

Fox Street 6 (RF) Limited

Security Class	Stock Code	Amount Outstanding	Rating Class	Rating Scale	Rating	Outlook / Watch	Action
Class A3	FS6A3	R383,124,819	Long Term Issue	National	AAA _(ZA) (sf)	Stable Outlook	Affirmation
Class B1	FS6B1	R150,000,000	Long Term Issue	National	AAA _(ZA) (sf)	Stable Outlook	Affirmation
Class C1	FS6C1U	R50,000,000	Long Term Issue	National	AAA _(ZA) (sf)	Stable Outlook	Affirmation
Class D1	FS6D1U	R35,000,000	Long Term Issue	National	AAA _(ZA) (sf)	Stable Outlook	Upgrade

Summary

Fox Street 6 (RF) Ltd ("Fox Street 6", "the Issuer" or "the Transaction") is a Residential Mortgage-Backed Securities ("RMBS") securitisation of home loans originated by Investec Bank Ltd ("Investec") to its private banking clients. This is Investec's sixth Fox Street RMBS transaction which issued Notes on 8 August 2018.

On 27 July 2022, GCR Ratings ("GCR") affirmed or upgraded the public national scale long-term issue credit ratings of the following Classes of Notes issued by Fox Street 6, as a result of its annual surveillance:

- Class A3 Notes; stock code FS6A3; AAA_(ZA)(sf); Stable Outlook.
- Class B1 Notes; stock code FS6B1; AAA_(ZA)(sf); Stable Outlook.
- Class C1 Notes; stock code FS6C1U; AAA_(ZA)(sf); Stable Outlook.
- Class D1 Notes; stock code FS6D1U; AAA_(ZA)(sf); Stable Outlook.

GCR withdrew the rating of the Class A2 Notes during the review period following their full redemption. The structure has R100m of unrated Class E1 Notes and a Subordinated Loan of R20,039,716, and both are unrated.

The Transaction is amortising, and credit ratings accorded to the Class A Notes relate to the timely payment of interest and ultimate payment of principal, while the ratings on all other securities relate to the ultimate payment of interest and ultimate payment of principal by the Final Redemption Date. The ratings exclude an assessment of the ability of the Issuer to pay either any (early repayment) penalties or any default interest rate penalties.

Rating Rationale

GCR modelled the Transaction applying its Criteria for Rating Structured Finance Transactions, September 2018, and Criteria for Rating Residential Mortgage-Backed Securities ("RMBS"), November 2018.

The rating outcome, and the upgrade of the ratings of the Class D Notes, are a direct result of the improved credit enhancement levels due to the sequential paydown of senior-ranking Notes that has taken place.

In GCR's cash flow model, the ultimate interest and principal by the Final Redemption Date of the Class D Notes are paid in full in stress scenarios that correspond with higher rating levels. GCR modelled the Transaction in a pre-enforcement amortisation scenario.

In addition to the stable performance of the portfolio, the Excess Spread and the Principal Deficiency mechanism have increased the level of overcollateralisation through the redemption of Notes, supporting the rating outcome further.

Rating Analysis

Cash Flow Model

GCR modelled the Transaction in a pre-enforcement amortisation scenario with two cash waterfalls - the Interest Pre-Enforcement and the Principal Pre-Enforcement Priorities of Payment in accordance with the Transaction Documents. Interest and principal payments on the home loans are thus modelled separately.

The Transaction capital structure, including reserves, was modelled using the information provided in the May 2022 Investor report.

Scenarios modelled, and stressed for each rating level, include three different default distribution vectors (front-loaded, backloaded, and evenly distributed), three prepayment scenarios (high, low, and medium), and three interest rate scenarios (rising, falling, and stable).

Defaults and Recoveries

GCR's RMBS default model was run based on the 30 June 2022 pool cut provided by the Arranger. Standard 'hits,' including stresses for geographical concentration and borrower characteristics, were applied. The characteristics of the amortising home loan asset pool have changed, resulting in a higher estimated Weighted Average Default Frequency ("WADF"). Based on the GCR default model, a higher proportion of self-employed borrowers and non-owner-occupied properties observed in the current pool contributed to the increased WADF. However, actual portfolio performance is much better than indicated by such WADF, as loans with an aggregate outstanding principal balance of R12.2m have defaulted since the Initial Issuance, representing a cumulative 0.94% of the portfolio balance at Issuance. Most of these defaults have been rehabilitated, and only R1.9m (0.14%) of the portfolio balance at Issuance remains in default. As reported in the May 2022 investor report, loans in arrears but not yet in default amounted to R8.9m or 1.23%. Therefore, the pool's actual positive performance was considered, and the WADF assumption for modelling purposes was left unchanged from the prior period.

