

Capital Harvest Finance (RF) Limited

Class	Stock Code	Amount (ZAR)	Rating Class	Rating Scale	Rating	Outlook / Watch	Legal Final Maturity
Class A Notes	4ACHFA1	437,000,000	Long-Term Issue	National	AAA _{(ZA)(sf)}	Stable	28 Jan 2042
Class A Notes	4ACHFA4	100,000,000	Long-Term Issue	National	AAA _{(ZA)(sf)}	Stable	28 Jan 2043
Class A Notes	4ACHFA2	356,000,000	Long-Term Issue	National	AAA _{(ZA)(sf)}	Stable	28 Jan 2044
Class A Notes	CHFA3U	141,000,000	Long-Term Issue	National	AAA _{(ZA)(sf)}	Stable	28 Jan 2044
Class A Notes	4CHFA5	50,000,000	Long-Term Issue	National	AAA _{(ZA)(sf)}	Stable	28 April 2043
Class A Notes	4CHFA6	50,000,000	Long-Term Issue	National	AAA _{(ZA)(sf)}	Stable	28 April 2045
Class B Notes	4ACHFB1	98,000,000	Long-Term Issue	National	AA _{-(ZA)(sf)}	Stable	28 Jan 2044
Class D Notes	4ACHFD1	91,000,000	Long-Term Issue	National	BBB _{-(ZA)(sf)}	Stable	28 Jan 2044

Summary

Capital Harvest Finance (RF) Ltd (Capital Harvest Finance, the Issuer or the Transaction) is an Asset Backed Securitisation (ABS) of agricultural loans originated by Capital Harvest (Pty) Ltd (Capital Harvest, CH or the Originator) to its clientele who are predominantly based in the Western Cape (WC). This is the first rated ABS transaction that is backed by assets (the Participating Assets) originated by CH which issued Notes on 10 December 2021.

On 26 March 2024, GCR Ratings (GCR) affirmed the national scale long-term issue credit ratings of the Notes issued by Capital Harvest Finance as a result of its annual surveillance. The affirmation stemmed from an evaluation of multiple data points, to ensure they remained consistent with the previously modelled outcome as follows:

- Class A Notes, stock code 4ACHFA1; AAA_{(ZA)(sf)} Stable Outlook
- Class A Notes, stock code 4ACHFA2; AAA_{(ZA)(sf)} Stable Outlook
- Class A Notes, stock code CHFA3U; AAA_{(ZA)(sf)} Stable Outlook
- Class A Notes, stock code 4ACHFA4; AAA_{(ZA)(sf)} Stable Outlook
- Class A Notes, stock code 4CHFA5; AAA_{(ZA)(sf)} Stable Outlook
- Class A Notes, stock code 4CHFA6; 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

Since the Transaction's Initial Issue Date in December 2021, there have been three tap issuances, along with the refinancing of the short-dated Alpha Notes upon their maturity. This was achieved through the issuance of longer-dated Class A5 and Class A6 Notes. The Issuer has unrated Class E Notes of ZAR23,000,000 (\$1.2M) and an unrated Junior Loan of ZAR43,000,000.

The credit ratings accorded to all Classes of Notes relate to the ultimate payment of interest and principal by their Final Maturity Dates. The ratings do not factor in the Issuer's ability to pay early repayment penalties or any default interest rate penalties. However, interest on the Notes was based on step-up interest rates, which become applicable on an Amortisation Event.

Rating Rationale

In addition to the quarterly investor reports and the pool cut data, GCR received updated historical default data up to January 2024. The calculated weighted average probability of default (WAPD), as extrapolated from the vintage curves was lower than the WAPD that was previously considered for the model. This resulted in the obligor concentration limits remaining higher than the stressed WAPD in any rating scenario.

In the period under review only one loan of ZAR6.7M had defaulted and was in the process of recovery through a settlement facilitated by an independent third party.

All other observed inputs including recoveries which were based on unchanged loan to value (LTV) covenants, aligned with the initial model assumptions. Accordingly, as previously mentioned, the cash flow model was not rerun due to the consistency of inputs with those previously used to model the Transaction.

Transaction Strengths

- Actual weighted average LTVs are lower than covenanted (41.0) for the largest seven exposures, supporting high recovery rates of outstanding balances and default interest accrued during the recovery period.
- The Originator aims to provide comprehensive banking services to farmers, thus having access to the entire portfolio of the farmer.
- Capital structure covenants bolster the stability of ratings by safeguarding credit enhancement levels.

