer tenor contracts carry relatively higher credit risk owing to the slower build up of owner’s equity (the excess of resale value of the assets over the loan amount outstanding). This feature of the pool is partially offset by the relatively high seasoning of the portfolio and adequate loan to value ratio (WA LTV equals 86.9%).
- AT Lease currently owns 99.9% of Al-Tawfeek for Securitization Company. Consequently, there is a risk of substantive consolidation of ASC into AT Lease and the impact of this consolidation on the true sale mechanism of the securitization. **MERIS** relied on 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.
- Legal uncertainties 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, commingling and 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 576,000,000
Issuer:	Al-Tawfeek for Securitisation Company S.A.E.
Seller (s) /Originator (s):	Al-Tawfeek Leasing Company Egypt S.A.E. (NR)
Servicer:	Al-Tawfeek Leasing Company Egypt S.A.E.
Back-up Servicer:	Commercial International Bank (CIB) (LT Deposit Rating "Ba2"* and Financial Strength Rating "C-" by Moody's Investor Service, 2009)
Custodian:	Commercial International Bank (CIB)
Financial Advisor & Arranger:	Commercial International Bank (CIB)
Structure type:	Pass-through sequential
Credit Support:	<ul style="list-style-type: none">• 1.57% over collateralization;• 1.00% (EGP 5.76 mn) cash reserve• 10% (EGP 57.6 mn) reserve fund by means of a bank letter of guarantee

COLLATERAL SUMMARY (see page 7 for more details)

Receivables:	Auto, equipment, and real estate financial leasing receivables
Outstanding Principal:	EGP 566,518,585
Number of Contracts:	297 amortizing contracts
Number of Borrowers:	46
Avg. Number of Contracts per Borrower:	6.5
Asset Diversity*:	Plant & Machinery – 43%, Commercial Vehicles – 28%, Real Estate – 22%, IT Equipment – 5%, Passenger Vehicles – 3%,
WA Seasoning:	24 months
WA Remaining Maturity:	34 months
Avg. LTV (at origination):	86.9%

* Percentage calculated is based on the outstanding principal value.

CREDIT SUPPORT

Class	Subordination	Over collateralization	Reserve Fund
A	59.55%	1.57%	11.0%
B	6.77%	1.57%	11.0%
C	None	1.57%	11.0%

TRANSACTION SUMMARY

This is the first securitization transaction of leasing receivables arranged on behalf of AT Leasing, a leasing company incorporated in 2006. AT Lease objective is to provide the company with alternative long-term financing sources, other than equity and bank loans. The securitized portfolio comprises fixed rate auto, equipment or real estate leasing receivables from large and medium-sized corporate entities domiciled in Egypt. The receivables have been originated by AT Lease between October 2006 and end of 2009. All of the leasing receivables stem from financial leasing contracts, except for a small portion of operating lease contracts, representing 6.6% of the outstanding principal. In any case, in all contracts the title of ownership remains with the lessor until the final payment under the contract. Approximately 50% of AT Lease current outstanding on-balance sheet portfolio is being securitized through this issue.