Table 1: WADF

Rating band:	B _{(ZA)(sf)}	BB _{(ZA)(sf)}	BBB _{(ZA)(sf)}	A _{(ZA)(sf)}	AA _{(ZA)(sf)}	AAA _{(ZA)(sf)}
WADF (2021)	5.69%	8.66%	11.63%	14.60%	17.56%	20.53%
WADF (2022)	6.32%	9.33%	12.30%	15.28%	18.26%	21.23%
Modelled WADF	5.69%	8.66%	11.63%	14.60%	17.56%	20.53%

Source: GCR model, data provided by Investec

GCR calculated recoveries according to the pool's composition as at 30 June 2022, with updated Lightstone indexed valuations. The Weighted Average Recovery Rates ("WARR") increased due to increased recent indexed valuations on average.

However, seeing as the Loan to Values ("LTVs") based on credit limits remain elevated, GCR has not placed emphasis on improving indexed valuations and has conservatively applied the prior period's recovery rate assumptions for the current review period.

Table 2: WARR and LTVs

Rating band:	B _{(ZA)(sf)}	BB _{(ZA)(sf)}	BBB _{(ZA)(sf)}	A _{(ZA)(sf)}	AA _{(ZA)(sf)}	AAA _{(ZA)(sf)}
WARR (2021: LTV* 68.52%)	89.80%	87.94%	86.16%	85.03%	81.63%	77.89%
WARR (2022: LTV* 66.22%)	93.96%	92.61%	91.30%	90.45%	87.62%	84.28%
Modelled WARR	89.80%	87.94%	86.16%	85.03%	81.63%	77.89%

Source: GCR model, data provided by Investec

*LTV measured and weighted against the credit limit

Modelled defaults were distributed in three different default distribution scenarios – front-loaded (seven years), backloaded (6.5 years), and evenly distributed (seven years).

The WARR for each rating band was then applied to the expected defaulted amounts for each rating band. All recovery proceeds are assumed to be collected 30 months after default occurs.

Arrears

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

Table 3: Modelled Arrears

Rating band	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 model

Prepayments

GCR continued to use the annual prepayment rate of 23.08% used at the Transaction's inception, which was based on the total Investec home loan book from January 2009 to September 2018, as the base case prepayment rate for the cash flow model. GCR modelled three prepayment rate scenarios, whereby the base case prepayment rate was stressed according to a rating band scenario. The stresses applied as a percentage of the base prepayment rate of 23.08% are shown in the table below:

Table 4: Modelled Prepayments Stresses

Rating band	Prepayments stress	Stressed Prepayment rates (Upward/downward)
AAA _{(ZA)(sf)}	35.0%	31.2%/15.0%
AA _{(ZA)(sf)}	27.0%	29.3%/16.9%
A _{(ZA)(sf)}	18.0%	27.2%/18.9%
BBB _{(ZA)(sf)}	12.0%	25.9%/20.3%
BB _{(ZA)(sf)}	6.0%	24.5%/21.7%
B _{(ZA)(sf)}	0.0%	23.1%

Source: GCR model, prepayment data provided by Investec

Interest Rates

The current 3M-JIBAR rate was stressed over time to simulate rising, falling, and stable interest rate environments. These stresses were derived based on historical 3M-JIBAR data and are applied in differing degrees of severity relative to the rating band scenario.

Asset Margin Compression

The home loan margins were divided into six margin buckets. Defaults and prepayments were allocated sequentially from the highest-margin bucket to the lowest-margin bucket to model margin compression on the asset pool.

Guaranteed Investment Contract

The Guaranteed Investment Contract ("GIC") provider (Investec) has guaranteed a return equal to 3M-JIBAR on cash in the Transaction Account. GCR noted that while the Transaction documentation has the GIC's required credit rating and provision for its replacement in the event of a downgrade below such credit rating in line with GCR's criteria, there is no provision that would guarantee the same return as previously received or for collateral to be posted by the existing GIC provider on such a downgrade. Therefore, GCR modelled a market-level return on all cash and reserves of 3M-JIBAR less 0.50% and did not consider the Transaction GIC rate.

