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Ratings Assigned To Bayport Securitisation (RF)'s Class A BAYA50, BAYA51, And BAYA52 South African ABS Notes

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OVERVIEW

- We have assigned our long-term 'zaA (sf)' ratings to Bayport Securitisation (RF)'s class A BAYA51 and BAYA52 notes, and our short-term 'zaA-1 (sf)' rating to the class A BAYA50 notes.
- At the same time, we have affirmed our ratings on all of the outstanding class A notes issued previously, and have withdrawn our ratings on the class A BAYA01, BAYA11, BAYA12, BAYA13, BAYA37, and BAYA48 notes following their full redemption.
- Bayport Securitisation (RF) securitizes a portfolio of South African consumer loan receivables that Bayport Financial Services 2010 (Pty) originated.

MOSCOW (Standard & Poor's) March 31, 2016--Standard & Poor's Ratings Services today assigned its long-term 'zaA (sf)' credit ratings to Bayport Securitisation (RF) Ltd.'s class A BAYA51 and BAYA52 notes. We have also assigned our short-term 'zaA-1 (sf)' rating to the class A BAYA50 notes. At the same time, we have affirmed our ratings on Bayport Securitisation (RF)'s outstanding class A notes and have withdrawn our ratings on the class A BAYA01, BAYA11, BAYA12, BAYA13, BAYA37, and BAYA48 notes (see list below).

Today's rating actions reflect our credit and cash flow analysis, using the most recent available collateral performance data (as of August 2015). We have considered the most recent transaction structure in our analysis after the

March 31, 2016 interest payment date.

Bayport Securitisation (RF) securitizes a portfolio of South African consumer loan receivables that Bayport Financial Services 2010 (Pty) Ltd. (Bayport) originated in the ordinary course of its business. The transaction does not have a fixed revolving period; it revolves until the issuer fully repays the outstanding debt, or until an acceleration event occurs.

RATING RATIONALE

Economic Outlook

In our credit analysis, we have considered our latest forecasts for South Africa's economy and trends in the unsecured consumer loan sector (see "Outlook On South Africa Revised To Negative On Continued Slow Growth; Ratings Affirmed," published on Dec. 4, 2015, and "Banking Industry Country Risk Assessment: South Africa," published on Dec. 16, 2015). In our view, the tightening of the consumer lending industry in South Africa since end-2014 and less availability of rollover credit to individual borrowers exposed active lenders, such as Bayport, to higher delinquencies and defaults and lower recoveries from their existing customers.

Credit Risk

We have analyzed credit risk by applying our "Global Methodology And Assumptions For Assessing The Credit Quality Of Securitized Consumer Receivables," published on Oct. 9, 2014, to derive our default and recovery assumptions for various rating levels. Our credit analysis assumptions remain unchanged since our previous review of the transaction (see "Ratings Lowered In South African ABS Transaction Bayport Securitisation (RF) Following Review," published on Feb. 19, 2016). Our worst case pool assumptions only comprises consumer loans as we expect those loans to generate a higher level of net losses compared to cellular loans.

BASE-CASE AND STRESSED DEFAULT AND RECOVERY ASSUMPTIONS

	---Default rate---		---Recovery rate---	
	Consumer loans	Cellular loans	Consumer loans	Cellular loans
Base case (%)	45.00	40.00	5.00	5.00

Operational Risk

We consider the risk relating to the servicer to be mitigated at the rating levels of the notes in line with our criteria (see "Global Framework For Assessing Operational Risk In Structured Finance Transactions," published on Oct. 9, 2014). In our view, severity risk (the effect of servicer disruption) is moderate and portability risk (the inability to replace the servicer) is high. Considering the availability of the back-up servicer (MBD Credit Solutions [PTY] Ltd.) since closing, the operational risk constrains the maximum potential ratings achievable for the notes at a global scale 'A+' level (corresponding to the national level of 'zaAAA').

Cash Flow Analysis

Our cash flow model reflects our assessment of the transaction's payment structure and our credit and cash flow assumptions, including the issuance of the additional class A notes on March 31, 2016 and partial or full amortization of the existing classes of notes at that date. We applied our "Global Framework For Cash Flow Analysis Of Structured Finance Securities" criteria, published on Oct. 9, 2014. The class A BAYA51 and BAYA52 notes are both amortizing notes and have a three-year maturity. They passed our cash flow analysis and stresses at a long-term 'zaA' rating level. We have therefore assigned our 'zaA (sf)' ratings to these classes of notes. We have also assigned our short-term 'zaA-1 (sf)' rating to the BAYA50 class A notes, which have a one-year maturity.