Transaction Weaknesses

- The commercial agricultural sector is specialised and characterised by large loans and high obligor concentration.
- The main geographical focus of the Originator is the Western Cape region; however, it is not confined by any geographical constraints. Lending occurs in thoroughly understood regions.
- Monthly interest and capital collections represent a fraction of the book, and not 100% of the book, implying some uncertainty regarding the timing of collections as scheduled. This is mitigated by the liquidity reserve.

Transaction Structure

Capital Structure

The capital structure has changed as a result of the refinancing of the Alpha Notes, however the credit enhancement provided by the subordinated Notes has been maintained within the Capital Structure Covenants.

Exhibit 1: Capital Structure (modelled)

Liabilities			Assets	
	ZAR	CE% ^a		ZAR
Class A Notes	1,134,000,000	18.4% ^b	Participating Assets	1,355,350,000
Class B Notes	98,000,000	11.3%	Liquidity Reserve	33,650,000
Class D Notes	91,000,000	4.8%		
Class E Notes	23,000,000	3.1%		
Junior Loan	43,000,000	0%		
Total	1,389,000,000		Total	1,389,000,000

^aCredit enhancement through subordination, calculated as subordinated liabilities as a percentage of total Notes and Junior Loan.

^bBoth interest and principal on all 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 six tranches.

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 performance against the Portfolio Covenants as at December 2023 is detailed below:

Exhibit 2: Covenant Performance	
Covenant Description	Results
The weighted average (WA) interest rate of the Portfolio of Participating Assets is equal to at least the Prime Rate plus 1.0%.	1.1%
The WA current LTV Ratio of all Participating Assets does not exceed 41.0% as measured against the Security Value provided.	35.1%
The single obligor limit is 10.5%.	9.9%
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	41.1%
The 7 largest Associated Exposures have a WA current LTV of 41%.	37.8%
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.	31.3%
The 5 largest Associated Exposures have a WA current LTV of 42.0%.	35.9%
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.	21.0%
The 3 largest Associated Exposures have a WA current LTV of 42.5%.	36.4%
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.	15.7%
The 2 largest Associated Exposures have a WA current LTV of 45.0%.	37.0%
The maximum exposure to any one agricultural sector may not exceed 20.0%.	Max 8.7%
The WA seasoning of all Obligor exceeds one year.	6.9 years

Source: CH

A breach of the Portfolio Covenants that is not remedied within two consecutive measurement periods (Measurement Dates are quarterly) is both an Amortisation and Stop-Purchase Event resulting in the transaction entering into the Pre-Enforcement Amortisation Period

The Arrears Reserve Covenant

The value of the security backing the defaulted loan after a 50% haircut exceeded the balance of the defaulted loan. Consequently, no provision was made for arrears reserve, as noted in the investor report in December 2023.

The Excess Spread Covenant

A positive Excess Spread has been reported in the period under review. The annualised excess spread is 0.85% (previously 0.57%) calculated as the cumulative excess spread from January 2023 until December 2023 as a percentage of the average liabilities over the same period. There has been no breach to this covenant. The covenant specifies that the excess spread must not fall below zero for two consecutive measurement periods.

Priority 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 Priority of Payments, depending on whether it is the Revolving Period, Pre-Enforcement Amortisation Period or Post-Enforcement Period.

Key Transaction Parties

Counterparty Risk

GCR's view of the counterparty risk has not changed since the Initial Issuance in December 2021, where the risk was assessed to be in line with GCR's criteria.

The Servicer

In October 2023 GCR performed an operational review of the Servicer and updated its assessment of the operational capability of CH, including its operational continuity and data and systems back-up in a disaster event. The approach to credit granting is conservative and risk management has not changed. The credit risk management team continues to provide a service to the credit department through the pro-active participation in the credit process and the ongoing evaluation and management of accounts showing deterioration.

Counterparty Required Credit Ratings

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

Asset Portfolio

As at 29 February 2024, the asset portfolio of the Issuer comprises 148 loans (previously 146) advanced to 59 Obligor (previously 60), with a total outstanding loan balance amounting to R1,2Bn. The portfolio is characterised by a comparatively lower value of loans that are concentrated in the Western Cape (WC).

