

Ratings Lowered On Auto ABS Transaction Transsec (RF)'s Class A To C Notes Following Bank Downgrade

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OVERVIEW

- On April 13, 2017, we placed on CreditWatch negative our ratings on Transsec (RF)'s class A to C notes following our recent downgrade of South Africa and FirstRand Bank, the bank account provider in this transaction.
- Following the application of our current counterparty criteria, we have lowered and removed from CreditWatch negative our ratings on the class A to C notes.
- The transaction securitizes a pool of fully amortizing installment sale agreements relating to the financing of South African mini-bus taxis.

MOSCOW (S&P Global Ratings) June 6, 2017--S&P Global Ratings today lowered and removed from CreditWatch negative its South Africa national scale credit ratings on Transsec (RF) Ltd.'s class A2, A4, B1, B2, C1, and C2 notes (see list below).

On April 13, 2017, we placed on CreditWatch negative our ratings on Transsec (RF)'s class A to C notes following our recent downgrades of South Africa and FirstRand Bank Ltd., the bank account provider in this transaction (see "Ratings In ABS Transaction Transsec (RF) Placed On CreditWatch Negative After South Africa And Bank Downgrades").

The overarching principle behind our current counterparty criteria is the replacement of a counterparty when the rating on the counterparty falls below a minimum eligible rating (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). Without the incorporation of replacement mechanisms or equivalent remedies in the terms of the agreement with the counterparty, and if there are no other mitigating factors, the rating on the supported security is generally no higher than the long- or short-term issuer credit rating (ICR) on the counterparty.

On April 5, 2017, we lowered to 'BB+' from 'BBB-' our long-term ICR on FirstRand Bank (see "Ratings On Seven South African Financial Institutions Lowered Following Similar Action On Sovereign"). According to the bank account agreement, the issuer had to replace FirstRand Bank within 30 days upon the loss of its 'BBB-' long-term ICR with an eligible 'BBB-' rated institution.

The remedy period has expired and we understand that the issuer was not able to find any replacement bank account provider with the required ratings, as we currently don't rate any financial institutions in South Africa above the 'BB+' long-term sovereign foreign currency rating. We further understand the issuer does not expect to realize any alternative remedial actions in line with our counterparty criteria in the short term. We have therefore lowered and removed from CreditWatch negative our ratings on the class A2, A4, B1, B2, C1, and C2 notes.

The transaction securitizes a pool of fully amortizing installment sale agreements relating to the financing of South African mini-bus taxis. The entire pool was originated by Potpale Investments (RF) Proprietary Ltd., a bankruptcy remote warehousing vehicle that SA Taxi Development Finance Proprietary Ltd. set up. The underlying obligors are predominantly South African individual taxi operators.

On May 18, 2017, we published a report on our review of our criteria for assigning ratings using the South Africa national scale (see "Advance Notice Of Proposed Criteria Change: South Africa National Scale Ratings"). The extent of the ratings impact will depend on the revisions we adopt. We'll provide periodic updates about the timing over the next two months.

RELATED CRITERIA

- 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
- General Criteria: S&P Global Ratings' National And Regional Scale Mapping Tables, June 1, 2016
- Criteria - Structured Finance - General: Methodology: Criteria For Global

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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 Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Criteria - Structured Finance - General: Global Framework For Cash Flow Analysis Of Structured Finance Securities, 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
- 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 3, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- Advance Notice Of Proposed Criteria Change: South Africa National Scale Ratings, May 18, 2017
- Ratings In ABS Transaction Transsec (RF) Placed On CreditWatch Negative After South Africa And Bank Downgrades, April 13, 2017
- Ratings On Seven South African Financial Institutions Lowered Following Similar Action On Sovereign, April 5, 2017
- South Africa Long-Term Foreign Currency Rating Cut To 'BB+' On Political And Institutional Uncertainty; Outlook Negative, April 3, 2017
- 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 Raised On South African Transaction Transsec (RF)'s ABS Notes Following Review; Class A Notes Affirmed, Oct. 25, 2016
- 2015 EMEA ABS Scenario And Sensitivity Analysis, Aug. 6, 2015

RATINGS LIST

Transsec (RF) Ltd.

ZAR1.361 Billion Asset-Backed Floating-Rate Notes (Including ZAR1,092 Million Rated Notes And ZAR269 Million Unrated Notes And Subloan)

Class	Rating
To	From

Ratings Lowered On Auto ABS Transaction Transsec (RF)'s Class A To C Notes Following Bank Downgrade

Ratings Lowered And Removed From CreditWatch Negative

A2	zaA (sf)	zaAAA (sf)/Watch Neg
A4	zaA (sf)	zaAAA (sf)/Watch Neg
B1	zaA (sf)	zaAA+ (sf)/Watch Neg
B2	zaA (sf)	zaAA+ (sf)/Watch Neg
C1	zaA (sf)	zaA+ (sf)/Watch Neg
C2	zaA (sf)	zaA+ (sf)/Watch Neg

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