

RatingsDirect®

All Ratings Affirmed In South African ABS Transaction Bayport Securitisation (RF) Following Warehouse Facility Drawing

Surveillance Credit Analyst:

Irina A Penkina, Moscow (7) 495-783-4070; irina.penkina@standardandpoors.com

Secondary Contact:

Virginie Couchet, Madrid (34) 91-389-6959; virginie.couchet@standardandpoors.com

OVERVIEW

- We have affirmed our ratings on all of Bayport Securitisation (RF)'s class A notes following the drawing of ZAR200 million from the warehousing facility.
- Bayport Securitisation (RF) is a South African ABS transaction, which securitizes a portfolio of South African consumer loan receivables that Bayport Financial Services 2010 (Pty) originated.

MOSCOW (Standard & Poor's) Aug. 4, 2014--Standard & Poor's Ratings Services today affirmed its credit ratings on all class A notes in Bayport Securitisation (RF) Ltd.

Our affirmations follow the drawing of ZAR200 million from the warehousing facility on June 30, 2014. We have evaluated the effect of the use of the warehousing facility on our ratings on the class A notes. This is because the payments due on the warehousing facility rank pari passu with the class A notes, and therefore affect the amount of cash available to the notes.

In our analysis, we incorporated our June 13, 2014 lowering of our long-term foreign and local currency ratings on South Africa (see "South Africa Long-Term FC Rating Lowered To 'BBB-'; LC Rating Lowered To 'BBB+' On Ongoing Weak Growth; Outlook Stable"). We also incorporated the most recent pool performance metrics available to us.

Following our review, we have kept our original credit and cash flow assumptions for the transaction. Our analysis indicates that the available credit enhancement for the rated notes is sufficient to mitigate the credit and cash flow risks that we apply at a 'zaA (sf)' rating level. We have therefore affirmed our ratings on all class A notes.

The ratings reflect our view on the following factors:

- **Economic outlook:** In our credit analysis, we have considered our latest forecasts on the macroeconomic and sector outlook for South Africa (see "Research Update: South Africa Long-Term FC Rating Lowered To 'BBB-'; LC Rating Lowered To 'BBB+' On Ongoing Weak Growth; Outlook Stable," published on June 13, 2014). Bayport's established history of good performance in a high-risk lending environment, as well as its close attention to credit affordability as part of risk management, supports the resilience of our credit assumptions to a sluggish economic growth environment in South Africa that we expect to observe in 2014 and 2015.
- **Operational risk:** We view the receivables originator and seller, Bayport, to be adequately able to fulfill its obligations as servicer. The standby servicer, MBD Credit Solutions (PTY) Ltd. (MBD), has been in place since inception to replace Bayport if the issuer terminates its role as servicer.
- **Credit risk:** We have analyzed credit risk based on our principles of credit ratings criteria and our European consumer finance criteria to derive our assumptions on default, recovery, and delinquency rates, and portfolio yield (see "Principles Of Credit Ratings," published on Feb. 16, 2011, and "European Consumer Finance Criteria," published on March 10, 2000). We received more than three years of the underlying portfolio's historical performance records to support our credit assumptions. We note an industry-wide increase in nonperforming consumer loans in South Africa against the backdrop of the deceleration in GDP and real per capita income growth. As a counterbalancing factor, we believe that Bayport's portfolio is resilient to this increase based upon a more conservative stance to affordability measures as part of its credit risk management, its relatively stable performance during the 2009 recession, and the portfolio's large exposure to public sector employment.
- **Cash flow analysis:** Our cash flow model reflects our assessment of the transaction's payment structure and our credit and cash flow assumptions, which we have based on our principles of credit ratings criteria and our European consumer finance criteria. Our analysis indicates that the available credit enhancement for the rated notes is sufficient to mitigate the credit and cash flow risks at the 'zaA (sf)' rating level.
- **Counterparty risk:** The transaction is exposed to the credit risk of Standard Bank of South Africa Ltd. as the issuer bank account provider. We consider the transaction documents to adequately mitigate this risk at a 'zaA (sf)' rating level in line with our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). The servicer is an unrated entity. We consider that the risk of loss of cash collections falling into the servicer collection

accounts is structurally mitigated according to our current counterparty criteria, as the exposure period is limited to one business day.

