MERIS
Middle East Rating & Investors Service

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Press Release: Tawriq Securitization Company S.A.E. – Sixth Issue 2021-2027

MERIS (MIDDLE EAST RATING & INVESTORS SERVICE) AFFIRMS THE NATIONAL SCALE RATINGS (NSR) TO THE SIXTH MULTIPLE-TRANCHE ASSET-BACKED SECURITIZATION BOND ISSUED BY TAWRIQ SECURITIZATION COMPANY AND ORIGINATED BY UE FINANCE COMPANY

MERIS (Middle East Rating & Investors Service) has reviewed and affirmed the national scale ratings to the outstanding tranches under the sixth multiple-tranche asset backed securitization bond in the total size of EGP 54,716,000 issued by Tawriq Securitization Company (TSC) S.A.E. and backed by a single pool of receivables, originated by UE Finance Company S.A.E. (First Portfolio).

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.

Tranche A: Redeemed in March 2023;

Tranche B: Redeemed in February 2025;

Tranche C: "A" (sf) to the EGP 54.71 million Subordinated Floating-Rate Notes, due in 60 months, representing 29.3% of the tranche original size, with a floating coupon equal to the CBE Corridor Lending rate + 0.85% p.a. payable monthly, as of June 2026.

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

The above rating is 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.

Tawriq Securitization Company S.A.E. – a special purpose entity – was incorporated in Egypt in 2018 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 mostly in Upper Egypt. The leasing receivables have been originated by UE Finance Company between June 2018 and September 2021. The outstanding collateral portfolio comprises a static pool of 11 fully amortizing financial leasing contracts.

In view of the significant deterioration in the performance of the underlying receivables, characterized by high delinquency levels and a remaining portfolio balance that is below the outstanding bond balance, the portfolio is no longer sufficient, on a standalone basis, to provide adequate coverage for the outstanding notes. Nevertheless, the transaction continues to benefit from external credit enhancement in the form of an unconditional and irrevocable Letter of Guarantee (LG), which provides coverage for the outstanding bond balance along with the coupon till the legal maturity date.. Thus, **MERIS** affirms the initially assigned ratings to the outstanding tranche.

The ratings assigned to the notes are based on: (1) the level of protection provided to investors by the over-collateralization (net of expenses) in the amount of 3.47% of the aggregate notes size at the closing of the transaction, in addition to an external credit support (default reserve) in the total size of 182.76% of the initial bond balance represented by a letter of guarantee (LG) in the size EGP 100,000,000; (2) the availability of a contractually appointed back-up servicer.

The ratings assigned by **MERIS** also take 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; (2) the liquidity reserve account currently stands at 1.02% of the outstanding notes' balance, below the minimum required level of 3%, and therefore requires replenishment; (3) Significant deterioration in the remaining portfolio, with high delinquencies and non-performing exposures resulting in the portfolio balance falling below the outstanding bond balance; (4) the generally greater uncertainty associated with unrated Originators, and the use of securitization proceeds to fund the Originator's growing phase; (5) remarkably high single obligor concentrations exhibited by the pool; (6) 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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