Credit Rating Report | South African ABS Analysis | Public Ratings | December 2021

Capital Harvest Finance (RF) Limited

Class	Stock Code	Amount (ZAR)	Rating Class	Rating Scale	Rating	Outlook / Watch	Legal Final Maturity
Class A1	4ACHFA1	437,000,000	Long-Term Issue	National	$AAA_{(ZA)(sf)}$	Stable	28 Jan 2042
Class A2	4ACHFA2	356,000,000	Long-Term Issue	National	$AAA_{(ZA)(sf)}$	Stable	28 Jan 2044
Class A3	CHFA3U	81,000,000	Long-Term Issue	National	$AAA_{(ZA)(sf)}$	Stable	28 Jan 2044
Class B	4ACHFB1	75,000,000	Long-Term Issue	National	$AA-_{(ZA)(sf)}$	Stable	28 Jan 2044
Class D	4ACHFD1	69,000,000	Long-Term Issue	National	$BBB-_{(ZA)(sf)}$	Stable	28 Jan 2044

Rating Action

On 08 December 2021, GCR Ratings ("GCR") assigned national scale long-term issue credit ratings to the following Classes of Notes issued by Capital Harvest Finance (RF) Limited ("Capital Harvest Finance" or the "Issuer" or the "Transaction") on 10 December 2021:

- Class A1 Notes, stock code 4ACHFA1; $AAA_{(ZA)(sf)}$ Stable Outlook
- Class A2 Notes, stock code 4ACHFA2; $AAA_{(ZA)(sf)}$ Stable Outlook
- Class A3 Notes, stock code CHFA3U; $AAA_{(ZA)(sf)}$ Stable Outlook
- Class B Notes, stock code 4ACHFB1; $AA-_{(ZA)(sf)}$ Stable Outlook
- Class D Notes, stock code 4ACHFD1; $BBB-_{(ZA)(sf)}$ Stable Outlook

In addition, the Issuer issued unrated Class E Notes of R16,000,000 as well as an unrated Junior Loan of R33,000,000.

The credit ratings accorded to all Classes of Notes relate to ultimate payment of interest and principal by their Final Maturity Dates. The ratings exclude an assessment of the ability of the Issuer to pay either any (early repayment) penalties or any default interest rate penalties. However, interest on the Notes was modelled according to their step-up interest rates, which become applicable on an Amortisation Event.

Transaction Summary

The Transaction is an asset-backed securitisation of agricultural loans that are advanced to commercial farmers in South Africa. The agricultural loans are originated by Capital Harvest (Pty) Ltd (the "Originator" or "CH"), which operates as a primary and secondary agriculture financier, and sold to the Issuer by CH and/or the Capital Harvest Warehouse SPV (RF) Proprietary Limited (the "Warehouse SPV"). This is the first rated asset-backed securitisation programme that is backed by assets (the "Participating Assets") originated by CH.

The Issuer issued R1.03bn of secured Notes and may proceed to have future tap issuances. The proceeds of the Notes issuance, together with the proceeds of a Junior Loan, funded the acquisition by the Issuer of a pool of Participating Assets, consisting of Loan Agreements and their related security, an Asset Acquisition Pre-Funding reserve, as well as a Liquidity Reserve. The Issuer will endeavour to use the Pre-Funding Amount (R103.5m) to purchase Participating Assets on any day during the Asset Acquisition Pre-Funding Period, which ends on 28 July 2022.

Amounts not utilised by this date will be used to redeem Notes. Where applicable, interest and principal on all the Notes issued is to be paid quarterly on each Payment Date during the Revolving Period and monthly in the Amortisation Period.

The Issuer has appointed Capital Harvest IT and Admin (Pty) Ltd ("CHIT") as its agent to perform both the Servicer and Administrator roles. First National Bank ("FNB") has been appointed as Account Bank and this appointment is subject to its maintaining the Required Credit Rating.

The Transaction is an evergreen transaction, but, as per GCR's Criteria for Rating Structured Finance Transactions, the cash flows were modelled as per the Pre-Enforcement Priority of Payments applicable in an Amortisation Period.

The loans purchased by the Issuer are backed by many forms of security, including suretyships and Indemnity Bonds registered in favour of the Mortgage SPV. GCR was provided with and only used the value of immovable property over which a first ranking Indemnity Bond is registered for the assessment of the security value for its modelling of recoveries on defaulted loans.

Rating Rationale

GCR modelled the Transaction's cash flows according to its capital structure and Priority of Payments, applying its Criteria for Rating Structured Finance Transactions, September 2018, Criteria for rating Consumer Asset-Backed Securities ("ABS"), September 2018 and Criteria for Rating Residential Mortgage-Backed Securities ("RMBS"), November 2018. Capital Harvest Finance's asset portfolio was modelled based on the October 2021 asset pool, with defaults, prepayments, and arrears modelled according to GCR's standard ABS methodology. Recoveries were modelled according to GCR's RMBS methodology, with adjustments applied to the assumptions to account for provincial shares of agricultural sector GDP and the Loan to Value ("LTV") Portfolio Covenant. The rating outcome is a direct result of the modelling of the Transaction's cash flows in specific rating scenarios and is detailed further in the Rating Analysis section below.

Transaction Strengths

- The low covenanted current LTV of 41.0% for the portfolio as a whole and for the largest 7 obligors therein supports high recovery rates of outstanding balances plus default interest accrued during the recovery period.
- The Originator has strong institutional and agricultural lending knowledge.
- The agricultural sector is viewed as resilient to economic cycles given the importance of food security.
- The acquisition of a Participating Asset (including an Additional Participating Asset) and/or the repurchase or substitution of any Participating Asset in terms of the Sale Agreement and/or after a Further Advance is subject to Portfolio Covenants and Eligibility Criteria, ensuring a certain level of portfolio quality.

Transaction Weaknesses

- Despite Portfolio Covenants to constrain concentration to some degree, the portfolio is concentrated in terms of loan size.
- While it is not captive to any geographical limitations, the main geographical focus of the Originator is the Western Cape region, leading to geographical concentration of the portfolio therein.
- The assets in the portfolio have varying repayment profiles of interest and capital, implying some uncertainty regarding timing of collections as scheduled. There is no Portfolio Covenant to address this variability.

Transaction Structure

Capital Structure

The Notes constitute direct, limited recourse, secured obligations of the Issuer. GCR would assess the impact of future tap issuances on existing ratings assigned if and when they occur. The claims of the Noteholders shall be subordinated to the claims of higher-ranking creditors in accordance with the relevant Priority of Payments.

Table 1: Capital Structure

Liabilities			Assets	
	ZAR	**CE%[a]**		**ZAR**
Class A1 Notes	437,000,000	18.1%[b]	Participating Assets[c]	937,612,440
Class A2 Notes	356,000,000	18.1%[b]	Pre-Funding Amount[d]	103,537,560
Class A3 Notes	81,000,000	18.1%[b]		
Class B Notes	75,000,000	11.1%	Liquidity Reserve	25,850,000
Class D Notes	69,000,000	4.6%		
Class E Notes	16,000,000	3.1%		
Junior Loan	33,000,000	0%		
Total	**1,067,000,000**		**Total**	**1,067,000,000**

[a]*Credit enhancement through subordination, calculated as subordinated liabilities as a percentage of total Notes and Junior Loan.*
[b]*Both interest and principal on the three tranches of Class A Notes are to be paid pari passu and pro rata according to all Priorities of Payment. Therefore, an equal amount of credit enhancement is available to these three tranches. Note that Class A1 has a shorter maturity and a lower interest margin than the Class A2 and Class A3, which two have identical terms and conditions.*
[c]Participating Assets here includes an amount (R48.8m) not yet drawn on but available for borrowers to draw on in terms of their loan agreement credit limits. This amount is held as cash by the Issuer to be deployed for this purpose in terms of the Priority of Payments.
[d]*The Pre-Funding Amount is held as cash available to acquire Additional Assets during the Pre-Funding Period. Any residual Pre-Funding not applied by the end of the Pre-Funding Period is to be utilised to redeem Notes.*

Source: CH, GCR calculations

The Transaction is revolving until an Amortisation Event occurs. Unremedied breach of Financial Covenants and/or Portfolio Covenants are among the Amortisation Events (which are listed more extensively in a below section).

Portfolio Covenants

The following are the criteria that the Portfolio of Participating Assets must satisfy immediately following the acquisition of a Participating Asset (including an Additional Participating Asset) and/or the repurchase or substitution of a Participating Asset and/or after a Re-advance or Further Advance is made by the Issuer:

- The weighted average ("WA") interest rate of the Portfolio of Participating Assets is equal to at least the Prime Rate plus 1.0%;
- The WA current LTV Ratio of all Participating Assets does not exceed 41.0% as measured against the Security Value provided;
- The 7 largest Associated Exposures do not, in aggregate, exceed 50.0% of all Participating Assets plus cash available for the acquisition of Additional Assets, and have a WA current LTV of 41%;
- The 5 largest Associated Exposures do not, in aggregate, exceed 42.0% of all Participating Assets plus cash available for the acquisition of Additional Assets, and have a WA current LTV of 42.0%;
- The 3 largest Associated Exposures do not, in aggregate, exceed 28.5% of all Participating Assets plus cash available for the acquisition of Additional Assets, and have a WA current LTV of 42.5%;
- The 2 largest Associated Exposures do not, in aggregate, exceed 20.0% of all Participating Assets plus cash available for the acquisition of Additional Assets, and have a WA current LTV of 45.0%;
- The single obligor limit is 10.5%;

- The maximum exposure to any one agricultural sector may not exceed 20.0%; and
- The weighted average seasoning of all Obligors exceeds one year.

A breach of the Portfolio Covenants that is not remedied within two consecutive measurement periods (Measurement Dates are quarterly) is an Amortisation Event and a Stop-Purchase Event and a Pre-Enforcement Amortisation Period.

Financial Covenants

The Capital Structure Covenant

Unless otherwise agreed with noteholders and confirmed by way of rating confirmation, this covenant shall always ensure that, during the Revolving Period, the credit enhancement available through Notes subordination does not reduce.

This will be measured as follows:

- The aggregate Outstanding Principal Amount of all Classes of Notes ranking below the Class Alpha Notes plus the principal amount outstanding under the Junior Loan Agreement divided by Total Debt shall not be less than 80%;
- The aggregate Outstanding Principal Amount of all Classes of Notes ranking below the Class A Notes plus the principal amount outstanding under the Junior Loan Agreement divided by Total Debt expressed as a percentage, shall not be less than 18%;
- The aggregate Outstanding Principal Amount of all Classes of Notes ranking below the Class B Notes plus the principal amount outstanding under the Junior Loan Agreement divided by Total Debt expressed as a percentage, shall not be less than 11%;
- The aggregate Outstanding Principal Amount of all Classes of Notes ranking below the Class D Notes plus the principal amount outstanding under the Junior Loan Agreement divided by Total Debt expressed as a percentage, shall not be less than 4.5%; and
- The aggregate principal amount outstanding under the Junior Loan Agreement divided by Total Debt expressed as a percentage, shall not be less than 2.5% or exceed 5%.

