MERIS
Middle East Rating & Investors Service

Cairo, August 2025

Press Release: Al Ahly for Securitization Company – 7th Program 1st Issue 2025-2027

MERIS (MIDDLE EAST RATING & INVESTORS SERVICE) ASSIGNS NATIONAL SCALE RATINGS (NSR) TO THE 1st MULTIPLE-TRANCHE SECURITIZATION BOND UNDER THE 7th PROGRAM ISSUED BY AL AHLY SECURITIZATION COMPANY AND BACKED BY A PORTFOLIO OF RECEIVABLES ORIGINATED BY RIZ GROUP FOR TRADING S.A.E.

MERIS (Middle East Rating & Investors Service) has assigned national scale ratings to the 1st multiple-tranche securitization bond in the total size of EGP 250,000,000 under the 7th securitization program issued by Al Ahly for Securitization Company S.A.E. and backed by a portfolio of receivables originated by **RIZ Group for Trading S.A.E. (Rizkalla)**. The assigned ratings are as follows:

Tranche A: "P1 (sf)" to the EGP 108,000,000 Senior Fixed-Rate Notes due in 6 months from issuance, representing 43.20% of the aggregate issue size, with a coupon of 23.00% p.a. payable monthly. Tranche A is non-callable.

Tranche B: "P1 (sf)" to the EGP 82,000,000 Subordinated Fixed-Rate Notes due in 12 months from issuance, representing 32.80% of the aggregate issue size, with a coupon of 23.20% p.a. payable monthly. Tranche B is non-callable.

Tranche C: "A- (sf)" to the EGP 45,000,000 Subordinated Fixed-Rate Notes due in 18 months from issuance, representing 18.00% of the aggregate issue size, with a coupon of 22.50% p.a. payable monthly. Tranche C is non-callable.

Tranche D: "A- (sf)" to the EGP 15,000,000 Junior Subordinated Fixed-Rate Notes due in 23 months from issuance, representing 6.00% of the aggregate issue size, with a coupon of 22.75% p.a. payable monthly. Tranche D is non-callable.

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. **"Prime 1" (P1)** rated Issuers or issues have **the Strongest** ability to repay their short-term debt obligations 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 (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 Company S.A.E. – a special purpose entity – was incorporated in Egypt in 2022 in accordance with the Capital Market Law 95/1992. The bond issue is backed by fixed rate consumer finance loans. The receivables have been originated by RIZ Group for Trading S.A.E. (Rizkalla) prior to 30 April 2025. The collateral portfolio comprises a static pool of 19,109 transactions in the total size of EGP 298,229,985.

The ratings of the notes are based on: (1) a credit assessment of the initial portfolio of underlying consumer finance loans, which reflects the Originator's underwriting, collection and monitoring guidelines and procedures; (2) the level of protection provided to investors by the credit enhancements in the form of over-collateralization in the amount of 4.08% net of expenses, in addition to an external credit support by means of a default reserve account or an irrevocable and unconditional Letter of Guarantee in the size of 26.00 % (EGP 65,000,000) of the initial bond size, and the structural subordination of the of the junior tranches to the more senior ones; (3) the availability of a liquidity reserve in the size of 5.0% of the outstanding aggregate notes balance, which is to be funded from the first

month of collections and adjusted thereafter in accordance with the notes' amortization; (4) the granularity of the pool (concentrations per client less than 0.27% of the total principal outstanding); (5) reasonable seasoning of 7 months for a consumer finance portfolio; (6) 71% of the receivables are backed by promissory notes covering the value of the consumer finance loans; and (7) the availability of a contractually appointed back-up servicer.

The assigned ratings also take into consideration the following weaknesses 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 and the use of securitization proceeds to fund the Originator's growing phase; (3) increased risk of commingling the securitization proceeds with the Originator's own funds due to the revolving nature of the revolving credit limits; (4) the ratings of the junior 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 will monitor the transaction on an on-going basis and will issue regular performance reports.

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