MERIS
Middle East Rating & Investors Service

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Press Release: EFG Securitization Company – Sixth Program Sixth Issue 2025-2026

MERIS (MIDDLE EAST RATING & INVESTORS SERVICE) ASSIGNS NATIONAL SCALE RATINGS (NSR) TO THE 6th ASSET-BACKED SECURITIZATION UNDER THE SIXTH PROGRAM ISSUED BY EFG SECURITIZATION COMPANY AND BACKED BY A PORTFOLIO OF RECEIVABLES ORIGINATED BY U CONSUMER FINANCE COMPANY S.A.E.

MERIS (Middle East Rating & Investors Service) has assigned the following ratings on the national scale to the sixth single-tranche asset-backed securitization bond issued by EFG Securitization Company under its Sixth Program and backed by a single pool of consumer finance receivables originated by U Consumer Finance Company:

Tranche A: "**P1 (sf)**" to the EGP 858.9 million Asset Backed Short-Term Notes due in 12 months, with a fixed-rate coupon of 22.5% p.a. payable monthly starting from the 3rd month of the bond issuance date. This tranche is not callable.

The notes will follow a pass-through monthly amortization schedule, with the first coupon and principal payment scheduled three months after the issuance date.

The above ratings are considered investment grade on the National Rating Scale. A **"Prime 1" (P1)** rated Issuers or issues have **the strongest** ability to repay their **short-term** debt obligations relative to other domestic issuers. 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.

EFG Securitization Company S.A.E. – a special purpose entity – was incorporated in Egypt in 2018. The notes are backed by a portfolio of consumer finance and auto receivables stemming from purchases of goods and services on installments by U Consumer Finance clients. The collateral portfolio originated by U Consumer Finance comprises a static pool of 142,378 consumer finance contracts. At issuance, the total outstanding receivables to be securitized amount to EGP 1,047,588,343

The ratings of the notes are based on: (1) a credit assessment of the initial portfolio of underlying consumer finance receivables, which reflects the Originator's underwriting and servicing standards and procedures; (2) the level of protection provided to investors by the credit enhancements in the form of over-collateralization in the amount of 8.9% net of expenses; (3) the availability of a liquidity reserve account in the size of 2.5% of the outstanding notes balance; (4) the granularity of the pool (concentrations per client do not exceed 0.03% of the total portfolio outstanding); (5) The underlying portfolio is reasonably seasoned for a short-term portfolio, with a weighted average seasoning of 30 months. Seasoned portfolios that have been tried and tested for longer periods of time exhibit relatively lower frequencies of default as compared to recently generated portfolios; (6) the experience of the Servicer and efficiency of its operating systems, as well as the support from its parent company EFG.

The assigned ratings also take into consideration the following weaknesses of the transaction: (1) limited time series 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) no clear segregation of the payments due to the securitization pool from the company's normal business cycle, resulting in a higher risk of commingling the securitization cash flows with the Originator's own funds from operations; (4) the promissory notes are issued for the initially approved credit limit and do not cover any subsequent limit increases; (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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