Exhibit 3: Asset Portfolio

Pool Cut-off Date	31-Oct-21	30-Sep-22	29-Feb-24
Aggregate Outstanding Balance	ZAR888,784,597	ZAR1,248,089,768	ZAR1,205,791,267
Aggregate Current Credit Limit	ZAR937,612,440	ZAR1,302,851,427	ZAR1,294,397,293
Average Outstanding Balance (per obligor)	ZAR17,092,011	ZAR20,801,496	ZAR20,437,140
WA Original Term (months)	87.4	95.7	98.4
WA Remaining Term to Maturity (months)	83.8	87.1	78.9
WA Seasoning (months)	3.6	8.6	19.4
Geographic Concentration – WC ^a	70.3%	69.1%	63.9%

^aPercentage 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

For the period under review GCR received additional performance data covering the entire portfolio of loans originated by CH, where a loan is classified as defaulted when it enters the SOS Portfolio (early risk detection per the credit risk management of CH) or when it is more than 90 days in arrears. Actual cumulative defaults were extrapolated according to GCR's methodology (see GCR's Criteria for Rating Consumer Asset-Backed Securities, September 2018). GCR measured the semi-annual standard deviation of extrapolated cumulative defaults by aggregating originations into semi-annual periods. GCR added 0.25x semi-annual standard deviation to the cumulative default rate as a volatility adjustment to arrive at an improved base case cumulative default rate of 3.99%. As mentioned above the cash flow model was not rerun because performance remains consistent with the base case expectations that were previously considered. The obligor concentration limits still exceed the stressed base case in all rating scenarios and continue to be the significant driver of the rating outcome.

Exhibit 4: Base Case Cumulative Default Rate

Date	Initial	March -23	Jan-24
Extrapolated Cumulative Default Rate [A]	3.95%	3.32%	2.95%
Standard Deviation [B]	4.61%	4.37%	4.16%
Base Case [A] + 0.25x[B]	5.10%	4.41%	3.99%

Source: CH performance data, GCR calculations

Rating Considerations

The ratings accorded to the Capital Harvest Finance (RF) Ltd Notes are national scale long-term credit ratings. The first suffix code identifies to which country the rating relates; 'ZA' means Republic of South Africa; the second suffix code 'sf' means that the rating is of a structured finance nature. A Rating Outlook indicates the potential direction of a rating over the medium term, typically a one to two-year period. GCR will perform regular surveillance on the transaction, and surveillance reports will be made available to subscribers of GCR's information services. The transaction is monitored on a quarterly basis as GCR receives quarterly surveillance reports from Capital Harvest.

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.

Analytical Contacts

Primary analyst Johannesburg, ZA	Kefilwe Thubisi KefilweT@GCRratings.com	Structured Finance and Securitisation Analyst +27 11 784 1771
Secondary analyst Johannesburg, ZA	Yehuda Markovitz YehudaM@GCRratings.com	Deputy Head: Structured Finance and Securitisation Ratings +27 11 784 1771
Committee chair Johannesburg, ZA	Yohan Assous Yohan@GCRratings.com	Group Head: Structured Finance and Securitisation Ratings +27 11 784 1771

Related Criteria and Research

Criteria for the GCR Ratings Framework – January 2022
 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 2023
 Capital Harvest Finance (RF) Ltd Credit Rating Report, December 2022
 Capital Harvest Finance (RF) Ltd Ratings Announcement April 2023

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.
Mettle Credit Services (Pty) Limited	Back-up Servicer	Servicer Quality	SQ2-(ZA) Rating Watch Negative

Ratings History

Notes Class	Stock Code	Review	Rating Scale	Public Rating	Outlook	Date
Class Alpha Notes	4CHFS1	Initial/Last	National	A1+(ZA)(sf)	N.A.	June 2022
Class A Notes	4CHFA5	Initial/Last	National	AAA(ZA)(sf)	Stable Outlook	April 2023
Class A Notes	4CHFA6	Initial/Last	National	AAA(ZA)(sf)	Stable Outlook	April 2023
Class A Notes	4ACHFA1	Initial	National	AAA(ZA)(sf)	Stable Outlook	December 2021
		Last	National	AAA(ZA)(sf)	Stable Outlook	April 2023
Class A Notes	4ACHFA4	Initial	National	AAA(ZA)(sf)	Stable Outlook	December 2021
		Last	National	AAA(ZA)(sf)	Stable Outlook	April 2023
Class A Notes	4ACHFA2	Initial	National	AAA(ZA)(sf)	Stable Outlook	December 2021
		Last	National	AAA(ZA)(sf)	Stable Outlook	April 2023
Class B Notes	4ACHFB1	Initial	National	AA-(ZA)(sf)	Stable Outlook	December 2021
		Last	National	AA-(ZA)(sf)	Stable Outlook	April 2023
Class D Notes	4ACHFD1	Initial	National	BBB-(ZA)(sf)	Stable Outlook	December 2021
		Last	National	BBB-(ZA)(sf)	Stable Outlook	April 2023

