

## Management Report June 2020

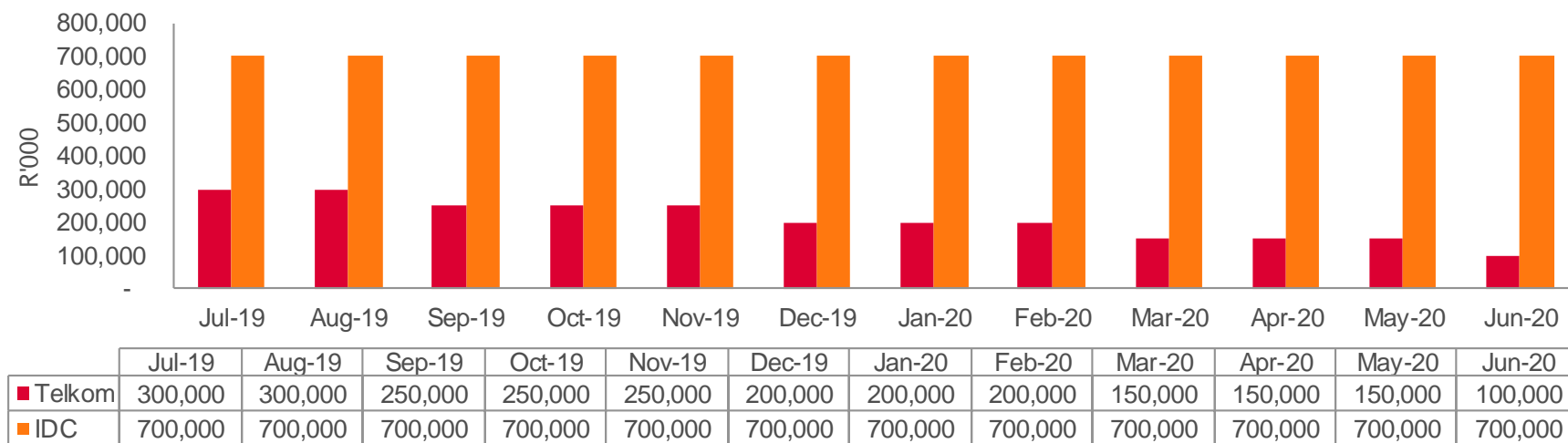
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# Executive Summary

- Commissioner Street 10 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 was registered in 2012 and only started trading in May 2017.
- The results discussed in this pack reflects performance for June 2020 with comparatives to June 2019.
- Commissioner Street 10 has a total asset value of R0.8bn as at the end of June 2020.
- The assets consists of the repacked Absa CIB loans extended to the following;
  - IDC – R700m
  - Telkom – R100m (Telkom loan will be fully settled by Dec 2020)

Portfolio analysis



# Financial performance

ZAR   Reported Currency	June 2020 YTD	June 2019 YTD	June 2020 Month
Income Statement	Actual	Actual	Actual
Net interest income	914,384	836,935	235,411
Non interest income	0	0	0
<b>Total Revenue</b>	<b>914,384</b>	<b>836,935</b>	<b>235,411</b>
Impairments	(213,457)	541,014	19,408
Operating expenses	(479,343)	(423,306)	(80,102)
<b>Profit before tax</b>	<b>221,583</b>	<b>954,643</b>	<b>174,717</b>
Income tax expense	(59,956)	(267,300)	(49,122)
<b>Profit/ (Loss) after Tax</b>	<b>161,628</b>	<b>687,343</b>	<b>125,595</b>

