

Drive concludes inaugural LE 425 million securitized bond offering

Date: 6 November 2019

(Cairo, Egypt) — GB Auto (AUTO.CA on the Egyptian Exchange), a leading automotive company in the Middle East and non-bank financial services provider in Egypt, announced today that subsidiary Drive Finance has completed its first securitized bond offering in the amount of LE 425 million, marking the first securitization for a factoring company in Egypt. Proceeds from the transaction will be used to deleverage Drive's balance sheet and unlock further opportunities for growth.

The offering consists of three tranches with tenors of 13, 36 and 48 months, respectively, with the first receiving a rating of AA+, the second AA and third A by Middle East Rating & Investors Service (MERIS). The structure of the transaction is as follows:

- The first tranche consists of a LE 187 million, 13-month non-callable bond with a fixed annual return of 13.01%.
- The second tranche consists of a LE 200 million, 36-month callable bond with a fixed annual return 13.81%.
- The third tranche consists of a LE 38 million, 48-month callable bond with a fixed annual return of 14.11%.

Drive, which offers factoring services to individuals and companies, falls under the umbrella of GB Auto's financing arm, GB Capital. Drive was launched in 3Q12 and has quickly captured a sizeable and growing market share even during typically low seasonal market demand, with a market share of c.21% YTD August 2019 - as per the latest FRA report issued - making the company ranked third in the factoring market.

"I'm very pleased to finalize the first securitized bond offering for Drive. Receiving this high rating on all tranches of the portfolio is proof positive of Drive's superior portfolio quality and our strong governance in the portfolio acquisition process," said GB Auto's Chief Executive Officer Raouf Ghabbour.

"We are excited to be part of the first factoring securitization transaction in the market, leveraging a high quality portfolio such as ours," said Managing Director and Chairman of Drive Finance Ahmed Ossama. "We're also proud to have received such high ratings with lower credit enhancement compared to others with a longer track record in the market."

Capital Securitization Co. was the issuer of the bond, which is backed by a portfolio generated by Drive Finance, while Commercial International Bank (CIB) and Arab African International Bank (AAIB) acted as joint lead managers and global coordinators of the issuance. CIB also acted as book runner and underwriter of the transaction. Dreeny & Partners was legal advisor on the transaction, while KPMG was the auditor.

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About GB Auto S.A.E.

GB Auto S.A.E. (AUTO.CA on the Egyptian Exchange) is a leading automotive company in the Middle East and non-bank financial services provider in Egypt. Across six primary lines of business — Passenger Cars, Motorcycles & Three-Wheelers, Commercial Vehicles & Construction Equipment, Tires, After-Sales, and Iraqi operations — the company's main business activities include assembly, manufacturing, sales and distribution, financing and after-sales services. GB Auto's portfolio of brands includes Hyundai, Mazda, Geely, Chery, Bajaj, Marcopolo, Iveco, Volvo Truck & Bus, Volvo Construction Equipment, Mitsubishi Fuso, YTO, Karry, SDLG, Sinotruk, Aksa, Lassa, Yokohama, Pirelli, Westlake, Double Coin, Doublestar, Verde, Techking, and Gazpromneft. GB Auto has operations in Egypt and Iraq. The Company's NBFS' segment branded GB Capital offers leasing, consumer finance, microfinance and fleet quasi-operational leasing under the following brands - GB Lease, Mashroey, Drive, Tasaheel and Haram. The company is headquartered in Giza, Greater Cairo Area, Egypt.

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