



**BAYPORT SECURITISATION (RF) LTD**

*(Incorporated with limited liability in the Republic of South Africa under Registration Number 2008/003557/06)*

**Formerly called BAYPORT SECURITISATION (PROPRIETARY) LIMITED Registration Number 2008/003557/07)**

---

**ZAR4,400,000,000  
Supplement**

---

Under its ZAR4,400,000,000 Asset Backed Note Programme (the "**Programme**"), Bayport Securitisation (RF) LTD (the "**Issuer**") may from time to time issue limited recourse secured registered notes (the "**Notes**") denominated in South African Rand on the terms and conditions (the "**Terms and Conditions**") contained in the Programme Memorandum dated 20 May 2011 as supplemented by the Supplements to the Programme Memorandum dated 22 September 2011 and 25 April 2012 (the "**Programme Memorandum**") headed "*Terms and Conditions of the Notes*".

This supplement to the Programme Memorandum (the "**Supplement**") is published for the purpose of updating the Programme Memorandum in order to (1) correct the registration number of the Issuer; (2) consolidate previous changes made to the Transaction Overview section of the Programme Memorandum into one document; (3) provide updated information regarding the Issuer, including updated financial information to 31 March 2012; and (4) update "*the Originator and the Originator's Credit Operations*" section of the Programme Memorandum in its entirety.

This Supplement is supplemental to, and should be read in conjunction with the Programme Memorandum.

Where any term is defined within the context of a particular clause or section in the Programme Memorandum, the term so defined, unless it is clear from the clause or section in question that the term so defined has limited application to the relevant clause or section, shall bear the meaning ascribed to it for all purposes in this Supplement, unless the context otherwise requires. Expressions defined in the Programme Memorandum shall bear the same meaning in this Supplement.

In the event of any conflict between the provisions or definitions of the Programme Memorandum and the provisions or definitions of this Supplement, the provisions or definitions, as the case may be, of this Supplement shall prevail. The remaining provisions of the Programme Memorandum, particularly the Terms and Conditions, shall apply, subject to any amendments required by this Supplement. All references to the Programme Memorandum shall mean the Programme Memorandum as supplemented by this Supplement.

---

*Arranger*

**Transaction Capital (Proprietary) Limited**

*Debt Sponsor*

**Deutsche Bank AG, Johannesburg Branch**

*Legal Advisers to the Issuer and Arranger*

**Prinsloo, Tindle & Andropoulos Inc**

---

**Supplement dated 31 July 2012 to the Programme Memorandum**

---

---

## GENERAL

---

*Capitalised terms used in this Supplement shall bear the same meanings as used in the section of the Programme Memorandum headed "Glossary of Definitions", except to the extent that they are separately defined in this Supplement or any section thereof or clearly inappropriate from the context.*

The Issuer accepts full responsibility for the information contained in this Supplement to the Programme Memorandum. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in the Programme Memorandum, as supplemented hereby, is in accordance with the facts and does not omit anything likely to affect the import of such information.

The JSE:

- takes no responsibility for the contents of the Programme Memorandum, as supplemented hereby, any Applicable Pricing Supplements, or any annual report (as amended or restated from time to time) or the amendments to the annual report,
- makes no representation as to the accuracy or completeness of any of the foregoing documents; and
- expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the Programme Memorandum, as supplemented hereby, any Applicable Pricing Supplements, or the annual report (as amended or restated from time to time) or the amendments to the annual report.

The Issuer certifies that, to the best of its knowledge and belief, there are no facts that have been omitted which would make any statements in the Programme Memorandum, as supplemented hereby, false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the Programme Memorandum, as supplemented hereby, contains all information required by law and the JSE Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum and this Supplement and the financial information incorporated by reference herein as well as in any supplements to the Programme Memorandum from time to time, except as otherwise stated herein and/or therein.

Information contained in the Programme Memorandum, as supplemented hereby, with respect to BFS, the Security Trust and the other parties to the Transaction Documents has been obtained from each of them for information purposes only. The delivery of the Programme Memorandum or the Supplement shall not create any implication that there has been no change in the affairs of BFS, the Security Trust or the other parties to the Transaction Documents since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

The Programme Memorandum and this Supplement are to be read and construed with any amendment or supplement thereto and in conjunction with any other documents which are deemed to be incorporated herein by reference (see the section headed "*Documents Incorporated by Reference*") and, in relation to any Tranche of Notes, should be read and construed together with the Applicable Pricing Supplement. The Programme Memorandum and this Supplement shall be read and construed on the basis that such documents are incorporated into and form part of the Programme Memorandum and the Supplement, as the case may be.

None of the Arranger, the Dealer or any of their Affiliates, the Sponsor, other professional advisers or the JSE has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger and the Dealer or their Affiliates, the Sponsor, other professional advisers or the JSE as to the accuracy or completeness of the information contained in the Programme Memorandum or this Supplement or any other information provided by the Issuer. The Arranger and the Dealer and their Affiliates, the Sponsor, other professional advisers or the JSE do not accept any liability in relation to the information contained in the Programme Memorandum, as supplemented hereby or any other information provided by the Issuer in connection with the Programme.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with the Programme Memorandum or the Supplement, or any other document entered into in relation to the Programme or any other information supplied by the Issuer in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger and the Dealer or their Affiliates, the Sponsor, other professional advisers or the JSE.

Neither the Programme Memorandum nor the Supplement, nor any other information supplied in connection with the Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer, the Arranger and the Dealer or their Affiliates, the Sponsor, other professional advisers or the JSE that any recipient of the Programme Memorandum, the Supplement or any other information supplied in connection with the Programme should subscribe for, or purchase, any Notes.

Each person contemplating the subscription for, or purchase of, any Notes should determine for itself the relevance of the information contained in the Programme Memorandum and the Supplement and should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subscription for, or purchase of, Notes should be based upon any such investigation as it deems necessary. Neither the Programme Memorandum, nor the Supplement nor any Applicable Pricing Supplement nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Arranger and the Dealer or their Affiliates, the Sponsor, other professional advisers or the JSE to any person to subscribe for or to purchase any Notes.

Neither the delivery of the Programme Memorandum nor the Supplement nor any Applicable Pricing Supplement nor the offering, sale or delivery of any Note shall at any time imply that the information contained herein is correct at any time subsequent to the date hereof or that any other financial statements or other information supplied in connection with the Programme is correct at any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealer and their Affiliates, the Sponsor, other professional advisers and the JSE expressly do not undertake to review

the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements, if any, of the Issuer when deciding whether or not to subscribe for, or purchase, any Notes.

Neither the Programme Memorandum nor the Supplement nor any Applicable Pricing Supplement constitutes an offer to sell or the solicitation of an offer to buy or an invitation to subscribe for or purchase any Notes. The distribution of the Programme Memorandum, the Supplement and any Applicable Pricing Supplement and the issue, sale or offer of Notes may be restricted by law in certain jurisdictions. Persons into whose possession the Programme Memorandum, the Supplement or any Applicable Pricing Supplement or any Notes come are required by the Issuer, the Arranger and the Dealer and their respective Affiliates, the Sponsor, other professional advisers and the JSE to inform themselves about, and observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of the Programme Memorandum, the Supplement or any Applicable Pricing Supplement and other offering materially relating to the Notes, see the section of the Programme Memorandum headed "*Subscription and Sale*".

The terms of the Programme Memorandum, as supplemented hereby, if sent to persons resident in jurisdictions outside South Africa, may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person wishing to subscribe for the Notes to satisfy himself as to the full observance of the laws of the relevant jurisdiction therewith. If and to the extent that the Programme Memorandum, as supplemented hereby, is illegal in any jurisdiction, it is not made in such jurisdiction and this document is sent to persons in such jurisdiction for information purposes only.

None of the Issuer, the Arranger and the Dealer or their Affiliates, the Sponsor, other professional advisers nor the JSE represents that the Programme Memorandum, as supplemented hereby, may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger and the Dealer or their Affiliates, the Sponsor, other professional advisers or the JSE which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither the Programme Memorandum, as supplemented hereby, nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. The Dealer has represented that all offers and sales by them will be made in compliance with these restrictions.

**The Notes have not been and will not be registered under the United States Securities Act, 1933 (as amended) (the "Securities Act"). Notes may not be offered, sold or delivered within the United States or to U.S. persons except in accordance with Regulation S under the Securities Act.**

**The Programme Memorandum, as supplemented hereby, has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes under the Programme Memorandum, as supplemented hereby, as completed by an Applicable Pricing Supplement in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.**

**In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer, if any, that is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any person acting for the Stabilising Manager) may, if specified in that Applicable Pricing Supplement and only if such stabilising is permitted by the JSE Listings Requirements and in accordance with the Securities Services Act and approved by the JSE, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.**

References in the Programme Memorandum and this Supplement to "Rands" are to the lawful currency for the time being of South Africa.

---

**TABLE OF CONTENTS**

---

	<i>Page</i>
DOCUMENTS INCORPORATED BY REFERENCE	5
CORRECTION OF REGISTRATION NUMBER	6
TRANSACTION OVERVIEW	7
THE ISSUER	9
THE ORIGINATOR AND THE ORIGINATOR'S CREDIT OPERATIONS	14
GENERAL INFORMATION	30
CORPORATE INFORMATION	31

---

## DOCUMENTS INCORPORATED BY REFERENCE

---

Words used in this section headed "Documents Incorporated by Reference" shall bear the same meanings as used in the section of this Programme Memorandum headed "Glossary of Definitions", except to the extent that they are separately defined in this section or clearly inappropriate from the context.

The following documents shall be deemed to be incorporated in, and to form part of, this Programme Memorandum:

- (a) in respect of any issue of Notes under the Programme, the audited annual financial statements (together with reports and notes thereto) of the Issuer for its three financial years prior to the date of such issue (provided that the earliest audited annual financial statements available shall be 31 March 2009 being the date of the first financial year end after the Issuer's incorporation, which year end has subsequently been moved to 30 September of each year), and the audited annual financial statements (together with reports and notes thereto) of the Issuer for all financial years post the date of such issue as and when such statements become available;
- (b) the Transaction Documents, other than Applicable Pricing Supplements in respect of Notes which are not listed on the Interest Rate Market or the Main Board of the JSE;
- (c) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme and listed on the Interest Rate Market or the Main Board of the JSE;
- (d) all amendments and supplements to this Programme Memorandum prepared by the Issuer from time to time; and
- (e) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which will be submitted electronically through the Securities Exchange News Service ("**SENS**") or similar service established by the JSE, to SENS subscribers, if required,

save that any statement contained in this Programme Memorandum or in any of the documents incorporated by reference in and forming part of this Programme Memorandum shall be deemed to be modified or superseded for the purpose of this Programme Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The documents listed in paragraph (b) above are available for inspection by investors, during normal office hours, at the Specified Offices of the Issuer as set out in the section at the end of this Programme Memorandum headed "*Corporate Information*".