Total Debt is defined as the aggregate Outstanding Principal Amount of all Notes plus the aggregate principal amount outstanding under any Debt Instrument (which includes the outstanding balance under the Redraw Facility) and the Junior Loan Agreement.

The Issuer has undertaken to maintain the Junior Loan at a minimum of 3% for the term of the Notes in issuance unless otherwise agreed by Extraordinary Resolution of the Noteholders. Note that no Alpha Notes have been issued.

The Arrears Reserve Covenant

The Issuer undertakes that the Arrears Reserve shall be funded up to the Arrears Reserve Required Amount, as measured on any Measurement Date during the Revolving Period. The Arrears Reserve Required Amount is equal to the difference between the value of the security after defined haircuts less the outstanding balance of the loan in arrears, to the extent that this difference is negative.

The Excess Spread Covenant

The Excess Spread shall not be negative on any two consecutive Measurement Dates. The Excess Spread is calculated as interest collections, plus interest on cash and Permitted Investments, less Senior Expenses (which includes payments due on the Redraw Facility) and interest on all Notes in issue; less the Arrears Participating Assets after deducting 50% of the Security Value related to these arrears.

A breach of the Financial Covenants that is not remedied within ten Business Days is a Stop-Purchase Event and an Amortisation Event which triggers the Amortisation Period.

Priorities of Payments

The Transaction operates a combined Priority of Payments whereby interest and capital receipts on the loans are applied to the Transaction expenses and interest and capital on the Notes, amongst other items. Any claims of the Noteholders shall be subordinated to the claims of the higher-ranking creditors (including holders of Notes that have a higher ranking) in accordance with the relevant one of the three Priority of Payments, which are applicable in the Revolving Period, Pre-Enforcement Amortisation Period or Post-Enforcement Period respectively. The Priority of Payments are outlined in Appendix C.

On each Payment Date during the Revolving Period, i.e., until an Amortisation Event occurs or an Enforcement Notice is served, the Issuer shall utilise the Available Funds to make quarterly payments in accordance with the Pre-Enforcement Priority of Payments for the Revolving Period.

The Priority of Payments that applies during the Revolving Period requires that available cash is used to purchase Additional Assets to an amount sufficient to maintain the balance between assets and liabilities.

On the occurrence of an Amortisation Event, the Revolving Period, during which Additional Assets can be acquired, ends, and payments are to be made in accordance with the Priority of Payments for the Pre-Enforcement Amortisation Period. The Quarterly Payment Date that applies in the Revolving Period will then switch to a Monthly Payment Date. Amortisation Events include (amongst others):

- the Issuer fails to make payment of any amounts due and payable in respect of any Notes due to insufficient Available Funds and has not remedied same within five Business Days after the due date; or
- a Financial Covenant is breached and not remedied by the Issuer within ten Business Days of such breach coming to its attention; or
- any Portfolio Covenant, as measured on any Measurement Date, is breached and such breach continues on two consecutive Measurement Dates;
- the Issuer fails to redeem that portion of the Notes in a Tranche that is redeemable on any Scheduled Redemption Date of that Tranche of Notes.

If an Event of Default occurs, the Controlling Class of Noteholders would decide whether the Notes shall become immediately due and payable by Extraordinary Resolution. An Enforcement Notice would then be delivered to the Issuer and the Security SPV. After the delivery of an Enforcement Notice, all payments will be administered in accordance with the Post-Enforcement Priority of Payments. In such event, the Issuer may sell the Participating Assets in order to pay the outstanding Notes and interest, failing which the Security SPV may take all necessary steps, including legal proceedings, to enforce the rights of the Noteholders and other Secured Creditors. The Events of Default are outlined in Appendix D.

Security Structure

The Mortgage Special Purpose Vehicle ("Mortgage SPV") has been established as an insolvency remote ring-fenced entity for purposes of facilitating the registration of mortgage bonds by the Obligors in respect of the various agreements entered into with Capital Harvest as the Originator.

The Mortgage SPV issues a guarantee in favour of the Originator in terms of which it guarantees the obligations of the Obligors to the Originator under the relevant Loan Agreement.

The Obligor and any other Security Provider is then required to issue an indemnity in favour of the Mortgage SPV in terms of which it indemnifies the Mortgage SPV for any and all claims which the Originator may have against the Mortgage SPV as a result of or in connection with the Mortgage SPV Guarantee.

The Loan Agreements sold to the Issuer have been transferred together with any Related Security and all rights under the Mortgage SPV Guarantee. The Indemnity Bond structure therefore eliminates the need to transfer any Indemnity Bond from the Mortgage SPV in favour of the Issuer.

The Security Special Purpose Vehicle ("Security SPV") has issued a limited recourse Guarantee to each of the Secured Creditors, whereby it undertakes to pay any amounts owing by the Issuer after an Enforcement Notice is delivered.

In turn, the Issuer has issued an indemnity to the Security SPV against claims made by Secured Creditors arising out of the Guarantee. The Issuer's obligations in terms of the Indemnity are secured by the Security Cession in terms of which the Issuer cedes in favour of the Security SPV, *in securitatem debiti*, all the Issuer's right, title and interest in and to the Participating Assets, funds standing to the credit of the Transaction Account, the Transaction Documents and Permitted Investments as security for the Issuer's obligations to the Security SPV under the Issuer Indemnity.

In addition, a Suretyship has been granted to the Security SPV by the Issuer Owner Trust, secured by a pledge of all the shares held by the Issuer Owner Trust in the Issuer.

The Security SPV's liability in terms of the Guarantee is limited to the amounts recovered pursuant to the Indemnity.

While every Class of Notes shares the same security, if the security is enforced by the Security SPV, the Class B Notes will be subordinated to the Class A Notes, the Class D Notes will be subordinated to the Class B Notes and the Class E Notes will be subordinated to the Class D Notes as per the Post-Enforcement Priority of Payments.

Cash Management

The Servicer shall procure that, in relation to the Participating Assets, all amounts shall be paid by the Obligors into the Transaction Account. Any amount received by the Servicer or any Seller from an Obligor and which belongs to the Issuer, pursuant to the Portfolio of Participating Assets owned by the Issuer, shall be transferred by the Servicer into the Transaction Account within one Business Day of receipt thereof.

The Servicer shall, together with the Administrator, have joint signing authority in respect of the Transaction Account prior to the delivery of an Enforcement Notice. The Security SPV shall have sole signing authority in respect of the Transaction Account after delivery of an Enforcement Notice.

The Administrator, on behalf of the Issuer, may invest cash standing to the credit of the Transaction Account in Permitted Investments. Investments that mature within a period of thirty calendar days, must bear a rating of at least $A1_{(ZA)}$ on a short-term national scale; and investments that mature after a period of thirty calendar days, must bear at least a short-term national scale rating of $A1+_{(ZA)}$ and/or a long-term national scale rating of $AA_{(ZA)}$. Should their ratings be downgraded below these required ratings, they must be replaced within thirty days. Transaction documentation prescribes that Permitted Investments must be purchased in Rand at or below face value and must mature at least two days prior to the next Payment Date.

These cash management and Permitted Investments provisions ensure compliance with GCR's Criteria for Rating Structured Finance Transactions.

Reserves

During the Revolving Period, the Issuer will maintain the Liquidity Reserve and the Arrears Reserve, into which funds will be allocated when required. On each Payment Date, the reserves will be made available for the uses specified for each in accordance with the Priority of Payments. On Initial Issuance, the reserves were funded to their required levels by proceeds of the issuance of the Notes and the Junior Loan.

Liquidity Reserve

On each Payment Date during the Revolving Period, the Issuer will be required to pay an amount into the Transaction Account (and credit such amount to the Liquidity Reserve Ledger), using cash available in accordance with the Priority of Payments or from an advance under the Junior Loan Agreement, to ensure that the Liquidity Reserve is funded up to the Liquidity Reserve Required Amount. The Required Amount is 2.5% of total Notes outstanding.

On each Payment Date, the amount allocated to the Liquidity Reserve and recorded in the Liquidity Reserve Ledger will be released and form part of Available Funds and be available for application in accordance with the Priority of Payments.

Arrears Reserve

The Arrears Reserve provides credit enhancement to the Notes during the Revolving Period. The Issuer shall maintain the Arrears Reserve at the level of the Arrears Reserve Required Amount (the difference between the value of the related security after defined haircuts less the outstanding balance of each loan in arrears, to the extent that this difference is negative) until the Arrears Participating Asset has been settled in full by the relevant Obligor or has been repurchased by the Originator in accordance with the terms and subject to the conditions set out in the Sale Agreement.

The Arrears Reserve will be funded up to the Arrears Reserve Required Amount from cash available in accordance with the Pre-Enforcement -Priority of Payments during the Revolving Period and/or from an advance under the Junior Loan Agreement.

On each Payment Date, the amount allocated to the Arrears Reserve and recorded in the Arrears Reserve Ledger will be released and will form part of Available Funds and will be available for application in accordance with the applicable Priority of Payments.

Redraw Facility

The Redraw Facility is a credit facility made available by the Redraw Facility Provider in order to assist the Issuer in funding Redraws, Re-advances and Further Advances when necessary. The Redraw Facility Provider is CH. The Redraw Facility Commitment, the maximum amount to be advanced under the Facility, is R25m. The Issuer may only request an advance under the Redraw Facility to the extent that Available Funds are insufficient to fund such Redraws, Re-advances and/or Further Advances. While the Issuer is not under any obligation to advance any Redraws, Re-advances or Further Advances, should any Redraw, Re-advance or Further Advance be requested by an Obligor and the Issuer is unable to fund such Redraw, Re-advance or Further Advance from Available Funds or from an advance under the Redraw Facility, the Originator shall have the option to repurchase the relevant Participating Asset.

Post an advance under the Redraw Facility, the Issuer will use collections received in respect of the Participating Assets and/or the proceeds of an advance under the Junior Loan Agreement and/or the proceeds from a sale of Participating Assets to repay Redraw Facility principal, subject to the applicable Priority of Payments. Interest on such advance (at 3M JIBAR plus 2.25%) will also be paid according to the relevant Priority of Payments.

