

MOODY'S

RATINGS

Rating Action: Moody's Ratings downgrades ratings in Transsec 5 (RF) Limited

22 Jul 2025

Madrid, July 22, 2025 -- Moody's Ratings (Moody's) has today downgraded the global scale ratings (GSRs) and national scale ratings (NSRs) of five Notes in Transsec 5 (RF) Limited ("Transsec 5"). The rating action reflects the decrease of credit enhancement available for the affected Notes.

....ZAR 191M Class A2 Notes, Downgraded to Caa2 (sf) / Caa1.za (sf); previously on Oct 22, 2024 Downgraded to B2 (sf) / Ba1.za (sf)

....ZAR 174M Class A2-2 Notes, Downgraded to Caa2 (sf) / Caa1.za (sf); previously on Oct 22, 2024 Downgraded to B2 (sf) / Ba1.za (sf)

....ZAR 80M Class A3 Notes, Downgraded to Caa2 (sf) / Caa1.za (sf); previously on Oct 22, 2024 Downgraded to B2 (sf) / Ba1.za (sf)

....ZAR 150M Class B Notes, Downgraded to C (sf) / C.za (sf); previously on Oct 22, 2024 Downgraded to Caa3 (sf) / Caa2.za (sf)

....ZAR 87M Class B2 Notes, Downgraded to C (sf) / C.za (sf); previously on Oct 22, 2024 Downgraded to Caa3 (sf) / Caa2.za (sf)

RATINGS RATIONALE

The rating action is prompted by a decrease in the credit enhancement available for the affected Notes.

Decrease in Available Credit Enhancement

After Class A1 Notes were repaid in full as of the payment date in June 2025, Classes A2, A2-2 and A3 will start pro-rata amortization. However, the rating action for the affected Classes is prompted by the deterioration in the level of available credit enhancement. The transaction has experienced an increasing principal deficiency of ZAR 225.7 million from ZAR 140.5 million as of the latest action in October 2024. While assets less than 30 days in arrears provided a coverage of 60% to the outstanding Classes A Notes as of the latest rating action, this coverage has been reduced to 48% as of June 2025. Loans more than 180 days in arrears plus repossessions already represent 56% of the assets. The lower coverage by performing assets is increasing the loss expected for these Classes.

The stock of repossessed assets has decreased from ZAR 178.9 million to ZAR 113.7 million following write-offs, but given very low level of recent recoveries, the credit enhancement keeps reducing for Class A Notes. Class A Notes are partially collateralized by loans more than 180 days in arrears.

Class B Notes are fully collateralized by non performing loans. Repayment of Class B Notes is unlikely as it relies on collections from loans currently more than 180 days in arrears, together with recoveries from repossessions. Also, Class B Notes are not receiving interest payments since September 2024 and will remain in the same situation until Class A Notes are fully repaid,

given interest deferral trigger based on principal deficiency.

The performance of the transaction has remained relatively stable since last rating action in October 2024. Total delinquencies remain at very high levels, with 90 days plus arrears standing above 40% since 2024. The repossessed stock stands at 17.5% of the current pool balance, following the write-offs for repossessions in 2024. Cumulative losses currently stand at 21.4% of original pool balance plus additions, up from 12.1% as of the last rating action.

The principal methodology used in these ratings was "Moody's Global Approach to Rating Auto Loan- and Lease-Backed ABS" published in June 2025 and available at <https://ratings.moody's.com/rmc-documents/445561>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody's.com> for a copy of this methodology.

Factors that would lead to an upgrade or downgrade of the ratings:

Factors or circumstances that could lead to an upgrade of the ratings include: (1) performance of the underlying collateral that is better than we expected, (2) an increase in available credit enhancement, (3) improvements in the credit quality of the transaction counterparties, and (4) a decrease in sovereign risk.

Factors or circumstances that could lead to a downgrade of the ratings include: (1) an increase in sovereign risk, (2) performance of the underlying collateral that is worse than we expected, (3) deterioration in the Notes' available credit enhancement, and (4) deterioration in the credit quality of the transaction counterparties.

Moody's National Scale Credit Ratings (NSRs) are intended as relative measures of creditworthiness among debt issues and issuers within a country, enabling market participants to better differentiate relative risks. NSRs differ from Moody's global scale credit ratings in that they are not globally comparable with the full universe of Moody's rated entities, but only with NSRs for other rated debt issues and issuers within the same country. NSRs are designated by a ".nn" country modifier signifying the relevant country, as in ".za" for South Africa. For further information on Moody's approach to national scale credit ratings, please refer to Moody's Credit rating Methodology published in August 2022 entitled "Mapping National Scale Ratings from Global Scale Ratings Methodology". While NSRs have no inherent absolute meaning in terms of default risk or expected loss, a historical probability of default consistent with a given NSR can be inferred from the GSR to which it maps back at that particular point in time. For information on the historical default rates associated with different global scale rating categories over different investment horizons, please see https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_1280297.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moody's.com/rating-definitions>.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

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