Copies of this Programme Memorandum and of the documents referred to in paragraphs (a), (c) and (d) above will, as and when such documents are approved and become available:

- be available for inspection, by investors, during normal office hours, at the Specified Offices of the Issuer;
- be available on [www.transactioncapital.co.za/BaySecDebt.aspx](http://www.transactioncapital.co.za/BaySecDebt.aspx);
- be available for inspection by investors on the JSE's website.

The Issuer will, for so long as any Note remains outstanding and listed on the Interest Rate Market or the Main Board of the JSE, update the Programme Memorandum within six months of the financial year end of the Issuer, in the event of any of the information contained therein being outdated in a material respect. The amendments shall be subject to the approval of the JSE. No update or new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer's annual financial statements if such annual financial statements are incorporated by reference into this Programme Memorandum and such annual financial statements are published, as required by the Companies Act, and submitted to the JSE within six months after the financial year end of the Issuer.

Any update or new Programme Memorandum or Programme Memorandum as supplemented, as the case may be, will be deemed to have substituted the previous Programme Memorandum from the date of issue of the new Programme Memorandum or Programme Memorandum as supplemented, as the case may be.

---

## CORRECTION OF REGISTRATION NUMBER

---

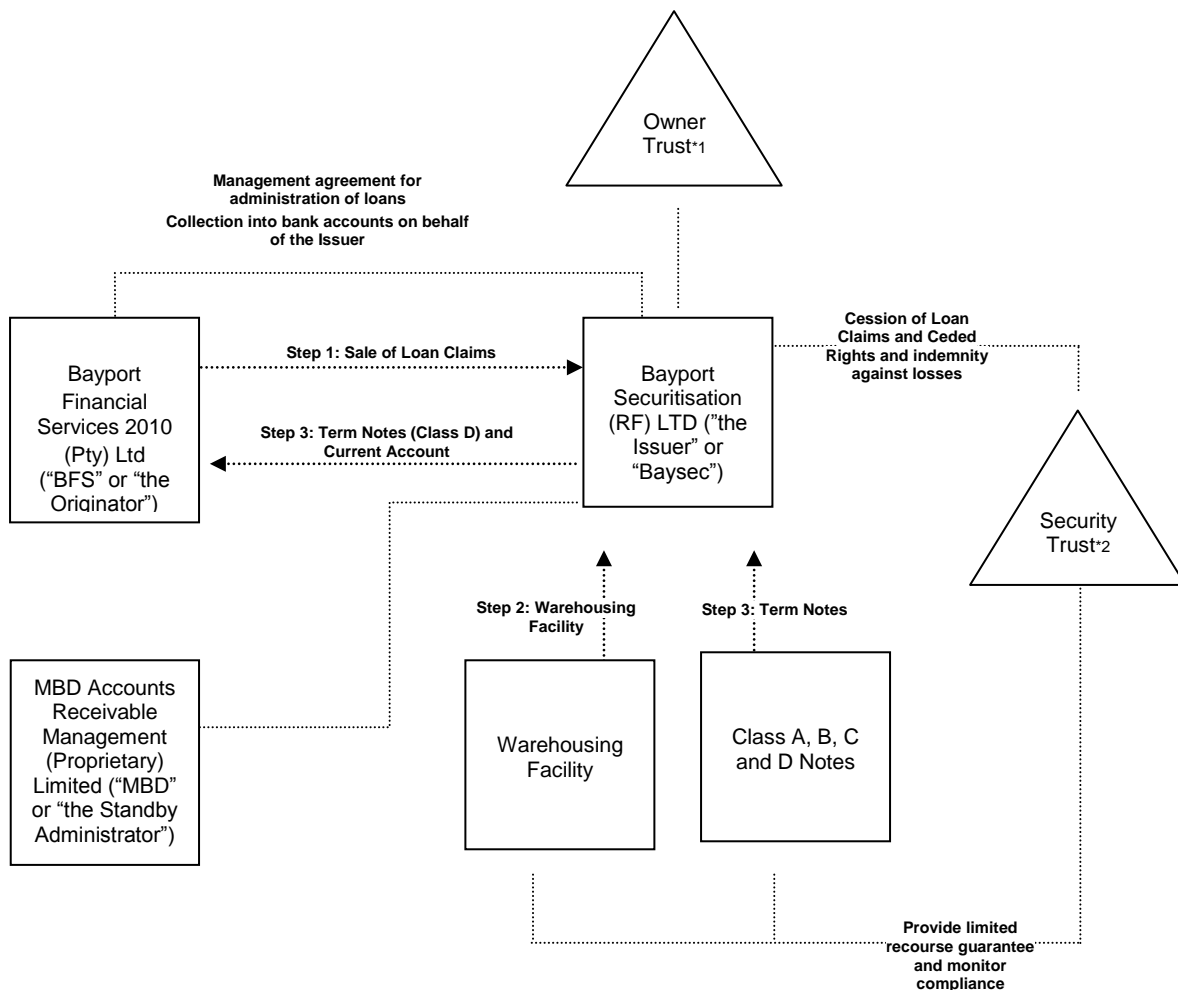
1. In the first supplement to the Programme Memorandum dated 22 September 2011, Noteholders were advised that the Issuer had converted from a private company to a public company with effect on 1 September 2011. Noteholders were further advised that the effect of this on the Programme Memorandum, *inter alia*, was that all references to the registration number of the Issuer as “2008/003557/07” would be changed to a reference to the registration number “M2008/003557/06”.
2. This was incorrect and the registration number of the Issuer, on its public documents, should in fact be “2008/003557/06” as the assignment of the letter “M” at the beginning of the number is an internal code of the Companies and Intellectual Property Commission.
3. The effect of this on the Programme Memorandum is as follows:
  - 3.1 all references to the registration number of the Issuer as “M2008/003557/06” shall be corrected to a reference to the registration number “2008/003557/06”; and
  - 3.2 the definition of the Issuer in paragraph 3.101 of the section of the Programme Memorandum headed “*Glossary of Definitions*” shall be amended so that such definition shall henceforth read as follows:

“3.101	“Issuer”	Bayport Securitisation (RF) LTD, a public company with limited liability registered and incorporated in accordance with the laws of South Africa under registration number 2008/003557/06 and its successors-in-title or assigns;”.
--------	----------	---

## TRANSACTION OVERVIEW

The Programme Memorandum contains a section headed "*Transaction Overview*". That section is set out below, but amended to consolidate the changes made:

- 1) in the first supplement to the Programme Memorandum dated 22 September 2011 in which Noteholders were advised that the Collection Accounts had been transferred by BFS 2003 to BFS and that any reference in the Programme Memorandum to the Collection Accounts of BFS 2003 or any such accounts in the name of BFS 2003 would henceforth refer to such accounts as transferred to BFS; and
- 2) in the second supplement to the Programme Memorandum dated 25 April 2012 in which the ability of the Issuer to enter into a liquidity facility was introduced.



\*1 The Owner Trust is the Bayport Securitisation Owner Trust

\*2 The Security Trust is Bayport Securitisation Debenture Holders Trust

### Transaction steps:

- In terms of the Sale of Claims Agreement, BFS, as Originator, sells Loan Claims (which BFS warrants meet the Credit Granting Criteria) to the Issuer which is an insolvency remote entity. Initial sales have taken place with effect on 30 April 2008, with further sales having taken place as and when the Loan Claims arise up until 11 May 2011. Thereafter, Loan Claims are and will be selected by the Originator on a random basis and offered and sold to the Issuer until the Termination Date or until the date of delivery of an Early Amortisation Notice, whichever occurs first.
- Collections occur into the existing Collection Accounts in the name of BFS which have been ceded to the Issuer.

- The Issuer funds the ongoing acquisition of Loan Claims purchased by it through borrowings under Warehousing Facilities (subject to the limits therein), the issuance of Notes and/or from the proceeds of collections of previously acquired Loan Claims. Any amounts in respect of the purchase price of such Loan Claims not paid immediately on acquisition by the Issuer will remain owing to the Originator on Current Account.
- The Issuer also has the ability to enter into a Liquidity Facility, should it choose to do so which facility will be used for the sole purpose of funding shortfalls caused by timing differences between the receipt of monies in respect of the Portfolio and the payment of amounts due by the Issuer in terms of its senior expenses and interest costs on Senior Debt. The amounts owing under any Liquidity Facility from time to time also constitutes "Senior Debt" and rank according to the Priority of Payments.
- The amounts owing under the Warehousing Facilities, if any, will be converted periodically to Class A Notes or other Notes. The amounts owing under any Warehousing Facilities from time to time and the Class A Notes rank concurrently and are together the "Senior Debt".
- Class B Notes, Class C Notes and Class D Notes are also issued by the Issuer from time to time:
  - the Class B Notes, ranking behind the Class A Notes, but ahead of the Class C Notes and the Class D Notes;
  - the Class C Notes, ranking behind the Class A Notes and the Class B Notes, but ahead of the Class D Notes; and
  - the Current Account claim of the Originator ranking after Class A Notes and the Class B Notes but ahead of the Class C Notes and the Class D Notes in the Priority of Payments.
- BFS, as Manager to the Issuer and on behalf of the Issuer, will perform the administration, servicing and management of the Loan Claims acquired by the Issuer in terms of the Sale of Claims Agreement and will provide Management Functions in respect of the Issuer's Business, including administering the Priority of Payments. MBD has agreed to act as the Standby Administrator.
- The Security Trust has been incorporated for the purpose of safeguarding the interests of Secured Creditors, and is empowered in certain circumstances of default to realise security for the benefit of Secured Creditors, including Noteholders, subject to the Priority of Payments.
- The Security Trust has executed a limited recourse Guarantee in favour of the Noteholders and other Secured Creditors. The Issuer has provided an Indemnity to the Security Trust in respect of claims made under the Guarantee. As security for such Indemnity, the Issuer has ceded and pledged, *in securitatem debiti*, the assets of the Issuer (comprising the Ceded Rights and which include the rights to the Collection Accounts) to the Security Trust.
- The Owner Trust owns all the Ordinary Shares in the capital of the Issuer, which Ordinary Shares the Owner Trustees have pledged to the Security Trustee as further security for such Indemnity.
- BFS, as Preference Shareholder, will be entitled to receive dividends in respect of the Preference Shares in accordance with the Priority of Payments.



