

KBRA Assigns Ratings to MidCap Financial Issuer Trust

New York (January 9, 2026)

KBRA assigns an issuer rating of A-, a senior unsecured debt rating of A-, and a junior subordinated debt rating of BBB to MidCap Financial Issuer Trust, a wholly-owned subsidiary of MidCap FinCo Intermediate LLC ("the company" or "MidCap"), which serves as guarantor of the debt. MidCap is a commercial financial company that provides senior secured debt solutions to companies across multiple industries. The company is headquartered in Bethesda, MD. The ratings Outlook is Stable.

Key Credit Considerations

The ratings reflect MidCap's strong strategic relationship with Apollo Global Management (NYSE: APO or "Apollo"), which provides access to an experienced and expansive platform with approximately \$908 billion of assets under management ("AUM"), including \$723 million of AUM in credit-related products as of September 30, 2025. Apollo, Athene Holding Ltd, Apollo's insurance subsidiary, and other Apollo affiliates together own 50% of the company. MidCap has operated since 2008 and focuses on middle-market specialty finance, maintaining a highly diversified investment portfolio that includes leveraged lending, asset-based lending, commercial real estate lending, and collateralized loan obligations (CLOs). MidCap had balance sheet commitments of \$18 billion with an additional \$19 billion of sidecar commitments comprised of investments directly from Apollo vehicles and third-party investments which Apollo manages as a registered investment advisor as of September 30, 2025.

MidCap serves as Apollo's primary direct origination platform in the private middle market, encompassing more than 560 borrower relationships and 500 sponsor relationships across its credit platforms. The company benefits from a seasoned management team, with senior leadership averaging over 21 years of experience working together. Strong underwriting standards and disciplined risk managed are supported by Apollo, with fiduciary oversight provided by the Board.

The ratings are further supported by stable earnings metrics driven by consistent net interest income and historically low impairment levels across the credit cycle. Capital support, primarily from Apollo, Athene, and institutional investors, is considered permanent in nature, with no obligation to provide liquidity and any redemption subject to Board discretion.

MidCap's funding profile is diversified and well laddered, with a long-term funding strategy includes non-recourse collateralized loan obligations (CLOs), revolving credit facilities, and senior unsecured debt. The company's recapitalization included the issuance of senior unsecured notes and junior subordinated notes (JSNs), which enhanced equity capitalization, further supported by recent capital raises totaling \$400 million of which \$91 million remains uncalled as of September 30, 2025. MidCap expects to repay a substantial portion of its secured debt using proceeds from senior unsecured debt issuances and additional financings in 2026. As a result, unencumbered collateral is projected to increase to a solid \$8.0+ billion by year-end 2026.

The company's projected debt-to-equity ratio, including these issuances, is relatively conservative at 1.04x at YE2026 and is expected to remain at or below 1.5x on a sustained basis. While the JSNs are deeply subordinated and carry 30-year maturities, approximately \$593 million feature a five-year non-call period and \$1.48 billion include a ten-year non-call period, exercisable at the company's discretion. In the event of a call, company policy is to replace the JSNs with equity or refinance with similar subordinated instruments, thereby preserving loss absorption capacity for senior unsecured noteholders. Additionally, the company has the option to pay interest-in-kind (PIK) on the JSNs for up to 5 years.

These strengths are partially offset by risks inherent in investing in illiquid non-investment grade debt, as well as a somewhat elevated non-accrual rate for the investment portfolio as of 3Q25. Additionally, there is potential for increased investments on non-accrual status with a more uncertain economic environment characterized by elevated interest rates, inflationary pressures, and geopolitical risk. Nevertheless, KBRA believes MidCap maintains a manageable level of impairments, supported by low historical credit losses and a diversified portfolio primarily composed of first-lien, senior secured loans with modest company leverage when including JSNs.



Rating Sensitivities

Given the Stable Outlook, a rating upgrade is not expected over the medium term. Downward rating pressure could emerge if portfolio performance materially underperforms expectations, particularly if asset quality deterioration leads to significantly weaker finance performance and leverage metrics.

To access ratings and relevant documents, click [here](#).

Methodologies

- [Financial Institutions: Finance Company Global Rating Methodology](#)
- [Corporates & Financial Institutions: Corporate Instruments / Corporate-Linked Obligations Notching Global Methodology](#)
- [ESG Global Rating Methodology](#)

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Disclosures

A description of all substantially material sources that were used to prepare the credit rating and information on the methodology(ies) (inclusive of any material models and sensitivity analyses of the relevant key rating assumptions, as applicable) used in determining the credit rating is available in the Information Disclosure Form(s) located [here](#).

Information on the meaning of each rating category can be located [here](#).

Further disclosures relating to this rating action are available in the Information Disclosure Form(s) referenced above. Additional information regarding KBRA policies, methodologies, rating scales and disclosures are available at www.kbra.com.

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