Any advance under the Redraw Facility is subject to Financial Covenants, including the Capital Structure Covenant, and payments made on the Redraw Facility are deducted for the calculation of Excess Spread from the Excess Spread Trigger Covenant.

Credit Enhancement

Credit protection is available for each respective Class of Notes via:

- Subordination of Notes: Each Class of Notes provides credit enhancement to the Classes and/or sub-Classes senior to it.
- Overcollateralisation funded via the Junior Loan: The Junior Loan an amount of R33m, or 3.1% of Total Debt.
- Excess spread to be earned: Negative excess spread over two consecutive payment periods, as defined according to the Excess Spread Trigger Covenant, constitutes an Amortisation Event.

Key Transaction Parties

The Issuer

The Issuer, Capital Harvest Finance (RF) Limited, is a company with limited liability, duly incorporated and registered in accordance with the laws of South Africa ("RSA"). The Issuer is insolvency remote as such term is generally understood and used in the context of a Special Purpose Vehicle, in light of, inter alia:

- the Priority of Payments;
- the limitations placed on the Issuer in terms of its memorandum of incorporation.
- the fact that the entire issued capital in the Issuer is held by the Owner Trust, which is limited to holding the ordinary shares of the Issuer;
- non-petition undertakings by the Secured Creditors contained in the Common Terms agreement; and
- "true sale" of the Participating Assets from the Sellers to the Issuer.

Security SPV

The Security SPV, Capital Harvest Finance Security SPV (RF) (Pty) Limited, has been incorporated and registered as a private company with limited liability. The Security SPV has been structured as a ring-fenced, insolvency remote Special Purpose Vehicle with the main purpose of issuing the Guarantee and exercising its rights under the Transaction Documents, thereby enforcing security on behalf of the Noteholders and other Secured Creditors in an Event of Default of the Issuer. The ordinary shares of the Security SPV are held by the Security SPV Owner Trust.

The Originator / Seller

Capital Harvest is the Originator.

Capital Harvest is a specialised non-bank financial services company providing finance to the primary and secondary agriculture market, predominantly in the Western Cape. CH provides finance by means of a wide spectrum of financial solutions, including Term Loans, Revolving Credit Facilities ("RCFs") and Instalment Sale Agreements.

The company has established formalised sales, credit, risk and compliance processes based on banking best practices (including a Basel-based risk grading model) and financial solutions which are agriculture-specific with terms and conditions aligned with the underlying cash flow stream of specific areas of agriculture.

The loans granted are specifically aligned to the needs of the agricultural sector and therefore have variability in terms of repayment structures.

Term Loans, with repayment terms of up to 15 years, typically finance immovable property and expansions and improvements to such property. Their payment schedules are structured in innovative ways to match the repayment ability of the underlying asset. Instalment Sale Agreements relate to moveable assets with repayment terms of up to 60 months. RCFs are made available to address customer cash flow (working capital) needs and are reviewed on an annual basis.

The Servicer

The Required Credit Rating in respect of the Servicer, is a Servicer Quality Rating of at least "SQ2-$_{(za)}$" or a credit rating is "BBB$_{-(ZA)}$", in line with GCR's counterparty risk criteria.

The Issuer has appointed CHIT as the Servicer. CHIT is a wholly owned subsidiary of CH and is the entity that performs all the administrative functions and owns the intellectual property of CH. The Servicer shall perform the following functions as agent on behalf of the Issuer, in accordance with the Servicing Agreement: (a) manage the Issuer and borrowers relationships, including the keeping of up–to-date information required to trace Obligors; (b) implement collections, cancellations and arrears procedures in respect of the Participating Assets and, where applicable, enforce and implement foreclosure procedures; (c) manage and advance Redraws, Re-advances and Further Advances and the acquisition of additional loans by the Issuer (d) comply with all obligations imposed on the Servicer in terms of the Transaction Documents; and (e) provide a monthly servicing report.

The Servicer cannot fund payments owed in respect of any Notes, absorb losses in respect of the Participating Assets or otherwise recompense Noteholders for losses incurred.

In July 2021, GCR performed an operational review of the Servicer and assessed its operational capability, including its operational continuity and data and systems back-up in a disaster event. Credit Risk Management ("CRM") consists of the two portfolios in which different credit risks are categorised, namely the Credit Risk Portfolio and the Pro-active Management Portfolio.

The Credit Risk portfolio is divided into four categories: arrears; excesses which includes loans that have missed payments beyond their maturity dates; an "SOS Portfolio" which is directly managed and controlled by the CRM on a daily basis; and loans undergoing litigation

The SOS Portfolio includes accounts that are identified by the credit department based on their risk profiles as a result of arrears, excesses or deterioration in financial position. The accounts are not necessarily in arrears for longer than 90 days or considered to have defaulted.

The Pro-active Management Portfolio is divided into two phases: the Watch List, which is identified by the credit team for monitoring, includes accounts that have contravened one or more of the early warning signals per the CH Credit Policy; and larger exposures related to groups of clients that are greater than a predetermined value which is currently R25m.

The CRM team provides a service to the credit department through the pro-active participation in the credit process and the ongoing evaluation and management of these categories of accounts.

The Servicer is entitled to delegate its rights and/or obligations under the Servicing Agreement. Should the appointment of CHIT be terminated for any reason, the Back-Up Servicer shall step in within five Business Days to provide all the Services to the Issuer as set out in the Servicing Agreement. From that point onwards, references made to the Servicer in Transaction Documentation shall be deemed to be references to the Back-Up Servicer.

The Back-Up Servicer

Mettle Credit Services (Pty) Limited, "Mettle", has been appointed as Back-Up Servicer and is to be kept informed of the Transaction through quarterly administration reports.

In October 2021, GCR conducted a meeting with Mettle to assess its readiness and capacity to take over the Servicing duties. Mettle's level of interaction with CH from the date of appointment, their takeover processes, system capability and human resources capacity were discussed.

GCR notes that Mettle has not been directly exposed to loans in the agricultural sector. However, its duties in the event that it is appointed as Servicer are understood to be limited to those related to collections and enforcement of security. Mettle has experience in collections of other secured loans (such as home loans) and is expected to follow similar processes of recovery on agricultural loan assets.

It is expected that the transition period between termination of the appointment of the original Servicer and its replacement by the Back-Up Servicer would not need to be longer than the five Business Days contracted.

Mettle has several Back-Up Servicing appointments, which should not impede its capacity to take over CH's servicing obligations, in such eventuality.

The Administrator

The Issuer has appointed CHIT as the Administrator, which is responsible for managing day-to-day operations of the Issuer, including performing all calculations that need to be performed in relation to the Transaction Documents, administering the Priority of Payments and ensuring that the Issuer exercises its rights and performs its obligations under the Transaction Documents.

The Bank Accounts

The Transaction Account has been established in the name of the Issuer at First National Bank, in its capacity as the Account Bank. The Account Bank is required to have a (short-term) credit rating of at least $A1_{(ZA)}$ and is to be replaced within thirty days of ceasing to hold such minimum rating, in line with GCR's counterparty risk criteria.

Junior Loan Provider

The Junior Loan is provided by Capital Harvest (Pty) Ltd. The Capital Structure Covenant ensures that the level of credit enhancement provided by the Junior Loan is maintained on Subsequent Issue Dates (i.e., tap issuances). The interest rate payable on the Junior Loan is a floating rate of 3M JIBAR plus a margin of 10%.

Counterparty Required Credit Ratings

As stated above, the Transaction Documents make provision for counterparties to the Transaction to have minimum required credit ratings, and for their replacement within defined time periods should their ratings fall below such thresholds. Such provisions for the Servicer, Account Bank and Permitted Investments are consistent with GCR's Criteria for Rating Structured Finance Transactions

Participating Assets

A Participating Asset is defined as all right, title, and interest in and to a loan; a loan agreement; an Instalment Sale Facility; and an Instalment Sale Agreement, and the Related Security in relation to these, purchased by the Issuer. The Participating Assets must satisfy the Eligibility Criteria set out in the Transaction documents (and outlined in Appendix F). The Sellers, which will sell Participating Assets to the Issuer as per the Sale Agreement, are the Originator and the Warehouse SPV. The Originator has the right (but not the obligation) at any time, subject to consent by the Issuer or Security SPV, to repurchase or substitute some Participating Assets, subject to the required conditions being satisfied, in accordance with the Transaction Documentation.

The Participating Assets contain loans with varying maturities and payment profiles, including Term Loans, RCFs and Instalment Sale Agreements.

From time to time, a borrower may request a Redraw, Re-advance or a Further Advance in accordance with the terms of their loan agreement. The Servicer (acting on behalf of the Issuer) may, at its discretion, advance such Redraw, Readvance or Further Advance to the relevant Obligor on any day provided that, *inter alia*:

- the Issuer has sufficient Available Funds to accept such request from the Obligor;
- immediately following the advance of any Re-advance or Further Advance, the Portfolio Covenants are satisfied;
- a Stop-Purchase Event has not occurred which remains in effect;
- no Issuer Insolvency Event has occurred;
- prior to the advance of a Re-advance or Further Advance, the Obligor is subject to a credit assessment in accordance with the Credit and Collections Policy;
- in respect of a Further Advance, the Further Advance together with the balance outstanding under the relevant Loan Agreement immediately prior to the making of such Further Advance, does not exceed the capital amount secured by the Indemnity Bond;
- the relevant Obligor is obliged to repay in full, the Redraw or Re-advance together with all other amounts due under the relevant Loan Agreement, within the original term of such Loan Agreement; and
- The Loan Agreement will continue to comply with the Eligibility Criteria after the advance of such Redraw, Readvance or Further Advance.

Asset Portfolio

The asset portfolio held by the Issuer consists of 112 loans advanced to 52 Obligors and amounts to R888.8m of outstanding loan balance in total.

The portfolio is characterised by a relatively small number of loans with a concentration in the Western Cape and comprises newly disbursed loans that have low seasoning.