Senior Expenses

Senior expenses, which are stressed upwards by 10% to cater for unexpected costs, were left unchanged. An annual escalation of 6% was applied to these expenses to account for inflation.

Counterparty Risk

Fox Street 6 was found to satisfy all relevant counterparty criteria, and no further modelling or other adjustments besides those mentioned previously were made for counterparty risk.

Rating Outcome

The output of the cash flow model leads directly to the ratings assigned to each Class of Notes. The modelling outcome is consistent with the level of Credit Enhancement of each respective Class of Notes and is comparable with the rating outcomes of the other Fox Street transactions currently rated by GCR.

Surveillance

The Transaction is amortising from its closing date; thus far, the Class A1 and A2 Notes have been settled in full. A further R16.9m of Class A3 Notes, or 4.22% of the Class A3 Note's initial issuance amount, has been paid to date. As mentioned, the sequential paydown of Notes by Class leads to incremental increases in Credit Enhancement for each Class.

None of the Transaction's Stop Purchase or Servicer Default Events occurred over the past 12 months. The Liquidity Reserve, Mortgage Bond Registration Costs Reserve, and Redraw Reserve were maintained at their required amounts.

The Issuer reported early stage (<90 days) arrears of 1.23% and late-stage arrears (>90days) of 0.26% on book as at 30 April 2022. The cumulative defaults to date are R12.2m (0.94% of the initial portfolio balance), of which R10.3m (representing 0.80% of the initial portfolio balance) has been rehabilitated. The defaults resulted in the trapping of excess cash through the Principal Deficiency mechanism, contributing to a further paydown of Notes. This has led to an increase in overcollateralisation as most defaulted loans have recovered and were not written off. Excess spread over the year under review measured 0.48% (previously 0.58%) of the average quarterly opening Notes outstanding balances.

The Transaction reported an annualised prepayment rate of 26.10% since the transaction close. However, gross prepayments are largely offset by consistently high redraws.

The weighted average ("WA") margin to 3M-JIBAR on the Notes increased from 149bps to 158bps on 20 May 2022 due to the paydown of the lowest interest Class A1 and A2 Notes, while the WA margin to Prime on the assets remained stable at -0.77%. Most loans were originated within the Prime less 1% and Prime less 0.5% ranges which support the stability of WA margin even when loans pay down. The swap modelled maintains the 3M-JIBAR/Prime gap at 3.10%. The Class A1 and A2 Notes were repaid in full before their respective scheduled maturity dates. The scheduled maturity and step-up interest rate date for Class A3 and B1 Notes is August 2023.

As at 30 June 2022, the home loan portfolio reported a WA Current Credit Limit LTV ratio of 66.15% (April 2021: 68.52%), a WA Original LTV ratio of 76.54% (April 2021: 76.22%), and a WA Debt to Income ratio of 17.06% (April 2021: 17.87%). The reported average current property value has increased because Lightstone indexed valuations are regularly used to revalue the portfolio.

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 our credit ratings should familiarise themselves with all aspects of the Transaction (including the Programme legal opinion) and should form their own views in this respect. They should not rely on GCR for legal, tax, or financial advice and are encouraged to contact the relevant advisers.

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Related Criteria and Research

Criteria for Rating Structured Finance Transactions – Sep 2018
Criteria for Rating Residential Mortgage- Backed Securities – Nov 2018
Criteria for the GCR Ratings Framework – January 2022
Criteria for Rating Financial Institutions, May 2019
Rating Scales, Symbols, and Definitions – May 2022
Investec Bank Limited – Rating Announcement – July 2022
Fox Street 6 (RF) Ltd – Surveillance Report – August 2021