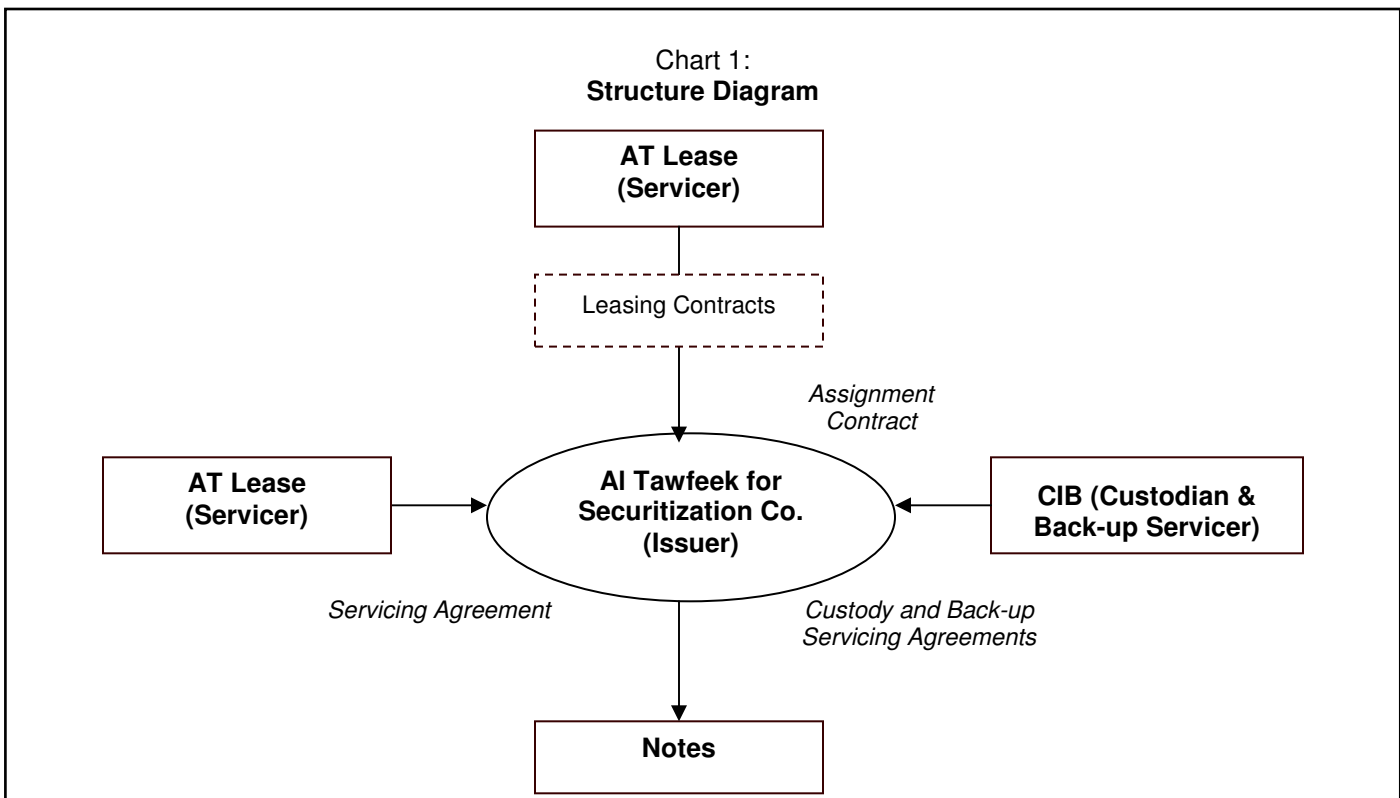
At closing of this transaction, the Originator will assign to the Issuer the financial rights and obligations (receivables) stemming from the securitized leasing contracts. The title of ownership of the underlying assets will remain with the Originator. The latter will continue to carry those assets as an off-balance sheet exposure, which will, however, be ring-fenced from the Originator's lenders in favour of the SPV by virtue of a formal undertaking by AT Lease not to create or permit to create any security interest or enter into any other preferential arrangement having a similar effect over all or any part of the leased assets with its creditors. In order to finance the purchase of the securitized assets (leasing receivables), the Issuer, Al-Tawfeek for Securitization Company, will issue three classes of Notes with different maturities, in a total amount equal to 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 overcollateralization. The notes will be paying a monthly fixed coupon of 9.0%, 10.0% and

11.25% p.a. in order of seniority. The notes will have a “pass-through” structure, whereby collections from the pool will be applied towards the amortization of the notes after paying senior transaction fees and expenses and coupon under the three tranches. In addition, amortization of the notes will be sequential, with the money-market tranche, Class A, being fully amortized, before paying any principal to the subordinated class B note holders, and the deeply subordinated class C notes will only receive principal after the full redemption of the class B notes. All three classes will benefit from a credit enhancement in the form of a cash reserve account in the amount of EGP 5.76 million, or 1% of the total notes, a letter of guarantee in the amount of 10% (EGP 57.6 mn) of the total notes, as well as an over collateralization of 1.57% net of expenses available to the transaction at its outset. The credit enhancements will be used to cover any eventual shortfalls in coupon or principal payments over the life of the notes. The reserve fund will also be available to provide temporary liquidity support to the transaction if necessary.

