MERIS
Middle East Rating & Investors Service

Cairo, August 2025

Press Release: Al Tawfeek Securitization Company (ATS) – 4th Issue 2022-2027

MERIS (MIDDLE EAST RATING & INVESTORS SERVICE) AFFIRMS THE NATIONAL SCALE RATINGS (NSR) TO THE THIRD MULTIPLE-TRANCHE ASSET-BACKED SECURITIZATION BOND ISSUED BY AL TAWFEEK SECURITIZATION COMPANY AND ORIGINATED BY AL TAWFEEK LEASING COMPANY (FOURTH PORTFOLIO)

MERIS (Middle East Rating & Investors Service) has reviewed and affirmed the following ratings on the national scale to the multiple-tranche notes in the size of EGP 1,123,932,000, issued by Al Tawfeek Securitization (ATS) Company S.A.E (Fourth Issue) and backed by a single pool of receivables, originated Al Tawfeek Leasing Company (AT Lease) S.A.E..

The annual rating review is based on the monthly performance reports issued by the Custodian as of **31 July 2025, the transaction review date**, in addition to the updated cash flow model and securitized portfolio data as of the same date.

As of the transaction review date, the affirmed ratings are as follows:

Tranche A: Redeemed as of October 2024.

Tranche B: "AA" (sf) to the EGP 550.2 million Subordinated Floating-Rate Notes, due in 37 months, representing 48.96% of the aggregate issue size, with a floating coupon equal to the CBE Corridor Lending rate + 0.45% p.a. payable monthly, currently 25.45%;

Tranche C: "A" (sf) to the EGP 573.6 million Subordinated Floating-Rate Notes, due in 52 months, representing 51.04% of the aggregate issue size, with a floating coupon equal to the CBE Corridor Lending rate + 0.55% p.a. payable monthly, currently 25.55%.

The notes will be redeemed sequentially in order of seniority. All three classes follow a pass-through amortization. The notes are callable starting from the coupon number 14.

All of the above ratings are considered investment grade on the National Rating Scale. A "**AA**" grade represents **Very Strong** Creditworthiness relative to other domestic issues. An "**A**" rated issue is considered of **Above Average** Creditworthiness relative to other domestic 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 notes' maturity. In **MERIS's** opinion, the transaction structure allows for timely payment of interest and ultimate repayment of principal with respect to the notes' maturity.

Al Tawfeek Securitization Company (ATS) S.A.E. – a special purpose entity – was incorporated in Egypt in 2010 in accordance with the Capital Market Authority (CMA) Law 95/1992. The bond issue is backed by floating rate real estate, equipment and auto leasing receivables from medium and small-size corporate entities domiciled in Egypt. The leasing receivables have been originated by AT Lease between 2019 and 2022. The collateral portfolio currently comprises a static pool of 47 fully amortizing financial leasing contracts.

In view of the amortization of the bond and the reasonable performance of the receivables, there has been a buildup of credit enhancement that is currently above the requirements for the ratings of the notes. To maintain the existing ratings of the transaction, the external credit enhancement in the form of a Letter of Guarantee (LG) can be adjusted downwards from EGP 271,840,500 to EGP 220,000,000 effective immediately.

The ratings assigned to the notes are based on: (1) a credit assessment of the initial portfolio of underlying leasing receivables, which reflects the Originator's strict underwriting, collection and monitoring guidelines and procedures; (2) the level of protection provided to investors by the over-collateralization (net of expenses) currently in the amount of 7.3% of the outstanding notes' size; in addition to the structural subordination of the junior note to the more senior one, as well as an external credit support (default reserve) in the total size of 24.2% of the current bond size represented by an LG in the size EGP 271,840,500; (3) a liquidity reserve account in the size of 3.1% of the outstanding aggregate notes balance; (4) the reasonable weighted average current loan-to-value (LTV) ratio (49.4% of the original purchase price), which accelerates the build-up of owner's equity into the assets and hence minimizes the lessees' propensity to default, while at the same time increasing the recovery potential in case of default; (5) the relatively well seasoned portfolio with a weighted average seasoning of 39 months of the securitized pool; (6) the availability of a back-up servicing agreement with Banque Misr (rated "Caa1" by Moody's Ratings – March 2025).

The ratings assigned by **MERIS** also takes into consideration the following limitations of the transaction: (1) lack of sufficient data available regarding historical arrears, default and recovery over the economic cycles in the Egyptian market, which is common across the domestic leasing companies; (2) the generally greater uncertainty associated with unrated Originators, and the use of securitization proceeds to fund the Originator's growing phase; mitigated, however, by the Originator's experienced management team and strict adherence to its underwriting policies and procedures, which assure a reasonable quality receivables pool, in addition to the Originator's well-known shareholders; (3) remarkably high single obligor concentrations exhibited by the pool; (4) notably high share of relatively longer tenor contracts, which carry relatively higher credit risk due to the slower build-up of owner's equity, partially mitigated by the seasoning of the portfolio and reasonable loan to value ratio; (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 monitors the transaction on an on-going basis and issues regular performance reports

Copyright 2025 Middle East Rating and Investors Service ("**MERIS**"). All rights reserved.

CREDIT RATINGS AND PUBLICATIONS ISSUED BY MERIS ARE OR CONTAIN MERIS' CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MERIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MERIS' OPINIONS INCLUDED IN MERIS' PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MERIS' PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MERIS' PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MERIS' PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MERIS ISSUES ITS CREDIT RATINGS AND PUBLISHES MERIS' PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MERIS' CREDIT RATINGS AND MERIS' PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND RETAIL INVESTORS SHOULD NOT CONSIDER MERIS' CREDIT RATINGS OR MERIS' PUBLICATIONS IN MAKING ANY INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MERIS' PRIOR WRITTEN CONSENT .

All information contained herein is obtained by **MERIS** from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind. **MERIS** adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources **MERIS** considers to be reliable including, when appropriate, independent third-party sources. However, **MERIS** is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the **MERIS**' publications .

To the extent permitted by law, **MERIS** and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MERIS or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by **MERIS**.

To the extent permitted by law, **MERIS** and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, **MERIS** or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MERIS IN ANY FORM OR MANNER WHATSOEVER.