Ratings History

Notes Class	Review	Rating Scale	Rating	Outlook/Watch	Date
Class A1 (FS6A1): Paid in Full	Initial	National	AAA _{(ZA)(sf)}	Stable Outlook	August 2018
	Last	National	AAA _{(ZA)(sf)}	Stable Outlook	May 2019
Class A2 (FS6A2): Paid in Full	Initial	National	AAA _{(ZA)(sf)}	Stable Outlook	August 2018
	Last	National	AAA _{(ZA)(sf)}	Stable Outlook	August 2021
Class A3 (FS6A3)	Initial	National	AAA _{(ZA)(sf)}	Stable Outlook	August 2018
	Last	National	AAA _{(ZA)(sf)}	Stable Outlook	August 2021
Class B1 (FS6B1)	Initial	National	AA _{(ZA)(sf)}	Stable Outlook	August 2018
	Last	National	AAA _{(ZA)(sf)}	Stable Outlook	August 2021
Class C1 (FS6C1U)	Initial	National	A+ _{(ZA)(sf)}	Stable Outlook	August 2018
	Last	National	AAA _{(ZA)(sf)}	Stable Outlook	August 2021
Class D1 (FS6CD1U)	Initial	National	BBB _{(ZA)(sf)}	Stable Outlook	August 2018
	Last	National	AA- _{(ZA)(sf)}	Stable Outlook	August 2021

Key Counterparties

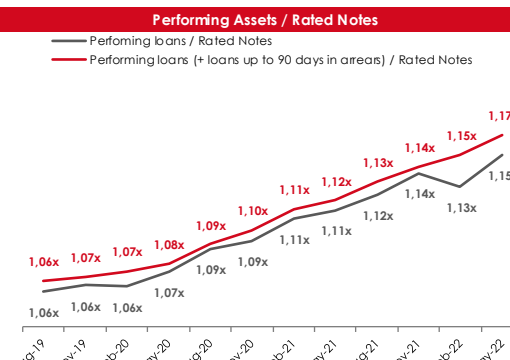