On the closing date, AT Lease will entrust a pool of leasing contracts to the Custodian. The pool is non-revolving (static) and amortizing. It is composed mainly of financial leasing contract receivables, as well as a small portion of operating lease receivables (6.6% of the outstanding principle) generated over the period between October 2006 and December 2009. Collections on the pool by the Servicer (AT Lease) will be swept immediately (within maximum 3 business days) to the Issuer's account with the Custodian (CIB) for the benefit of the bondholders to avoid any commingling with the Servicer's own funds.

STRUCTURAL AND LEGAL ASPECTS

Securitization is structured to isolate the receivables from the insolvency risks of the originator/seller. This is done by the originator/seller transferring the receivables contracts by means of a true sale to a bankruptcy-remote special purpose entity that will ultimately issue the bond to the investors. Under the structure – please refer to the following diagram – AT Lease, the Originator of the receivables, transfers and assigns all their rights and benefits in the receivables to ATS, a special purpose bankruptcy remote company, the Issuer. **MERIS** has received legal opinions stating that the sale of the receivables from the Originator to the transferee (based on an Assignment Contract dated 27/06/2010) constitutes a true sale. The pool of receivables is secured by the underlying assets, whose title of ownership will remain with the Originator, but will nevertheless be ring-fenced in favour of the Issuer.



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

The Issuer: Al Tawfeek for Securitization Company (ATS)

ATS has been established as a shareholding company according to CMA Law 95/1992. The company's shareholding structure is as follows:

Shareholders	Value (EGP)	% Ownership
Al-Tawfeek Leasing Company S.A.E.	4,995,000	99.90%
Tarek Fahmy	2,500	0.05%
Ahmed Deif	2,500	0.05%
Total	5,000,000	100.0%

The CMA Law 95/1992 imposes a ceiling of 20% on the Originator's ownership in the Issuer. However, AT Lease has obtained an exemption from the CMA from the 20% ownership limitation. The Issuer's Board of Directors consists of three members, who are all members of AT Lease senior management team as well. **MERIS** has noted that such shareholding structure, where the Issuer is a majority owned subsidiary of the Originator, in addition to overlapping directorships, poses the risk of involuntary/substantive consolidation between the two entities in case of the Originator's bankruptcy. **MERIS** took comfort from the legal opinion addressing this issue, which rules out the possibility of consolidation and reaffirms the isolation of the securitized pool from the creditors of the Originator.

Collections, Commingling Risk and Separateness of Accounts

According to the Servicing Agreement (between ATS and AT Lease, signed on 27/06/2010) and the Custody Agreement (between ATS and CIB, signed on 1/07/2010), the Servicer will collect the monthly or quarterly installments related to each of the 297 individual leasing contracts in the pool and immediately (within maximum three business day) transfer the collected cash to the Issuer's account managed by the Custodian for the benefit of the noteholders. Thus, **MERIS** believes that the 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 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 excess cash due to over collateralization captured in the reserve fund. Transactions on these three accounts have to take place based on written instructions from the Issuer. On the due dates of the coupon payments, the Custodian will pay the senior fees and expenses, as well as the coupon on the class notes in order of seniority, and will use the remaining balance to amortize the notes sequentially in order of seniority (on a monthly basis), as per the cash waterfall below. The balance (if any) will be kept with the reserve account and reinvested by the Custodian in T-bills and bank deposits as per the CMA requirements.

Letter of Guarantee Covering Reserve Payments

All lease transactions undertaken by AT lease have one installment payment in advance. In certain cases, the company may ask for up to 2 additional advance installments, which are used as a reserve payment. The reserve payments can be used to cover any past due payments under the leasing contract. If used, the reserve payments must be replenished to their original amount by the respective lessee. At the end of the contract, the reserve payments are used to offset the last one or two installments under the contract.

The securitized pool benefits from reserve payments in the amount of EGP 6,202,800 that have been collected in advance by AT Lease. The rights to these reserve payments will be transferred to the Issuer along with the securitized pool. The availability of the cash will be guaranteed by an irrevocable and unconditional letter of guarantee issued by CIB in favor of the Issuer.