---

## THE ISSUER

---

Words used in this section headed “the Issuer” shall bear the same meanings as used in the section of the Programme Memorandum headed “Glossary of Definitions”, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

The information regarding the Issuer is to be found on pages 69 – 74 of the Programme Memorandum dated 20 May 2011. Such section was supplemented by the second supplement to that Programme Memorandum dated 25 April 2012 with updated information regarding the Issuer’s Board and company secretary. The information, as supplemented, contained in paragraphs 2 (*Governance and Directors*), 4 (*Company Secretary*), 7 (*Financial Information*), 8 (*Indebtedness*), 10 (*Capitalisation and Indebtedness of the Issuer*), 11 (*Financial Covenants and Arrears Reserve*), 12 (*Liquidity Management*) and 14 (*Credit Rating*) of the section of the Programme Memorandum headed “the Issuer” is further supplemented by the information below.

### **Governance and Directors**

Noteholders were advised that governance is applied to the Issuer through the board of directors and the Audit Committee. The functions of the Audit Committee have subsequently increased to encompass risk and compliance and has been renamed the Audit, Risk and Compliance Committee. All references in the Programme Memorandum to the Audit Committee shall be deemed to be a reference to the Audit, Risk and Compliance Committee.

The members of the board of directors of the Issuer as at the date of this Supplement are:

- Theodor Robert Torsten Bohlmann (Independent non-executive);
- Roderick John Fehrsen (Independent non-executive);
- Peter Joel Katzenellenbogen (non-executive);
- Stuart Kevin Stone (non-executive, CEO of BFS);
- Stephen Forbes Williamson (non-executive, CFO of BFS);
- David Farring Woollam (Independent non-executive).

The board of directors of the Issuer comprises six persons, none of whom are appointed by BFS. The board of directors of the Issuer is independent from BFS, as contemplated in paragraph 4(2)(q) of the Securitisation Regulations.

### **Company Secretary**

The company secretary in respect of the Issuer is Alison Blanchard. Her address is Bayport House, 23A 10<sup>th</sup> Avenue, Rivonia, South Africa.

### **Financial Information**

The latest financial information on the Issuer, on a stand-alone basis, is contained in its audited financial statements for the financial year ended 30 September 2011 and is incorporated herein by reference. Such financial statements are available for inspection at the Issuer’s Specified Office. Such financial information is also available on [www.transactioncapital.co.za/BaySecDebt.aspx](http://www.transactioncapital.co.za/BaySecDebt.aspx).

## Indebtedness

As at 31 March 2012, the Issuer is indebted to Noteholders in the aggregate outstanding capital amount of R2,636,479,673. The following table details the Notes outstanding as at 31 March 2012:

Tranche number	Principal balance O/S (rounded)	Class	Floating / Fixed	Rate	Maturity Date
1	R 332,059,373.00	A	Fixed	12.55 %	31-Mar-16
2	R 75,000,000.00	A	Floating	Variable	30-Jun-13
3	R 300,000,000.00	A	Floating	Variable	30-Jun-12
4	R 16,025,802.00	A	Fixed	11.48 %	30-Sep-15
5	R 26,458,865.00	A	Fixed	11.45 %	30-Sep-15
6	R 512,837,477.00	A	Floating	Variable	30-Sep-16
7	R 27,445,120.00	A	Fixed	11.36 %	31-Dec-15
8	R 50,000,000.00	A	Fixed	11.78 %	31-Dec-17
9	R 59,591,527.00	A	Floating	Variable	31-Dec-15
10	R 31,716,280.00	A	Floating	Variable	31-Dec-15
11	R 50,958,307.00	A	Floating	Variable	31-Mar-16
12	R 17,667,953.00	A	Fixed	11.005 %	31-Mar-16
13	R 70,906,890.00	A	Fixed	12.07 %	31-Mar-16
14	R 10,416,772.00	A	Fixed	11.48 %	30-Sep-15
15	R 92,488,057.00	A	Fixed	11.53%	30-Jun-16
16	R 10,000,000.00	A	Fixed	10.38%	30-Sep-16
17	R 80,000,000.00	A	Floating	10.045%	30-Sep-16
18	R 100,000,000.00	A	Floating	10.045%	30-Sep-16
19	R 135,000,000.00	A	Floating	10.045%	31-Dec-16
20	R 150,000,000.00	A	Floating	9.495%	30-Sep-14
1	R 90,000,000.00	B	Floating	Variable	31-Mar-12
2	R 23,907,250.00	B	Fixed	15.55 %	31-Mar-16
3	R 55,000,000.00	B	Fixed	15.36%	31-Dec-16
1	R 120,000,000.00	C	Floating	Variable	31-Dec-16
1	R 25,000,000.00	D	Fixed	18.69 %	30-Jun-35
2	R 13,000,000.00	D	Fixed	17.01 %	30-Jun-35
3	R 2,000,000.00	D	Floating	Variable	30-Jun-35
4	R 82,000,000.00	D	Floating	Variable	30-Jun-35
5	R 50,000,000.00	D	Floating	Variable	30-Jun-35
6	R 27,000,000.00	D	Floating	Variable	30-Jun-35
<b>Total</b>	<b>R 2,636,479,673</b>				

This is summarised by class as follows:

Class	Balance owing (Rm)
Class A Notes and Warehousing Facilities	2,399.63
Class B Notes	168.91
Class C Notes	120.00
Class D Notes	199.00
Current Account	325.00
<b>Total</b>	<b>3,212.54</b>

The Issuer's funding maturity profile at 31 March 2012 referred to in the tables above (in R million) is summarised as follows:

Years	Debt by Class					Total
	A	Warehousing	B	C	D	
0-1	634.1	151.4	94.3	-	-	879.8
1-2	450.4	99.7	5.0	-	-	555.1

2-5	1,014.1	-	69.6	120.0	-	1,203.6
5+	50.0	-	-	-	199.0	249.0
<b>Total</b>	<b>2,148.57</b>	<b>251.06</b>	<b>168.91</b>	<b>120.00</b>	<b>199.00</b>	<b>2,887.54</b>

Following the 31<sup>st</sup> of March 2012 the following Notes were redeemed:

- BAYB01 on 2 April 2012; and
- BAYA03 on 2 July 2012;

Following the 31<sup>st</sup> of March 2012 the following Notes were issued:

- R90 000 000 Class B Secured Fixed Rate Notes due 31 March 2017 (BAYB04);
- R100 000 000 Class A Secured Floating Rate Notes due 31 March 2013 (BAYA21);
- R100 000 000 Class A Secured Floating Rate Notes due 30 September 2015 (BAYA22);
- R300 000 000 Class A Secured Fixed Rate Notes due 30 June 2017 (BAYA23); and
- R95 000 000 Class A Secured Fixed Rate Notes due 30 June 2017 (BAYA24).

### Capitalisation and Indebtedness of the Issuer

The following table shows the capitalisation and indebtedness of the Issuer as at 31 March 2012:

<i>Share capital</i>	
<b>Authorised</b>	
45 Ordinary Shares of R20.00 each	R900.00
100 Non-Redeemable Preference Shares of R1.00 each	R100.00
<b>Issued</b>	
25 Ordinary shares of R20,00 each	R500.00
100 Non-Redeemable Preference Shares of R1,00 each	R100.00
<i>Borrowings</i>	
Class A Notes	R2,148,572,423.00
Class B Notes	R168,907,250.00
Class C Notes	R98,123,473.00
Class D Notes	R199,000,000.00
Warehousing Facility	R251,067,477.31
Current Account <sup>1</sup>	R324,998,014.00
<b>Total Capitalisation and Indebtedness</b>	<b>R3,190,669,237.31</b>

<sup>1</sup> As at 31 March 2012

While the Issuer is not a bank, it is subject to contractual financial covenants to ensure minimum capital and subordination levels are achieved.

The table below reflects the value (in R million) of Equity that was, at the dates reflected below, subordinated to the Senior Debt, Class B and Class C Notes, and the value (in R million) of Equity, Class B and Class C Notes that is subordinated to the Senior Debt.

	Sep09	Sep10	Mar11	Mar12
Equity	159.0	385.0	508.2	750.2
Mezzanine	30.0	118.0	236.7	267.0
Net Portfolio	1,032.0	1,803.0	2,270.8	3,346.6
Equity / Net Portfolio	15.4%	21.4%	22.4%	22.4%
Equity + Mezzanine / Net Portfolio	18.3%	27.9%	32.8%	30.4%

### Financial covenants and Arrears Reserve

The following table represents the Issuer's covenants and reserves for the 12 -month period ending 31 March 2012 (in R million unless otherwise specified):

	Required	Apr11	May11	Jun11	Jul11	Aug-11	Sep11	Oct11	Nov11	Dec11	Jan12	Feb12	Mar12
Arrears Reserve threshold (%)	≤ 26.2% <sup>1</sup>	-	21.1	20.9	20.7	20.6	20.7	20.8	20.8	20.9	20.9	20.9	20.5
Arrears Reserve threshold (%)	≤ 14.5%	14.8	-	-	-	-	-	-	-	-	-	-	-
Arrears Reserve (Rm)	n/a	6,771	-	-	-	-	-	-	-	-	-	-	-
Asset Performance Reserve (%)	≥80.75%	97.6	98.6	98.7	101.2	103.0	107.1	113.7	118.2	122.6	125.0	127.4	128.6
Bad and Doubtful Debt Ratio (%)	≤17.5%	14.1	14.3	14.4	14.5	14.6	14.5	14.4	14.3	14.3	14.4	14.5	14.4
Equity Underpin (%)	> 19% <sup>2</sup>	-	-	-	21.4	22.0	22.0	22.2	21.0	20.5	19.8	20.6	22.4
Equity Underpin (%)	> 18% <sup>3</sup>	22.6	22.8	22.6	-	-	-	-	-	-	-	-	-
Senior Debt Cash Flow Cover Ratio (x)	≥1.5	5.5	5.6	5.5	4.6	4.4	4.8	5.3	5.1	4.3	3.7	4.1	3.7
Senior Debt Interest Cover Ratio (x)	≥3.5	4.9	5.1	4.9	4.8	5.4	7.2	5.0	4.8	4.3	4.8	4.7	5.8
Senior Debt to Net Qualifying Asset Value (%)	≤ 72.5% <sup>4</sup>	-	66.8	68.4	67.9	66.8	68.9	68.8	70.9	69.7	69.5	69.7	68.5
Senior Debt to Net Qualifying Asset Value (%)	≤ 75% <sup>5</sup>	68.1	-	-	-	-	-	-	-	-	-	-	-
Cellular Contracts as a % of the Portfolio	≤ 20% <sup>6</sup>	8.5	8.5	8.6	8.6	8.8	7.3	7.2	7.2	7.1	7.1	6.9	6.5

