MERIS
Middle East Rating & Investors Service

**Cairo, August 2026**

**Press Release: Capital for Securitization Company - 1st Program 4th Issue 2023-2028**

## MERIS (MIDDLE EAST RATING & INVESTORS SERVICE) AFFIRMS THE NATIONAL SCALE RATINGS (NSR) TO THE FOURTH MULTIPLE-TRANCHE ASSET-BACKED SECURITIZATION BOND UNDER THE FIRST PROGRAM ISSUED BY CAPITAL FOR SECURITIZATION COMPANY AND ORIGINATED BY GB LEASE & FACTORING S.A.E.

**MERIS** (Middle East Rating & Investors Service) has reviewed and affirmed the national scale ratings to the multiple-tranche notes issued by Capital for Securitization Company S.A.E. (1st Program 4th Issue) in the size of EGP 733,700,000 as of 31 May 2026 and backed by a portfolio originated by GB Lease & Factoring S.A.E.

The annual rating review is based on the monthly performance reports issued by the Custodian as of **31 May 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: Redeemed as of February 2025.**

**Tranche B**: **"AA" (sf)** to the EGP 158.7 million Subordinated Floating-Rate Notes, due in 37 months after issuance, representing 21.6% of the outstanding issue size, with a floating coupon equal to the CBE Corridor Lending Rate + 0.60% p.a. payable monthly. Tranche B is callable from the 14th month.

**Tranche C: "A" (sf)** to the EGP 575.0 million Junior Subordinated Floating-Rate Notes, due in 56 months after issuance, representing 78.4% of the outstanding issue size, with a floating coupon equal to the CBE Corridor Lending Rate + 0.80% p.a. payable monthly. Tranche C is callable from the 14th month.

The notes are redeemed sequentially in order of seniority. All three classes follow a pass-through monthly amortization structure.

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.

Capital for Securitization Company S.A.E. – a special purpose entity – was incorporated in Egypt in 2019 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 GB Lease between 2021 and 2023. The collateral portfolio comprises a static pool of 37 fully amortizing financial leasing contracts in the total size of EGP 839,333,550.

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 bank letter of guarantee can be adjusted downwards from the current level of EGP 266,490,000 to EGP 180,000,000 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 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 2.5% of the outstanding notes' size, in addition to external credit support in in the form of an irrevocable and unconditional bank letter of guarantee in the amount of EGP 266,490,000 (36.3% of the current bond size), as well as the structural subordination of the junior notes to the more senior ones; (3) the liquidity support in the form of a cash reserve account, currently in the size of 3.0% of the outstanding notes' balance; (4) the reasonable current LTV (loan to value) ratio of 50.1% of the original purchase price; (5) the portfolio's asset composition includes 62% of real estate assets, which are considered a less risky asset type compared to movable assets; (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 (rated Caa1 by Moody's – 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 cycle in the local market; (2) the generally greater uncertainty associated with unrated Originators, and the use of securitization proceeds to fund the Originator's operations; mitigated, however, by the Originator's experienced management team and adherence to its underwriting policies and procedures, which assure a reasonable quality receivables pool; (3) 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; (4) remarkably high individual obligor and industry concentrations exhibited by the pool; (5) notably high share of relatively longer tenor contracts, which carry relatively higher credit risk due to the slower build-up of owner's equity, partially mitigated by the seasoning of the portfolio and adequate loan to value ratio; (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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