In **MERIS** view, the substitution of the reserve payments with a Letter of Guarantee issued by CIB, which is also the Custodian of the transaction, is acceptable and does not have any material implications on the overall structure of the transaction.

Credit Enhancement

1) Overcollateralization: The assets backing the securities amount to EGP 598,909,413 representing the net present value of the total outstanding principal and interest receivables stemming from the securitized leasing contracts discounted at the notes weighted average coupon rate. The assets will be purchased at a discount of 3.83% by the Issuer, creating an over collateralization of EGP 22,909,413 at the beginning of the transaction. The over collateralization will be used to cover the transaction's senior fees and expenses (NPV of approximately EGP 14 million), leaving only EGP 9 million (1.57% of the aggregate bond size) of over collateralization that will be available to cover any eventual shortfalls in the coupon payment or principal redemption throughout the life of the notes.

2) Reserve Account: AT Lease will set aside 1% of the bond size (EGP 5.76 mn) from the notes proceeds as a cash reserve account that will be available to the notes sequentially in order of priority. In addition, the company will provide another 10% of the notes initial aggregate size (EGP 57.6mn) of reserve cover by means of an irrevocable and unconditional letter of guarantee issued by a first class bank. The reserve account will be available until the final maturity of the bonds to provide liquidity support, as well as to cover any shortfall in the coupon or principal due to the bondholders due to eventual defaults related to the securitized contracts (credit support). As the notes amortize, the aggregate amount of the required reserve amount can be revised from time to time with the annual rating review, provided the adjusted amount is sufficient to cover the rating requirements.

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, 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;

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 amortization of Class B notes.

COLLATERAL

The portfolio consists of leasing receivables in the net outstanding principal amount of EGP 566,518,585 arising under financial leasing contracts originated by AT Lease over the period between October 2006 and December 2009. The portfolio also includes the embedded profit receivables in the amount of EGP 113,504,504 making the total pool of receivables worth EGP 680,023,089. The contracts are concluded with corporate clients domiciled in Egypt to finance the purchase of assets, belonging to one of the asset classes below:

1. Commercial vehicles
2. Passenger vehicles
3. Plant & Machinery
4. IT Equipment
5. Real estate

The minimum original tenor of the contracts is 24 months, and the maximum - 84 months. The weighted average original maturity is 58 months, while the weighted average remaining term to maturity is 34 months. Thus, the weighted average seasoning of the initial portfolio is 24 months.

The leasing receivables being assigned at closing have been selected based on the following eligibility criteria:

- At least 1 installment is due and has been paid prior to the transaction closing date;
- No delinquent loans (> 30 days past due on the closing date);
- No defaulted loans;
- No loans to lessees that are in an insolvency procedure;
- All leased assets have a valid insurance on the transaction closing date.

The table below summarizes the key characteristics of the collateral portfolio. A detailed analysis of the pool is included in Appendix I at the end of the report.

	Amount	% Total		Amount	% Total
Number of Clients:	46		Downpayment /Original Cost:	14.3%	
Number of Contracts:	297		WA LTV	86.9%	
Net Outstanding Principal:	566,518,585		WA Yield	14.4%	
Contracts/Client:	6.5		Originated in 2006	5,476,363	1%
Avg. amount by lessee:	12,315,621		Originated in 2007	223,791,218	40%
Avg. amount per contract:	1,907,470		Originated in 2008	169,267,581	30%
Monthly Payment:	176,568,623	31%	Originated in 2009	167,983,423	30%
Quarterly Payment:	389,949,962	69%			
WA Seasoning (months):	24		Plant & Machinery	242,078,752	43%
WA Remaining Term (months):	34		Commercial Vehicles	160,612,939	28%
Top debtor:	60,816,504	11%	Real Estate	123,116,054	22%
Top 10 debtors:	403,905,623	71%	IT Equipment	25,976,849	5%
Top 20 debtors:	522,701,248	92%	Passenger Vehicles	14,733,990	3%

Relatively Highly Seasoned Pool

Among the positive characteristics of the pool is the relatively high weighted average seasoning of the collateral portfolio, given that 41% of the portfolio has been originated before 2008. The average amortization of the pool at the closing date equals 41.7% of the original value.

