



AB Finco 1 (RF) Proprietary Limited Management Report

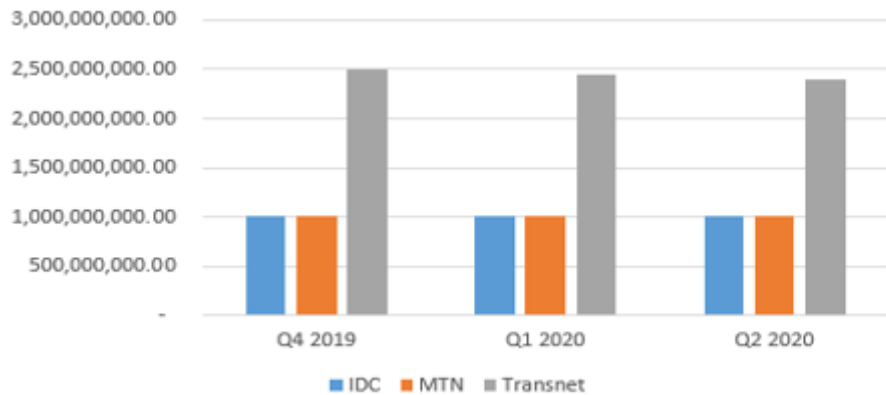
June 2020

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Executive Summary

- AB Finco 1 is a serialised Issuance Programme. This allows the entity to issue multiple series of Notes under separate series in one legal entity. Each series is backed by a single borrower loan.
- The entity previously operated under the name of Commissioner Street1, but was renamed during Q4 2020 to AB Finco 1.
- During Dec 2019 3 assets were acquired from Absa Bank Limited.
- AB Finco 1 has a total asset value of R4.4bn as at the end of June 2020.
- The assets consists of the repacked Absa CIB loans extended to the following;
 - Transnet – R2.37bn (Amortising with final maturity 12 Feb 2030)
 - IDC – R1bn (Bullet with maturity of 14 Sept 2026)
 - MTN – R1bn (Bullet with maturity of 18 July 2024)



	Q4 2019	Q1 2020	Q2 2020
Transnet	R2,495bn	R2,452bn	R2,391bn
IDC	R1,002bn	R1,004bn	R1,003bn
MTN	R1,002bn	R1,016bn	R1,013bn

June 2020 Financial Performance

No YoY slides are provided; as the assets in Commissioner street 1, which were in prior year, have zero correlation to the current assets.

	Apr 20(R'000)	May 20(R'000)	Jun 20(R'000)
Income Statement			
Interest Income	32,727.49	32,713.16	25,478.06
Interest Expense	(30,066.80)	(29,955.29)	(22,845.14)
Net Interest income	2,660.69	2,757.87	2,632.93
Operational Expense	(56.16)	(95.47)	(181.27)
Impairment	(187.22)	(1,257.14)	(43.20)
Profit before tax	2,417.30	1,405.26	2,408.46
Income tax expense	(676.84)	(393.47)	(674.37)
Profit after tax	1,740.46	1,011.79	1,734.09
YTD PnL	4,404.29	5,416.08	7,150.17
Balance Sheet			
Loans and advances	4,480,451.88	4,511,907.90	4,401,087.43
Loans	4,484,457.73	4,517,170.90	4,406,393.62
Impairments	(4,005.85)	(5,263.00)	(5,306.20)
Deferred tax	-	1,473.64	1,114.30
Cash and cash equivalents	6,552.01	6,319.89	9,493.36
Total Assets	4,487,003.89	4,519,701.43	4,411,695.09
Debt Securities in issue	(4,480,277.38)	(4,510,232.67)	(4,403,351.03)
Sundry creditors	(377.85)	(350.36)	(320.76)
Current tax provisions	(1,742.16)	(2,992.70)	(162.96)
Total Liabilities	(4,482,397.38)	(4,513,575.73)	(4,403,834.74)
Capital and retained earnings	(4,606.51)	(6,126.15)	(7,860.35)
Total equity and liability	(4,487,003.89)	(4,519,701.89)	(4,411,695.09)

Net interest income

Net interest earned remained relatively stable over the period. The decrease in June is mainly due to drop in repo rates earlier in the year; the assets and funding reset periodically therefore responding well after the drop in rates

Operating expenditure

YTD June 2020 expenses: R172k-Admin Fees, R77k-Audit fees, R90k-Directors fees, R195k-Rating Agency fees, R22k-JSE, R8k-Strate Fees, R85k admin fees payment relating to 2019. The steep increase of the expenses in June was mainly from the 2019 admin fees which had not been provisioned for.

Impairments

The May Impairment increase of R1,3m was mainly due to increases of R295k on IDC and R884k on Transnet. Both counterparties DG ratings/credit risk rating dropped from 7 in Mar20 to 9 in Jun20.

Loans and Investment Securities and Debt securities in issue

The only movement in Loans and advances during the quarter was the capital repayment on the Transnet Loan of R56m. This was also mirrored on the debt securities that decreased by the same amount.

Sundry Creditors

Sundry creditors consist of a R96k Audit fees, R20k JSE fees, R196k Rating agency fees. See Appendix A for details.

Retained income

Retained income increased significantly during the quarter driven by the net profit earned on the R4.5bn of assets.

Cash and cash equivalents

Cash and cash equivalents have significantly increased in June due to the quarter-end receipt of accrued interest due on Transnet loans, offset by payments on the debt securities in issue.

Current tax provision

The current tax provision decreased materially in June due to the first provisional tax payment of R3.2m made in that month.