Table 2: Asset Portfolio	
Pool Cut-off Date	31-Oct-21
Aggregate Outstanding Balance[a]	R888,784,597
Aggregate Current Credit Limit[a]	R937,612,440
Average Outstanding Balance	R7,935,577
Weighted Average("WA") Current LTV[b]	36.08%
WA Current LTV (Top 7 Obligors)	37.85%
WA Margin to Prime	1.14%
WA Original Term (months)	87.44
WA Remaining Term to Maturity (months)	83.80
WA Seasoning (months)	3.64
Top 7 Obligors[c]	44.07%
Geographic Concentration – Western Cape[d]	70.34%

[a]*The difference between the Aggregate Outstanding Balance and the Aggregate Credit Limit represents the available amount in terms of the loan agreement but not yet drawn on.*
[b]*Current Loan to Value Ratio (= Outstanding Balance/Latest Property Valuation)*
[c]*Percentage of Portfolio Aggregate Outstanding Balance plus cash available for the acquisition of Additional Assets (as per Portfolio Covenant definition). As a portion of the actual outstanding asset balance, the top 7 obligors make up 51.62%.*
[d]*Percentage of Portfolio Aggregate Outstanding Balance.*

Source: CH

Rating Analysis

Missed payments of capital and/or interest on the Notes do not lead to an Event of Default unless there is cash available which is not applied towards these payments. This results in the modelling being performed and the rating being accorded for the ultimate payment of interest and capital on all Classes of Notes.

Base Case Cumulative Defaults

GCR received performance data covering the entire portfolio of loans originated by CH, where a loan is classified as defaulted when it enters the SOS Portfolio mentioned above or when it is more than 90 days in arrears. GCR analysed 120 months' worth of data up to June 2021. Actual cumulative defaults were extrapolated according to GCR's methodology (see GCR's Criteria for Rating Consumer Asset-Backed Securities, September 2018). The rand-weighted extrapolated cumulative default rate peaked at 3.95% at 55 months after origination. GCR measured the semi-annual standard deviation of extrapolated cumulative defaults by aggregating originations into semi-annual periods. The semi-annual standard deviation, weighted by origination amount, was found to be 4.61%. GCR added 0.25x semi-annual standard deviation to the cumulative default rate as a volatility adjustment to arrive at a base case cumulative default rate of 5.15%.

Table 3: Base Case Cumulative Default Rate	
Extrapolated Cumulative Default Rate [A]	3.95%
Standard Deviation [B]	4.61%
Base Case [A + 0.25xB]	5.10%

Source: CH performance data, GCR calculations

Note that the above differs slightly from the base case cumulative default rate as derived for the indicative rating. This is a result of a refinement to GCR's analytical approach.

Concentration Limits

Concentrations occur when a small number of obligors make up a significant part of the asset portfolio. Based on the Portfolio Covenants, a single obligor has a limit of 10.5%, the top two obligors have a limit of 20.0%, the three obligors a limit of 28.5%, the top five at 42.0% and the maximum limit for the top seven obligors is 50.0%. According to GCR's Criteria for Rating Consumer Asset-Backed Securities and in order to control for concentration risk, the maximum of: (1) a number of top obligors, which varies per rating level, and (2) the Base Case Cumulative Default Rate as derived from the historical data multiplied by a stress multiple that varies per rating level, is used as the default rate input for GCR's cash flow model. GCR therefore determined the worst possible concentration limits relevant to each rating level as prescribed by Portfolio Covenants and applied the maximum of these and the Base Case multiplied by the applicable stress multiple to arrive at the modelled cumulative default rate for each rating level.

Table 4: Modelled Defaults

Rating Level	Stress Multiple of Base Case	Base Case x Multiple	Number of Obligors	Concentration Limit per Covenants	Maximum (= Modelled Cum Default Rate)
AAA(ZA)(sf)	3.40x	17,35%	7	50.00%*	50.00%
AA+(ZA)(sf)	3.00x	15,31%	6	50.00%**	50.00%
AA(ZA)(sf)	2.85x	14,54%	6	50.00%**	50.00%
AA-(ZA)(sf)	2.70x	13,78%	5	42.00%*	42.00%
A+(ZA)(sf)	2.40x	12,25%	5	42.00%*	42.00%
A(ZA)(sf)	2.30x	11,74%	5	42.00%*	42.00%
A-(ZA)(sf)	2.15x	10,97%	4	38.00%**	38.00%
BBB+(ZA)(sf)	2.00x	10,21%	4	38.00%**	38.00%
BBB(ZA)(sf)	1.85x	9,44%	4	38.00%**	38.00%
BBB-(ZA)(sf)	1.70x	8,67%	3	28.50%*	28.50%
BB+(ZA)(sf)	1.40x	7,14%	3	28.50%*	28.50%
BB(ZA)(sf)	1.30x	6,63%	3	28.50%*	28.50%
BB-(ZA)(sf)	1.20x	6,12%	2	20.00%*	20.00%
B+(ZA)(sf)	1.10x	5,61%	2	20.00%*	20.00%
B(ZA)(sf) (Base Case)	1.00x	5.10%	2	20.00%*	20.00%

**Actual Portfolio Covenant*

***Derived from Portfolio Covenants. For example, there is no Portfolio Covenant for the four largest obligors. However, the maximum portion of the portfolio that they can comprise based on the covenant that relates to three top obligors is (28.5% ÷ 3) x 4 = 38%.*

Source: GCR Calculations

Recoveries

Recoveries are based on haircut property values, as per GCR's methodology for deriving recoveries for Residential Mortgage Backed transactions. Haircuts are comprised of a Market Value Decline ("MVD") stress, which varies per rating level and incorporates an adjustment for provincial concentration (see table below) and an auction sale stress of a further 25% of the post-MVD property value. Foreclosure costs of the greater of 5.5% of the remaining property value and R30,000 are then deducted. Provincial concentration is based on the contribution to agricultural Gross Domestic Product ("GDP") per province derived from the census of commercial agriculture, a Statistics South Africa report of 2017. The covenanted Loan to Value ratio of 41.0% implies that recovery rates on aggregate are high despite these extensive haircuts.

GCR incorporates the possibility of rising asset balances due to capitalised default interest charged and limits the recovery to the balance outstanding plus interest accrued on the balance during the recovery period.

This aspect further increases modelled recoveries. Time to recovery is assumed to be a uniform 36 months, which accommodates the variability in the recovery data received by GCR.

As stated above, GCR applied an adjustment to the MVD to provide for the risk presented by geographic concentration in the portfolio. The pool shows a high concentration, of 70.34% of portfolio outstanding loan balance, in the Western Cape. Such concentration is consistent with the historical geographical focus of CH. GCR, however, assumed a 100% exposure to the Western Cape, in the absence of a Portfolio Covenant to limit this.

Table 5: MVD Decline Adjustment for Provincial Concentration

Province	Modelled Portfolio Percentage of Current Credit Limit by Province [A]	Commercial Agricultural Share of National Commercial Agricultural GDP [B]	Credit Limit Percentage in Excess of GDP Contribution [C]	Increase in MVD Adjustment = 15% × [C]/[A]
WC	100.00%	19.34%*	80.66%	12.10%

**2017 Provincial Commercial Agricultural Contribution, Statistics South Africa*

Source: GCR

Table 6: Modelled Market Value Decline

Rating Level	MVD pre adj. for provincial concentration (% of Latest Property Value)	MVD post adj. for provincial concentration
$AAA_{(ZA)(sf)}$	27.00%	30.27%
$AA+_{(ZA)(sf)}$	25.00%	28.02%
$AA_{(ZA)(sf)}$	23.00%	25.78%
$AA-_{(ZA)(sf)}$	21.67%	24.29%
$A+_{(ZA)(sf)}$	20.33%	22.79%
$A_{(ZA)(sf)}$	19.00%	21.30%
$A-_{(ZA)(sf)}$	18.50%	20.74%
$BBB+_{(ZA)(sf)}$	18.00%	20.18%
$BBB_{(ZA)(sf)}$	17.50%	19.62%
$BBB-_{(ZA)(sf)}$	16.67%	18.68%
$BB+_{(ZA)(sf)}$	15.83%	17.75%
$BB_{(ZA)(sf)}$	15.00%	16.81%
$BB-_{(ZA)(sf)}$	14.00%	15.69%
$B+_{(ZA)(sf)}$	13.00%	14.57%
$B_{(ZA)(sf)}$ (Base Case)	12.00%	13.45%

Source: GCR

As mentioned above, further haircuts for an auction sale stress and foreclosure costs were applied in addition to the MVD stress.

The recoveries were not capped to 100% of loan balance at default to account for possible recovery of the default interest that is added to the outstanding balance from the time of default. Default interest, which is equal to the interest rate originally offered to the obligor plus an additional 3%, was modelled to take effect 90 days after the default to account for potential administrative delays. Default interest is modelled to accrue until recovery takes place.

The minimum of the Recovery Percentage of Loan Balance at Default (see tables below) applied to the modelled loan balance at default and the modelled loan balance at default plus modelled accrued interest is the recovery amount modelled.

GCR applied the final resulting haircut portfolio property values to recover on defaults in two scenarios:

Scenario (1): Where the obligor concentration limits determine modelled defaults -

Maximum weighted average current LTV is covenanted for the two largest obligors at 45.0%, for the three largest at 42.5%, for the five largest at 42.0% and for the top seven at 41.0%, which is also the maximum LTV covenanted for the portfolio as a whole. Each rating scenario's current LTV was assumed to be at covenant limit. For the top four and six largest obligors, maximum possible current LTVs were derived based on the maximum possible according to the abovementioned LTV covenants in light of maximum obligor concentration levels as per the obligor concentration covenants This approach leads to the below modelled recoveries:

Table 7: Effective Haircuts and Recovery Rates with Defaults at Concentration Limits

Rating Level	Total Property Value Haircut* (% of Latest Property Value)	Number of Obligors Assumed to Default	Max WA CLTV of the Relevant Number of Top Obligors	Recovery Percentage of Loan Balance at Default
AA(ZA)(sf)	50.58%	7	41.00%[a]	120.55%
AA+(ZA)(sf)	48.99%	6	45.00%[b]	113.36%
AA(ZA)(sf)	47.40%	6	45.00%[b]	116.89%
AA-(ZA)(sf)	46.34%	5	42.00%[a]	127.76%
A+(ZA)(sf)	45.28%	5	42.00%[a]	130.29%
A(ZA)(sf)	44.22%	5	42.00%[a]	132.81%
A-(ZA)(sf)	43.82%	4	46.88%[b]	119.83%
BBB+(ZA)(sf)	43.43%	4	46.88%[b]	120.68%
BBB(ZA)(sf)	43.03%	4	46.88%[b]	121.53%
BBB-(ZA)(sf)	42.37%	3	42.50%[a]	135.61%
BB+(ZA)(sf)	41.70%	3	42.50%[a]	137.17%
BB(ZA)(sf)	41.04%	3	42.50%[a]	138.72%
BB-(ZA)(sf)	40.25%	2	45.00%[a]	132.78%
B+(ZA)(sf)	39.45%	2	45.00%[a]	134.55%
B(ZA)(sf) (Base Case)	38.66%	2	45.00%[a]	136.31%

**Product of MVD haircut, provincial concentration, auction stress and foreclosure costs.*
[a]Actual Portfolio Covenant
[b]Derived from combination of LTV covenants and concentration covenants.
Source: GCR calculations

Scenario (2): Where the default Base Case x multiple determines modelled defaults –

The maximum current LTV for any given loan in the portfolio as per the Eligibility Criteria is 60%. Therefore, when defaults are modelled as per the Base Case multiple method, recoveries are applied at this 60% LTV limit, leading to lower recoveries as a percentage of defaults than in Scenario (1).

