

## Management Report September 2020

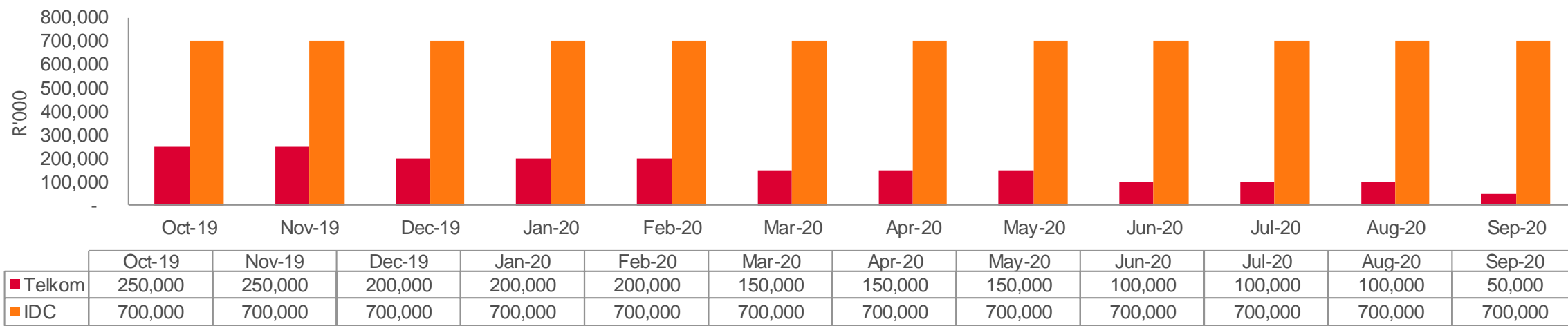
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# Executive Summary

- 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 September 2020 with comparatives to September 2019.
- Commissioner Street 10 has a total asset value of R0.75bn as at the end of September 2020.
- The assets consists of the repacked Absa CIB loans extended to the following;
  - IDC – R700m
  - Telkom – R50m (Telkom loan will be fully settled by Dec 2020)

## Portfolio analysis



# Financial performance

ZAR   Reported Currency	Sept 2020 YTD	Sept 2019 YTD	Sept 2020 Month
Income Statement	Actual	Actual	Actual
Net interest income	1,367,192	1,189,758	233,356
Non interest income	0	0	0
<b>Total Revenue</b>	<b>1,367,192</b>	<b>1,189,758</b>	<b>233,356</b>
Impairments	(330,117)	527,814	38,116
Operating expenses	(759,114)	(745,995)	(115,396)
<b>Profit before tax</b>	<b>277,961</b>	<b>971,577</b>	<b>156,077</b>
Income tax expense	(77,829)	(280,066)	(32,692)
<b>Profit/ (Loss) after Tax</b>	<b>200,132</b>	<b>691,511</b>	<b>123,385</b>

## Financial Highlights

### Net Interest Income (NII)

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. The full benefit of this reduction has been realized this year.

### Impairments

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 10. This is mainly from a deterioration of the probability of default of the client. This contributed to an increase of R460k in the IDC provision. Telkom's DG rating moved from 6 at the start of the year to the current 8. However, the reduction in the loan balances from the quarterly settlements resulted in the release of some of the provisions held against this loan. On a net basis, R130k impairment provisions were released to income from the Telkom Loan.

### Operating Expenses

**YTD Sept 2020 :** Bank charges R15k, Directors fees R104k, State fees R10k, Admin fee 246k  
: Credit rating fees R239k, Audit fees 111, JSE fees R33k

**YTD Sept 2019 :** Bank charges R13k, Directors fees R80k, State fees R9k, Admin fee 232k  
: Credit rating fees R237, Audit fees R92k, Legal fees R28k, JSE fees 26k &  
: SARS Penalty R29k

### Income Tax

Income tax is a function of profit before tax; deferred tax is raised on impairment provisions; impairment provisions are disallowed for current tax purposes.

