MERIS
Middle East Rating & Investors Service

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Press Release: AUR Securitization Company – First Issue 2023-2027

MERIS (MIDDLE EAST RATING & INVESTORS SERVICE) AFFIRMS THE NATIONAL SCALE RATINGS (NSR) TO THE FIRST MULTIPLE-TRANCHE ASSET-BACKED SECURITIZATION BOND ISSUED BY AUR SECURITIZATION COMPANY AND ORIGINATED BY AUR LEASING AND FACTORING COMPANY

MERIS (Middle East Rating & Investors Service) has reviewed and affirmed the national scale ratings to the outstanding tranches of the multiple-tranche notes in the total size EGP 64,193,398 as of 30 June 2026, issued by AUR Securitization Company S.A.E. and backed by a portfolio of receivables, originated by **AUR Leasing and Factoring Company S.A.E**.

The annual rating review is based on the monthly performance reports issued by the Custodian as of **30 June 2026, 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: "AA+ (sf)" redeemed as of March 2025.

Tranche B: **"AA (sf)"** redeemed as of March 2026.

Tranche C: "A (sf)" to the EGP 64.2 million Junior Subordinated Floating-Rate Notes, due in 52 months after issuance, representing 34.00% of the initial tranche size, with a floating coupon equal to the CBE Lending Corridor rate + 0.70% p.a. payable monthly. The notes are callable from the coupon number 25.

The notes are redeemed sequentially in order of seniority. All three classes follow a pass-through amortization. The notes are callable starting from the coupon number 25.

All of the above ratings are considered investment grade on the National Rating Scale. 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.

AUR 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 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 AUR Leasing and Factoring Company February 2019 and December 2022. The collateral portfolio comprises a static pool of 8 fully amortizing financial leasing contracts, at the closing date.

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 120,000,000 to EGP 12,500,000 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) in the amount of 37.51% of the current notes size, in addition to an external credit support (letter of guarantee) in the total amount of EGP 120,000,000, representing 186.94% of the current bond balance; (3) a liquidity reserve account in the size of 4.1% of the outstanding bond size; (4) the relatively well seasoned portfolio with a weighted average seasoning of 47 months of the securitized pool; (5) the availability of a back-up servicing agreement with Banque Misr (rated Caa1 by Moody's Ratings, April 2026).

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; (3) remarkably high single obligor concentrations exhibited by the pool; (4) 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.

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