#### Notes:

- 1 The Arrears Reserve threshold was amended to 26.2% in May 2011 from 14.5%. It is a cash trapping mechanism which requires cash to be reserved when predefined portfolio performance parameters are breached indicating a deterioration in the quality of the security in the structure. The methodology employs vintage curve analysis techniques which compare the actual level of non-performing loans on the average vintage curve with the level of non-performing loans on a predetermined maximum tolerable vintage curve given a particular point of seasoning of the portfolio. To the extent the actual average vintage curve exceeds the maximum tolerable vintage curve, cash will be reserved in the Arrears Reserve. The maximum tolerated NPL vintage is 26.2% at 24 months of seasoning.
- 2 and 3 The Equity Underpin increased on 1 July 2011 from 18% to 19% and will increase to 20% on 1 October 2012.
- 4 and 5 The Senior Debt to Net Qualifying Asset Value was reduced in April 2010 from ≤80% to ≤75% and reduced further to ≤72.5% in May 2011.
- 6 This covenant regarding Cellular Contracts was introduced in May 2011.

The Financial Covenants and Arrears Reserves referred to above are defined in the Security Trust Deed (see the section of the Programme Memorandum headed "Glossary of Definitions").

## Liquidity management

The table below illustrates a positive cumulative liquidity mismatch as at 31 March 2012 in all maturity buckets where the maturity profile of assets is shorter than liabilities resulting in cash being received on assets in advance of payment being due on liabilities –

	0-6 months	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	5+ years	Total
Assets (Rm)	861	1,085	1,559	45	-	-	621	4,171
Liabilities (Rm)	391	150	378	1,545	-	175	249	2,888
Net Cash Surplus/(Deficit)	470	935	1,181	(1,500)	-	(175)	372	1,283
Net cumulative assets (Rm)	470	1,405	2,586	1,086	1,086	911	1,283	

## Portfolio

Details regarding the Portfolio of the Issuer acquired from the Originator, as at 31 March 2012, are to be found in the section of this Supplement headed "*the Originator and the Originator's Credit Operations*".

## Credit rating

Global Credit Rating has assigned, on the respective issue dates thereof, a long-term national credit rating of A<sub>(RSA)</sub> and a short term credit rating of A1<sub>(RSA)</sub> to the Class A Notes referred to on pages 10 and 11 of this Supplement.

---

## THE ORIGINATOR AND THE ORIGINATOR'S CREDIT OPERATIONS

---

Words used in this section headed “the Originator and the Originator’s Credit Operations” shall bear the same meanings as used in the section of the Programme Memorandum headed “Glossary of Definitions”, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

The information contained in “the Originator and the Originator’s Credit Operations” section of the Programme Memorandum contained the prevailing financial information as at 31 March 2011 and other information as at 20 May 2011. That entire section is replaced by this section of this supplement headed “the Originator and the Originator’s Credit Operations” which contains the prevailing financial information as at 31 March 2012 and other information as at the date hereof.

### HISTORY

Bayport Financial Services (Proprietary) Limited (“**BFS 2003**”) was incorporated in South Africa in 2003 by former executives of the ABIL group of companies. BFS 2003’s primary role was the provision of unsecured personal loans to the mass consumer market.

BFS 2003 was initially funded by shareholder loans before obtaining funding facilities from Futuregrowth in March 2006. During May 2008, BFS 2003 concluded a structured finance transaction in terms of which credit facilities of over R1,000,000,000 were raised via the debt capital markets from Old Mutual and Futuregrowth. To facilitate this transaction, the Portfolio was ring-fenced and sold to the Issuer whilst the operational, management and infrastructure capacities were retained within BFS 2003.

In February 2010, BFS 2003 was purchased by Transaction Capital and forms part of a stable of allied financial services companies which, as at the date of this Supplement, own the following business brands: SA Taxi, Rand Trust, MBD Credit Solutions, PIC Solutions and Paycorp Holdings with core competencies in credit granting, credit administration, collections and payment transaction services. Transaction Capital is a large, multifaceted company and had total assets of R10.06 billion at 30 September 2011 (R8.65 billion at 30 September 2010).

With effect on 1 July 2010, following from the transaction in which Transaction Capital invested in BFS 2003, BFS 2003 sold its entire business to Bayport Financial Services 2010 (Proprietary) Limited (“**BFS**” or “**the Originator**”) as a going concern. The Originator has taken over all rights and obligations of BFS 2003 under the Securitisation Scheme and as a result has been substituted in the place and stead of BFS 2003 in all Transaction Documents to which BFS 2003 was a party.

### Baysec

Any reference to Baysec in this section refers to the Issuer.

### OWNERSHIP STRUCTURE

Ordinary BFS shareholders

Shareholder	Shareholding
Transaction Capital	82.65%
Founding shareholders and management	17.35%
Total	100.00%

### NATURE OF BUSINESS

BFS is a non-bank financial institution specialising in the provision of unsecured personal loans in South Africa, predominantly to the growing middle classes. In addition, BFS offers financing for Cellular Contracts to customers who otherwise would not have access to such contracts. BFS was incorporated in South Africa in 2004 and became part of the Transaction Capital Group in 2010. Prior to the consolidation, BFS had shareholders and directors in common with those of Transaction Capital.

The unsecured lending market is currently dominated by ABIL, Capitec and the traditional banks with ABIL, Capitec and Old Mutual Finance being the main competitors focusing on the lower income/mass market segment. The traditional banks have embarked on aggressive strategies to improve sales, credit extension and growth into the lower end of the unsecured lending market. In addition to the larger financial players, retailers through their financial services divisions are also providers of unsecured credit. Numerous other smaller specialist unsecured lenders exist, but they generally lack scale.

Based on the South African gross unsecured debtors book of R101 billion reported by the NCR, BFS's market share as of September 2011 (based on book size) was estimated to be 2.6%. However, no individual market shares per bank are available on the basis calculated by the NCR.

BFS has contractually committed:

- under the Sale of Claims Agreement, to sell to the Issuer the Qualifying Loan Claims originated, and randomly selected, by the Originator from time to time; and
- under the Management Agreement, to act as the Manager for the Issuer and administer the Issuer's business, for and on behalf of the Issuer, including the administration and collection of the Portfolio of the Issuer.

BFS currently only originates Loan Claims for the Securitisation Scheme described in the Programme Memorandum although it is not prohibited from originating credit outside of that Securitisation Scheme.

BFS is a registered credit provider under the NCA and an authorised Financial Services Provider registered under the South African Financial Advisory and Intermediary Services Act, 38 of 2001.

### **Borrower profile**

BFS focuses its unsecured personal loan products at the low- to middle-income segments (using the categories of LSM 5 to 9 as a proxy for identifying its target market). BFS's client base typically comprises the historically under-banked consumer market, for whom unsecured personal loan products are an essential form of credit. BFS's management believes that the financial needs of the growing middle class will continue to provide BFS with opportunities to finance these market segments. BaySec had gross loans and advances of R3.9 billion as at 31 March 2012 (R3.1 billion as at 30 September 2011). As at 31 March 2012 BFS employed 1,085 staff operating 57 branches and 33 kiosks.

### **PRODUCT**

BFS offers Borrowers products which fall into three categories:

- a. retail loans, being unsecured personal loans originated through agents and branches and thereafter collected by debit order;
- b. payroll loans, being unsecured personal loans granted (with the agreement of, and in co-operation with the employer concerned) to that employer's employees with collections thereafter taking place through payroll deduction; and
- c. cellular loans, being subscription agreements for the provision of a mobile phone and monthly airtime with the instalments being collected by debit order ("Cellular Contracts").

As at 31 March 2012 the gross asset value of the Portfolio of Loan Claims owned by the Issuer but under the Originator's management was R3.909 billion comprising 288,021 loans. Of this:

- R3.506 billion constituted retail loans;
- R125.5 million constituted payroll loans; and
- R277.4 million constituted Cellular Contracts.

The following table depicts the distribution of the Portfolio by each of these three products (based on balances outstanding) over the 12-month period ending 31 March 2012.

	Apr11	May11	Jun11	Jul11	Aug11	Sep11	Oct11	Nov11	Dec11	Jan12	Feb12	Mar12
Cellular	7.4%	7.5%	7.4%	7.5%	7.6%	7.5%	7.4%	7.3%	7.4%	7.3%	7.2%	7.1%
Payroll	4.8%	4.7%	4.5%	4.3%	4.2%	4.0%	3.8%	3.6%	3.5%	3.4%	3.3%	3.2%
Retail	87.8%	87.8%	88.1%	88.2%	88.2%	88.5%	88.8%	89.1%	89.1%	89.3%	89.5%	89.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The maximum loan amount, where the collection methodology is through payroll deduction, is R50,000 and R100,000 where the instalments are collected *via* debit order.

As at 31 March 2012:

- the average loan amount advanced was R13,667 with an average loan term of 43 months; and
- the remaining term of the Portfolio, on a weighted average basis, was 27.95 months.

The maximum loan term allowed is 84 months while the minimum term is 6 months.