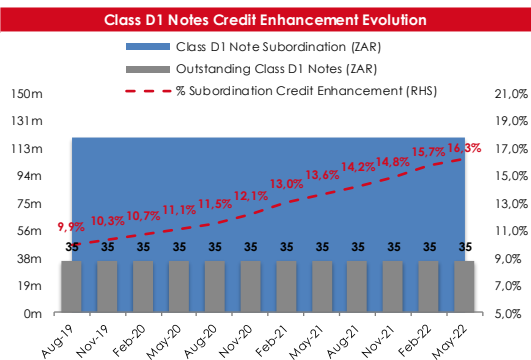
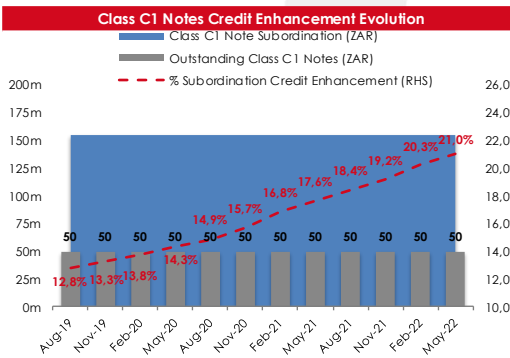
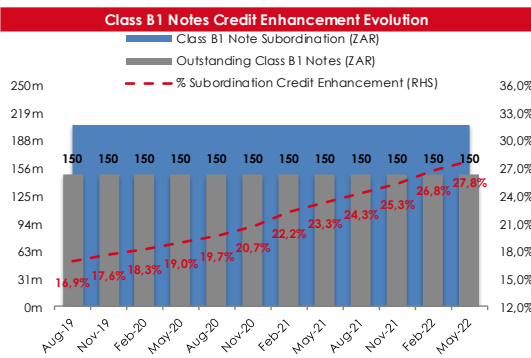
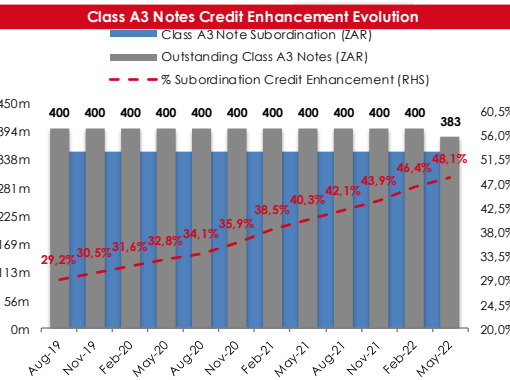
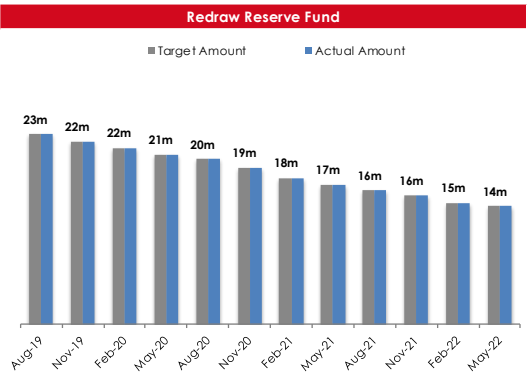
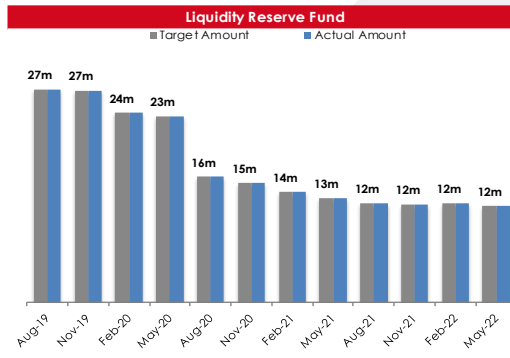
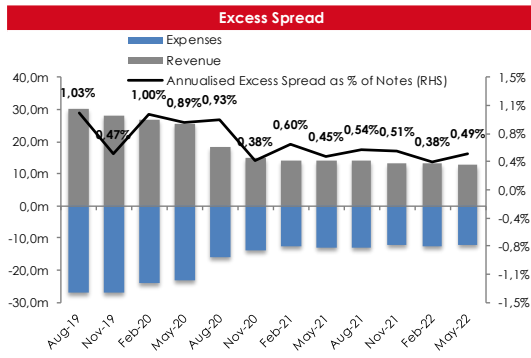
Counterparty	Role(s)	Rating Class	Rating	Outlook / Watch
Investec Bank Limited	Administrator/Arranger/Calculation Agent/Dealer/ Debt Sponsor/Account Bank/GIC Provider/Hedge Provider/Lead Manager/Originator/Paying Agent/Redraw Facility/Servicer/Transfer Agent/Subordinated Loan	Issuer	AA _(ZA)	Positive Outlook
Fox Street 6 Owner Trust	Issuer owner trust	N.A.	N.A.	N.A.
Quadridge Trust Services (Pty) Ltd	Issuer owner trustee	N.A.	N.A.	N.A.
Fox Street 5 Security SPV (RF) Pty Ltd	Security SPV	N.A.	N.A.	N.A.
Fox Street 5 Security SPV Owner Trust	Security SPV Owner Trust	N.A.	N.A.	N.A.
Quadridge Trust Services (Pty) Ltd	Security SPV Owner Trustee	N.A.	N.A.	N.A.

