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All Ratings Raised In South African ABS Transaction Bayport Securitisation (RF) Following Review Under New Criteria

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OVERVIEW

- We have reviewed Bayport Securitisation (RF) by conducting our credit and cash flow analysis under our global criteria for assessing the credit quality of securitized consumer receivables.
- Following our review, we have raised to 'zaA+ (sf)' from 'zaA (sf)' our ratings on all of the class A notes.
- 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) March 13, 2015--Standard & Poor's Ratings Services today raised to 'zaA+ (sf)' from 'zaA (sf)' its credit ratings on the outstanding class A notes issued by Bayport Securitisation (RF) Ltd. (see list below).

Upon publishing our global criteria for assessing the credit quality of securitized consumer receivables, we placed those ratings that could potentially be affected "under criteria observation" (see "Global Methodology And Assumptions For Assessing The Credit Quality Of Securitized Consumer Receivables," published on Oct. 9, 2014).

Following our review of this transaction, our ratings that could potentially

be affected by the criteria are no longer under criteria observation.

We applied our "Global Framework For Cash Flow Analysis Of Structured Finance Securities" criteria published on Oct. 9, 2014, to update our cash flow model for this transaction. Our revised analysis indicates that the available credit enhancement for the rated notes is sufficient to mitigate the credit and cash flow risks at the 'zaA+' rating level. Considering this with the factors outlined below, we have therefore raised to 'zaA+ (sf)' from 'zaA (sf)' our ratings on the outstanding class A notes.

In our credit analysis, we considered our latest forecasts for South Africa's economy and the local consumer loan sector (see "Ratings On South Africa Affirmed; Outlook Stable," published on Dec. 12, 2014). In our view, the originator's historically good performance in a high-risk lending environment, and its close attention to credit affordability as part of its risk management processes, mitigate the potential negative effect of the economy's forecasted sluggish growth on collateral performance.

We have analyzed credit risk by applying our global criteria for assessing the credit quality of securitized consumer receivables. In our analysis, we take into account the underlying portfolio's historical performance to date. Nonperforming consumer loans in South Africa have increased as GDP and real per capita income growth have slowed down. However, we believe that the transaction's collateralized portfolio is resilient to this increase, as a result of the originator and servicer underwriting standards, its relatively stable collateral quality performance during the 2009 recession, and the portfolio's large exposure to public-sector employment. We considered all of these factors when we developed our stressed default rates at various rating levels. Our default base-case assumptions for consumer and cellular loans are unchanged at 39% and 40%, respectively. We have also maintained our base-case recovery assumptions for consumer and cellular loans at 8.5% and 5.0%, respectively.

We have applied our "Global Framework For Assessing Operational Risk In Structured Finance Transactions" criteria published on Oct. 9, 2014 to assess the operational risk in this transaction. In our view, severity risk (the effect of servicer disruption) and portability risk (the inability to replace the servicer) are low. Therefore, operational risk does not constrain the maximum potential ratings achievable for the notes.

The transaction is exposed to the counterparty risk of Standard Bank of South Africa Ltd. as the issuer bank account provider. We consider that this counterparty is eligible to support a 'zaA+ (sf)' rating on the notes, in accordance with our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

The servicer and collection account provider, Bayport, is an unrated entity. We consider the commingling risk in this transaction relating to the collection account provider to be structurally mitigated under our current counterparty criteria, as the exposure period is limited to one business day.

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, if the seller were to become insolvent.

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).

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 Sept. 19, 2014). This is because our ratings on the notes are below our long-term sovereign rating on the Republic of South Africa.

Bayport Securitisation (RF) is a South African asset-backed securities (ABS) transaction, which securitizes a portfolio of South African consumer loan receivables that Bayport Financial Services 2010 (Pty) originated.

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

- Global Methodology And Assumptions For Assessing The Credit Quality Of Securitized Consumer Receivables, Oct. 9, 2014
- 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
- Standard & Poor's National And Regional Scale Mapping Tables, Sept. 30, 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,

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May 7, 2013

- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Ratings On South Africa Affirmed; Outlook Stable, Dec. 12, 2014
- 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.
ZAR5.974 Billion Asset-Backed Notes

Ratings Raised

Class	Rating	
	To	From
Class A (BAYA01)	zaA+ (sf)	zaA (sf)
Class A (BAYA04)	zaA+ (sf)	zaA (sf)
Class A (BAYA05)	zaA+ (sf)	zaA (sf)
Class A (BAYA06)	zaA+ (sf)	zaA (sf)
Class A (BAYA07)	zaA+ (sf)	zaA (sf)
Class A (BAYA08)	zaA+ (sf)	zaA (sf)
Class A (BAYA09)	zaA+ (sf)	zaA (sf)
Class A (BAYA10)	zaA+ (sf)	zaA (sf)
Class A (BAYA11)	zaA+ (sf)	zaA (sf)
Class A (BAYA12)	zaA+ (sf)	zaA (sf)
Class A (BAYA13)	zaA+ (sf)	zaA (sf)
Class A (BAYA14)	zaA+ (sf)	zaA (sf)
Class A (BAYA15)	zaA+ (sf)	zaA (sf)
Class A (BAYA16)	zaA+ (sf)	zaA (sf)
Class A (BAYA17)	zaA+ (sf)	zaA (sf)
Class A (BAYA18)	zaA+ (sf)	zaA (sf)
Class A (BAYA19)	zaA+ (sf)	zaA (sf)
Class A (BAYA22)	zaA+ (sf)	zaA (sf)
Class A (BAYA23)	zaA+ (sf)	zaA (sf)
Class A (BAYA24)	zaA+ (sf)	zaA (sf)
Class A (BAYA25)	zaA+ (sf)	zaA (sf)
Class A (BAYA26)	zaA+ (sf)	zaA (sf)
Class A (BAYA27)	zaA+ (sf)	zaA (sf)
Class A (BAYA29)	zaA+ (sf)	zaA (sf)
Class A (BAYA30)	zaA+ (sf)	zaA (sf)
Class A (BAYA31)	zaA+ (sf)	zaA (sf)
Class A (BAYA32)	zaA+ (sf)	zaA (sf)

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Class A (BAYA33)	zaA+ (sf)	zaA (sf)
Class A (BAYA34)	zaA+ (sf)	zaA (sf)
Class A (BAYA35)	zaA+ (sf)	zaA (sf)
Class A (BAYA36)	zaA+ (sf)	zaA (sf)
Class A (BAYA37)	zaA+ (sf)	zaA (sf)
Class A (BAYA39)	zaA+ (sf)	zaA (sf)
Class A (BAYA41)	zaA+ (sf)	zaA (sf)
Class A (BAYA42)	zaA+ (sf)	zaA (sf)
Class A (BAYA43)	zaA+ (sf)	zaA (sf)
Class A (BAYA44)	zaA+ (sf)	zaA (sf)
Class A (BAYA45)	zaA+ (sf)	zaA (sf)
Class A (BAYA46)	zaA+ (sf)	zaA (sf)
Class A (BAYA47)	zaA+ (sf)	zaA (sf)

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