Financial Highlights
<b>Net Interest Income (NII)</b> NII comprises of Interest earned on loans and advances to customers offset by funding cost paid on notes issued to Absa. The increase in interest income year on year is largely due to the reduction in the premium paid to Absa on the IDC note from 35bp to 15bp in March 2019.
<b>Impairments</b> Impairments are driven by the credit health of the underlying exposures as well as macro economic assumptions applied in the impairment model. The increase in YTD impairment expenses are from the increase in the provisions held against the IDC loan mainly from the downgrade of IDC from a DG 7 at the beginning of the year to the current DG 9. This is mainly from a deterioration of the probability of default of the client. This contributed to an increase of R282k in the IDC provision. Impairment provisions on the Telkom loan unwind with the quarterly settlement of the exposure resulting in a R69k YTD income from the reduction of the loan.
<b>Operating Expenses</b> <b>YTD June 2020 :</b> Bank charges R10k, Directors fees R69k, Strate fees R6k, Admin fee 161k : Credit rating fees 159, Audit fees 74 <b>YTD June 2019 :</b> Bank charges R9k, Directors fees R47k, Strate fees R7k, Admin fee R107k : Credit rating fees 253
<b>Income Tax</b> Income tax is a function of profit before tax; deferred tax is raised on impairment provisions; impairment provisions are disallowed for current tax purposes. <b>YTD June 2020 :</b> Deferred tax R(43)k + Current tax R(17)k <b>YTD June 2019 :</b> Deferred tax R(151)k + Current tax R(116)k

# Balance sheet

ZAR'000 | Reported Currency

	June 2020 YTD	June 2019 YTD
Assets	Actual	Actual
<b>Non-current assets</b>		
Loans and advances to customers	800,000	1,000,000
Impairments	( 624)	( 718)
Deferred tax assets	131	201
<b>Total non-current assets</b>	<b>799,507</b>	<b>999,483</b>
<b>Current assets</b>		
Accrued Interest on loans & advances	6,479	9,339
Current tax Assets	366	-
Cash and cash equivalents	1,185	1,221
<b>Total current assets</b>	<b>8,030</b>	<b>10,560</b>
<b>Total assets</b>	<b>807,537</b>	<b>1,010,043</b>
<b>Equity</b>		
<b>Capital and reserves</b>		
Share capital	0	0
Accumulated profit/(loss)	509	( 179)
Day 1 IFRS 9 adjustment	( 436)	( 436)
<b>Total equity</b>	<b>72</b>	<b>( 616)</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Debt securities in issue	800,000	1,000,000
<b>Total non-current liabilities</b>	<b>800,000</b>	<b>1,000,000</b>
<b>Current liabilities</b>		
Other liabilities	1,363	1,490
Current tax liabilities	-	116
Accrued Interest on debt securities	6,102	9,053
<b>Total current liabilities</b>	<b>7,465</b>	<b>10,659</b>
<b>Total liabilities</b>	<b>807,465</b>	<b>1,010,659</b>
<b>Total equity and liabilities</b>	<b>807,537</b>	<b>1,010,043</b>

2020  
Telkom: R100m  
IDC:700m

2019  
Telkom: R300m  
IDC:700m

Expected credit losses inline with the provisions of IFRS 9. Year on year movements attributable to the underlying credit exposures and macro economic assumptions in the impairment models.

Deferred tax raised on IFRS 9 Impairments

Interest earned on the loans to IDC and Telkom

Driven mainly by margins earned on the loans and advances and applied to pay for operating expenses

Notes issued to Absa; R200m settled throughout 2020/19

Driven mainly by:

- Amount owed to Absa for: Provisional tax payments; JSE fees paid , management fees,
- Accrued directors fees
- Accrued audit fees
- Accrued credit rating fees

Interest accrued on the notes issued to Absa. Year on Year movement attributable to the settlement of the Land bank bond and the respective note to Absa

# Priority of Payment - Telkom (CS002)

COMMISSIONER STREET NO. 10 (RF) LIMITED				
Series Type: CS002				
Priorities of Payments for payment date 17 Jun 2020				
Item no.	Description	17-Jun-20	17-Mar-20	
1.1	Available Cash	53,129,367	54,278,256	
	<i>Interest received on Acquired Assets</i>	53,040,537	54,213,425	
	Interest received	3,040,537	4,213,425	
	Capital received	50,000,000	50,000,000	
	<i>Bank and cash balances</i>	88,830	64,831	
	Transaction account	88,830	64,831	
	Call Account - capital			
	Call Account - interest			
	Available funds in Transaction Account	53,129,367	54,278,256	
1.1.1	South African Revenue Services	-	-	
	Income Tax	20,701	6,720	
	Income tax - payment only due for provisional tax	- 20,701	- 6,720	
	Balance available	53,129,367	54,278,256	