The table below depicts the Portfolio for the years ended 30 September 2011, 30 September 2010, 30 September 2009 and six months ended 31 March 2011 and 31 March 2012:

Portfolio Metrics	Year ended			Six months ended	
	30-Sep-11	30-Sep-10	30-Sep-09	31-Mar-12	31-Mar-11
<b>Status</b>					
Number of loans	257,879	202,943	136,957	288,021	229,988
Gross loans and advances (Rm)	3,087	2,034	n/a	3,909	2,559
Impairment provision (Rm)	(391)	(233)	n/a	(563)	(296)
Loans and advances (Rm)	2,696	1,801	n/a	3,346	2,263
% retail loans/cellular (loans and advances, value)	91/9	93/7	92/8	92/8	92/8
Number of mobile sales agents	1,575	1,671	1,496	1,953	1,539
Value of written off accounts recognised	–	–	–	19	–
Average gross loans and advances (Rm)	2,490	1,658	n/a	3,404	2,259
<b>Originations</b>					
Approval %	17	16	17	12	17
Number of loans originated	155,887	126,763	98,471	99,196	76,570
Value of loans originated (Rm)	1,850	1,325	836	1,356	895
New/existing client (value)	52/48	60/40	72/28	42/58	51/49
Average disbursement R	11,869	10,451	8,488	13,667	11,687
Average term (months, value)	35	36	35	43	34

## REVENUE

Interest rates on all loans are charged at the maximum interest rate allowed under the NCA at the time of origination and are fixed for the duration of the loan. Interest rates are determined under the NCA specified formula equal to the South African Reserve Bank Repurchase Rate (the "Repo Rate") multiplied by 2.2 plus 20%. The maximum allowed rate at 31 March 2012 was 32.1% based on a Repo Rate of 5.5%. BaySec's fees comply with the NCA and include initiation fees and monthly service fees.

Credit life insurance is required on all non-cellular contracts covering a number of insured events including: death, disability, retrenchment (essentially a form of dismissal or redundancy where the employee is dismissed as a result of the economic or other requirements of the employer and through no fault of the employee) and dreaded disease. The level of



insurance cover depends on the value of the loan written. The insurance premiums are built into the instalments, with BFS earning a commission on the gross premiums written and participating in insurance profits.

Cellular Contracts are 24 month subscription agreements for the provision of mobile handset/s and monthly airtime. Origination volumes for Cellular Contracts averaged 3,062 agreements per month for the six months ended 31 March 2012.

The table below sets out a yield analysis of the Portfolio as owned by the Issuer and managed by the Originator measured over the 12-month period ending 31 March 2012.

	Apr11	May11	Jun11	Jul11	Aug11	Sep11	Oct11	Nov11	Dec11	Jan12	Feb12	Mar12
Gross yield	38.5%	38.5%	38.1%	36.9%	37.0%	37.9%	37.6%	37.6%	37.6%	37.2%	36.8%	37.4%
Bad debt expense	13.8%	13.4%	13.6%	12.7%	12.4%	13.1%	12.8%	12.6%	12.4%	12.3%	13.1%	12.5%
Net yield	24.7%	25.1%	24.5%	24.2%	24.6%	24.8%	24.8%	25.0%	25.2%	24.9%	23.7%	24.9%

The declining Gross Yield is the result of the lower relative proportion of higher yielding loans written in previous years that have amortised or have been early settled. In addition, the lower Repo Rate environment has resulted in yields on new loans being lower than the average loans already in force. Changes in the Repo Rate amplify the interest rate charged on Loan Claims by a factor of 2.2 based on the NCA specified formula for calculating interest.

The Issuer generated gross income of R517 million for the six months ending 31 March 2012 with Equity of R750.2million, or 22.4% of the net Portfolio of R3.347 billion.

#### **CREDIT LIFE INSURANCE**

Credit life insurance is required on all non-cellular products to cover potential bad debts arising from certain insured events. BFS currently offers a Hollard Life Assurance Company Limited ("**Hollard**") credit life insurance product on which BFS receives commission on premiums.

The credit life insurance policy covers the following insured events:

- a. death;
- b. permanent and temporary disability;
- c. dread disease; and
- d. retrenchment (in respect of which the claim concerned is limited to instalments due for up to six months).

BFS is the beneficiary of the above benefits, which rights are ceded to the Issuer, as part of the transfer of Loan Claims to the Issuer.

#### **DISTRIBUTION AND MARKETING**

BFS distributes its product offering using a flexible distribution model employing a network of 1,952 mobile, commission-earning and independent agents to advertise and market loans to potential applicants. These mobile agents are not employed by BFS, but are controlled and managed *via* the offices and regional branches of BFS in terms of the NCA rules governing such practices. Mobile consultants earn commission on each loan disbursed. The mobile agent force ensures that BFS can penetrate the market segment effectively and offers a convenience factor to its clients in that the agent will visit the client at his place of work or residence.

BFS operates a network of 57 administration processing centres around the country that serve as contact points for the agents submitting completed applications forms and to service any walk-in client needs. The processing centres are primarily focused on providing the administrative support to the agent force and form a critical pre-screening function before any applications are sent to head office for credit processing.

In addition to the mobile agent force, BFS has 33 kiosks located within selected SAPO outlets around the country. These kiosks, much as with the agent force, are focused on gathering applications from the broader public.

BFS processing centres and kiosks have access to the Bayfin system (as described below in the paragraph headed “Systems”) which generates an automated pre-score and affordability calculation for the applicant to establish whether the full credit application process is required.

The head office of BFS, based in Rivonia, Johannesburg, serves as the centralised administration centre for all distribution channels.

Completed application forms for credit with related documentation are transmitted to head office for central credit decision. The distribution network receives the decision from head office and guides the applicant through the quotation process to arrive at a signed acceptance form or explain the rejection. Completed acceptance forms are then sent to head office. The process regarding applications for Cellular Contracts is different and is described below in the paragraph headed “Call Centre”. Credit decisions regarding the granting of applications for Cellular Contracts are also made centrally at head office.

Origination through the various distribution channels by number of products originated for the three-month period ended March 2012 are summarised below:

Origination channel	Number	% originated by number	Value	% originated by value
Direct Marketing	37,910	80.60%	612,228,707	93.9%
Cellular	8,633	18.35%	31,996,372	4.9%
Payroll	494	1.05%	7,581,942	1.2%
Total	47,037	100.00%	651,807,021	100.0%

a. **Payroll**

BFS has managed to attract a select employer base who allow payroll-based collections on BFS loans. This employer base, which includes the South African Post Office (“SAPO”), formed the early foundation of BFS’s growth strategy where a stable and profitable payroll-based book was used to establish processes and provide a platform for financial expansion through retail lending utilising debit order collection methodology.

Origination and collection processes on SAPO and other payroll loans take place through the employer.

The aggregate loan balance outstanding in respect of payroll loans of the Issuer as at 31 March 2012 was R125.5 million with a majority of this generated in the SAPO employee environment. As at the same date, the aggregate loan balance of the whole Portfolio was R3.347 billion.

Marketing is limited in payroll lending with asset growth tending to arise from repeat business often with increasing loan amount and lengthening of term to proven clients. Payroll is not a growth area in the business and will continue to reduce relative to retail debit order over time.

The natural evolution of the business is a bias to retail debit order products.

b. **Call centre**

BFS originates Cellular Contracts *via* its call centre. Clients respond to advertising for Cellular Contracts by phoning the call centre or by SMS (which results in a call back from the call centre). The application is then handled telephonically with document and handset delivery being done by courier.

BFS operates various call centres in order to contact applicants during the credit process and to provide ongoing customer support and for collection purposes.

**CREDIT**

Under the Sale of Claims Agreement, in order for credit granted to qualify as Loan Claims, such credit must be granted in accordance with the Credit Granting Criteria, attached to the Programme Memorandum as Appendix 1.

a. **Loan origination**

*Credit Scoring and Affordability*

The origination process begins with a risk assessment of the loan applicant.

BFS has developed a proprietary scorecard which integrates credit bureau and other data to generate an “application” score (based on information gathered through the application process) or “behavioural” score (based on past experience with repeat clients) or a separate score applicable to the Cellular Contracts only.

Based on the scorecard result, the applicant is placed into a risk category. Each risk category has a maximum offer available to the client based on loan value and term.

Once the client is placed within a risk category, an affordability calculation is performed. The calculation to determine affordability uses salary and credit bureau information as well as a tolerance rand value.

The Bayfin system (as described below in the paragraph of this Supplement headed “Systems”) interfaces with the credit bureaus and the NLR to determine the client’s existing debt exposure. This system has an automated affordability calculation that utilises information disclosed by the client at application and available bureau data and compares that to a proprietary affordability model that determines an expected affordability based on client specific information to determine the most conservative view of affordability. The information obtained from the credit bureau and the NLR is cross referenced with disclosures made by the client at application stage and checked to the bank statements and payslips obtained from the client. The relevant affordability result then determines the instalment from which product offerings are crafted with the primary variables being loan value and term.

The following table reflects the loan originations Portfolio for the years ended 30 September 2011, 30 September 2010, 30 September 2009 and six months ended 31 March 2011 and 31 March 2012:

Loan Originations	Year ended			Six months ended	
	30-Sep-11	30-Sep-10	30-Sep-09	31-Mar-12	31-Mar-11
Approval %	17	16	17	12	17
Number of loans originated	155,887	126,763	98,471	99,196	76,570
Value of loans originated (Rm)	1,850	1,325	836	1,356	895
New/existing client (value)	52/48	60/40	72/28	42/58	51/49
Average disbursement R	11,869	10,451	8,488	13,667	11,687
Average term (months, value)	35	36	35	43	34

b. **Verification**

BFS employs a series of verification processes before an application is approved. These include employment confirmation, bank account verification, identity verification and debit order strike date confirmation.

Part of the verification processes include forensically trained loan assessors who scrutinise each loan application for indications of fraud. Any potential fraudulent matters are referred to BFS’ Forensics Department. BFS employs a dedicated staff operating international best practice technologies to manage its authentication and forensic requirements.

c. **Portfolio monitoring**

Credit performance is monitored on a monthly basis through the credit committee

The credit committee is a formal board subcommittee. The credit committee is the ultimate custodian of the credit policy which governs the terms and conditions under which a credit application will be processed, assessed, approved or declined but all within the ambit and scope of the Credit Granting Criteria. The credit committee is the executive decisioning body on all credit related matters.

The credit department consists of experienced staff and receives assistance from Processing Integration Consulting Solutions (Pty) Limited (known by its brand name of PIC Solutions), a subsidiary of Transaction Capital.

## COLLECTIONS

Under the Management Agreement, BFS is appointed, among other functions, to manage the collection of the Issuer's Portfolio, for and on behalf of the Issuer.

The majority of BFS's collections utilise debit order deductions from the Borrower's bank account.

The Borrower completes a debit order authorisation form as part of the credit application process, and the related bank account information is verified prior to approval of the application. In limited cases, BFS also enters into a payroll deduction agreement with an employer, whereby loan-servicing payments are deducted from the employee's salary and paid directly to BFS by the employer on a monthly basis.