Table 8: Effective Haircuts and Recovery Rates with Defaults at Concentration Limits

Rating Level	Total Property Value Haircut (% of Latest Property Value)*	Recovery Percentage of Loan Balance at Default
AAA(ZA)(sf)	50.58%	82.37%
AA+(ZA)(sf)	48.99%	85.02%
AA(ZA)(sf)	47.40%	87.67%
AA-(ZA)(sf)	46.34%	89.43%
A+(ZA)(sf)	45.28%	91.20%
A(ZA)(sf)	44.22%	92.97%
A-(ZA)(sf)	43.82%	93.63%
BBB+(ZA)(sf)	43.43%	94.29%
BBB(ZA)(sf)	43.03%	94.95%
BBB-(ZA)(sf)	42.37%	96.06%
BB+(ZA)(sf)	41.70%	97.16%
BB(ZA)(sf)	41.04%	98.26%
BB-(ZA)(sf)	40.25%	99.59%
B+(ZA)(sf)	39.45%	100.91%
B(ZA)(sf) (Base Case)	38.66%	102.24%

**These match the values in Table 6.*

Source: GCR calculations

Modelling outcomes yielded by Scenario (1) (with higher defaults but higher recoveries) and Scenario (2) (with lower defaults and lower recoveries) were compared and the less favourable model result for each respective Class of Notes was used in according the ratings.

Asset Scheduled Payments

As stated above, the loans have varying maturities and they are structured in innovative ways to match repayment ability of the obligors. The asset pool has the following scheduled payment profile:

Table 9: Scheduled Cash Flows (Pool Cut 31.08.2021)

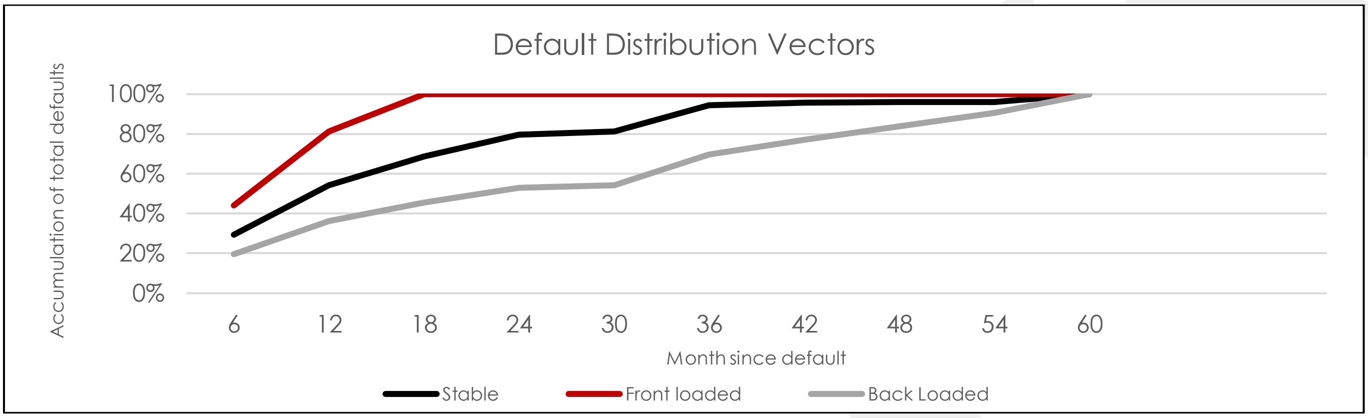
Frequency	Interest Collections (% of Total Outstanding Balance)	Capital Collections (% of Total Outstanding Balance)
Monthly (incl. RCFs)	64.73%	37.45%
Semi -annual	2.13%	2.13%
Annual	33.00%	54.72%
Other	0.13%	5.70%
Total	**100.00%**	**100.00%**

Source: CH Pool Cut, GCR calculations

As a reasonable simplification of the various payment frequencies related to the loans, GCR modelled both interest and capital payments on every loan to be semi-annual. Of note, GCR performed some sensitivity testing on the ratings using different combinations of payment frequencies. Results showed that the ratings are not significantly affected by loan payment profiles. GCR assumed the portfolio weighted average interest rate to be at the covenanted level of Prime +1.00%. The weighted average term to maturity of the portfolio assets was modelled to be at 120 months to account for a reasonable possible combination of loan maturities.

Default and Recovery Distribution

The defaults as modelled were distributed in three different time horizon scenarios. GCR used a 18-month horizon for a front-loaded scenario and 60 months for back-loaded and stable scenarios, in light of the distribution of the historical default data provided by CH and application of the GCR's Criteria in developing vectors. The recoveries are assumed to be collected a uniform 36 months after default occurs.



Source: GCR calculations

Arrears

Arrears, which are rehabilitated at three months in the cash flow model, were modelled as a multiple of defaults according to rating level.

Table 10: Modelled Arrears Multiple of Defaults	
Rating Level	Multiple of Defaults
AAA(ZA)sf)	1.10x
AA(ZA)sf)	0.89x
A(ZA)sf)	0.65x
BBB(ZA)sf)	0.47x
BB(ZA)sf)	0.35x
B(ZA)sf)	0.25x

Source: GCR

Prepayments

GCR calculated an average prepayment rate of 8.25% using data provided by CH for the period from August 2017 to June 2021 and adjusted this rate for variability by 0.25 x standard deviation.

GCR considers prepayments as a standalone risk and did not reduce the prepayment rate modelled by an expected rate of Redraws, Re-advances and Further Advances. GCR modelled three prepayment rate scenarios, wherein base prepayments are stressed successively rating level.

Table 11: Modelled Prepayments Stresses		
Rating Level	Prepayments Stress (increase & decrease of Base Case)	High\Low
AAA(ZA)sf)	35.00%	11.14%\5.36%
AA(ZA)sf)	27.00%	10.48%\6.02%
A(ZA)sf)	18.00%	9.74%\6.77%
BBB(ZA)sf)	12.00%	9.24%\7.26%
BB(ZA)sf)	6.00%	8.75%\7.76%
B(ZA)sf) (Base Case)	0.00%	8.25%

Source: GCR

Interest Rates

Notes interest rates reference 1M JIBAR. The Prime/1M JIBAR gap was modelled at 2.695%, as derived from historical data when reduced by a volatility factor. The 1M JIBAR rate was stressed over time to simulate rising, falling, and stable interest rate environments using a predetermined method of stressing interest rates that differs in severity by rating level, and is applied across all of GCR's rating models.

Asset Margin Compression

As per the Eligibility Criteria, all loans in the portfolio are to be floating interest rate loans and earn an interest rate linked to Prime. The weighted average interest rate per covenant is Prime plus 1.00%. To model asset margin compression, the loans were divided into six margin buckets each making up a similar proportion of the portfolio. 100% of defaults and 100% of prepayments were allocated sequentially from the highest-margin bucket to the lowest-margin bucket to simulate erosion of margin. The compressed margin was applied to both the performing loans and defaults earing default interest to arrive at the interest earned in the period of measurement.

Senior Expenses

Senior expenses were modelled, inclusive of Value Added Tax ("VAT") in their fixed and variable components, as per CH's indications and the applicable contracts. They were then stressed upwards by 10% to cater for unexpected expenses. An annual escalation of 6% was applied to these expenses to account for inflation.

Cash Flow Model Results

GCR modelled Scenario (1) and Scenario (2) as mentioned above, and selected the most conservative rating outcome for each class of Notes, with the following results.

Table 12: Cash Flow Modelled Results

Class of Notes	Scenario (1): Concentration Limits	Scenario (2): Default Base Case x Multiple
Classes A1, A2 and A3	$AAA_{(ZA)(sf)}$	$AAA_{(ZA)(sf)}$
Class B	$AA-_{(ZA)(sf)}$	$AAA_{(ZA)(sf)}$
Class D	$BBB-_{(ZA)(sf)}$	$BBB_{(ZA)(sf)}$

Source: GCR calculations

This modelling result leads to the ratings assigned to each Class of Notes. The modelling outcome is consistent with the level of Credit Enhancement for each respective Class and shows the maximum rating scenarios at which interest and principal is paid in full by Legal Maturity for each respective class of Notes in all of the various combinations of stressed scenarios, including defaults, recoveries, their respective vectors, prepayments and interest rates.

Other

Legal Opinion

GCR received a legal opinion that relates to the Transaction. The opinion confirms that all legal provisions necessary for the establishment and functioning of an ABS transaction are complied with, including, amongst others:

- The Issuer, Security SPV, Owner Trust, Security SPV Owner Trust and Mortgage SPV are duly incorporated and have legal capacity and power to execute the Transaction documents, which constitute legal, valid, and binding obligations of the abovementioned parties.
- The Transaction documents constitute legal valid and binding obligations to, amongst others, the Issuer, Security SPV, Mortgage SPV, CH and CHIT.
- The Issuer, the Security SPV and the Mortgage SPV are "insolvency remote".
- The provisions of the Sale Agreement and the Pre-Issue Sale Agreement is effective to transfer legal and beneficial ownership of the Participating Assets to the Issuer and comply with requirements of the Securitisation regulations for divestiture.
- The sale of the assets constitutes a True Sale.
- The underlying customer's loan agreements are legal, valid, binding obligations.

Pool Audit Opinion

PKF Cape Town Proprietary Limited is the auditor of the Issuer and performed a pool audit on a representative number of the loans from the universe of loans originated and manged by CH. There were no significant findings of the audit.

Tax Opinion

GCR received a Tax Opinion relating to the Transaction. GCR understands that Senior Expenses and Notes and Junior Loan interest is deductible from the Issuer's income for tax purposes. All other customary taxation provisions that apply to securitisation transactions are present.

Disclaimer

Note that GCR is not a legal, tax or financial adviser, and only provides a credit opinion of the rated securities. For example, a rating does not cover a potential change in laws, nor can it be regarded as an audit. Moreover, GCR is not a party to the transaction documents. Users of GCR's credit ratings should familiarise themselves with all aspects of the transaction (including the legal opinion(s)) and should form their own views in this respect. Users should not rely on GCR for legal, tax or financial advice and are encouraged to contact relevant advisers.