- Legal risk: We consider the issuer to be a bankruptcy-remote entity in line with our asset isolation and special-purpose entity criteria, and we have received legal comfort that the sale of the assets would survive Bayport's insolvency as the seller (see "Asset Isolation And Special-Purpose Entity Criteria--Structured Finance," published on May 7, 2013).
- Rating stability: Under our scenario analysis, we ran two stress scenarios and assessed the transaction's performance. In our view, the results of our scenario analysis are commensurate with our credit stability criteria (see "Methodology: Credit Stability Criteria," published on May 3, 2010).

Bayport Securitisation (RF) is a South African asset-backed securities (ABS) transaction. The securitized portfolio comprises South African consumer loan receivables originated by Bayport in the ordinary course of its business. The transaction does not have a fixed revolving period; it will revolve until the issuer repays the outstanding debt in full, or, upon an acceleration event.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, May 7, 2013
- Principles Of Credit Ratings, Feb. 16, 2011
- Methodology: Credit Stability Criteria, May 3, 2010
- Weighing Country Risk In Our Criteria For Asset-Backed Securities, April 11, 2006
- European Consumer Finance Criteria, March 10, 2000

Related Research

- European Structured Finance Scenario And Sensitivity Analysis 2014: The

Effects Of The Top Five Macroeconomic Factors, July 8, 2014

- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014
- Research Update: South Africa Long-Term FC Rating Lowered To 'BBB-'; LC Rating Lowered To 'BBB+' On Ongoing Weak Growth; Outlook Stable, June 13, 2014
- Standard & Poor's Revises Mapping Guidance For South Africa National Credit Rating Scale Following Sovereign Downgrade, Oct. 15, 2012

RATINGS LIST

Bayport Securitisation (RF) Ltd.
ZAR5.844 Billion Asset-Backed Notes

Ratings Affirmed

Class	Original balance (mil. ZAR)	Rating
Class A (BAYA01)	425.0	zaA (sf)
Class A (BAYA04)	20.0	zaA (sf)
Class A (BAYA05)	33.0	zaA (sf)
Class A (BAYA06)	550.0	zaA (sf)
Class A (BAYA07)	34.0	zaA (sf)
Class A (BAYA08)	50.0	zaA (sf)
Class A (BAYA09)	75.0	zaA (sf)
Class A (BAYA10)	40.0	zaA (sf)
Class A (BAYA11)	60.0	zaA (sf)
Class A (BAYA12)	20.0	zaA (sf)
Class A (BAYA13)	80.0	zaA (sf)
Class A (BAYA14)	13.0	zaA (sf)
Class A (BAYA15)	100.0	zaA (sf)
Class A (BAYA16)	10.0	zaA (sf)
Class A (BAYA17)	80.0	zaA (sf)
Class A (BAYA18)	100.0	zaA (sf)
Class A (BAYA19)	135.0	zaA (sf)
Class A (BAYA20)	150.0	zaA (sf)
Class A (BAYA22)	100.0	zaA (sf)
Class A (BAYA23)	300.0	zaA (sf)
Class A (BAYA24)	95.0	zaA (sf)
Class A (BAYA25)	50.0	zaA (sf)
Class A (BAYA26)	185.0	zaA (sf)
Class A (BAYA27)	120.0	zaA (sf)
Class A (BAYA29)	60.0	zaA (sf)
Class A (BAYA30)	150.0	zaA (sf)
Class A (BAYA31)	60.0	zaA (sf)
Class A (BAYA32)	75.0	zaA (sf)
Class A (BAYA33)	15.0	zaA (sf)

All Ratings Affirmed In South African ABS Transaction Bayport Securitisation (RF) Following Warehouse Facility Drawing

Class A (BAYA34)	100.0	zaA (sf)
Class A (BAYA35)	50.0	zaA (sf)
Class A (BAYA36)	50.0	zaA (sf)
Class A (BAYA37)	100.0	zaA (sf)
Class A (BAYA39)	320.0	zaA (sf)
Class A (BAYA40)	200.0	zaA-1 (sf)
Class A (BAYA41)	50.0	zaA (sf)
Class A (BAYA42)	130.0	zaA (sf)
Class A (BAYA43)	150.0	zaA (sf)
Class A (BAYA44)	150.0	zaA (sf)
Class A (BAYA45)	150.0	zaA (sf)
Class A (BAYA46)	50.0	zaA (sf)

Additional Contact:

Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com

Copyright © 2014 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.