**YTD Sept 2020 :** Deferred tax R(92)k + Current tax R170k

**YTD Sept 2019 :** Deferred tax R(148)k + Current tax R(132)k

# Balance sheet

ZAR'000 | Reported Currency

	Sept 2020 YTD	Sept 2019 YTD
Assets	Actual	Actual
<b>Non-current assets</b>		
Loans and advances to customers	-	950,000
Impairments	-	( 731)
Deferred tax assets	155	205
<b>Total non-current assets</b>	<b>155</b>	<b>949,473</b>
<b>Current assets</b>		
Accrued Interest on loans & advances	5,344	9,286
Loans and advances to customers (Notional)	750,000	-
Impairments	( 741)	-
Current tax Assets	324	-
Cash and cash equivalents	1,126	677
<b>Total current assets</b>	<b>756,053</b>	<b>9,963</b>
<b>Total assets</b>	<b>756,209</b>	<b>959,436</b>
<b>Equity</b>		
<b>Capital and reserves</b>		
Share capital	-	0
Accumulated profit/(loss)	547	( 175)
Day 1 IFRS 9 adjustment	( 436)	( 436)
<b>Total equity</b>	<b>111</b>	<b>( 612)</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Debt securities in issue	-	950,000
<b>Total non-current liabilities</b>	<b>-</b>	<b>950,000</b>
<b>Current liabilities</b>		
Other liabilities	1,130	1,062
Current tax liabilities	-	( 59)
Accrued Interest on debt securities	4,967	9,045
Debt securities in issue (Notional)	750,000	-
<b>Total current liabilities</b>	<b>756,098</b>	<b>10,048</b>
<b>Total liabilities</b>	<b>756,098</b>	<b>960,048</b>
<b>Total equity and liabilities</b>	<b>756,209</b>	<b>959,436</b>

**2020**

Telkom: R50m

IDC:700m

2020 figures are reflected as current as all loans will be settled by August 2021

**2019**

Telkom: R250m

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. 2020 figures are reflected as current as all notes will be settled by August 2020.

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 Sep 2020				
Item no.	Description	17-Sep-20	17-Jun-20	
1.1	Available Cash	51,452,743	53,129,367	
	<i>Interest received on Acquired Assets</i>	51,409,490	53,040,537	
	Interest received	1,409,490	3,040,537	
	Capital received	50,000,000	50,000,000	
	<i>Bank and cash balances</i>	43,252	88,830	
	Transaction account	43,252	88,830	
	Call Account - capital			
	Call Account - interest			
	Available funds in Transaction Account	51,452,743	53,129,367	
1.1.1	South African Revenue Services	- 11,377	-	
	Income Tax	- 36,589	20,701	
	Income tax - payment only due for provisional tax	25,212	- 20,701	
	Balance available	51,441,365	53,129,367	

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	51,441,365	53,129,367	
1.1.3	Third party expenses:	- 30,320	- 64,482	
	Fees , costs and expenses incurred	- 30,320	- 64,482	
	Balance available	51,411,045	53,064,885	
1.1.4	Administrator fees	-	-	
	Absa Admin Fee	- 96,755	- 45,584	
	Admin Fee to be settled for next POP date	96,755	45,584	
	Balance available	51,411,045	53,064,885	
1.1.5	Interest Distribution Amount	- 51,396,888	- 53,021,633	
	Interest Distribution Amount	- 1,396,888	- 3,021,633	
	Capital Distribution Amount	- 50,000,000	- 50,000,000	
	Balance available	14,157	43,252	
1.1.6	Outstanding payments	-	-	
	Fees , costs and expenses incurred	-	-	
	Balance available	14,157	43,252	
1.1.7	Transfer to Permitted Investments	14,157	43,252	

# Priority of Payment - IDC (CS003)

COMMISSIONER STREET NO. 10 (RF) LIMITED

Series Type: CS003

Priorities of Payments for payment date 12 August 2020

Item no. Description

1.1	Available Cash	12-Aug-20	12-May-20
	<i>Interest received on Acquired Assets</i>	11,791,375	15,030,247
	Interest received	11,791,375	15,030,247
	<i>Bank and cash balances</i>	1,376,113	1,152,173
	Transaction account	1,376,113	1,152,173
	Call Account - capital	-	-
	Call Account - interest	-	-
	Available funds in Transaction Account	13,167,489	16,182,420
1.1.1	South African Revenue Services	- 79,640	-
	Income Tax	- 195,678	- 82,344
	Income tax First provisional payment		
	Income tax First provisional payment penalty		
	Income tax - payment only due for 2nd provisional tax	116,037	82,344
	Balance available	13,087,848	16,182,420

1.1.2	Security SPV, Owner Trust & Third Party expenses	-	-
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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	13,087,848	16,182,420
1.1.3	Third party expenses:	- 172,359	- 35,073
	Fees , costs and expenses incurred	- 172,359	- 35,073
	Balance available	12,915,489	16,147,347
1.1.4	Administrator fees	- -	172,494
	Absa Admin Fee	- -	172,494
	Balance available	12,915,489	15,974,853
1.1.5	Interest Distribution Amount	- 11,344,526	- 14,598,740
	Interest Distribution Amount	- 11,344,526	- 14,598,740
	Balance available	1,570,963	1,376,113
1.1.6	Outstanding payments	-	-
	Late receipt Nov interest	-	-
	Fees , costs and expenses incurred	-	-
	Balance available	1,570,963	1,376,113

1.1.7	Transfer to Permitted Investments	1,570,963	1,376,113
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