MERIS
Middle East Rating & Investors Service

Cairo, August 2026

Press Release: Capital for Securitization Company - 11th Program 1st Issue 2024-2029

MERIS (MIDDLE EAST RATING & INVESTORS SERVICE) AFFIRMS THE NATIONAL SCALE RATINGS (NSR) TO THE FIRST MULTIPLE-TRANCHE ASSET-BACKED SECURITIZATION BOND UNDER THE ELEVENTH 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. (11th Program 1st Issue) in the size of EGP 929,790,000 as of 30 June 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 **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: Redeemed as of January 2026.

Tranche B: **"AA (sf)"** to the EGP 268.1 million Subordinated Floating-Rate Notes, due in 26 months after issuance, representing 28.8% of the outstanding issue size, with a floating coupon equal to the CBE Corridor Lending Rate + 0.50% p.a. payable monthly. Tranche B is callable from the 14th month.

Tranche C: "A (sf)" to the EGP 379.9 million Subordinated Floating-Rate Notes, due in 39 months after issuance, representing 40.9% of the outstanding issue size, with a floating coupon equal to the CBE Corridor Lending Rate + 0.60% p.a. payable monthly. Tranche C is callable from the 14th month.

Tranche D: "A- (sf)" to the EGP 281.8 million Junior Subordinated Floating-Rate Notes, due in 51 months after issuance, representing 30.3% of the outstanding issue size, with a floating coupon equal to the CBE Corridor Lending Rate + 0.90% p.a. payable monthly. Tranche D is callable from the 14th month.

The notes are redeemed sequentially in order of seniority. All four 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 2024. The collateral portfolio comprises a static pool of 66 fully amortizing financial leasing contracts in the total size of EGP 1,106,253,440.

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 445,172,000 to EGP 250,000,000 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 overall credit support in the size of 53.5% of the aggregate outstanding notes size, compared to 34.7% at the date of issuance, in addition to the structural subordination of the junior tranches to the more senior ones; (3) the liquidity support in the form of a cash reserve account, currently in the size of 5.9% of the outstanding notes' balance. The liquidity reserve is sized to cover approximately three months of senior fees and coupon payments; (4) the reasonable current LTV (loan to value) ratio of 51.0% of the original purchase price; (5) the portfolio's asset composition includes 61% 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) 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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