Adequate Loan to Value Profile

Although, 30% of the contracts in the pool are financed at 100% of the assets purchase price, the weighted average loan to value of 86.9% is acceptable for a leasing company. In certain cases, representing 18% of the pool outstanding principle, the lessees are required to pay up to two additional installments in advance as a reserve payment or security deposit, which can be used to cover any past due payments in the future. Moreover, most of the contract first installments is paid in advance.

Notably High Share of Long Tenor Contracts

The pool has a notably high share of relatively longer original tenor. Contracts with an original tenor greater than 48 months account for 94.6% of the pool in terms of outstanding principal value. Longer tenor contracts, just like high LTV contracts, carry relatively higher credit risk due to the slower build up of owner's equity (the excess of resale value of the assets over the loan amount outstanding).

High Obligor (Lessee) Concentration

Due to the nature of the underlying assets and the type of clientele, the average ticket size is considerably high. Thus, the pool exhibits notably high individual obligor concentrations, with the topmost obligor accounting for 11%, the top 10 lessees – for 71%, and the top 20% - for 92% of the pool's outstanding principal value.

MERIS has adequately factored in this feature of the pool, whereas the credit quality of the top 17 obligors (lessees whose individual exposure exceeds 1% of the pool) has been specifically analyzed and incorporated in the quantitative analysis. The table below is indicative of **MERIS** outstanding medium-term ratings on the Lessees in the pool or the shadow ratings assigned by **MERIS** for the purpose of rating this transaction. **MERIS** investment grade national rating scale starts at AAA and ends at BBB-. The lowest investment grade rating therefore is BBB-.

Indicative Rating	Total Principal Outstanding	% Total	# Lessees	% Lessees #
AA	32,759,638	6%	1	6%
A	36,610,905	7%	1	6%
BBB	232,044,772	46%	8	47%
BB	88,661,898	17%	4	24%
B	118,827,028	23%	3	18%
Total	508,904,241	100%	17	100%

Reasonable Industry Diversification

The lessees included in the securitization pool belong to various sectors of the economy, the real estate, automotive and telecommunication, being the most heavily represented with 11% share of the pool each. The top 5 industrial sectors account for 52% of the pool, the top 10 – for 87% the portfolio principal outstanding amount.

ORIGINATOR, SERVICER AND OPERATIONS REVIEW

Al-Tawfeek Leasing Company Egypt S.A.E.

AT Lease is a private Egyptian joint stock company, established in April 2005, with the objective of providing Sharia'a compliant lease financing to small, medium and large size enterprises. The company is a member of the Dallah Al-Baraka Group (Dallah Al Baraka Group, rated BBB- by S&P), one of the leading, privately held conglomerates in Saudi Arabia, involved in a variety of industries in more than 40 countries worldwide, with major interests in finance, business and media. AT Lease current shareholders include El-Tawfeek House Holding Company for Development with 80%, Al Baraka Egypt Bank (previously known as Egyptian Saudi Finance Bank) with 10%, and Arab Federation for Investments with a 10% equity stake, a listed company in the Egypt's stock exchange.

Despite being a latecomer to the market, AT Lease has established itself as one of the top four leasing companies in Egypt. It offers a wide range of leasing products and services, direct leasing, sale and lease back, and structured finance products.

Currently the company operates from its head office in Cairo, which offers adequate client coverage, given the focus on large and upper-medium size companies for the past four years. The company's headcount currently includes 50 employees, with plans to expand to 70 by the end of 2010. As of 2009, the company's paid in capital stood at EGP 150 million and the issued capital at EGP 200mn.

Functionally, AT Lease is divided into asset management, credit and marketing, risk, finance and other support functions. It is noteworthy, that all functions related to lease origination, administration and management, are completely separate and independent from the underwriting function, which is handled by the Risk Department. The former are departments reporting directly to the General Manager of the Organization, whereas the Risk function is reporting directly to the CEO & MD.

MERIS met with the management team of AT Lease 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** believes that the management and system capabilities are sufficient to fully comply with their responsibilities under the transaction.