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	53,129,367	54,278,256	
1.1.3	Third party expenses:	- 64,482	- 933	
	Fees , costs and expenses incurred	- 64,482	- 933	
	Balance available	53,064,885	54,277,323	
1.1.4	Administrator fees	-	-	
	Absa Admin Fee	- 45,584	-	
	Admin Fee to be settled for next POP date	45,584	-	
	Balance available	53,064,885	54,277,323	
1.1.5	Interest Distribution Amount	- 53,021,633	- 54,188,493	
	Interest Distribution Amount	- 3,021,633	- 4,188,493	
	Capital Distribution Amount	- 50,000,000	- 50,000,000	
	Balance available	43,252	88,830	
1.1.6	Outstanding payments	-	-	
	Fees , costs and expenses incurred	-	-	
	Balance available	43,252	88,830	
1.1.7	Transfer to Permitted Investments	43,252	88,830	

# Priority of Payment - IDC (CS003)

COMMISSIONER STREET NO. 10 (RF) LIMITED

Series Type: CS003

Priorities of Payments for payment date 12 May 2020

Item no. Description

1.1	Available Cash	12-May-20	12-Feb-20
	<b>Interest received on Acquired Assets</b>	<b>15,030,247</b>	<b>14,404,463</b>
	Interest received	15,030,247	14,404,463
	<b>Bank and cash balances</b>	<b>1,152,173</b>	<b>871,622</b>
	Transaction account	1,152,173	871,622
	Call Account - capital	-	-
	Call Account - interest	-	-
	Available funds in Transaction Account	16,182,420	15,276,084
<b>1.1.1</b>	<b>South African Revenue Services</b>	<b>-</b>	<b>-</b>
	Income Tax	- 82,344	16,912
	Income tax First provisional payment		
	Income tax First provisional payment penalty		
	Income tax - payment only due for 2nd provisional tax	82,344 -	16,912
	<b>Balance available</b>	<b>16,182,420</b>	<b>15,276,084</b>
<b>1.1.2</b>	<b>Security SPV, Owner Trust &amp; Third Party expenses</b>	<b>-</b>	<b>-</b>
1.1.2.1	Security SPV and Security SPV Owner Trustee	-	-
1.1.2.2	Owner Trustee fees	-	-
	<b>Balance available</b>	<b>16,182,420</b>	<b>15,276,084</b>

<b>1.13</b>	<b>Third party expenses:</b>	<b>-</b>	<b>35,073 -</b>	<b>160,544</b>
	Fees , costs and expenses incurred	-	35,073 -	160,544
	<b>Balance available</b>		<b>16,147,347</b>	<b>15,115,540</b>
<b>1.1.4</b>	<b>Administrator fees</b>	<b>-</b>	<b>172,494</b>	<b>-</b>
	Absa Admin Fee	-	172,494	-
	<b>Balance available</b>		<b>15,974,853</b>	<b>15,115,540</b>
<b>1.1.5</b>	<b>Interest Distribution Amount</b>	<b>-</b>	<b>14,598,740 -</b>	<b>13,963,367</b>
	Interest Distribution Amount	-	14,598,740 -	13,963,367
	<b>Balance available</b>		<b>1,376,113</b>	<b>1,152,173</b>
<b>1.1.6</b>	<b>Outstanding payments</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Late receipt Nov interest	-	-	-
	Fees , costs and expenses incurred	-	-	-
	<b>Balance available</b>		<b>1,376,113</b>	<b>1,152,173</b>
<b>1.1.7</b>	<b>Transfer to Permitted Investments</b>		<b>1,376,113</b>	<b>1,152,173</b>