

## Ratings Assigned To Bayport Securitisation (RF)'s Class A BAYA55 To BAYA57 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 BAYA55 notes, and our long-term 'zaA (sf)' ratings to the class A BAYA56 and BAYA57 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- At the same time, we have affirmed our ratings on all of the outstanding class A notes issued previously, and have withdrawn our ratings on the class A BAYA43, BAYA44, and BAYA50 notes following their full redemption.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) April 3, 2017--S&P Global Ratings today assigned its long-term 'zaA (sf)' credit ratings to Bayport Securitisation (RF) Ltd.'s class A BAYA56 and BAYA57 notes. We have also assigned our short-term 'zaA-1 (sf)' rating to the class A BAYA55 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 At the same time, we have affirmed our ratings on Bayport Securitisation (RF)'s outstanding class A notes and have withdrawn our ratings on the class A BAYA43, BAYA44, and BAYA50 notes (see list below).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 December 2016). We

have considered the most recent transaction structure in our analysis after the March 31, 2017 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 Long-Term Local Currency Rating Lowered To 'BBB'; Foreign Currency Ratings Affirmed; Outlook Still Negative," published on Dec. 2, 2016). Our baseline economic forecast for South Africa previews a modest 1.4% growth in real GDP, and a drop of 0.1% in real GDP per capita in 2017. We expect both parameters to only slightly improve in 2018. We have incorporated our expectations of a weak economic growth in the country in 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," criteria 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 Assigned To Bayport Securitisation (RF)'s Class A BAYA53 And BAYA54 South African ABS Notes," published on Sept. 30, 2016). Our worst-case pool assumption only comprises consumer loans as we expect those loans to generate a higher level of net losses compared with 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 warm 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 April 3, 2017 and the partial or full amortization of the existing classes of notes on March 31, 2017. We applied our "Global Framework For Cash Flow Analysis Of Structured Finance Securities" criteria, published on Oct. 9, 2014. The class A BAYA56 and BAYA57 notes are

three- and five-year, respectively, bullet 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 these classes of notes. We have also assigned our short-term 'zaA-1 (sf)' rating to the class A BAYA55 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 BAYA43, BAYA44, and BAYA50 notes fully redeemed on March 31, 2017, 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 Methodology," published on March 29, 2017). We have received legal comfort that the sale of the assets would survive the seller's 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

## *Ratings Assigned To Bayport Securitisation (RF)'s Class A BAYA55 To BAYA57 South African ABS Notes*

- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 08, 2016
- General Criteria: S&P Global Ratings' National And Regional Scale Mapping Tables, June 01, 2016
- Criteria - Structured Finance - General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 02, 2015
- Criteria - Structured Finance - General: Global Framework For Cash Flow Analysis Of Structured Finance Securities, Oct. 09, 2014
- Criteria - Structured Finance - General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 09, 2014
- Criteria - Structured Finance - ABS: Global Methodology And Assumptions For Assessing The Credit Quality Of Securitized Consumer Receivables, Oct. 09, 2014
- General Criteria: National And Regional Scale Credit Ratings, Sept. 22, 2014
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 03, 2010
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

### RELATED RESEARCH

- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- South Africa Long-Term Local Currency Rating Lowered To 'BBB'; Foreign Currency Ratings Affirmed; Outlook Still Negative, Dec. 2, 2016
- Ratings Assigned To Bayport Securitisation (RF)'s Class A BAYA53 And BAYA54 South African ABS Notes, Sept. 30, 2016
- Sub-Saharan Africa Sovereign Rating Trends Mid-Year 2016, July 13, 2016
- 2015 EMEA ABS Scenario And Sensitivity Analysis, Aug. 6, 2015

### RATINGS LIST

Bayport Securitisation (RF) Ltd.  
ZAR6.655 Billion Asset-Backed Notes

Class	Rating	Amount (mil. ZAR)
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*Ratings Assigned To Bayport Securitisation (RF)'s Class A BAYA55 To BAYA57 South African ABS Notes*

Ratings Assigned

Class A (BAYA55)	zaA-1 (sf)	50
Class A (BAYA56)	zaA (sf)	30
Class A (BAYA57)	zaA (sf)	50

Class	Rating	
	To	From

Ratings Affirmed

Class A (BAYA08)	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 (BAYA45)	zaA (sf)
Class A (BYA49U)	zaA (sf)
Class A (BAYA51)	zaA (sf)
Class A (BAYA52)	zaA (sf)
Class A (BAYA53)	zaA-1 (sf)
Class A (BAYA54)	zaA (sf)

Ratings Withdrawn

Class A (BAYA43)	NR	zaA (sf)
Class A (BAYA44)	NR	zaA (sf)
Class A (BAYA50)	NR	zaA-1 (sf)

NR--Not rated.

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