MERIS
Middle East Rating & Investors Service

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Press Release: GlobalCorp Securitization Company – First Program Sixth Issue 2024-2028

MERIS (MIDDLE EAST RATING & INVESTORS SERVICE) ASSIGNS NATIONAL SCALE RATINGS (NSR) TO THE SIXTH MULTIPLE-TRANCHE ASSET-BACKED SECURITIZATION BOND UNDER THE FIRST PROGRAM ISSUED BY GLOBALCORP SECURITIZATION COMPANY AND ORIGINATED BY GLOBALCORP FINANCIAL SOLUTIONS S.A.E.

MERIS (Middle East Rating & Investors Service) has assigned the following ratings on the national scale to the multiple-tranche notes in the total size of EGP 1,320 million issued by GlobalCorp Securitization Company S.A.E. and backed by a single pool of receivables, originated by GlobalCorp Financial Solutions S.A.E. (6th transaction):

Tranche A: "AA+" (sf) to the EGP 745 million Senior Floating-Rate Notes, due in 25 months after issuance, representing 56.44% of the aggregate issue size, with a floating coupon equal to the CBE Lending Corridor rate + 0.50% p.a. payable monthly, currently 28.75%. The notes are non-callable.

Tranche B: **"AA" (sf)** to the EGP 385 million Subordinated Floating-Rate Notes, due in 37 months after issuance, representing 29.17% of the aggregate issue size, with a floating coupon equal to the CBE Lending Corridor rate + 0.60% p.a. payable monthly, currently 28.85%. The notes are callable from the 26th month.

Tranche C: "A" (sf) to the EGP 190 million Junior Subordinated Floating-Rate Notes, due in 48 months after issuance, representing 14.39% of the aggregate issue size, with a floating coupon equal to the CBE Lending Corridor rate + 0.90% p.a. payable monthly, currently 29.15%. The notes are callable from the 26th month.

The notes will be redeemed sequentially in order of seniority and will follow a monthly pass-through amortization schedule.

All of the above ratings are considered investment grade on the National Rating Scale. A "**AA**" grade represents **Very Strong** Creditworthiness relative to other domestic issues. An "**A**" rated issuer or issue is considered of **Above Average** 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 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.

GlobalCorp Securitization Company S.A.E. – a special purpose entity – was incorporated in Egypt in 2021 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 large and medium-sized corporate entities domiciled in Egypt. The leasing receivables have been originated by GlobalCorp Financial Solutions between 2022 and 2024. The collateral portfolio comprises a static pool of 14 fully amortizing financial leasing contracts.

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 6.58% of the aggregate notes size at the closing of the transaction, in addition to an irrevocable and unconditional bank letter of guarantee in the amount of 12.80% (EGP 168,960,000), as well as the structural subordination of the junior tranches to the more senior tranches; (3) the liquidity support in the form of a cash reserve account in the size of 8.10% of the outstanding aggregate notes balance, which is to be funded over the first six months after closing and adjusted on a monthly basis thereafter; (4) the solid portfolio asset composition with 95% of real estate assets, which are considered less risky compared to movable assets; (5) the relatively low weighted average current loan-to-value (LTV) ratio (49.2% of the original purchase price), which accelerates the build-up of owner's equity into the assets and hence minimizes the lessees' propensity to default, while at the same time increasing the recovery

potential in case of default; (6) the experience of the Servicer and the efficiency of its operations, in addition to the availability of a back-up servicing agreement with Commercial International Bank (CIB) (rated 'Caa1' by Moody's Ratings).

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 cycle in the local market; (2) the high linkage between the ratings of the junior notes to the ratings of the external credit support provider, i.e. issuer of the bank letter of guarantee; (3) remarkably high individual 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 will monitor the transaction on an on-going basis and will issue regular performance reports.

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