

Ratings Assigned To Bayport Securitisation (RF)'s Class A BAYA66 And BAYA67 South African ABS Notes

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OVERVIEW

- We have assigned our long-term 'zaAA- (sf)' rating to Bayport Securitisation (RF)'s class A BAYA66 and BAYA67 notes.
- At the same time, we have affirmed our ratings on all of the outstanding class A notes issued previously.
- Bayport Securitisation (RF) securitizes a portfolio of South African consumer loan receivables that Bayport Financial Services 2010 (Pty) originated.

MADRID (S&P Global Ratings) April 3, 2018--S&P Global Ratings today assigned its long-term 'zaAA- (sf)' credit ratings to Bayport Securitisation (RF) Ltd.'s class A BAYA66 and BAYA67 notes. At the same time, we have affirmed our ratings on Bayport Securitisation (RF)'s outstanding class A 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 2017). We have considered the most recent transaction structure in our analysis, taking into account the further new issuance and existing notes' amortization as of the December 2017 interest payment date, and the tap issuance on the existing class A BAYA59 notes.

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 "S&P Global Ratings Raises Its GDP Growth Forecast For South Africa," published on March 27, 2018). Our revised baseline economic forecast for South Africa is of a relatively weak real GDP growth of 2.0% in 2018 and 2.1% in 2019, nevertheless higher than our prior projections of 1.0% and 1.7%, respectively. We expect the unemployment rate to remain high at about 27.4% in 2018 and 27.3% in 2019. We have incorporated our expectations of a weak economic growth in the country, as well as our view of the unsecured lending market in South Africa, in our credit assumptions applicable to 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 BAYA62 To BAYA65 South African ABS Notes," published on Dec. 1, 2017). Our worst-case pool assumption comprises only consumer loans, as we expect those loans to generate a higher level of net losses compared with the cellular loans currently securitized. The credit quality performance of the securitized portfolio is in line with our current forecast default and recovery rates in this transaction.

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, 2018, and the tap issuance of the

existing class A BAYA59 notes on the same date. We applied our "Global Framework For Cash Flow Analysis Of Structured Finance Securities" criteria, published on Oct. 9, 2014. The class A BAYA66 notes are floating-rate amortizing notes with legal final maturity in March 2021. The class A BAYA67 notes are fixed-rate bullet notes with legal maturity in March 2023. Our cash flow analysis considered the transaction's structural features, including the credit enhancement the available cash and performing balance provides.

The class A notes (new and existing) pass our cash flow analysis and stresses at a long-term 'zaAA-' rating level. We have therefore assigned our 'zaAA-(sf)' ratings to the class A BAYA66 and BAYA67 notes.

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 'zaAA-' long-term rating. We have therefore affirmed our ratings on the existing class A notes.

Counterparty Risk

The transaction is exposed to the credit risk of Standard Bank of South Africa Ltd. acting as the transaction bank account provider. We consider that the transaction documents adequately mitigate this risk at the 'zaAA-' 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 model commingling risk as a liquidity stress, given the strong structural features aimed at limiting commingling risk exposure.

Legal Risk

We consider the issuer to be bankruptcy remote, in line with our legal criteria (see "Structured Finance: 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

Under our structured finance ratings above the sovereign criteria, we treat the type of collateral being securitized (South African unsecured consumer loans) as having moderate sensitivity to the South African sovereign risk (see "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions," published on Aug. 8, 2016). The sovereign default stress test would be applicable to this transaction if the results of the asset-specific criteria analysis indicated a rating level above the foreign currency rating on the

sovereign, currently 'BB/B' ('zaAA+/zaA-1+' national scale ratings). The output on our analysis, at 'zaAA-', is lower than the rating on the sovereign. We therefore did not apply the sovereign stress test in our analysis.

RELATED CRITERIA

- General Criteria: S&P Global Ratings' National And Regional Scale Mapping Tables, Aug. 14, 2017
- General Criteria: S&P Global Ratings' National And Regional Scale Mapping Tables, Aug. 14, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- 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. 8, 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 2, 2015
- Criteria - Structured Finance - General: Global Framework For Cash Flow Analysis Of Structured Finance Securities, Oct. 9, 2014
- Criteria - Structured Finance - General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Criteria - Structured Finance - ABS: Global Methodology And Assumptions For Assessing The Credit Quality Of Securitized Consumer Receivables, Oct. 9, 2014
- General Criteria: National And Regional Scale Credit Ratings, Sept. 22, 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: Methodology: Credit Stability Criteria, May 3, 2010
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- S&P Global Ratings Raises Its GDP Growth Forecast For South Africa, March 27, 2018
- Ratings Assigned To Bayport Securitisation (RF)'s Class A BAYA62 To BAYA65 South African ABS Notes, Dec. 1, 2017
- South Africa Ratings Lowered On Weakening Economic And Fiscal Trajectory; Outlook Stable, Nov. 24, 2017
- 2017 EMEA ABS Scenario And Sensitivity Analysis, July 6, 2017

Ratings Assigned To Bayport Securitisation (RF)'s Class A BAYA66 And BAYA67 South African ABS Notes

- 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

RATINGS LIST

Bayport Securitisation (RF) Ltd.
ZAR8.852 Billion Asset-Backed Notes

Class	Rating	Amount (mil. ZAR)
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Ratings Assigned

Class A (BAYA66)	zaAA- (sf)	218.0
Class A (BAYA67)	zaAA- (sf)	100.0

Class	Rating
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Ratings Affirmed

Class A (BAYA31)	zaAA- (sf)
Class A (BAYA34)	zaAA- (sf)
Class A (BAYA35)	zaAA- (sf)
Class A (BAYA36)	zaAA- (sf)
Class A (BAYA39)	zaAA- (sf)
Class A (BAYA41)	zaAA- (sf)
Class A (BAYA42)	zaAA- (sf)
Class A (BAYA45)	zaAA- (sf)
Class A (BYA49U)	zaAA- (sf)
Class A (BAYA51)	zaAA- (sf)
Class A (BAYA52)	zaAA- (sf)
Class A (BAYA54)	zaAA- (sf)
Class A (BAYA57)	zaAA- (sf)
Class A (BAYA58)	zaAA- (sf)
Class A (BAYA59)	zaAA- (sf)
Class A (BAYA60)	zaAA- (sf)
Class A (BAYA61)	zaAA- (sf)
Class A (BAYA62)	zaAA- (sf)
Class A (BAYA63)	zaAA- (sf)
Class A (BAYA64)	zaAA- (sf)
Class A (BAYA65)	zaAA- (sf)

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