BFS specialises in the management of debit-order strikes. BFS categorises its borrowers by employer and employment group and maintains and updates a calendar specifying the dates on which employer and employer groups pay their employees. BFS uses this calendar to schedule the day on which debit-order strikes occur. BFS also utilise all debit-order technologies available to maximise the effectiveness of this method of collections.

Unsuccessful debit-order strikes or missed payroll deductions are transferred to the early-stage collections department, where borrowers are typically notified by SMS of the missed payment. Subsequently, call centre collection agents contact the Borrower to establish the reasons for non-payment and request that the Borrower settle the arrears to avoid on going default. During early stage collections, BFS also submits insurance claims in respect of insurable events in terms of the credit life insurance policy over the loan.

If any Borrower's loan account reaches more than three consecutive missed payments, the account is transferred to BFS's in-house legal collections department. Focus is then on rehabilitating the account through legal enforcement and to begin recovery of any outstanding balances. In this regard, a portion of loans and advances Portfolio is collected by emolument attachment order.

BFS also participates in other collection processes including administration orders and debt review.

The following table reflects the Portfolio's ageing over the 12-month period ending 31 March 2012:

Months	Apr11	May11	Jun11	Jul11	Aug11	Sep11	Oct11	Nov11	Dec11	Jan12	Feb12	Mar12
Current	65.5%	64.6%	65.6%	63.9%	61.8%	64.2%	65.2%	64.9%	63.5%	63.9%	62.6%	61.3%
01-30	6.0%	6.0%	6.0%	6.0%	8.0%	5.0%	5.0%	5.0%	6.0%	5.0%	6.0%	5.0%
31-60	4.0%	4.0%	3.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
61-90	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
91+	21.5%	22.4%	22.4%	23.1%	23.2%	23.8%	23.8%	24.1%	24.5%	25.1%	25.4%	27.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Ageing is reflected as the number of days past due date calculated by the number of months of missed instalments in the arrear balance.

The following table reflects the performing loans and non-performing loans ("NPL's") of the Portfolio, owned by the Issuer and managed by BFS, reflected as a percentage of the gross Portfolio and measured over the 12-month period ending 31 March 2012 -

Loan status	Apr11	May11	Jun11	Jul11	Aug11	Sep11	Oct11	Nov11	Dec11	Jan12	Feb12	Mar12
Performing	78.5%	77.6%	77.6%	76.9%	76.8%	76.2%	76.2%	75.9%	75.5%	74.9%	74.6%	72.3%
Non-performing	21.5%	22.4%	22.4%	23.1%	23.2%	23.8%	23.8%	24.1%	24.5%	25.1%	25.4%	27.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The balance outstanding of loans and advances with a contractual delinquency greater than three months excluding loans and advances with a contractual delinquency greater than three months where three consecutive receipts have been received in the three-month period preceding the measurement date are considered non-performing and reference to NPL's or non-performing loans, in this section of the Supplement headed "*the Originator and the Originator's Credit Operations*" should be interpreted accordingly. The definition of NPL at paragraph 3.125 on page 133 of the Base Prospectus shall not apply to this section of the Supplement.

The instalments due are collected by various methods:

- debit order instruction, and in this regard, as part of the loan application process, the applicant/Borrower completes a debit order authorisation form and the related bank account is verified prior to approval;
- employer payroll deductions, where the employer deducts the instalment from the employee's salary and pays the instalment directly to various Collection Accounts in the name of BFS (for daily transfer into the Issuer's Consolidated Account) with this arrangement being governed by the terms and conditions of the main payroll agreement between BFS and the employer and by the specific Loan Agreement with the employee;
- early stage collections, in terms of which unsuccessful debit order strikes are allocated to call centre collection agents to contact the Borrower to establish the reasons for non-payment. Insurance claims are also submitted to Hollard as part of the early stage collection process; and
- late stage collections, which include tracing, legal action, emolument attachment order, debt review and administration order:-
  - the key activity in a legal action is tracing and serving documents on the defaulting debtor. In this regard BFS utilises a national network of principal tracing agencies delivering approximately 5,000 legal document packs per month, with a 40% first time success rate;
  - debts under administration order or debt review are managed by a specialist team.

## **BAD DEBT**

In order to manage and account for bad debt, BFS has refined processes and policies in terms of provisioning, write off and analysis of default.

The Bad and Doubtful Debt Policy, which the Issuer is obliged to apply in terms of the Transaction Documents, is contained as an appendix to the Security Trust Deed and is summarised below. Such policy is only capable of being amended by the Issuer from time to time with the prior written consent of a Special Majority of Funders or the written consent of a Special Resolution of Funders.

### **Provisioning Policy**

The carrying amounts of the loans and advances on the Portfolio are reviewed to determine whether there is any indication that those loans and advances have become impaired using objective evidence at a loan level. A loan is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event(s) has an adverse impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

The recoverable amount is the sum of the estimated future cash flows, discounted to their present value using a discount rate that reflects the Portfolio's original effective interest rate.

If the recoverable amount of the advance is estimated to be less than the carrying amount, the carrying amount of the advance is reduced to its recoverable amount by raising an impairment provision (through the use of a separate allowance account), which is recognised as an expense in the statement of comprehensive income. Advances which are deemed uncollectible are written off either fully or partially against the impairment allowance account.

Indicators used to identify impairment are –

- recency – each Loan Claim's payment history during the most recent three calendar months;
- arrear status – each Loan Claim's cumulative contractual instalments missed;

The following table reflects the gross Portfolio and provision for bad debts as a percentage thereof as measured over the 12-month period ending 31 March 2012 –

	Apr11	May11	Jun11	Jul11	Aug11	Sep11	Oct11	Nov11	Dec11	Jan12	Feb12	Mar12
Gross portfolio (Rm)	2,604.3	2,670.9	2,772.1	2,861.9	2,950.3	3,087.3	3,217.9	3,360.0	3,479.0	3,589.6	3,670.7	3,909.4
Provision for bad debt (Rm)	308.5	313.0	325.7	345.1	357.6	390.7	402.7	412.3	429.8	455.7	475.7	562.8
Provision for bad debt / Gross portfolio (%)	11.8%	11.7%	11.7%	12.1%	12.1%	12.7%	12.5%	12.3%	12.4%	12.7%	13.0%	14.4%

Coverage of NPL's by provisions for the 12-month period to 31 March 2012:

	Apr11	May11	Jun11	Jul11	Aug11	Sep11	Oct11	Nov11	Dec11	Jan12	Feb12	Mar12
NPL%	21.5%	22.4%	22.4%	23.1%	23.2%	23.8%	23.8%	24.1%	24.5%	25.1%	25.4%	27.7%
Provision % of Gross Portfolio	11.8%	11.7%	11.7%	12.1%	12.1%	12.7%	12.5%	12.3%	12.4%	12.7%	13.0%	14.4%
NPL coverage %	54.9%	52.2%	52.2%	52.4%	50.8%	53.4%	52.5%	51.0%	50.6%	50.6%	51.2%	52.0%

### Bad Debt Policy

Once there is objective evidence that the probability of recovery is negligible, the outstanding balance is written off as unrecoverable through the income statement but legal collection activity continues. This determination is made through a combination of credit analytics and an assessment of the operating environment.

Where specific circumstances indicate that the loan is not recoverable, it will be immediately written off. Examples of such circumstances are death, disability, retrenchment, sequestration, immigration, fraud, and the Borrower being unemployed or imprisoned.

### Credit Performance

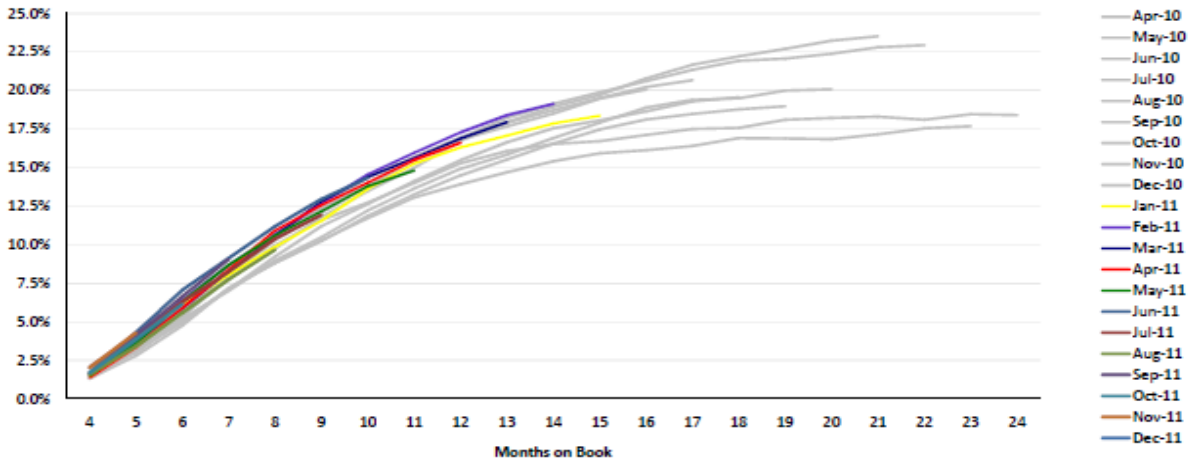
The following table represents the Issuer's credit performance for the years ended 30 September 2011, 30 September 2010, 30 September 2009 and six months ended 31 March 2011 and 31 March 2012:

Credit Performance Metrics	Year ended			Six months ended	
	30-Sep-11	30-Sep-10	30-Sep-09	31-Mar-12	31-Mar-11
Gross loans and advances (Rm)	3,087	2,034	n/a	3,909	2,559
Impairment provision (Rm)	(391)	(233)	n/a	(563)	(296)
Loans and advances (Rm)	2,696	1,801	n/a	3,346	2,263
Impairment expense (Rm)	(323)	(146)	n/a	(215)	(164)
Non-performing loans (Rm)	734	435	n/a	1,082	533
Credit loss ratio %	13	13.2	n/a	12.6	14.5
Provision coverage %*	12.9	11.8	n/a	15.2	11.8
Non-performing loan ratio % Non-performing loan	24.3	22	n/a	28.2	21.3

\*Value of written off accounts recognised added back to Impairment expense

A conservative provisioning model is utilised to maintain adequate provisions against gross loans and advances. The credit loss ratio measured 12.6%, 13.0%, 14.5% and 13.2% at 31 March 2012, 30 September 2011, 31 March 2011 and 30 September 2010 respectively. The six months ended 31 March 2012 include a reduction in the impairment expense of R19 million as BaySec started recognising the value of the previously written-off book in line with market practice. Were the R19 million reduction of impairment expense for the value recognised of the previously written-off book to be ignored the credit loss ratio for the six months ended 31 March 2012 would be 13.8% for the period. On this adjusted basis the credit loss ratio has been relatively stable between 13.0% and 14.5% since BFS was acquired in February 2010 which management expects to continue.