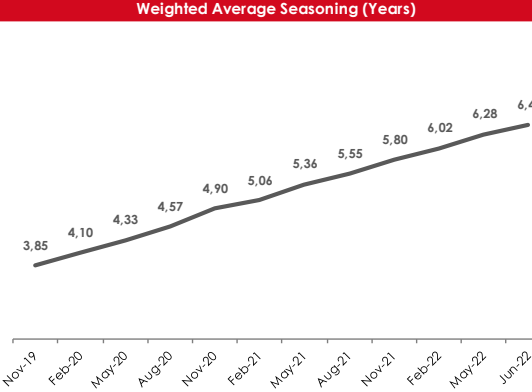
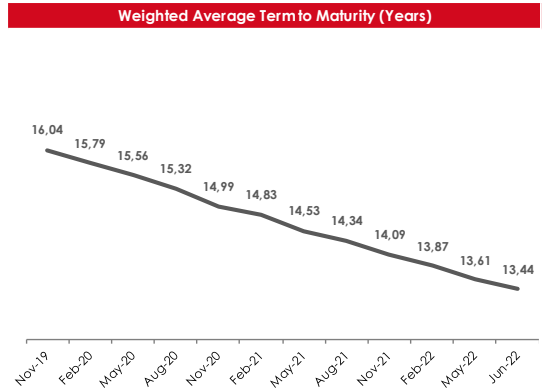
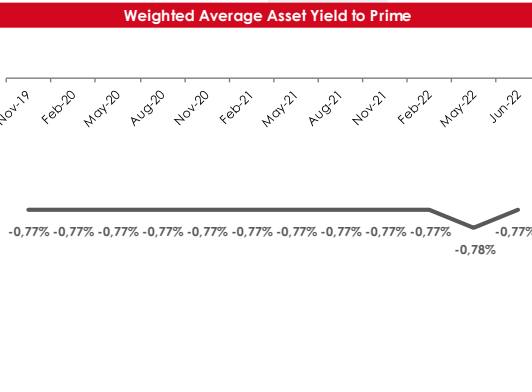
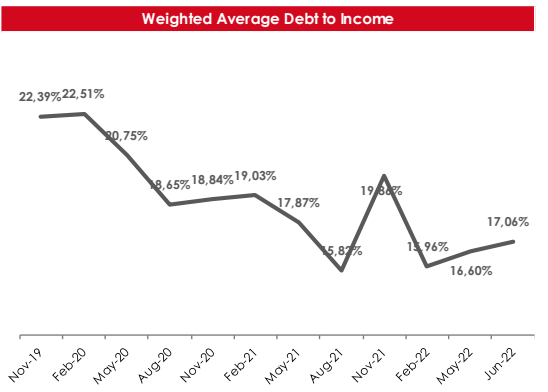
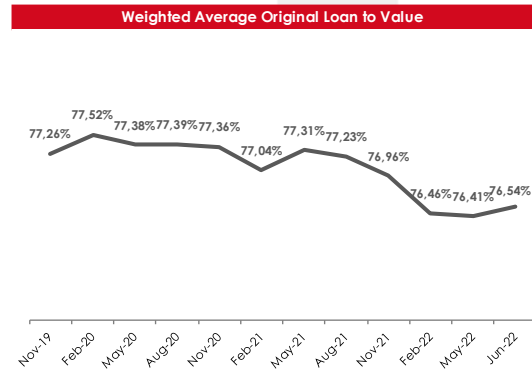
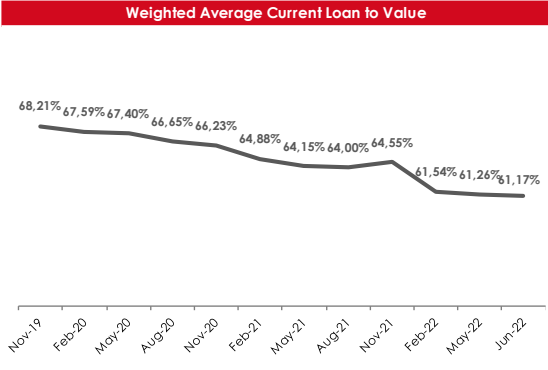
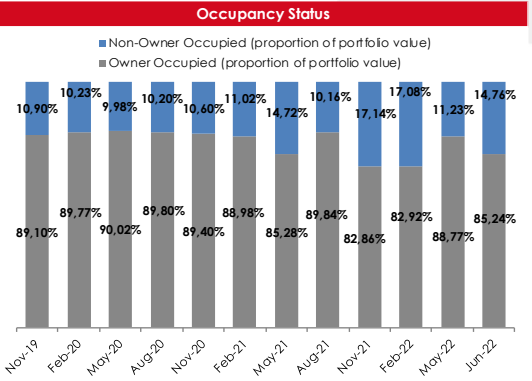
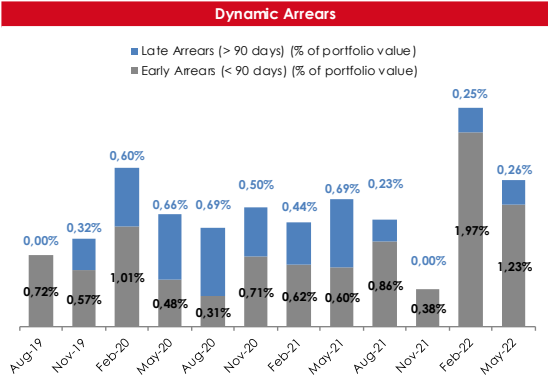
N.A.: Not applicable

