

## Ratings Assigned To Bayport Securitisation (RF)'s Class A BAYA53 And BAYA54 South African ABS Notes

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OVERVIEW

- We have assigned our short-term 'zaA-1 (sf)' rating to Bayport Securitisation (RF)'s class A BAYA53 notes, and our long-term 'zaA (sf)' rating to the class A BAYA54 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- At the same time, we have affirmed our ratings on all of the outstanding class A notes issued previously, and have withdrawn our ratings on the class A BAYA06, BAYA16, BAYA17, and BAYA18 notes following their full redemption.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 (S&P Global Ratings) Sept. 30, 2016--S&P Global Ratings today assigned its long-term 'zaA (sf)' credit rating to Bayport Securitisation (RF) Ltd.'s class A BAYA54 notes. We have also assigned our short-term 'zaA-1 (sf)' rating to the class A BAYA53 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 At the same time, we have affirmed our ratings on Bayport Securitisation (RF)'s outstanding class A notes and have withdrawn our ratings on the class A BAYA06, BAYA16, BAYA17, and BAYA18 notes (see list below).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 June 2016). We have considered the most recent transaction structure in our analysis after the Sept. 30, 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 (see "South Africa Ratings Affirmed; Outlook Remains Negative On Weak Growth," published on June 3, 2016). Our baseline economic forecast for South Africa previews a modest 0.6% growth in real GDP, and a drop of 0.9% in real GDP per capita in 2016. We expect both parameters to only slightly improve in 2017. We have imbedded our expectations of a weak economic growth in the country to our credit assumptions on the securitized portfolio.

##### 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.

##### 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 Sept. 30, 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 BAYA54 notes are three-year amortizing notes and pass our cash flow analysis and stresses at a long-term 'zaA' rating level. We have therefore assigned our 'zaA (sf)' ratings to this classes of notes. We have also assigned our short-term 'zaA-1 (sf)' rating to the class A BAYA53 bullet 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 BAYA06, BAYA16, BAYA17, and BAYA18 notes fully redeemed on Sept. 30, 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 structured finance ratings above the sovereign criteria (see "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions," published on Aug. 8, 2016). 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

- Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions - Aug. 8, 2016
- S&P Global Ratings' National And Regional Scale Mapping Tables - June 1, 2016
- 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 Methodology And Assumptions For Assessing The Credit Quality Of Securitized Consumer Receivables - Oct. 9, 2014

*Ratings Assigned To Bayport Securitisation (RF)'s Class A BAYA53 And BAYA54 South African ABS Notes*

- General: Global Framework For Cash Flow Analysis Of Structured Finance Securities - 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
- Legal Criteria: 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
- General Criteria: Methodology: Credit Stability Criteria - May 3, 2010
- Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment - May 28, 2009

Related Research

- Sub-Saharan Africa Sovereign Rating Trends Mid-Year 2016, July 13, 2016
- South Africa Ratings Affirmed; Outlook Remains Negative On Weak Growth, June 3, 2016
- Ratings Lowered In South African ABS Transaction Bayport Securitisation (RF) Following Review, Feb. 19, 2016
- 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.  
ZAR6.655 Billion Asset-Backed Notes

Class	Rating	Amount (mil. ZAR)
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Ratings Assigned

Class A (BAYA53)	zaA-1 (sf)	30
Class A (BAYA54)	zaA (sf)	275.5

Class	Rating To	Rating From
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Ratings Affirmed

Class A (BAYA08)	zaA (sf)
Class A (BAYA19)	zaA (sf)
Class A (BAYA23)	zaA (sf)

*Ratings Assigned To Bayport Securitisation (RF)'s Class A BAYA53 And BAYA54 South African ABS Notes*

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)
Class A (BAYA50)	zaA-1 (sf)
Class A (BAYA51)	zaA (sf)
Class A (BAYA52)	zaA (sf)

Ratings Withdrawn

Class A (BAYA06)	NR	zaA (sf)
Class A (BAYA16)	NR	zaA (sf)
Class A (BAYA17)	NR	zaA (sf)
Class A (BAYA18)	NR	zaA (sf)

NR--Not rated.

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