Priority of Payments – AB001

AbFinco IDC			
Series Type: AB001			
Priorities of Payments for payment date 15 Jun 2020			
Item no.	Description	15-Jun-20	13-Mar-20
1.1	Available Cash	23,333,897	19,861,644
	<i>Interest received on Acquired Assets</i>	21,954,795	19,861,644
	Interest received	21,954,795	19,861,644
	Capital received	-	-
	Bank and cash balances	1,379,102	-
	Transaction account	1,379,102	-
	Call Account - capital		
	Call Account - interest		
	Available funds in Transaction Account	23,333,897	19,861,644
1.1.1	South African Revenue Services	-	-
	Income Tax	- 464,055	- 386,149
	Income tax - payment only due for provisional tax	464,055	386,149
	Balance available	23,333,897	19,861,644
1.1.2	Security SPV, Owner Trust & Third Party expenses	-	-
1.1.2.1	Security SPV and Security SPV Owner Trustee	-	-
1.1.2.2	Owner Trustee fees	-	-
	Balance available	23,333,897	19,861,644

1.1.3	Third party expenses:	-	29,705	-	44,156
	Fees , costs and expenses incurred	-	29,705	-	44,156
	Balance available		23,304,192		19,817,487
1.1.4	Administrator fees	-	12,805	-	19,207
	Absa Admin Fee	-	12,805	-	19,207
			-		-
	Balance available		23,291,388		19,798,281
1.1.5	Interest Distribution Amount	-	20,280,822	-	18,419,178
	Interest Distribution Amount	-	20,280,822	-	18,419,178
	Capital Distribution Amount		-		-
	Balance available		3,010,566		1,379,102
1.1.6	Outstanding payments		-		-
	Fees , costs and expenses incurred				
	Balance available		3,010,566		1,379,102
1.1.7	Transfer to Permitted Investments		3,010,566		1,379,102

Priority of Payments – AB003

AbFinco MTN				
Series Type: AB003				
Priorities of Payments for payment date 20 April 2020				
Item no.	Description			
		20-Apr-20	20-Jan-20	
1.1	Available Cash	21,637,701	6,693,151	
	<i>Interest received on Acquired Assets</i>	21,390,329	6,693,151	
	Interest received	21,390,329	6,693,151	
	Capital received	-	-	
	Bank and cash balances	247,372	-	
	Transaction account	247,372	-	
	Call Account - capital			
	Call Account - interest			
	Available funds in Transaction Account	21,637,701	6,693,151	
1.1.1	South African Revenue Services	-	-	
	Income Tax	264,278	- 69,235	
	Income tax - payment only due for provisional tax	- 264,278	69,235	
	Balance available	21,637,701	6,693,151	
1.1.2	Security SPV, Owner Trust & Third Party expenses	-	-	
1.1.2.1	Security SPV and Security SPV Owner Trustee	-	-	
1.1.2.2	Owner Trustee fees	-	-	
	Balance available	21,637,701	6,693,151	

1.1.3	Third party expenses:	-	58,875	-	14,719
	Fees , costs and expenses incurred	-	58,875	-	14,719
	Balance available		21,578,826		6,678,432
1.1.4	Administrator fees	-	25,609	-	6,402
	Absa Admin Fee	-	25,609	-	6,402
	Balance available		21,553,216		6,672,030
1.1.5	Interest Distribution Amount	-	20,361,562	-	6,424,658
	Interest Distribution Amount	-	20,361,562	-	6,424,658
	Capital Distribution Amount		-		-
	Balance available		1,191,655		247,372
1.1.6	Outstanding payments	-	-	-	-
	Fees , costs and expenses incurred				
	Balance available		1,191,655		247,372
1.1.7	Transfer to Permitted Investments	-	1,191,655	-	247,372

Priority of Payments – AB007

AbFinco Transnet			
Series Type: AB007			
Priorities of Payments for payment date 01 Jun 2020			
Item no.	Description	01-Jun-20	02-Mar-20
1.1	Available Cash	117,963,881	103,450,980
	<i>Interest received on Acquired Assets</i>	114,300,549	103,450,980
	Interest received	57,696,775	46,847,206
	Capital received	56,603,774	56,603,774
	Bank and cash balances	3,663,332	-
	Transaction account	3,663,332	-
	Call Account - capital		
	Call Account - interest		
	Available funds in Transaction Account	117,963,881	103,450,980
1.1.1	South African Revenue Services	-	-
	Income Tax	- 1,329,597	- 1,025,643
	Income tax - payment only due for provisional tax	1,329,597	1,025,643
	Balance available	117,963,881	103,450,980
1.1.2	Security SPV, Owner Trust & Third Party expenses	-	-
1.1.2.1	Security SPV and Security SPV Owner Trustee	-	-
1.1.2.2	Owner Trustee fees	-	-
	Balance available	117,963,881	103,450,980

1.1.3	Third-party expenses:	-	73,316	-	109,974
	Fees , costs and expenses incurred	-	73,316	-	109,974
	Balance available		117,890,565		103,341,005
1.1.4	Administrator fees	-	31,891	-	47,836
	Absa Admin Fee	-	31,891	-	47,836
	Balance available		117,858,674		103,293,169
1.1.5	Interest Distribution Amount	-	109,445,961	-	99,629,837
	Interest Distribution Amount	-	52,842,188	-	43,026,064
	Capital Distribution Amount	-	56,603,774	-	56,603,774
	Balance available		8,412,713		3,663,332
1.1.6	Outstanding payments	-	-	-	-
	Fees , costs and expenses incurred				
	Balance available		8,412,713		3,663,332
1.1.7	Transfer to Permitted Investments	-	8,412,713	-	3,663,332

Appendix – A (Accruals)

Accruals		
Audit fees		96,837.43
Rating Agency		195,662.74
Custody Fees		1,257.66
JSE		19,527.39
Strate Fees		7,475.61
		320,760.82

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