Underwriting Process

AT Lease primary lending rationale is cash flow analysis, whereas the leased assets are considered only a secondary source of repayment. Underwriting decisions therefore are based mostly on the quantitative and qualitative assessment of the lessee's creditworthiness. The credit process follows internally developed credit policies and procedures. A third-party independent investigation report is also generated through the process to provide information on the applicant's credit history. In addition, the company has an internally developed score card in place, which factors in 18 quantitative and 33 qualitative criteria. The lessee's creditworthiness primarily from a cash flow perspective has the highest weight in the calculation of the credit score, accounting for a total of 30%. The score card generates an internal credit risk rating on a scale from 1 to 7 (lowest to highest risk level) for good/performing clients, whereas the last three grades 8, 9 and 10 are reserved for non-performing exposures. Since the company's inception there has been only one non-performing case, which however was successfully remedied and moved back to performing clients. Currently there are no non-performing exposures. The securitized pool comprises only lessees rated between 2 (modest risk) and 5 (acceptable risk), as illustrated by the below tabulation:

Distribution by Individual Risk Rating				
Internal Obligor Risk Rating	Principal Outstanding	% Total	# of Contracts	# of Contracts %
2	102,020,642	18%	121	41%
3	145,961,684	26%	108	36%
4	96,624,616	17%	18	6%
5	221,911,642	39%	50	17%
Total	566,518,585	100.0%	297	100.0%

The company has three different credit approval levels, with specific powers and authorization limits, namely the Company Credit Committee, the Executive Credit Committee, and the Board Credit Committee. The latter is also in charge of setting, amending and approving the company's policies and various lending limits. The Company Credit

Committee is convened regularly on a weekly basis. All cases, regardless of the appropriate decision level, have to be first approved by the Company Credit Committee. Approval is by majority, provided that it includes the vote of the Head of Risk.

To protect the quality of its leasing portfolio, the company has put in place a number of risk management policies, including minimum risk rating criteria, maximum single obligor exposure, maximum industry, asset and residual value exposure. These are regularly reviewed by the Board Credit Committee to reflect recent economic, market and industry developments.

Collection and Recovery Process

The collection process is organized around 6 collection cycles during the month. The majority of the customers pay by post dated cheques (currently 79% of the securitized pool), whereas the remaining 21% pay by direct debit order (irrevocable bank standing instructions). The company follows a 10-day billing in advance policy. Delays in payments are followed up through a daily past due report that is automatically generated by the system. Late charges of 2% are calculated from the 1 day past the due date. Approximately 90-95% of installments are collected on the due date. The handling of past due installments is jointly coordinated between the marketing and collection departments. Relationship managers are the primary contact with the lessees and seek to investigate and resolve any missed payments as soon as they are reported by the system. A letter soliciting payment is sent to the lessee at the beginning of the second week of non-payment. At 15 days of non-payment, the RM prepares a past-due report to be escalated to the General Manager. Failure to obtain payment after a month from due date, is followed by a concrete action plan prepared by the RM, including a recommendation to transfer the case to the Remedial and Collection unit within the Risk Management Department. In case, negotiations failed to reach a proper remedial action, the company in coordination with its legal advisor, undertakes solid legal procedures which might include repossession of the assets. So far, the company's reported default rate is 0%.

As mentioned in the PSN, the servicing agreement signed between ATS and AT Lease details the responsibility of the Servicer including, among others, the following:

- Sending notification letters to lessees;
 - Issuing monthly reports on collections, delays, and defaults to the Custodian;
 - Renewing the insurance policies of some of the assets 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 AT Lease as a Servicer, its strict follow-up and monitoring guidelines, as well as the IT & management information systems currently in place, **MERIS** believes that AT Lease is capable of adequately servicing the receivables in this pool.

CUSTODIAN AND CUSTODY AGREEMENT

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 access to AT Lease's collection system and database,

which would facilitate the smooth transfer of the servicing obligation, in case CIB needs to assume the role of the Servicer.

