

Cairo, January 2018

Press Release: **Al Rehab Securitization Company - Fourth Issue 2016-2020**

MERIS (MIDDLE EAST RATING & INVESTORS SERVICE) AFFIRMS THE NATIONAL SCALE RATINGS (NSR) TO THE FOURTH MULTIPLE-TRANCHE ASSET-BACKED SECURITIZATION BOND ISSUED BY AL REHAB SECURITIZATION COMPANY AND ORIGINATED BY AL MANSOUR AUTOMOTIVE COMPANY (SECOND ISSUE)

MERIS (Middle East Rating & Investors Service) has affirmed the following ratings on the national scale to the multiple-tranche notes issued by **Al Rehab Securitization Company S.A.E. (Fourth Issue)** and backed by a single pool of receivables, originated by **Al Mansour Automotive Company (Second Issue)**.

“AA+ (sf)” to the Senior Fixed-Rate Notes in the amount of EGP 2.5 million, representing 6.05% of the aggregate issue size, with a coupon of 13.46% p.a. payable monthly and due in Sept. 2017;

“A (sf)” to the Subordinated Fixed-Rate Notes in the amount of EGP 39.5 million, representing 93.95% of the aggregate issue size, with a coupon of 14.44% p.a. payable monthly and due in August 2020;

The notes will be redeemed sequentially in order of seniority and will follow a pass-through monthly amortization schedule.

All of the above ratings are considered investment grade on the National Rating Scale. An **“AA”** grade represents **Very Strong** Creditworthiness relative to other domestic issuers. **“A”** rated issuers or issues are considered **Above Average** in Creditworthiness relative to other domestic issuers or issues. The (+/-) signs denote relative status within each rating category and the (sf) insertion stands for structured finance.

The ratings are a relative ranking of risk and address the expected loss posed to investors by the bond maturity. In **MERIS's** opinion, the transaction's structure allows for timely payment of interest and ultimate repayment of principal with respect to the bond maturity.

Al Rehab Securitization Company S.A.E. – a special purpose entity – was incorporated in Egypt in 2008 in accordance with the Capital Market Authority (CMA) Law 95/1992. The bond issue is backed by a portfolio of auto receivables, originated by Al Mansour Automotive Company between 2013 and 2016. The installment sale contracts are concluded with retail or corporate clients domiciled in Egypt to finance the purchase of brand new passenger (4.5%) and light commercial vehicles (95.5%).

The assigned ratings are based on: (1) the level of protection provided to investors by the credit support currently available to the transaction in the total size of 7.8% of the outstanding notes; (2) the relatively low weighted average loan-to-value ratio at origination (36.8%), which accelerates the build-up of owner's equity into the assets and hence increases the recovery potential in case of defaults; (3) the relatively high granularity of the pool with individual concentrations not exceeding 0.8% and the top 30 clients accounting collectively for 10.9% of the total principal outstanding balance; (4) the receivables are backed by either post-dated checks or bills, which ensures timely payment of installments as bounced checks/bills constitute a criminal offence under the Egyptian law; (5) the experience of the Servicer, in addition to the availability of a back-up servicing agreement with CIB (CIB is rated “B3” on a Global Scale by Moody's, 2017).

The ratings assigned by **MERIS** also take into consideration the following limitations of the transaction: (1) limited data available regarding historical arrears, default and recovery through the full economic cycle; (2) the generally greater uncertainty associated with unrated Originators, mitigated by the reasonable seasoning of the pool and the low LTV at the time of origination; (3) remarkably high concentrations in terms of vehicle type and make exhibited by the pool, mitigated by the relatively slow depreciation and active secondary market for the dominant type of vehicles included in the pool; (4) lack of total loss insurance for 80% of the contracts, mitigated by the downpayment of minimum 50%; (5) the existence of legal uncertainties, given that the key legal concepts

underpinning securitization transaction enforcement remain largely untested in judicial proceedings or in practice in Egypt, mitigated by the legal opinions provided by the transaction's legal advisor on issues such as true sale, separateness of accounts, commingling and consolidation risk.

MERIS will monitor the transaction on an on-going basis and will issue regular performance reports.

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