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Related Criteria and Research

Criteria for the GCR Ratings Framework – May 2019
Criteria for Rating Structured Finance Transactions – September 2018
Criteria for Rating Residential Mortgage-Backed Securities – November 2018
Criteria for Rating Consumer Asset Backed Securities – September 2018
Criteria for Rating Financial Institutions, May 2019
Ratings Scales, Symbols and Definitions – May 2019

Key Counterparties

Counterparty	Role(s)	Rating Class	Rating
First National Bank	Account Bank	Short-term Issuer	A1+$_{(ZA)}$
Capital Harvest Finance (RF) Limited	Issuer	N.A.	N.A.
Capital Harvest Finance Security SPV (RF) (Pty) Limited	Security SPV	N.A.	N.A.
TMF Corporate Services (Pty) Limited*	Issuer Owner Trustee Security SPV Owner Trustee	N.A.	N.A.
Africa Frontier Capital	Arranger, Calculation Agent	N.A.	N.A.

APPENDIX A: Capital Structure

Security Class	Rating	Outlook / Watch	Amount (ZAR)	Margin **over 3M JIBAR** (bps)	Step-Up Margin **over 1M JIBAR** (bps)	Credit Enhancement*	Legal Final Maturity
Class A1	AAA(ZA)(sf)	Stable	437,000,000	161	211	18.1%	28 Jan 2042
Class A2	AAA(ZA)(sf)	Stable	356,000,000	177	227	18.1%	28 Jan 2044
Class A3	AAA(ZA)(sf)	Stable	81,000,000	177	227	18.1%	28 Jan 2044
Class B	AA-(ZA)(sf)	Stable	75,000,000	215	280	11.1%	28 Jan 2044
Class D	BBB-(ZA)(sf)	Stable	69,000,000	370	455	4.6%	28 Jan 2044
Class E	Unrated	N.A.	16,000,000	800	925	3.1%	28 Jan 2044
Junior Loan	Unrated	N.A.	33,000,000	1,000	N.A.	0%	28 Jan 2044

Source: CH, GCR calculations

APPENDIX B – Portfolio Stratification (Pool as at 31 October 2021) *Source: CH, GCR calculations*

Margin over Prime	Number of Loans	Outstanding Balance	% of Total Outstanding Balance
<=0.5%	4	54,953,788	6.18%
<=1%	48	478,876,255	53.88%
<=1.5%	37	227,437,561	25.59%
<=2%	21	121,158,218	13.63%
>2%	2	6,358,775	0.72%
Total	**112**	**888,784,597**	**100.00%**

Province	Number of Loans	Outstanding Balance	% of Total Outstanding Balance
Western Cape	87	625,153,041	70.34%
Kwa-Zulu Natal	2	99,000,000	11.14%
Eastern Cape	6	80,783,096	9.09%
North West	1	23,404,392	2.63%
Northern Cape	7	22,866,923	2.57%
Limpopo	4	20,287,616	2.28%
Mpumalanga	1	10,497,494	1.18%
Free State	3	3,505,159	0.39%
Gauteng	1	3,286,876	0.37%
Grand Total	**112**	**888,784,597**	**100.00%**

Current LTV	Number of Obligors	Outstanding Balance	% of Total Outstanding Balance
<=10%	5	22,956,068	2.58%
<=20%	12	76,359,394	8.59%
<=30%	10	128,074,369	14.41%
<=40%	12	315,494,068	35.50%
<=50%	10	245,725,799	27.65%
>50%	3	100,174,900	11.27%
Total	**52**	**888,784,597**	**100.0%**

APPENDIX C: Priorities of Payments

Revolving Period

Sequence (Simplified)	
1	Tax and statutory expenses
2	Trustees, directors, and third-party service provider fees
3	Servicer fee, Back-Up Servicer and Administrator fee
4	Derivative settlements and if the Derivate Counterparty is not in default, Termination Amounts
5	Alpha Noteholders' interest and principal, Redraw Facility and Liquidity Facility interest and fees
6	Class A Notes interest
7	Class B Notes interest
8	Class C Notes interest
9	Class D Notes interest
10	Replenish the Liquidity Reserve and Arrears Reserve up to their Required Amounts
11	Class E Notes interest
12	Class A Notes principal due and payable
13	Class B Notes principal due and payable
14	Class C Notes principal due and payable
15	Class D Notes principal due and payable
16	To pay or provide for the purchase price for Additional Participating Assets up to an amount equal to Total Debt less the total Portfolio of Participating Assets and/or to fund Redraws, Re-advances and Further Advances;
17	Class E Notes principal due and payable
18	Derivative Termination Amounts if Derivate Counterparty is in default
13	Amounts due and payable to Junior Loan Provider
14	Preference Shareholder Dividend

Pre-Enforcement Amortisation Period

Sequence (Simplified)	
1	Tax and statutory expenses
2	Trustees, directors, and third-party service provider fees
3	Servicer fee, Back-Up Servicer and Administrator fee
4	Derivative settlements and if the Derivate Counterparty is not in default, Termination Amounts
5	Alpha Noteholders' interest and principal, Redraw Facility and Liquidity Facility interest and fees
6	Class A Notes interest and principal due and payable
7	Class B Notes interest and principal due and payable
8	Class C Notes interest and principal due and payable
9	Class D Notes interest and principal due and payable
10	Class E Notes interest and principal due and payable
11	Derivative Termination Amounts if Derivate Counterparty is in default
12	Amounts due and payable to Junior Loan Provider

Post-Enforcement Priority of Payments

Sequence (Simplified)	After the delivery of an Enforcement Notice, all Available Funds and proceeds from the enforcement of the security under the Security Documents, to make payments in the following order of priority set out below:
1	Tax and statutory expenses
2	Trustees, directors, and third-party service provider fees
3	Servicer fee, Back-Up Servicer and Administrator fee
4	Derivative settlements and if the Derivate Counterparty is not in default, Termination Amounts
5	Alpha Noteholders' interest and principal, Redraw Facility and Liquidity Facility interest and fees
6	Class A Notes interest and principal due and payable
7	Class B Notes interest and principal due and payable
8	Class C Notes interest and principal due and payable
9	Class D Notes interest and principal due and payable
10	Class E Notes interest and principal due and payable
11	Derivative Termination Amounts if Derivate Counterparty is in default
12	Amounts due and payable to Junior Loan Provider
13	Preference Shareholder Dividend

APPENDIX C: Events of Default

An Event of Default will occur should:

- the Issuer fails to pay an amount of interest and/or principal due and payable in respect of any Notes within three Business Days of the due date, to the extent permitted by Available Funds for that purpose in terms of the Pre-Enforcement Priority of Payments during the Revolving Period or the Pre-Enforcement Priority of Payments during the Amortisation Period;
- the Security SPV ceases to be wholly owned by the Security SPV Owner Trust without the prior consent of the Noteholders;
- the Issuer cease to be wholly owned by the Owner Trust without the prior written consent of the Security SPV;
- the Security Interests in favour of the Security SPV pursuant to any of the Security Documents become invalid or unenforceable for any reason whatsoever (or be reasonably claimed by the Security SPV not to be in full force or effect) or the Security SPV Guarantee be or become unenforceable;
- any Transaction Document become illegal, unlawful or unenforceable and is not amended, or such illegality, unlawfulness or unenforceability is not rectified within a period of 10 Business Days after the Issuer or the Security SPV becoming aware thereof, so as to become legal, lawful and enforceable;
- it be or become unlawful for the Issuer to perform any of its obligations under the Transaction Documents to which it is a party and the Security SPV has certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders;
- the Issuer alienate or Encumber any of its assets (other than as provided for in the Transaction Documents) without the prior written consent of the Security SPV;
- the Issuer cease to carry on its business in a normal and regular manner or materially change the nature of its business, or through an official act of the board of directors of the Issuer, threaten to cease to carry on business;
- an Issuer Insolvency Event occur; or
- any consent, license, permit or authorisation required by the Issuer for the conduct of its business be revoked, withdrawn, materially altered or not renewed and such situation not be remedied within 14 days after the Issuer and/or the Administrator becomes aware of such revocation withdrawal or alteration and/or the Issuer breaches any of its statutory approvals or authorisations required to enable it to lawfully conduct its business in the manner contemplated in these Terms and Conditions.

If an Event of Default occurs -

- the Administrator will forthwith inform the Noteholders, the Security SPV and the Rating Agency;
- the Security SPV will, as soon as such Event of Default comes to its notice (whether as a result of having been informed by the Administrator thereof pursuant to Condition 13.2.1 or otherwise), forthwith call a meeting of the Noteholders;
- all the Notes will become immediately due and payable if at such meeting, the Noteholders so decide, by Extraordinary Resolution;
- if the Noteholders decide that the Notes shall become immediately due and payable, the Noteholders will notify the Security SPV and the Issuer accordingly;
- if the Noteholders decide that the Notes will become immediately due and payable as contemplated in Condition 13.2.3, the Noteholders will, by written notice to the Issuer and the Security SPV (an "Enforcement Notice"), declare the Notes to be immediately due and payable, and require the Outstanding Principal Amount of the Notes, together with any accrued interest thereon, to be forthwith paid or repaid, to the extent permitted by and in accordance with the Post-Enforcement Priority of Payments. The Issuer shall forthwith do

this, failing which the Security SPV may take all necessary steps, including legal proceedings, to enforce the rights of the Noteholders and other Secured Creditors set out in, and the security given therefor and in terms of these Terms and Conditions and the other Transaction Documents;

- the Security SPV will not be required to take any steps to ascertain whether any Event of Default has occurred or to monitor or supervise the observance and performance by the Issuer of its obligations under the Terms and Conditions and the other Transaction Documents and until the Security SPV has actual knowledge or has been served with express notice thereof it shall be entitled to assume that no such Event of Default has taken place; and
- if the Notes become immediately due and payable following delivery of an Enforcement Notice, they will be redeemed and paid strictly in accordance with the Post-Enforcement Priority of Payments. If the Issuer has insufficient available funds to redeem all the Notes in full, the Notes will be redeemed, in reducing order of rank in the Post-Enforcement Priority of Payments, in each case pro-rata to their Outstanding Principal Amount.

