MERIS
Middle East Rating & Investors Service

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Press Release: Al-Ahly Securitization Company – 2nd Issue 2023-2030

MERIS (MIDDLE EAST RATING & INVESTORS SERVICE) AFFIRMS THE NATIONAL SCALE RATINGS (NSR) TO THE 2ND MULTIPLE-TRANCHE ASSET-BACKED SECURITIZATION BOND ISSUED BY AL-AHLY SECURITIZATION COMPANY AND BACKED BY A PORTFOLIO OF REAL ESTATE RECEIVABLES ORIGINATED BY RAWASI FOR URBAN DEVELOPMENT

MERIS (Middle East Rating & Investors Service) has reviewed and affirmed the national scale ratings to the 2nd multiple-tranche asset backed securitization bond in the total size of EGP 781,299,400 as of 30 June 2025. The bond was issued by Al-Ahly Securitization Company S.A.E. and backed by a single pool of real estate receivables originated by Rawasi for Urban Development.

The annual rating review is based on the monthly performance reports issued by the Custodian as of **30 June 2025, the transaction review date**, in addition to the updated cash flow model and securitized portfolio data as of the same date.

Tranche A: "**AA+ (sf)**" to the EGP 13.3 million Senior Floating-Rate Notes due in 25 months, representing 1.7% of the aggregate outstanding issue size, with a floating coupon equal to the CBE corridor lending rate* + 0.90% p.a., payable quarterly starting from the 4th month of the bond issuance date;

Tranche B: "**AA (sf)**" to the EGP 342 million Senior Floating-Rate Notes due in 49 months, representing 43.8% of the aggregate outstanding issue size, with a floating coupon equal to the CBE corridor lending rate* + 1.40% p.a. payable quarterly starting from the 4th month of the bond issuance date;

Tranche C: "**A (sf)**" to the EGP 426 million Senior Floating-Rate Notes due in 74 months, representing 54.5% of the aggregate outstanding issue size, with a floating coupon equal to the CBE corridor lending rate* + 1.80% p.a., payable quarterly starting from the 4th month of the bond issuance date during the lifetime of tranche A and B monthly thereafter; Tranche C is callable from the 18th coupon.

*The reference rate - the CBE Lending Corridor, is subject to a cap of 23.25% and a floor of 15.25%.

The notes will be redeemed sequentially in order of seniority, whereas Tranche A and B will follow a quarterly pass-through amortization schedule, while Tranche C will pay according to a monthly pass-through amortization structure.

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 structure allows for timely payment of interest and ultimate repayment of principal with respect to the bond maturity.

Al-Ahly Securitization (AAS) S.A.E – a special purpose entity – was incorporated in Egypt in June 2022 in accordance with the Capital Market Authority (CMA) Law 95/1992. The current notes are backed by a static pool of real estate receivables

arising from installment sale contracts related to 394 residential properties located in Madinaty. The securitized contracts have been written over the period between January 2023 and August 2023.

The ratings of the notes are based on: (1) the level of protection provided to investors by the credit enhancements in the form of (i) over-collateralization in the amount of 12.7% net of expenses; (ii) subordination of the junior tranches to the more senior tranches; (iii) external credit enhancement in the amount of 16.0% of the outstanding notes balance in the form of (a) a default reserve account (Letter of Guarantee) in the amount of EGP 78,840,748 representing 10.1% of the outstanding bond size and (b) a liquidity reserve account in the amount of EGP 46,482,114 representing 5.9% of the current bond balance; (2) the additional level of protection stemming from the fact that all of the receivables are backed by post-dated cheques, which is considered an incentive for timely payment of the installments as a bounced cheque constitutes a criminal offence under the Egyptian law; (3) the reasonable weighted average current loan-to-value (LTV) ratio (52% of the original purchase price) of the portfolio, which accelerates the build-up of owner's equity into the properties and hence minimizes the buyers' propensity to default, while at the same time increasing the recovery potential in case of default; (4) the availability of a contractually appointed back-up servicer.

The assigned ratings also take into consideration the following weaknesses of the transaction: (1) the lack of relevant and consistent historical data tracking the performance of the receivables; (2) no security interest in the underlying properties for the benefit of the note holders, and hence no direct recourse over the properties; (3) the portfolio exhibits some notable single obligor concentrations. The topmost obligor accounts for 1.9%, while the top 10 and 20 obligors account for 12.0% and 19.7% respectively, of the pool's outstanding value; (4) unlike class A notes, the ratings of class B and more so class C notes are highly dependent on the creditworthiness of the external credit support provider (Letter of Guarantee issuing bank). A material deterioration of the creditworthiness of the credit support provider will inevitably result in a downgrade of these notes; (5) the existence of legal uncertainties, given that the key legal concepts underpinning securitization 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.

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