APPENDIX A – Surveillance Data and Pool Cut Data

Key Portfolio Characteristics	Original (31 May 2018 indicative portfolio)	31 January 2019	30 April 2020	30 April 2021	30 June 2022
WA Current Credit Limit LTV	70.60%	72.37%	69.47%	68.52%	66.15%
WA Original LTV	75.19%	77.30%	75.99%	76.22%	76.54%
WA Debt to Income	20.40%	23.31%	23.17%	17.87%	17.06%
WA Asset Margin to Prime	-0.78%	-0.77%	-0.77%	-0.77%	-0.77%
WA Seasoning	2.37	3.09	3.34	5.32	6.45
WA Term to Maturity	17.52	16.81	16.57	14.57	14.17
Number of Loans	832	833	817	666	578
Total Outstanding Loan Balance	R1,300,129,238	R1,243,527,365	R1,202,973,627	R857,742,575	R696,621,271
Average Outstanding Loan Balance	R1,562,655	R1,494,624	R1,474,232	R1,289,838	R1,205,227
Geographic Concentration – Gauteng	46.20%	49.97%	49.61%	48.28%	46.43%
Geographic Concentration – Western Cape	38.68%	36.37%	37.03%	38.41%	40.59%
Non-Owner Occupied %	9.14%	9.76%	10.23%	10.98%	14.76%
Self-employed Borrowers %	8.85%	8.96%	8.74%	11.12%	14.55%

Source: Investor Reports and pool cut data





APPENDIX B – Capital Structure

Security class	Long term rating	Outlook	Issued amount (8 Aug' 18)	Outstanding amount (20 May' 22)	Tranche size (% of Notes + Sub Loan, May' 22)	CE* (% of Notes + Sub Loan, May' 22)	CE (Aug' 18)	Coupon (Margin over 3M Jibar of outstanding Notes)	Step-up coupon (Margin over 3M Jibar of outstanding Notes)	Maturity date
Class A1	AAA _(ZA) (sf)	Stable	R200m	R0m	0.0%	0.0%	85.3%	N.A.	N.A.	May '47
Class A2	AAA _(ZA) (sf)	Stable	R400m	R0m	0.0%	0.0%	55.8%	1.05%	1.25%	May '47
Class A3	AAA _(ZA) (sf)	Stable	R400m	R383m	51.9%	48.1%	26.3%	1.24%	1.44%	May '47
Class B1	AAA _(ZA) (sf)	Stable	R150m	R150m	20.3%	23.3%	15.1%	1.38%	1.58%	May '47
Class C1	AAA _(ZA) (sf)	Stable	R50m	R50m	6.8%	21.0%	11.4%	1.85%	N.A.	May '47
Class D1	AAA _(ZA) (sf)	Stable	R35m	R35m	4.7%	16.3%	8.8%	2.25%	N.A.	May '47
Class E1	Unrated		R100m	R100m	13.5%	2.7%	1.4%	2.80%	N.A.	May '47
Total Notes			R1,335m	R718m						
Subordinated Loan	Unrated		R20m	R20m	2.7%		1.6%			N.A.
Total Notes & Sub Loan			R1,355.m	R738m						

Source: Investor Report and GCR ratings

N.A.: Not applicable

*CE: Credit Enhancement as a percentage of Notes plus Subordinated Loan.