APPENDIX E: Portfolio Covenants

1. The weighted average interest rate of the Portfolio of Participating Assets is equal to at least the Prime Rate plus 1.0%;
2. The weighted average LTV Ratio of all Portfolio of Participating Assets does not exceed 41.0%;
3. No single Associated Exposure may exceed 10.5% of the Portfolio of Participating Assets and cash provided for in terms of item 16 of the Pre-Enforcement Priority of Payments during the Revolving Period;
4. the 2 largest Associated Exposures do not, in aggregate, exceed 20% of the Portfolio of Participating Assets and cash provided for in terms of item 16 of the Pre-Enforcement Priority of Payments during the Revolving Period;
5. The weighted average LTV Ratio of the 2 largest Associated Exposures does not, in aggregate, exceed 45%;
6. The 3 largest Associated Exposures do not, in aggregate, exceed 28.5% of the Portfolio of Participating Assets and cash provided for in terms of item 16 of the Pre-Enforcement Priority of Payments during the Revolving Period;
7. The weighted average LTV Ratio of the 3 largest Associated Exposures does not, in aggregate, exceed 42.5%;
8. The 5 largest Associated Exposures do not, in aggregate, exceed 42.0% of the Portfolio of Participating Assets and cash provided for in terms of item 16 of the Pre-Enforcement Priority of Payments during the Revolving Period;
9. The weighted average LTV Ratio of the 5 largest Associated Exposures does not, in aggregate, exceed 42.0%;
10. The 7 largest Associated Exposures do not, in aggregate, exceed 50.0% of the Portfolio of Participating Assets and cash provided for in terms of item 16 of the Pre-Enforcement Priority of Payments during the Revolving Period;
11. The weighted average LTV Ratio of the 7 largest Associated Exposures does not, in aggregate, exceed 41.0%;
12. the maximum exposure to any one agricultural sector may not exceed 20% of the Portfolio of Participating Assets; and
13. The weighted average seasoning of all Obligors exceeds one year.

APPENDIX F: Eligibility Criteria

The following are the criteria that each Participating Asset (including an Additional Participating Asset) must satisfy to be acquired by the Issuer and which each Re-advance and Further Advance must satisfy before such advance is made by the Issuer -

- the Participating Assets in relation to an Obligor, whether a Term Loan, Revolving Credit Facility or Instalment Sale Facility must be acquired as a single exposure ("Associated Exposure") and must be cross-collateralised and cross-defaulted with each other (i.e., split facilities may not be acquired);
- the total Associated Exposure in relation to an Obligor may not exceed R75,000,000 (increased annually with the Consumer Price Index) (the "Prudential Limit") provided that if the Associated Exposure in relation to an Obligor is greater than the Prudential Limit, the Participating Asset(s) may only be purchased by the Issuer, if such purchase is approved by an Extraordinary Resolution of all the Noteholders within 14 days of the Issuer circulating the request to purchase such Participating Asset(s);
- the security provided for any Associated Exposure must always include a Mortgage SPV Guarantee, backed by an Obligor Indemnity and a first ranking Indemnity Bond;
- the maximum LTV Ratio of an Associated Exposure may not exceed 60% of the Security Value, (being a first ranking Indemnity Bond registered over the immoveable property of the Obligor) provided that the value attributed to the relevant immoveable property over which the first ranking Indemnity Bond has been registered shall be the most recent valuation of the property provided by an external independent valuer appointed by the Seller (which valuation shall not be older than three years);
- the term of any Loan advanced by the Originator to an Obligor may not exceed 180 months;
- the Loan must have been originated by the Originator in accordance with its credit criteria, in South Africa;
- the Related Security (including all Indemnity Bonds) subject to a Loan must be executed, registered, enforceable and in full force and effect in South Africa;
- the Related Security which is subject to a Loan must include the relevant Insurance Policies, where applicable;
- the interest rate of the Loan must be linked to the Prime Rate;
- the terms of the Loan must include a penalty interest rate in the event of default by the Obligor of at least 3% over the borrowing rate;
- no amounts are in arrears or overdue in respect of any Associated Exposure as at the Transfer Date;
- the Loans must be unconditional, irrevocable, valid, binding and enforceable obligations of the Obligor; and
- the Loan must be denominated in South African Rand.

Any amendments to the Eligibility Criteria shall be sanctioned by an Extraordinary Resolution of all of the Noteholders.

APPENDIX G: Ratings Sensitivities

Security Class	Rating	15% Decrease of Recovery Rate	30% Decrease of Recovery Rate	15% Increase of Default Rate and 15% Decrease of Recovery Rate	30% Increase of Default Rate and 30% Decrease of Recovery Rate
Class A1	AAA(ZA)(sf)	AA-(ZA)(sf)	BBB-(ZA)(sf)	AA-(ZA)(sf)	BBB-(ZA)(sf)
Class A2	AAA(ZA)(sf)	AA-(ZA)(sf)	BBB-(ZA)(sf)	AA-(ZA)(sf)	BBB-(ZA)(sf)
Class A3	AAA(ZA)(sf)	AA-(ZA)(sf)	BBB-(ZA)(sf)	AA-(ZA)(sf)	BBB-(ZA)(sf)
Class B	AA-(ZA)(sf)	BBB-(ZA)(sf)	BBB-(ZA)(sf)	BBB-(ZA)(sf)	BBB-(ZA)(sf)
Class D	BBB(ZA)(sf)	BB-(ZA)(sf)	Unratable	BB-(ZA)(sf)	Unratable

GCR tests rating sensitivities by increasing base case defaults and decreasing base case recoveries in the cash flow model as described in the above table, which shows the model's rating outcome per class for each sensitivity stress.

GLOSSARY OF TERMS/ACRONYMS USED IN THIS DOCUMENT AS PER GCR'S GLOSSARY

Account Bank	A bank where the transaction account is held.
Accounting	A process of recording, summarising, and allocating all items of income and expense of the company and analysing, verifying, and reporting the results.
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.
Advance	A lending term, to transfer funds from the creditor to the debtor.
Agent	An agreement where one party (agent) concludes a juristic act on behalf of the other (principal). The agent undertakes to perform a task or mandate on behalf of the principal.
Agreement	A negotiated and usually legally enforceable understanding between two or more legally competent parties.
Applicable Pricing Supplement	A transaction document that describes the particulars of notes issued.
Arranger	Usually, an investment bank that advises and constructs a transaction and acts as a conduit between the transaction parties: Client, Issuer, Credit Rating Agency, Investors, Legal Counsel and Servicers.
Arrears	An overdue debt, liability, or obligation. An account is said to be 'in arrears' if one or more payments have been missed in transactions where regular payments are contractually required.
Asset	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Assets	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Assurance	Terminology used to describe life insurance. This is common practice in Great Britain, Canada and South Africa. Insurance is usually used for the description of short-term insurance. However, the term insurance is used indiscriminately to describe both life and short-term insurance in practice.
Audit Report	A written opinion of an auditor (attesting to the financial statements' fairness and compliance with generally accepted accounting principles).
Bad Debt	An amount owed by a debtor that is unlikely to be paid due, for example, to a company going into liquidation. There are various technical definitions of what constitutes a bad debt, depending on accounting conventions, regulatory treatment and the individual entity's own provisioning and write-off policies.
Basel	Basel Committee on Banking Supervision housed at the Bank for International Settlements.
Bond	A long term debt instrument issued by either a company, institution, or the government to raise funds.
Borrower	The party indebted or the person making repayments for its borrowings.
Calculation Agent	An agent appointed by the Issuer to calculate the: 1.) Coupon in accordance with the Applicable Pricing Supplement; 2.) Other related fees and expenses and Priority of Payments; and 3.) Transaction covenants.
Call Option	A security that gives the holder or buyer the right but not the obligation to buy an underlying instrument at an agreed price (the strike price) within a specified time. The seller or writer has the obligation to sell the underlying instrument if the holder exercises the option.
Capacity	The largest amount of insurance available from a company. In a broader sense, it can refer to the largest amount of insurance available in the marketplace.
Capital	The sum of money that is invested to generate proceeds.
Cash Flow	The inflow and outflow of cash and cash equivalents. Such flows arise from operating, investing, and financing activities.
Cash	Funds that can be readily spent or used to meet current obligations.
Cede	To transfer all or part of a risk written by an insurer (the cedant or primary company) to a reinsurer.
Cession	Amount of the insurance ceded to a reinsurer by the original insuring company (cedant) in a reinsurance transaction.
Claim	1. A request for payment of a loss, which may come under the terms of an insurance contract (insurance). 2. A formal request or demand (corporate finance).
Collateral	Asset provided to a creditor as security for a loan or performance.
Concentrations	A high degree of positive correlation between factors or excessive exposure to a single factor that share similar demographics or financial instrument or specific sector or specific industry or specific markets.
Conditions	Provisions inserted in an insurance contract that qualify or place limitations on the insurer's promise to perform.

Contract	An agreement by which an insurer agrees, for a consideration, to provide benefits, reimburse losses or provide services for an insured. A 'policy' is the written statement of the terms of the contract.
Coupon	The interest paid on a bond expressed as a percentage of the face value. If a bond carries a fixed coupon, the interest is usually paid on an annual or semi-annual basis. The term also refers to the detachable certificate entitling the bearer to the interest payment.
Covenant	A provision that is indicative of performance. Covenants are either positive or negative. Positive covenants are activities that the borrower commits to, typically in its normal course of business. Negative covenants are certain limits and restrictions on the borrowers' activities.
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.
Creditor	A credit provider that is owed debt obligations by a debtor.
Debt Sponsor	Usually as Investment bank that brings a transaction to the capital markets, similar to an Arranger.
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Deductible	The portion of an insured loss to be borne by the insured before he is entitled to recovery from the insurer.
Deed	A legal document that is signed and delivered, especially one regarding the ownership of property or legal rights.
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.
Delegate	A form of novation, a change in creditor or debtor, co-operation of all parties to the agreement, both the old and new creditor or debtor.
Delegation	A form of novation, a change in creditor or debtor, co-operation of all parties to the agreement, both the old and new creditor or debtor.
Derivative	A financial instrument that offers a return based on the return of another underlying asset.
Desktop	An assessment of the property value, with the value being compared to similar properties in the area.
Dividend	The portion of a company's after-tax earnings that is distributed to shareholders.
Downgrade	The rating has been lowered on its specific scale.
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.
Enforcement	To make sure people do what is required by a law or rule et cetera.
Environment	The surroundings or conditions in which an entity operates (Economic, Financial, Natural).
Excess Spread	The net weighted average interest rate receivable on a pool of assets being greater than the weighted average interest rate payable for the debt securities.
Exercise	To exercise an option is to use the right of the holder to buy or sell the underlying asset on which the option is based at the strike price.
Facility	The grant of availability of money at some future date in return for a fee.
Fix	The setting of a currency or commodity price for trade at a future date.
Foreclosure	Legal proceedings initiated by a creditor to repossess the collateral for obligations that have defaulted.
Guarantee	An undertaking in writing by one person (the guarantor) given to another, usually a bank (the creditor) to be answerable for the debt of a third person (the debtor) to the creditor, upon default of the debtor.
Guaranteed Investment Contract	A contract that guarantees the principal and interest repayment over a period of time. Typically, the GIC is used in relation to a bank account.
Hedge	A form of risk management aimed at mitigating financial loss or other adverse circumstances. May include taking an offsetting position in addition to an existing position. The correlation between the existing and offsetting position is negative.
Income	Money received, especially on a regular basis, for work or through investments.
Indemnity	A security or protection against a loss or other financial burden.
Index	An assessment of the property value, with the value being compared to similar properties in the area.