N.A.: Not applicable

APPENDIX A – Portfolio Stratification (Pool as at 29 February 2024)

Source: CH

Margin over Prime	Number of Obligors	Outstanding Balance	% of Total Outstanding Balance
<=0.5%	2	17 992 519	1.5%
<=1%	22	509 717 852	42.3%
<=1.5%	24	577 786 373	47.9%
<=2%	8	70 379 117	5.8%
<=2.5%	3	29 915 406	2.5%
>2.5%	0	0	0.0%
Total	59	1 205 791 267	100.00%

Province	Number of Obligors	Outstanding Balance	% of Total Outstanding Balance
Western Cape	41	755 504 045	62.7%
Eastern Cape	4	213 520 232	17.7%
Limpopo	4	58 792 969	4.9%
Northern Cape	6	63 543 359	5.3%
North West	1	24 939 073	2.1%
Mpumalanga	1	9 030 537	0.7%
Free State	1	536 902	0.0%
Gauteng	1	79 924 149	6.6%
Total	59	1 205 791 267	100.00%

Current LTV	Number of Obligors	Outstanding Balance	% of Total Outstanding Balance
<=10%	9	20 933 215	1.7%
<=20%	12	161 220 599	13.4%
<=30%	12	300 015 059	24.9%
<=40%	15	396 171 628	32.9%
<=50%	8	208 644 782	17.3%
>50%	3	118 805 984	9.9%
Total	59	1 205 791 267	100.00%

Outstanding Balance (ZAR)	Number of Obligors	Outstanding Balance	% of Total Outstanding Balance
<=R15m	39	252,355,111	20.9%
<=R30m	6	137,902,187	11.4%
<=R45m	7	271,620,615	22.5%
<=R60m	1	54,567,831	4.5%
<=R75	3	200,790,268	16.7%
>75m	3	288,555,256	23.9%
Total	59	1,205,791,267	100.00%

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 90 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 whilst 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 rating process 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 security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity security or financial instrument.

The credit ratings have been disclosed to the rated entities. The ratings above were solicited by or on behalf of the rated entities.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- Transaction pool cut dated 29 February 2024
- Historical performance data from July 2011 to January 2024
- Investor Report to 21 December 2023
- Other miscellaneous data and information
- Exchange Rate Source: [https://www.bloomberg.com/markets/currencies/ZAR19.0199:1\\$](https://www.bloomberg.com/markets/currencies/ZAR19.0199:1$) as at 17/04/2024

CREDIT RATINGS ISSUED BY GCR ARE GCR'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY GCR (COLLECTIVELY, PUBLICATIONS) MAY INCLUDE SUCH CURRENT OPINIONS. GCR DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE. SEE APPLICABLE GCR RATING SCALES, SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY GCR'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: FRAUD, LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS") AND OTHER OPINIONS INCLUDED IN GCR'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL OR HOLD PARTICULAR SECURITIES. GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. GCR ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING OR SALE.

GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT GCR'S PRIOR WRITTEN CONSENT.

GCR'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by GCR from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. GCR adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources GCR considers to be reliable including, when appropriate, independent third-party sources. However, GCR is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, GCR, its affiliates and its and their directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if GCR or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by GCR.

To the extent permitted by law, GCR, its affiliates and its and their directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, GCR or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY GCR IN ANY FORM OR MANNER WHATSOEVER.

GCR hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) rated by GCR have, prior to assignment of any credit rating, agreed to compensate GCR for the provision of those credit ratings opinions and services rendered by it. GCR also maintains policies and procedures to address the independence of GCR's credit ratings and credit rating processes.