NPL vintages of the Portfolio are presented below.



The graph indicates that the NPL vintages are recorded in a tight band, which is indicative of a scientific credit granting decision being applied. The vintage analysis plots the NPLs arising from each month's origination and serves as a leading indicator of risk emergence and NPL formation over the short to medium term. The vintages are tracking in a controlled band with a moderate increase in the levels of NPLs following the credit strategy employed during the 2011 financial year. The strategy employed during that period was predominantly weighted towards new client acquisition.

## SYSTEMS

BFS uses multiple systems that enable it to sustain a distributed branch origination network while centrally maintaining the Portfolio.

### a. Critical systems

The following table summarises BFS's key internal systems:

Name	Description
Bayfin	The origination (front end) system that automatically calculates the applicants (i) loan offer linked to credit decisioning system referred to below; and (ii) affordability calculated by decisioning system based on monthly income and expenses captured. Bayfin interfaces automatically with the credit bureau, the NLR, the South African Fraud Prevention Services and Exactus. BFS own the source code and develop and maintain the system in-house.
Exactus	BFS's debtor management system and general ledger for its core business system is Exactus. Exactus is a banking system for the management of credit products. BFS own the source code and develop and maintain the system in-house.
LegalSuite	A complete, fully integrated, solution to the South African legal industry. Used to manage the late stage collections workflow process, as well as related debtor legal billing.
Blaze	Credit decisioning system containing: relevant scoring systems, affordability calculation and term/limit offer calculation. Blaze is a flagship credit decisioning application developed by Fair Isaacs.
Presence	Integrated telephony system that manages all call centre activity within BFS. Presence offers progressive algorithms to maximise call centre efficiency.  The system is used for call centre and client service functions. All incoming and outgoing calls are recorded.  Early stage collection campaigns are loaded and managed through calendar and scripting functionality with data feedback to other systems.
Reporting	AccPac and Cognos Controller are utilised for financial reporting.

Name	Description
iBase	International leading forensic software used for data interrogation. iBase is used by intelligence agencies across the world to interrogate different data sets to identify commonalities that can identify syndicate activity. The BFS Forensic function use iBase to interrogate all data within the business from application data from clients to accounts payable details to identify any anomalies or commonalities that could indicate potential fraud.
CollectSmart	CollectSmart is a collections solution utilized in BFS's early stage collections environment to do controlled segmentation with the allocation of appropriate and differentiated actions to delinquent accounts.

In addition to the above important external systems referred to are as follows:

Name	Description
Credit bureau	Credit bureau system supplies NLR and credit bureau data which contains consumer credit information on the applicant.
Debit order	Banking system used to access BankServ and process and manage the debit orders that are generated daily by BFS on behalf of the Issuer.

BFS has a head office staff compliment of 687 people focussed on support functions including information technology, call centre, client services and management, debt review, finance, collections, marketing, sales and human resources.

b. **Standby administrator**

MBD is the standby administrator of the Issuer and through workshops and documentation has obtained a working knowledge of the BFS systems, interfaces and architecture to assume the servicer role as efficiently as possible. BFS generate a daily data dump for loading on the standby administrator system as necessary.

**CORPORATE GOVERNANCE**

BFS and the Issuer, as part of the Transaction Capital group, comply with the principles of the Code of Corporate Practices and Conduct as set out in King III. The following governance structures are in place:

**Board of Directors**

The board of directors of BFS as at the date of this Supplement are:

- Justin Chola (non-executive)
- Martin Zonny Freeman (COO)
- David Mark Hurwitz (non-executive)
- Grant Colin Kurland (non-executive)
- Mark James Lamberti (non-executive)
- Michael Paul Mendelowitz (non-executive)
- Roberto Rossi (non-executive)
- Edwin Roy Shapiro (executive)
- Stuart Kevin Stone (CEO)
- Stephen Forbes Williamson (CFO)



- Leonard Maxwell de Villiers (executive)
- Ian Patrick Wood (executive)
- Jonathan Michael Jawno (non-executive)
- Leann Coetzer (executive)

Meetings are held at least semi-annually.

As required by the Securitisation Regulations, the Issuer's board of directors (details of which are contained in the section of this Supplement headed "*The Issuer*") is separate and distinct from BFS's board of directors.

**BFS Group Executive Committee ("Exco")**

The Exco of BFS is currently comprised of the following members who have been allocated the following responsibilities:

Member	Responsibility
Stuart Stone (CEO)	<ul style="list-style-type: none"> <li>• Strategy</li> <li>• EXCO</li> </ul>
Martin Freeman (COO)	<ul style="list-style-type: none"> <li>• Sales</li> <li>• Marketing</li> </ul>
Leonard de Villiers (Group CIO)	<ul style="list-style-type: none"> <li>• Information Technology</li> </ul>
Ian Wood (CRO)	<ul style="list-style-type: none"> <li>• Credit Risk</li> <li>• Processing</li> <li>• Collections</li> <li>• Forensics</li> </ul>
Edwin Shapiro (Commercial Director)	<ul style="list-style-type: none"> <li>• Strategy</li> <li>• Insurance and Cellular Contracts</li> </ul>
Werner Janse van Resnburg (Finance Executive)	<ul style="list-style-type: none"> <li>• Finance</li> </ul>
Stephen Williamson (CFO)	<ul style="list-style-type: none"> <li>• Finance</li> <li>• Legal</li> <li>• Compliance</li> <li>• Business Analysis</li> </ul>
Trevor Govender (Sales Executive)	<ul style="list-style-type: none"> <li>• Sales</li> </ul>
Alan O'Connor (ICT Executive)	<ul style="list-style-type: none"> <li>• Information and Communication Technology</li> </ul>
Christine Edwards (Collections Executive)	<ul style="list-style-type: none"> <li>• Collections</li> </ul>
Michael Ndiweni (Credit Executive)	<ul style="list-style-type: none"> <li>• Credit</li> </ul>
Darrell de Jager (Insurance Executive)	<ul style="list-style-type: none"> <li>• Insurance</li> </ul>
Leann Coetzer (HC Director)	<ul style="list-style-type: none"> <li>• Human Capital</li> </ul>

## BFS Credit Committee

The Credit Committee forms an essential part of the governance structure and is referred to above in this section under the heading “*Credit*” – “*Portfolio monitoring*”.

## GOVERNANCE

Governance is further applied through Transaction Capital committees and processes. Each Committee has a charter, formally approved by the Transaction Capital Board, with clearly defined terms of reference including delegated authority and reporting procedures. Each charter has been amended during the September 2010 year to align it with the requirements of King III.

The Transaction Capital board consists of the following members as at the date of this Supplement –

- Christopher Stefan Seabrooke (Non-Executive Independent Chairperson)
- Jonathan Michael Jawno (Deputy CEO)
- Steven Kark (Executive)
- Mark James Lamberti (CEO)
- Phumzile Langeni (Non-Executive Independent)
- Adv. Motsehoa Brenda Madumise (Non-Executive Independent)
- Michael Paul Mendelowitz (CIO)
- Roberto Rossi (Executive)
- Dumisani Tabata (Non-Executive Independent)
- Shaun Zagnoev (Non-Executive)
- David Mark Hurwitz (CFO)
- David Farring Woollam (Non-Executive Independent)
- Cedric Ntumba (Non-Executive Independent)

The following Transaction Capital governance committees are sub-committees of the Transaction Capital board and apply to BFS and support the Issuer (without detracting from the Issuer’s own governance process referred to in the section of the Programme Memorandum headed “*The Issuer*” – “*Governance and Directors*” as amended by this Supplement) –

Committee	Role	Frequency of meetings	Members
Asset and Liability Committee	<ul style="list-style-type: none"> <li>• Analyses whether the Transaction Capital group (“the Group” or “the Transaction Capital Group”) has adequate capital, funding and facilities to meet its growth targets and financial commitments.</li> <li>• Monitors liquidity risk, interest rate risk, counter-party risk, concentration risk, currency risk, capital adequacy and ensures adherence to funding policies and relevant regulatory developments.</li> </ul>	Quarterly	J Jawno (Chairperson) M Herskovits D Hurwitz M Lamberti C Seabrooke <sup>INE</sup> , S Williamson D Woollam <sup>INE</sup>
Audit Committee	<p>Responsibilities are grouped under five categories:</p> <ul style="list-style-type: none"> <li>• Integrated Reporting: monitors that adequate accounting records have been maintained and that the accounting policies are appropriate and consistently applied.</li> <li>• Risk Management: overseeing the management and effectiveness of the Group’s system of internal controls,</li> </ul>	Three times a year	D Woollam <sup>INE</sup> (Chairperson) P Langeni <sup>INE</sup> S Zagnoev <sup>NE</sup>

Committee	Role	Frequency of meetings	Members
	<p>evaluating financial reporting risks; and considering fraud and information technology risks.</p> <ul style="list-style-type: none"> <li>• Combined Assurance: overseeing that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.</li> <li>• Internal Audit: overseeing the function.</li> <li>• External Audit: overseeing the process including recommending the appointment of the external auditors and maintenance of this relationship.</li> </ul> <p>Both the Group Internal Audit Executive and the external auditors have unfettered access to the Audit Committee.</p>		
Nominations and Remuneration Committee	To provide independent oversight with regard to the appointment of senior executives and non-executives and their remuneration.	Three times a year	D Tabata <sup>INE</sup> (Chairperson) P Langeni <sup>INE</sup> C Seabrooke <sup>INE</sup> J Jawno S Zagnoev <sup>NE</sup>
Risk and Compliance Committee	<p>Overseer of risk management and recommends appropriate actions to the Transaction Capital board for its consideration and final approval.</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> <li>• identifying acceptable levels of risk tolerance and risk appetite;</li> <li>• overseeing the development, implementation and review of the risk management policy and plan;</li> <li>• monitoring the management of risks within the Board-approved levels;</li> <li>• liaising closely with the Audit Committee regarding risk that impacts its functioning.</li> </ul>	Five times a year	D Woollam <sup>INE</sup> (Chairperson) C Seabrooke <sup>INE</sup> J Jawno R Rossi M Lamberti D Hurwitz C van der Walt Z van Heerden T de Jager S Williamson I Wood T Jacobs D Spangenberg
Social & Ethics Committee	As required in terms of section 72 of the Companies Act 2008, a Social and Ethics Committee has been appointed with effect from 1 October 2011. This committee will perform the functions prescribed in terms of Regulation 45 of the Companies Regulations, 2011, on behalf of all subsidiaries of Transaction Capital.		P Langeni <sup>INE</sup> B Madumise <sup>INE</sup> M Lamberti L Acres

<sup>INE</sup> = Independent non-executive

<sup>NE</sup> = Non-executive

In terms of its Code of Ethics, the Transaction Capital Group is committed to achieving the highest standards of ethical conduct and corporate governance practices. The Transaction Capital Ethics Charter was approved by the Transaction Capital board and was subsequently confirmed by the Ethics Institute of South Africa as conforming to the highest standards of best practice.

