



## iVuzi Investments (RF) Limited Asset Backed Commercial Paper - Ratings Affirmed

Johannesburg, 15 November 2016 — Global Credit Ratings ('GCR') has affirmed the *final, public* short term credit rating of 'A1+<sub>(ZA)(sf)</sub>' accorded to the Asset Backed Commercial Paper ('ABCP' or the 'Notes') issued and to be issued by iVuzi Investments (RF) Ltd ('iVuzi' or the 'Issuer') from time to time under the Issuer's R15bn hybrid ABCP Program (the 'Program').

### **RATING RATIONALE**

iVuzi is a hybrid ABCP Program with the ability to finance or acquire Financial Assets, Rated Securities and Participating Eligible Investments, subject to eligibility criteria that are set out in the Transaction Documents. The assets and liabilities in the Program are measured on a present value basis, with the present value used on an ongoing basis in calculating the liquidity and credit enhancement requirements. The Program uses the present value approach, which enables the fair treatment of the obligations of the Issuer to the Noteholders in the event that the Issuer is required to make payments pursuant to the early redemption feature of the Program or in an Event of Default.

The Liquidity Facility ('LF') requirements of the Program are funded at the aggregate Outstanding Amount due in respect of all Series of Notes in issue plus the Senior Fees and Expenses, less the aggregate nominal value of the Sponsor's Loan Collateral, the cash held in the Collections Account, the aggregate of the Pre-Paid Amounts and the Pre-Payment Make Whole Amount, as well as the aggregate nominal value of the Rated Securities with a maturity at least two days prior to any Notes of an equal amount. Currently, RMB acts as the sole liquidity provider.

The Program Wide Credit Enhancement Facility Amount ('PWCE') is made up of the aggregate credit enhancement amounts in respect of the Financial Assets and the Rated Securities. PWCE is dynamic and sized based upon the present value of the Participating Assets and their underlying credit quality. GCR utilises a tailor made rating factor model, which utilises the correlation between the securities, the underlying credit ratings of the securities and the ABCP matrix in GCR's ABCP Rating Criteria to calculate the PWCE requirement.

GCR runs the model on a monthly basis to ensure that the funding requirements are met. RMB, in its capacity as the Administrator, is also expected to run the model to determine the appropriate funding requirements prior to any new issuance or changes in the composition of Participating Assets. As at November 2016, no breaches of the LF requirement were reported, with the target PWCE being maintained at all times.

For more information on the Program, please refer to the iVuzi Investments (RF) Limited New Rating Report published on 31 March 2016, as well as the Surveillance Report published on 15



November 2016. GCR analysed the Program by applying its Global Structured Finance Rating Criteria (Feb'16); its Global Asset Backed Commercial Paper Rating Criteria (Sep'16); its Global Master Criteria for Rating Banks and Other Financial Institutions (Mar'16); with reference to its FirstRand Bank Limited Rating Report (Nov'15).

### NATIONAL SCALE RATINGS HISTORY

Security Class	Initial Rating	Long Term Rating	Short Term Rating	Outlook
ABCP	31 March 2016	n.a	A1+ <sub>(ZA)(sf)</sub>	n.a
Security Class	Last Rating	Long Term Rating	Short Term Rating	Outlook
ABCP	31 March 2016	n.a	A1+ <sub>(ZA)(sf)</sub>	n.a

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### APPLICABLE METHODOLOGIES AND RELATED RESEARCH

Global Structured Finance Rating Criteria (Feb'16);



Global Asset Backed Commercial Paper Rating Criteria (Sep'16);  
 Global Master Criteria for Rating Banks and Other Financial Institutions (Mar'16);  
 FirstRand Bank Limited Rating Report (Nov'15); and  
 iVuzi Investments (RF) Limited New Issuance Report (Mar'16)

## **RATING LIMITATIONS AND DISCLAIMERS**

ALL GCR'S CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://GLOBALRATINGS.NET/UNDERSTANDING-RATINGS](http://globalratings.net/understanding-ratings). IN ADDITION, GCR'S RATING SCALES AND DEFINITIONS ARE ALSO AVAILABLE FOR DOWNLOAD AT THE FOLLOWING LINK: [HTTP://GLOBALRATINGS.NET/RATINGS-INFO/RATING-SCALES-DEFINITIONS](http://globalratings.net/ratings-info/rating-scales-definitions). GCR'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, PUBLICATION TERMS AND CONDITIONS AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE AT [HTTP://GLOBALRATINGS.NET](http://globalratings.net).

