MOODY'S
RATINGS

Rating Action: Moody's Ratings downgrades five ratings in Transsec 4 (RF) Limited and Transsec 5 (RF) Limited

29 May 2026

Madrid, May 29, 2026 -- Moody's Ratings (Moody's) has today downgraded the global scale ratings (GSRs) and national scale ratings (NSRs) of two Notes in Transsec 4 (RF) Limited ("Transsec 4") and three Notes in Transsec 5 (RF) Limited ("Transsec 5"). The rating action reflects the decrease of credit enhancement available for the affected Notes, as well as worse than expected collateral performance.

We affirmed the ratings of the notes that have an expected loss for the tranche commensurate with current ratings.

Issuer: Transsec 4 (RF) Limited

....ZAR 160M Class B Notes, Downgraded to Ca (sf) / Ca.za (sf); previously on Oct 22, 2024 Downgraded to Caa2 (sf) / B3.za (sf)

....ZAR 102M Class B2 Notes, Downgraded to Ca (sf) / Ca.za (sf); previously on Oct 22, 2024 Downgraded to Caa2 (sf) / B3.za (sf)

Issuer: Transsec 5 (RF) Limited

....ZAR 191M Class A2 Notes, Downgraded to Ca (sf) / Ca.za (sf); previously on Jul 22, 2025 Downgraded to Caa2 (sf) / Caa1.za (sf)

....ZAR 174M Class A2-2 Notes, Downgraded to Ca (sf) / Ca.za (sf); previously on Jul 22, 2025 Downgraded to Caa2 (sf) / Caa1.za (sf)

....ZAR 80M Class A3 Notes, Downgraded to Ca (sf) / Ca.za (sf); previously on Jul 22, 2025 Downgraded to Caa2 (sf) / Caa1.za (sf)

....ZAR 150M Class B Notes, Affirmed C (sf) / C.za (sf); previously on Jul 22, 2025 Downgraded to C (sf) / C.za (sf)

....ZAR 87M Class B2 Notes, Affirmed C (sf) / C.za (sf); previously on Jul 22, 2025 Downgraded to C (sf) / C.za (sf)

RATINGS RATIONALE

The rating action is prompted by a decrease in the credit enhancement available for the affected Notes, as well as worse than expected collateral performance, in particular the low proportion of the portfolio less than 90 days in arrears as well as the reduction in the recoveries expected to be received from non performing loans in both transactions.

Decrease in Available Credit Enhancement

The rating action for the affected Notes in Transsec 4 is prompted by the deterioration in the undercollateralization suffered by the Notes. The transaction has experienced an increasing principal deficiency of ZAR 230.7 million from ZAR 125.7 million as of the latest action in October 2024. Assets less than 30 days in arrears provide a coverage of 6.7% to the outstanding Classes B Notes, down from 57% as of latest action in October 2024. Loans more than 180 days in arrears plus repossessions already represent 70% of the assets. The lower coverage by performing assets is increasing the loss expected for these Notes.

In Transsec 5, the stock of repossessed assets has decreased from ZAR 113.7 million to ZAR 57.1 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. Assets less than 30 days in arrears provide a coverage of 44% to the outstanding Classes A Notes in Transsec 5, down from 48% as of latest action in July 2025.

Class B Notes in Transsec 5 are only partially 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.

Revision of Key Collateral Assumptions

As part of the rating action, we reassessed our default probability and recovery rate assumptions for the portfolios reflecting the collateral performance to date.

The performance of Transsec 4 has remained weak since last rating action in October 2024. Total delinquencies remain at very high levels, with 90 days plus arrears standing above 75% of the current pool balance, up from 40% as of the latest rating action. The repossessed stock stands at 14% of the current pool balance, following the write-offs for repossessions back in 2024. Cumulative losses currently stand at 22.4% of original pool balance plus additions, up from 16.8% as of the last rating action.

The performance of Transsec 5 has also remained weak since last rating action in July 2025. Total delinquencies remain at very high levels, with 90 days plus arrears standing at 55% of the current pool balance, up from 40% as of the latest rating action. Cumulative losses currently stand at 27.9% of original pool balance plus additions, up from 21.4% as of the last rating action.

We have increased the expected loss assumptions to 27.1% and 42.7% of original balance plus additions from 21.8% and 37.0% as of the last rating action for Transsec 4 and Transsec 5, respectively, as a result of both recently observed and the anticipated deterioration in collateral performance. We increased the mean default assumption as a percentage of current pool balance to 78.0% and 61.5% from 49.6% and 51.6% for Transsec 4 and Transsec 5, respectively. The mean default assumptions as percentage of original pool balance remains unchanged at 41.2% and 49.0% for Transsec 4 and Transsec 5 respectively.

We have decreased the recovery assumption in both transactions from 25% to 15%, and increased the PCE assumption from 65% to 80% in Transsec 4 as a result of further deterioration in credit quality. The PCE assumption remains unchanged at 65% in Transsec 5.

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.moodys.com/rmc-documents/445561. Alternatively, please see the Rating Methodologies page onhttps://ratings.moodys.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.moodys.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.moodys.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.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the UK and is(are) endorsed for use in the UK in accordance with the UK CRA Regulation.

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