In addition, the Transaction Capital hotline, a fully independent ethics line, the management of which has been outsourced to a division of Deloitte "Tip-Offs Anonymous", is available for the anonymous reporting of any wrongdoing or unethical behaviour, whether perceived or actual.

#### **COMPANY SECRETARY OF BFS**

BFS, being a private company, does not have a Company Secretary.

#### **RISK MITIGATION**

The Securitisation Scheme structure described in the Programme Memorandum incorporates various formal risk mitigation factors and benefits from other informal risk mitigation factors, including excess spread, management and shareholder experience and enhanced collection methodologies.

##### **a. Regulated entities**

All loans are registered with the NCR *via* the NLR. BFS undertakes regular external audits to ensure compliance with relevant legislation.

The Issuer is registered as a credit provider with the NCR: NCRCP4130

BFS is registered as a credit provider with the NCR: NCRCP4685

BFS 2010 is a Financial Services Provider registered with the Financial Services Board: Licence no. 42380

##### **b. Debt investor structure**

The Securitisation Scheme incorporates various legal and structural credit enhancements which include:

- (i) the Security Trust, established with PT&A Trustees (Proprietary) Limited as independent trustees, with the purpose of regulating the issue of the Notes and safeguarding the interests of Secured Creditors;
- (ii) the holding of security by the Security Trust on behalf of Noteholders;
- (iii) a Priority of Payments structure;
- (iv) Financial Covenants;
- (v) cash reserving triggers;
- (vi) adherence to Credit Granting Criteria; and
- (vii) adherence to provisioning and bad debt policies on the Portfolio.

##### **c. Experienced shareholder and management team**

The executive team of BFS is comprised of a team of professionals from the South African personal loan, banking and retail industries. In addition to the management experience, the shareholders of BFS and Transaction Capital are active and experienced in the wider lending industry.

The Transaction Capital group, through its operations, has a significant amount of relevant consumer debt industry experience.

##### **d. Credit rating**

Global Credit Rating has assigned a long-term national credit rating of  $A_{(RSA)}$  to the Class A Notes listed on pages 10 and 11 of this Supplement.

##### **e. Excess spread**

The Issuer has a high level of excess spread, being the difference between (i) the lending plus any ancillary revenues and (ii) the cost of funding. This spread, as at the date of this Supplement, is approximately 20% p.a.

##### **f. Interest rate risk**

This risk is managed by the Asset and Liability Committee *via*: (i) risk adjusted excess spread as considered appropriate; and (ii) matching the re-pricing characteristics of assets to liabilities.

g. **Subordination**

A substantial level of Equity and subordinated debt ranks behind the Senior Debt Funders.

h. **Stringent credit-granting policy**

BFS has formulated a stringent, NCA compliant, credit-granting policy which includes the following (i) affordability testing; (ii) gross income excludes irregular and variable income; (iii) credit bureau enquiries being performed; (iv) assessment of the applicant's characteristics are performed and scored; and (v) employment and fraud checks are carried out.

i. **Insurance**

Credit life insurance is required on all Loan Claims (other than in respect of Cellular Contracts) and is used to cover potential bad debt on the Portfolio.

j. **Seasoned Portfolio**

The Issuer has a seasoned Portfolio already in place, with eight years of history.

k. **Concentration risk**

The current Portfolio does not consist of Borrowers that account for 10% or more of the asset value on an individual basis, but rather consists of a large number of small size loans and is therefore diversified and displays low concentration to any one Borrower, geographic region or employer.

Due to the diverse origination channel and low loan balances, it is expected that the Portfolio will continue to display no significant concentration to any Borrower, geographic region or employer.

**BFS website:** [www.bayportfinancialservices.co.za](http://www.bayportfinancialservices.co.za)

**Transaction Capital website relating to the Programme:** <http://www.transactioncapital.co.za/baysecdebt.aspx>

---

## GENERAL INFORMATION

---

### Documents Available

In addition to the documents available for inspection as listed in the Programme Memorandum, for so long as the Programme remains in effect or any Notes are outstanding under the Programme, a copy of this Supplement will be available for inspection at the Specified Office of the Issuer as set out in the section at the end of the Programme Memorandum and this Supplement headed "*Corporate Information*".

### Material Change

Save as disclosed in the sections of this Supplement headed "*the Issuer*" and "*the Originator and the Originator's Credit Operations*". and after due and careful enquiry, the Issuer hereby confirms that, as at the date of this Supplement, there has been no material change in the financial or trading condition of the Issuer since the date of the Issuer's most recently published unaudited interim financial statements for the six months ended on 31 March 2012 as read with the most recently published audited financial statements of the Issuer for the year ended 30 September 2011. This statement has not been confirmed nor verified by the auditors of the Issuer.

### Auditors

Deloitte & Touche have acted as the auditors of the financial statements of the Issuer for the financial years ended 30 September 2009, 30 September 2010 and 30 September 2011 and, in respect of those years, have issued unqualified audit reports.

### BAYPORT SECURITISATION (RF) LTD

This Supplement to the Programme Memorandum was signed by **STEPHEN FORBES WILLIAMSON** on 31 July 2012. Copies of the version bearing such signature are available for inspection at the Specified Office of the Issuer as set out at the end of this Supplement.

This Supplement to the Programme Memorandum was signed by **RODERICK JOHN FEHRSEN** on 31 July 2012. Copies of the version bearing such signature are available for inspection at the Specified Office of the Issuer as set out at the end of this Supplement.

By: \_\_\_\_\_

**STEPHEN FORBES WILLIAMSON**

Director, duly authorised

Date: 31 July 2012

By: \_\_\_\_\_

**RODERICK JOHN FEHRSEN**

Director, duly authorised

Date: 31 July 2012

---

## CORPORATE INFORMATION

---

### ISSUER

#### **Bayport Securitisation (RF) LTD**

(Registration number 2008/003557/06)

Physical Address:

Sandhaven Office Park

14 Pongola Crescent

Eastgate Ext. 17

Sandton, 2199

South Africa

Postal Address:

Postnet Suite 116

Private Bag X43

Sunninghill

2157

Contact: Ms A Blanchard

### ARRANGER

#### **Transaction Capital (Proprietary) Limited**

Sandhaven Office Park

14 Pongola Crescent

Eastgate Ext. 17

Sandton, 2199

Contact: Mr M Herskovits

### DEBT SPONSOR

#### **Deutsche Bank AG, Johannesburg Branch**

3 Exchange Square

87 Maude Street

Sandton, 2196

South Africa

Contact: Ms S Gross

### ORIGINATOR, AND MANAGER

#### **Bayport Financial Services 2010 (Proprietary) Limited**

(Registration number 2009/018403/07)

Physical Address:

Bayport House

23A 10<sup>th</sup> Avenue

Rivonia, 2128

South Africa

Postal Address:

Postnet Suite 116

Private Bag X43

Sunninghill

2157

Contact: Mr S Williamson

### DEALERS

#### **Deutsche Bank AG, Johannesburg Branch**

3 Exchange Square

87 Maude Street

Sandton, 2196

South Africa

Contact: Ms N Hossain

### LEGAL ADVISERS TO THE ISSUER

#### **Prinsloo, Tindle & Andropoulos Inc,**

1<sup>st</sup> Floor, 17 Fricker Road

Illovo Boulevard

Illovo, 2196

South Africa

Contact: Ms M Black

**AUDITORS TO ISSUER**

**Deloitte & Touche**

The Woodlands  
Woodlands Drive  
Woodmead  
Sandton, 2196  
*Contact: Ms C Emslie*

**SECURITY TRUSTEE**

**PT&A Trustees (Proprietary) Limited**

Physical Address:  
1<sup>st</sup> Floor, 17 Fricker Road  
Illovo Boulevard  
Illovo, 2196  
South Africa  
Postal Address:  
P O Box 55024  
Northlands  
2116  
*Contact: Mr P Tindle*

**FACILITY GRANTOR**

**The Standard Bank of South Africa Limited**

Physical Address:  
5<sup>th</sup> Floor  
3 Simmonds Street  
Johannesburg  
South Africa  
Postal Address:  
P O Box 61344  
Marshalltown  
2107  
*Contact: Mr A Pearce*

**FACILITY GRANTOR**

**Mercantile Bank Limited**

Physical Address:  
142 West Street  
Sandown  
Sandton, 2196  
South Africa  
Postal Address:  
P O Box 782699  
Sandton  
2146  
*Contact: Mr S Waywell*

**SETTLEMENT AGENT**

**The Standard Bank of South Africa Limited**

**Investor Services**

Physical Address:  
2<sup>nd</sup> Floor, 25 Sauer Street  
Johannesburg, 2001  
Postal Address:  
PO Box 2453  
Johannesburg  
2000  
South Africa  
*Contact: Mr R Schnell*

**PAYING AND CALCULATION AGENT**

**The Standard Bank of South Africa Limited**

**Investor Services**

Physical Address:  
2<sup>nd</sup> Floor, 25 Sauer Street  
Johannesburg, 2001  
Postal Address:  
PO Box 2453  
Johannesburg  
2000  
South Africa  
*Contact: Mr R Schnell*

**TRANSFER AGENT**

**The Standard Bank of South Africa Limited**

**Investor Services**

Physical Address:  
2<sup>nd</sup> Floor, 25 Sauer Street  
Johannesburg, 2001  
Postal Address:  
PO Box 2453  
Johannesburg  
2000  
South Africa  
*Contact: Mr R Schnell*