MERIS ANALYSIS

Historical Data and Modeling

The securitized pool is characterized by notably high lessee concentration, where the top 17 lessees individually exceed 1% of the pool principal outstanding and cumulatively account for 90% of the pool. **MERIS** has adequately factored in this feature of the pool, whereas the credit quality of the top 17 obligors has been specifically analyzed and incorporated in the quantitative analysis. The assigned shadow ratings are indicative of the probability of default associated with each individual lessee. Along with the specific asset classes and industry sectors, the assigned shadow ratings have been used to derive the probability distribution that characterizes this particular securitized pool.

The default probability distribution is the main input in the model. 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 according to the specifically derived probability distribution.

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: a flat timing of default curve. The timing of default is used to calculate the defaulted amount per period expressed as a percentage of the cumulative defaults.
- Recovery rate: 25%
- Prepayment rate: 0% fixed annual prepayment rate.
- Over collateralization: 1.57%
- Reserve Account: 11%
- Residual Value: an average haircut of 30% has been applied on all residual values included in the pool.

MERIS has 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** has 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 rating.

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 and custodian reports. Any subsequent changes in the rating will be publicly announced and disseminated through the media.

APPENDIX I: POOL DATA

Distribution by Asset Type				
Asset Type	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Plant & Machinery	242,078,752	43%	94	32%
Commercial Vehicles	160,612,939	28%	95	32%
Real Estate	123,116,054	22%	19	6%
IT Equipment	25,976,849	5%	4	1%
Passenger Vehicles	14,733,990	3%	85	29%
Total	566,518,585	100.0%	297	100.0%

Distribution by Original Tenor				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
24	2,687,406	0.5%	3	1.0%
36	8,078,972	1.4%	28	9.4%
42-48	19,809,011	3.5%	46	15.5%
52-60	145,754,517	25.7%	114	38.4%
72	310,035,468	54.7%	101	34.0%
81-84	80,153,212	14.1%	5	1.7%
Total	566,518,585	100.0%	297	100.0%

Distribution by Remaining Term To Maturity				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
<=6	721,577	0.1%	11	3.7%
7-12	7,199,071	1.3%	37	12.5%
13-24	58,213,521	10.3%	73	24.6%
25-36	272,503,009	48.1%	82	27.6%
37-48	188,191,799	33.2%	71	23.9%
49-56	39,689,609	7.0%	23	7.7%
Total	566,518,585	100.0%	297	100.0%

Distribution by Seasoning (Months)				
Months	Principal Outstanding	% Total	# of Contracts	# of Contracts %
3-6	368,309	0.1%	3	1.0%
7-12	64,316,391	11.4%	47	15.8%
13-18	105,740,375	18.7%	40	13.5%
19-24	91,513,671	16.2%	54	18.2%
25-30	81,093,624	14.3%	57	19.2%
31-36	146,505,966	25.9%	58	19.5%
37-45	76,980,249	13.6%	38	12.8%
Total	566,518,585	100.0%	297	100.0%

Distribution by Original LTV				
LTV	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Upto60%	18,725,949	3%	7	2%
>61%to70%	49,315,529	9%	7	2%
>71%to80%	85,560,847	15%	43	14%
>81%to90%	198,708,453	35%	73	25%
>91%to95%	41,523,963	7%	12	4%
>96%to100%	170,537,303	30%	155	52%
Total	566,518,585	100.0%	297	100.0%

Distribution by Frequency Payments				
Frequency	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Monthly	176,568,623	31%	133	45%
Quarterly	389,949,962	69%	164	55%
Total	566,518,585	100.0%	297	100.0%

Distribution by Origination Year				
Year	Principal Outstanding	% Total	# of Contracts	# of Contracts %
2006	5,476,363	1%	8	3%
2007	223,791,218	40%	92	31%
2008	169,267,581	30%	108	36%
2009	167,983,423	30%	89	30%
Total	566,518,585	100.0%	297	100.0%

Distribution of Interest Rate				
% p.a.	Principal Outstanding	% Total	# of Contracts	# of Contracts %
12.0%-13.0%	69,333,216	12%	27	9%
13.5%-14.5%	215,592,091	38%	89	30%
14.6%-15.5%	142,867,873	25%	97	33%
15.6%-16.5%	113,395,329	20%	47	16%
16.6%-20.0%	25,330,076	4%	37	12%
Total	566,518,585	100.0%	297	100.0%