GLOSSARY OF TERMS/ACRONYMS

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.
Amortisation	From a liability perspective, the paying off of debt in a series of instalments over a period of time. From an asset perspective, the spreading of capital expenses for intangible assets over a specific period of time (usually over the asset's useful life).
Arrears	General term for non-performing obligations, i.e. obligations that are overdue.
Asset	An item with economic value that an entity owns or controls.
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.
Call Option	A provision that allows an Issuer the right, not the obligation, to repurchase a security before its maturity at an agreed price. The seller has the obligation to sell the security if the call option holder exercises the option.
Capital	The sum of money that is used to generate proceeds.
Cash Flow	A financial term for monetary changes in operations, investing and financing activities.
Collateral	An asset pledged as security in event of default.
Commingling	The mixing of various transaction parties' funds in an account.
Coupon	Interest payment on a security.
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	A contractual agreement in which a borrower receives something of value now, and agrees to repay the lender at some date in the future, generally with interest. The term also refers to the borrowing capacity of an individual or company
Credit Enhancement	Limited protection to a transaction against losses arising from the assets. The credit enhancement can be either internal or external. Internal credit enhancement may include: Subordination; over-collateralisation; excess spread; security package; arrears reserve; reserve fund and hedging. External credit enhancement may include: Guarantees; Letters of Credit and hedging.
Credit Rating	An opinion regarding the creditworthiness of an entity, a security or financial instrument, or an issuer of securities or financial instruments, using an established and defined ranking system of rating categories.
Credit Risk	The probability or likelihood that a borrower or issuer will not meet its debt obligations. Credit Risk can further be separated between current credit risk (immediate) and potential credit risk (deferred).
Debt	An obligation to repay a sum of money.
Debt Sponsor	Usually as Investment bank that brings a transaction to the capital markets, similar to an Arranger.
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.
Desktop	An assessment of the property value, with the value being compared to similar properties in the area.
Downgrade	The assignment of a lower credit rating to a corporate, sovereign or debt instrument by a credit rating agency. Opposite of upgrade.
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.
Guarantee	An undertaking for performance of another's obligations in event of default.
Guaranteed Investment Contract	A contract that guarantees the principal and interest repayment over a period of time. Typically GIC are used in relation to a bank account.
Income	Money received, especially on a regular basis, for work or through investments.
Index	An assessment of the property value, with the value being compared to similar properties in the area.
Issuer	The party indebted or the person making repayments for its borrowings.
Junior	A security that has a lower repayment priority than senior securities.
Liability	All financial claims, debts or potential losses incurred by an individual or an organisation.
Liquidity	The ability to repay short-term obligations or short-term availability of liquid assets to a market or entity.
Liquidity Risk	The risk that a company may not be able to meet its financial obligations or other operational cash requirements due to an inability to timeously realise cash from its assets. Regarding securities, the risk that a financial instrument cannot be traded at its market price due to the size, structure or efficiency of the market.
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	A tangible or intangible, financial or non-financial loss of economic value.

Market	An assessment of the property value, with the value being compared to similar properties in the area.
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	Either a call or a put option. A call option gives the holder the right to buy assets at an agreed price on or before a particular date. A put option gives the holder the right to sell assets at an agreed price on or before a particular date.
Origination	A process of creating assets.
Originator	An entity that created assets and hold on balance sheet for securitisation purposes.
Owner Trust	Owner of a securitisation vehicle that acts in the best interest of the Noteholders.
Payment Date	The date on which the payment of a coupon is made.
Prepayment	Early or excess repayment of an obligation. Partial or full prepayment of the outstanding loan amount.
Prepayment Rate	The rate of prepayment in relation to the pool of obligations. Also called prepayment speed.
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.
Property	Movable or immovable asset.
Provision	An amount set aside for expected losses to be incurred by a creditor.
Rating Outlook	A Rating outlook indicates the potential direction of a rated entity's rating over the medium term, typically one to two years. An outlook may be defined as: 'Stable' (nothing to suggest that the rating will change), 'Positive' (the rating symbol may be raised), 'Negative' (the rating symbol may be lowered) or 'Evolving' (the rating symbol may be raised or lowered).
Recovery	The action or process of regaining possession or control of something lost. To recoup losses.
Repayment	Payment made to honour obligations in regards 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.
Reserves	A portion of funds allocated for an eventuality.
Seasoning	The age of an asset, the time period passed since origination.
Securities	Various instruments used in the capital market to raise funds.
Securitisation	Is a process of repackaging portfolios of cash-flow producing financial instruments into securities for sale to third parties.
Security	An asset deposited or pledged as a guarantee of the fulfilment of an undertaking or the repayment of a loan, to be forfeited in case of default.
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.
Shareholder	An individual, entity or financial institution that holds shares or stock in an organisation or company.
Spread	The interest rate that is paid in addition to the reference rate for debt securities.
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.
Surveillance	Process of monitoring a transaction according to triggers, covenants and key performance indicators.
Timely Payment	The principal debt, interest, fees and expenses being repaid promptly in accordance with the contractual obligation.
Tranche	In a structured finance, a slice or portion of debt securities offered that is structured or grouped to resemble the same degree of risk associated with the underlying asset or with a similar degree of risk. A junior tranche has a higher degree of default risk than a senior tranche.
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.
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	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.
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	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.
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.

SALIENT POINTS OF ACCORDED RATINGS

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

The credit ratings have been disclosed to the Issuer. The rating was solicited by, or on behalf of, the Issuer, and, therefore, GCR has been compensated for the provision of the ratings. The issuer participated in the rating process verbal and written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible.

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

- Portfolio pool cut dated June 2022
- Quarterly Investor Reports until 20 May 2022

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