Our analysis indicates that the available credit enhancement for the outstanding rated class A notes is sufficient to mitigate the credit and cash flow risks at the 'zaA' rating level. We have therefore affirmed our ratings on the existing class A notes.

The class A BAYA01, BAYA11, BAYA12, BAYA13, BAYA37, and BAYA48 notes fully redeemed on March 31, 2016, their legal final maturity date. We have therefore withdrawn our ratings on these classes of notes.

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 that the transaction documents adequately mitigate this risk 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 losses through cash collections falling into the servicer collection accounts to be structurally mitigated under our current counterparty criteria, as the exposure period is limited to one business day.

Legal Risk

We consider the issuer to be bankruptcy-remote, in line with our global legal criteria (see "Asset Isolation And Special-Purpose Entity Criteria--Structured Finance," published on May 7, 2013). We have received legal comfort that the sale of the assets would survive the seller insolvency.

Rating Stability

Under our scenario analysis, we ran two stress scenarios and assessed the transaction's performance. The results of our scenario analysis are commensurate with our credit stability criteria (see "Methodology: Credit Stability Criteria," published on May 3, 2010). In addition, our ratings on the class A notes address frequent changes in the capital structure, thereby maintaining rating stability.

Sovereign Risk

We did not apply our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (see "Methodology

And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on May 29, 2015). This is because our ratings on the notes are below our long-term sovereign rating on the Republic of South Africa.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Standard & Poor's National And Regional Scale Mapping Tables, Jan. 19, 2016
- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, May 29, 2015
- Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Global Framework For Cash Flow Analysis Of Structured Finance Securities, Oct. 9, 2014
- Global Methodology And Assumptions For Assessing The Credit Quality Of Securitized Consumer Receivables, Oct. 9, 2014
- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- National And Regional Scale Credit Ratings, Sept. 22, 2014
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, May 7, 2013
- Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Ratings Lowered In South African ABS Transaction Bayport Securitisation (RF) Following Review, Feb. 19, 2016
- Banking Industry Country Risk Assessment: South Africa, Dec. 16, 2015
- Outlook On South Africa Revised To Negative On Continued Slow Growth; Ratings Affirmed, Dec. 4, 2015
- 2015 EMEA ABS Scenario And Sensitivity Analysis, Aug. 6, 2015
- 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

RATINGS LIST

Bayport Securitisation (RF) Ltd.

ZAR6.059 Billion Asset-Backed Notes

Class	Rating	Amount (mil. ZAR)
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Ratings Assigned

Class A (BAYA50)	zaA-1 (sf)	25
Class A (BAYA51)	zaA (sf)	40
Class A (BAYA52)	zaA (sf)	225

Class	Rating To	From
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Ratings Affirmed

Class A (BAYA06)	zaA (sf)
Class A (BAYA08)	zaA (sf)
Class A (BAYA15)	zaA (sf)
Class A (BAYA16)	zaA (sf)
Class A (BAYA17)	zaA (sf)
Class A (BAYA18)	zaA (sf)
Class A (BAYA19)	zaA (sf)
Class A (BAYA23)	zaA (sf)
Class A (BAYA24)	zaA (sf)
Class A (BAYA25)	zaA (sf)
Class A (BAYA26)	zaA (sf)
Class A (BAYA31)	zaA (sf)
Class A (BAYA32)	zaA (sf)
Class A (BAYA33)	zaA (sf)
Class A (BAYA34)	zaA (sf)
Class A (BAYA35)	zaA (sf)
Class A (BAYA36)	zaA (sf)
Class A (BAYA39)	zaA (sf)
Class A (BAYA41)	zaA (sf)
Class A (BAYA42)	zaA (sf)
Class A (BAYA43)	zaA (sf)
Class A (BAYA44)	zaA (sf)
Class A (BAYA45)	zaA (sf)
Class A (BYA49U)	zaA (sf)

Ratings Withdrawn

Class A (BAYA01)	NR	zaA (sf)
Class A (BAYA11)	NR	zaA (sf)
Class A (BAYA12)	NR	zaA (sf)
Class A (BAYA13)	NR	zaA (sf)
Class A (BAYA37)	NR	zaA (sf)
Class A (BAYA48)	NR	zaA-1 (sf)

NR--Not rated.

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