Distribution by Payment Method				
	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Cheques	449,662,648	79%	203	68%
Bank Standing Order	116,610,270	21%	93	31%
Billing Basis	245,667	0%	1	0%
Total	566,518,585	100.0%	297	100.0%

Distribution by Lease Type				
Lease Type	Principal Outstanding	% Total	# of Contracts	# of Contracts %
Direct Lease	222,321,141	39%	235	79%
Sale and Lease-back	344,197,444	61%	62	21%
Total	566,518,585	100.0%	297	100.0%

Distribution by Individual Risk Rating				
Internal Credit Score	Principal Outstanding	% Total	# of Contracts	# of Contracts %
2	102,020,642	18%	121	41%
3	145,961,684	26%	108	36%
4	96,624,616	17%	18	6%
5	221,911,642	39%	50	17%
Total	566,518,585	100.0%	297	100.0%

Distribution by Industrial Sector (Top 10 Industries – 88% of Pool Outstanding Principal)					
	Sector	Principal Outstanding	% Total	# of Contracts	# of Contracts %
	Real Estate				
1	Developer	61,948,661	11%	2	1%
2	Automotive	61,668,651	11%	28	9%
3	Telecommunication	61,013,613	11%	7	2%
4	Pharmaceuticals	56,308,969	10%	32	11%
5	Food	55,309,608	10%	58	20%
6	Refractory	54,393,809	10%	1	0%
7	Packaging	49,448,711	9%	61	21%
8	Consumer Goods	34,501,082	6%	49	16%
9	Financial Institutions	29,969,487	5%	8	3%
10	Logistics	29,909,838	5%	14	5%
11	Textiles	29,895,260	5%	8	3%
12	Transportation	13,964,192	2%	3	1%
13	Building Materials	8,445,903	1%	4	1%
14	Chemicals	7,717,580	1%	4	1%
15	Consultancy	4,028,267	1%	1	0%
16	Strategic Commodity	3,070,848	1%	1	0%
17	Health Care	2,845,222	1%	5	2%
18	Agriculture	956,003	0%	6	2%
19	Tourism	786,420	0%	4	1%
20	Petrochemicals	336,460	0%	1	0%
	Total	566,518,585	100.0%	297	100.0%

Distribution by Individual Lessees					
	Company Name	Principal Outstanding	% Total	# of Contracts	# of Contracts %
1	Link dot net Co. S.A.E	60,816,504	10.7%	4	1.3%
2	Arabia for Trading , Industry , Import & Export	54,393,809	9.6%	1	0.3%
3	Manufacturing Commercial Vehicles SAE (MCV)	51,052,757	9.0%	23	7.7%
4	Al Arabia for Real Estate Development (ARECO)	43,959,466	7.8%	1	0.3%
5	First Co. For Industrial Development S . A . E .	40,511,797	7.2%	55	18.5%
6	Sigma Pharmaceutical Industries	36,610,905	6.5%	9	3.0%
7	Coca - Cola Bottling Co. of Egypt	32,759,638	5.8%	42	14.1%
8	HC Securities & Investment (S.A.E.)	29,969,487	5.3%	8	2.7%
9	Family Corporation	29,909,838	5.3%	14	4.7%
10	Egyptain Spinning & Weaving CO. S.A.E	23,921,422	4.2%	2	0.7%
11	Senyoreta for Light Food S.A.E	19,914,258	3.5%	8	2.7%
12	Al Ahly for Real Estate	17,989,195	3.2%	1	0.3%
13	Delta Pharma	16,895,440	3.0%	11	3.7%
14	Arab Food Industries Co. S.A.E (Domty)	14,462,083	2.6%	18	6.1%
15	Haram Co. for Transportation	13,964,192	2.5%	3	1.0%
16	Momen, Planet Africa, Three Chefs	12,905,135	2.3%	9	3.0%
17	Reliance Ready Mix	8,868,315	1.6%	3	1.0%
16	Others	57,614,344	10.2%	85	28.6%
	Total	566,518,585	100.0%	297	100.0%

APPENDIX III: National Rating Scale

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

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