

Ratings Lowered On Auto ABS Transaction Transsec 2 (RF)'s Class A Notes Following Bank Downgrade

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OVERVIEW

- On Nov. 24, 2017, we lowered our foreign currency sovereign rating on South Africa. On Nov. 29, 2017, we subsequently lowered our ratings on FirstRand Bank, the bank account provider in Transsec (RF) 2.
- Following the application of our current counterparty criteria, we have lowered our ratings on the class A1, A2, A3, A4, A5, and A6 notes.
- At the same time, we have affirmed our ratings on the class B1-Dfrd, B2-Dfrd, C1-Dfrd, and C2-Dfrd 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) Dec. 19, 2017--S&P Global Ratings today lowered to 'zaAA- (sf)' from 'zaAA (sf)' its South Africa national scale credit ratings on Transsec 2 (RF) Ltd.'s class A1, A2, A3, A4, A5, and A6 notes. At the same time, we have affirmed our 'zaAA- (sf)' South Africa national scale ratings on the class B1-Dfrd and B2-Dfrd notes and our 'zaA (sf)' South Africa national scale ratings on the class C1-Dfrd, and C2-Dfrd notes (see list below).

Today's rating actions follow our Nov. 24, 2017 lowering to 'BB' from 'BB+' of our long-term foreign currency sovereign credit rating on the Republic of South Africa and the subsequent lowering of our issuer credit ratings (ICRs) on eight South African banks, including FirstRand Bank Ltd. (see "South Africa Ratings Lowered On Weakening Economic And Fiscal Trajectory; Outlook Stable," published on Nov. 24, 2017, and "Ratings On Eight South African Financial

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Institutions Lowered Following Similar Action On Sovereign," published on Nov. 29, 2017).

The transaction is exposed to the counterparty risk of FirstRand Bank (BB/Stable/B, South Africa national scale ratings zaAA-/zaA-1+) as the transaction account bank. Given that FirstRand Bank was not replaced following its downgrade in April 2017, the notes ratings in this transaction are capped at FirstRand Bank's long-term ICR, in accordance with our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013, and "Ratings On Seven South African Financial Institutions Lowered Following Similar Action On Sovereign," published on April 5, 2017). Following our recent lowering of our long-term South Africa national scale rating on FirstRand Bank, we have consequently lowered to 'zAA-(sf)' from 'zAA (sf)' our ratings on the class A1, A2, A3, A4, A5, and A6 notes. We affirmed our 'zaAA- (sf)' ratings on the class B1-Dfrd and B2-Dfrd notes, and our 'zaA (sf)' ratings on the class C1-Dfrd and C2-Dfrd notes as they are rated at or or below the counterparty risk cap. Since our previous review of the class B1-Dfrd, B2-Dfrd, C1-Dfrd, and B2-Dfrd notes, no additional risk factors have arisen (see "Ratings Raised On South African Transaction Transsec 2 (RF)'s ABS Notes Following Review," published on Nov. 8, 2017).

The transaction is exposed to the counterparty risk of Standard Bank of South Africa Ltd. as the interest rate swap provider. We give benefit to the swap in our rating analysis.

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.

RELATED CRITERIA

- General Criteria: S&P Global Ratings' National And Regional Scale Mapping Tables, Aug. 14, 2017
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- 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
- General Criteria: Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- 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

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- 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: Global Derivative Agreement Criteria, June 24, 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
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- Ratings On Eight South African Financial Institutions Lowered Following Similar Action On Sovereign, Nov. 29, 2017
- South Africa Ratings Lowered On Weakening Economic And Fiscal Trajectory; Outlook Stable, Nov. 24, 2017
- Ratings Raised On South African Transaction Transsec 2 (RF)'s ABS Notes Following Review, Nov. 8, 2017
- 2017 EMEA ABS Scenario And Sensitivity Analysis, July 6, 2017
- Ratings On Seven South African Financial Institutions Lowered Following Similar Action On Sovereign, April 5, 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 LIST

Transsec 2 (RF) Ltd.

ZAR450 Million Asset-Backed Notes (Including ZAR129 Million Unrated Notes)

Class	Rating	
	To	From
Ratings Lowered		
A1	zaAA- (sf)	zaAA (sf)
A2	zaAA- (sf)	zaAA (sf)
A3	zaAA- (sf)	zaAA (sf)
A4	zaAA- (sf)	zaAA (sf)
A5	zaAA- (sf)	zaAA (sf)

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A6 zaAA- (sf) zaAA (sf)

Ratings Affirmed

B1-Dfrd zaAA- (sf)

B2-Dfrd zaAA- (sf)

C1-Dfrd zaA (sf)

C2-Dfrd zaA (sf)

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