Insolvency Remote	A feature, through real security and guarantees that reduces the enforceability of a creditor against a Special Purpose Vehicle. Typically, a Security Special Purpose Vehicle should be bankruptcy remote.
Insolvency	When an entity's liabilities exceed its assets.
Instalment	Payment made to honour obligations in regard to a credit agreement in the following credited order: 1.) Satisfy the due or unpaid interest charges; 2.) Satisfy the due or unpaid fees or charges; and to reduce the amount of the principal debt.
Interest Rate Risk	The potential for losses or reduced income arising from adverse movements in interest rates.
Interest Rate Swap	An interest rate swap is an agreement in which two parties make interest payments to each other for a set period based upon a notional principal.
Interest Rate	The charge or the return on an asset or debt expressed as a percentage of the price or size of the asset or debt. It is usually expressed on an annual basis.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.
Issuer	The party indebted or the person making repayments for its borrowings.
Legal Opinion	An opinion regarding the validity and enforceable of a transaction's legal documents.
Lender	A credit provider that is owed debt obligations by a debtor.
Liabilities	All financial claims, debts or potential losses incurred by an individual or an organisation.
Liability	All financial claims, debts or potential losses incurred by an individual or an organisation.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Loan To Value	Principal balance of a loan divided by the value of the property that it funds. LTVs can be computed as the loan balance to most recent property market value, or relative to the original property market value.
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.
Loss	1. A tangible or intangible, financial or non-financial loss of economic value. 2. The happening of the event for which insurance pays (insurance).
Margin	A term whose meaning depends on the context. In the widest sense, it means the difference between two values.
Market Value Decline	A decline in the market value of residential properties.
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Maturity	The length of time between the issue of a bond or other security and the date on which it becomes payable in full.
Net Loss	The amount of loss sustained by an insurer after giving effect to all applicable reinsurance, salvage, and subrogation recoveries.
Noteholder	Investor of capital market securities.
Notional Amount	The nominal or face value of an instrument. Also called notional principal.
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.
Option	An option gives the buyer or holder the right, but not the obligation, to buy or sell an underlying financial asset at a pre-determined price.
Origination	A process of creating assets.
Originator	An entity that created assets and hold on balance sheet for securitisation purposes.
Overnight Rate	The overnight rate is the interest rate at which money due to be returned the next day is lent by one bank to another.
Owner Trust	Owner of a securitisation vehicle that acts in the best interest of the Noteholders.
Pari Passu	Side by side; at the same rate or on an equal footing. Securities issued with a pari passu clause have rights and privileges that are equivalent to those of existing securities of the same class.
Paying Agent	An appointed transaction party that is responsible for the payment of Noteholders scheduled interest and principal, as well as other transactional obligations.
Payment Date	The date on which the payment of a coupon or dividend is made.
Performing Loan	A loan is said to be performing if the borrower is paying the interest on it on a timely basis.
Performing	An obligation that performs according to its contractual obligations.

Pledge	An asset or right delivered as security for the payment of a debt or fulfilment of a promise, and subject to forfeiture on failure to pay or fulfil the promise.
Pool	An organisation of insurers or reinsurers through which particular types of risk are underwritten and premiums, losses and expenses are shared in agreed-upon amounts.
Portfolio	A collection of investments held by an individual investor or financial institution. They may include stocks, bonds, futures contracts, options, real estate investments or any item that the holder believes will retain its value.
Preference Share	Preference or preferred shares entitle a holder to a first claim on any dividend paid by the company before payment is made on ordinary shares. Such dividends are normally linked to an interest rate and not determined by company profits. Preference shares are normally repayable at par value in the event of liquidation. They do not usually carry voting or pre-emptive rights. Preference shares can be redeemable or perpetual.
Prepayment Rate	The rate of prepayment in relation to the pool of obligations. Also called prepayment speed.
Prepayment	Any unscheduled or early repayment of the principal of a mortgage/loan.
Pricing	A process of determining the price of a debt security.
Prime Rate	The benchmark interest rate that banks charge their customers.
Principal	The total amount borrowed or lent, e.g., the face value of a bond, excluding interest.
Private	An issuance of securities without market participation, however, with a select few investors. Placed on a private basis and not in the open market.
Proceeds	Funds from issuance of debt securities or sale of assets.
Property	Movable or immovable asset.
Provision	The amount set aside or deducted from operating income to cover expected or identified loan losses.
Public Ratings	See GCR Rating Scales, Symbols and Definitions.
Ranking	A priority applied to obligations in order of seniority.
Rated Securities	Debt securities that have been accorded a credit rating.
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.
Recourse	A source of help in a difficult situation.
Recovery	The action or process of regaining possession or control of something lost. To recoup losses.
Redemption	The repurchase of a bond at maturity by the issuer.
Reference Rate	A rate that is the basis of the calculation such as JIBAR.
Refinance	The issue of new debt to replace maturing debt. New debt may be provided by existing or new lenders, with a new set of terms in place.
Release	An agreement between the creditor and debtor, in terms of which the creditor release the debtor from its obligations.
Repayment	Payment made to honour obligations in regard to a credit agreement in the following credited order: 3.) Satisfy the due or unpaid interest charges; 4.) Satisfy the due or unpaid fees or charges; and 5.) To reduce the amount of the principal debt.
Replacement Servicer	A Servicer that would replace the existing Servicer in event of default or non-performance. An entity that is retained to stand ready to assume servicing responsibilities upon the termination of the initial servicer. A backup servicer is generally required to maintain a complete set of servicing records and systems for the related financial assets permitting it to assume servicing within a short period after termination of the servicer.
Reserve	(1) An amount representing actual or potential liabilities kept by an insurer to cover debts to policyholders. (2) An amount allocated for a special purpose. Note that a reserve is usually a liability and not an extra fund. On occasion a reserve may be an asset, such as a reserve for taxes not yet due.
Reserves	A portion of funds allocated for an eventuality.
Risk	The chance of future uncertainty (i.e., deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Seasoning	The age of an asset, the time period passed since origination.
Secured Creditor	A creditor that has specific assets pledged as collateral that will receive the proceeds in the event of default.
Securities	Various instruments used in the capital market to raise funds.
Securitisation	A process of repackaging portfolios of cash-flow producing financial instruments into securities for sale to third parties.
Security Agreement	A negotiated and usually legally enforceable understanding between two or more legally competent parties that specifies the collateral held as security.
Security Special Purpose Vehicle	A Special Purpose Vehicle that has been created to realise and hold the security of the performance of the obligations of the Issuer that sold its assets to the Security SPV.
Security	One of various instruments used in the capital market to raise funds.
Senior	A security that has a higher repayment priority than junior securities.
Servicer	A transaction appointed agent that performs the servicing of mortgage loans, loan, or obligations.

Servicing	The calculation of interest and repayments, collection of repayments, advancing of loans, foreclose procedures, maintaining records and seeing that the proceeds of each loan are passed on to the respective party.
Settlement	Full repayment of an obligation.
Shareholder	An individual, entity or financial institution that holds shares or stock in an organisation or company.
Short Term	Current; ordinarily less than one year.
Special Purpose Vehicle	An entity that is created to fulfil specific objectives. An SPV is normally bankruptcy/insolvency remote and created to isolate financial risk.
Spread	The interest rate that is paid in addition to the reference rate for debt securities.
Statutory	Required by or having to do with law or statute.
Stock Code	A unique code allocated to a publicly listed security.
Structured Finance	A method of raising funds in the capital markets. A Structured Finance transaction is established to accomplish certain funding objectives whist reducing risk.
Subordinated Loan	A loan typically given by the Issuer to the securitisation vehicle that is more junior than a junior tranche.
Subordination	The prioritising of the payment of interest and principal payments to tranches (senior, junior etc. Senior tranches are paid before junior tranches.
Swap	An exchange of payment streams between two parties for their mutual benefit. Swaps can involve an exchange of debt obligations, interest payments or currencies, with a commitment to re-exchange them at a specified time.
Timely Payment	The principal debt, interest, fees, and expenses being repaid promptly in accordance with the contractual obligation.
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.
Trigger Event	An event caused by transactional performance or environmental changes that would impact a transaction.
Trust	A third party that acts in the best interest of another party, according to the trust deed, usually the investors. Owner of a securitisation vehicle that acts in the best interest of the Noteholders.
Trustee	An individual or firm that holds or administers property or assets for the benefit of a third party.
Ultimate Payment	A measure of the principal debt, interest, fees, and expenses being repaid over a period of time determined by recoveries.
Valuation	An assessment of the property value, with the value being compared to similar properties in the area.
Waterfall	In securitisation, the order in which the cash flows are allocated to the transaction parties.
Weighted Average	An average resulting from the multiplication of each component by a factor reflecting its importance or, relative size to a pool of assets or liabilities.
Weighted	The weight that a single obligation has in relation to the aggregated pool of obligations. For example, a single mortgage principal balance divided by the aggregated mortgage pool principal balance.
Yield	Percentage return on an investment or security, usually calculated at an annual rate.

For a detailed glossary of terms utilised in this announcement please click here.

SALIENT POINTS OF ACCORDED RATINGS

GCR affirms that a.) no part of the ratings was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, securities or financial instruments being rated; c.) such ratings were an independent evaluation of the risks and merits of the rated entity, securities, or financial instruments.

The credit ratings have been disclosed to the Arranger. The ratings above were solicited by, or on behalf of, the Issuer and therefore, GCR is compensated for the provision of the ratings.

CH participated in the rating process via, teleconferences and other written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from AFC and other reliable third parties to accord the credit rating included:

- Transaction pool cut dated 31 October 2021
- Historical performance data from July 2011 to June 2021
- Signed documentation, including:
    - Programme Memorandum
    - Issuer Indemnity
    - Administration Agreement
    - Common Terms Agreement
    - Deeds of Cession and Pledge
    - Deed of Suretyship
    - Security SPV Guarantee
    - Security Cession
    - Sale Agreement
    - Servicing Agreement
    - Junior Loan Agreement
    - Applicable Pricing Supplements
- Legal Opinion
- Tax Opinion

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