## **GLOSSARY OF TERMS/ACRONYMS USED IN THIS DOCUMENT AS PER GCR'S STRUCTURED FINANCE GLOSSARY**

Administrator	A transaction appointed agent responsible for the managing of a Conduit or a Special Purpose Vehicle. The responsibilities may include maintaining the bank accounts, making payments and monitoring the transaction performance.
Asset	An item with economic value that an entity owns or controls.
Collateral	An asset pledged as security in event of default.
Commercial Paper	A debt security of short term nature, less than a year.
Credit	A contractual agreement in which a borrower receives something of value now, and agrees to repay the lender at some date in the future, generally with interest. The term also refers to the borrowing capacity of an individual or company
Credit Enhancement	Limited protection to a transaction against losses arising from the assets. The credit enhancement can be either internal or external. Internal credit enhancement may include: Subordination; over-collateralisation; excess spread; security package; arrears reserve; reserve fund and hedging. External credit enhancement may include: Guarantees; Letters of Credit and hedging.
Credit Rating	An opinion regarding the creditworthiness of an entity, a security or financial instrument, or an issuer of securities or financial instruments, using an established and defined ranking system of rating categories.
Default	A default occurs when: 1.) The Borrower is unable to repay its debt obligations in full; 2.) A credit-loss event such as charge-off, specific provision or distressed restructuring involving the forgiveness or postponement of obligations; 3.) The borrower is past due more than X days on any debt obligations as defined in the transaction documents; 4.) The obligor has filed for bankruptcy or similar protection from creditors.
Early Redemption	The repurchase of a bond by the issuer before it matures.
Eligibility Criteria	Limitations imposed on the type and quality of assets that can be sold by the Originator / Servicer into the Securitisation vehicle which ensure the transaction will track the performance of historical data analysed as closely as possible.

Hybrid	A form of security that has characteristics of various types of transaction or product.
Issuer	The party indebted or the person making repayments for its borrowings.
Liquidity	The ability to repay short-term obligations or short-term availability of liquid assets to a market or entity.
Liquidity Facility	A facility provided to a structured finance transaction that will pay the Noteholders interest in the event that the underlying assets cash flows are inadequate.
Loan	A sum of money borrowed by a debtor that is expected to be paid back with interest to the creditor. A debt instrument where immovable property is the collateral for the loan. A mortgage gives the lender a right to take possession of the property if the borrower fails to repay the loan. Registration is a prerequisite for the existence of any mortgage loan. A mortgage can be registered over either a corporeal or incorporeal property, even if it does not belong to the mortgagee. Also called a Mortgage bond.
Noteholder	Investor of capital market securities.
Obligation	The title given to the legal relationship that exists between parties to an agreement when they acquire personal rights against each other for entitlement to perform.
Rated Securities	Debt securities that have been accorded a credit rating.
Redemption	The repurchase of a bond at maturity by the issuer.
Securities	Various instruments used in the capital market to raise funds.
Senior	A security that has a higher repayment priority than junior securities.
Short-Term Rating	A short term rating is an opinion of an issuer's ability to meet all financial obligations over the upcoming 12 month period, including interest payments and debt redemptions.
Structured Finance	A method of raising funds in the capital markets. A Structured Finance transaction is established to accomplish certain funding objectives whilst reducing risk.
Surveillance	Process of monitoring a transaction according to triggers, covenants and key performance indicators.
Transaction	A transaction that enables an Issuer to issue debt securities in the capital markets. A debt issuance programme that allows an Issuer the continued and flexible issuance of several types of securities in accordance with the programme terms and conditions.

## **SALIENT FEATURES OF ACCORDED RATINGS**

GCR affirms that a.) no part of the rating was influenced by any other business activities of the credit rating agency; b.) the rating was based solely on the merits of the rated entity, security or financial instrument being rated; c.) such rating was an independent evaluation of the risks and merits of the rated entity, security or financial instrument; and d.) the validity of the rating is for a maximum of 12 months, or earlier as indicated by the applicable credit rating document.

The Issuer and the Arranger participated in the rating process via face-to-face meetings, teleconferences and other written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible.

The credit rating has been disclosed to the Issuer and the Arranger with no contestation of the rating.



The rating above was solicited by the Issuer of the Transaction; GCR has been compensated for the provision of the rating.

The information received from the Arranger and other reliable third parties to accord the credit rating included:

- Monthly investor reports from January 2015 to October 2016;
- Monthly asset compositions from January 2015 to October 2016;
- A signed legal opinion;
- Satisfactory copies of all executed Transaction Documents; and
- The signed amendments to Transaction Documents where applicable.