

NQABA FINANCE 1 (RF) LIMITED

**MONTHLY COVENANT AND TRIGGER UPDATE
FOR THE PERIOD ENDING
22 OCTOBER 2020**

Name: Wilhelm Witte
Contact Details: Maitland Outsourced Securitisation Services (021) 681 8995

Portfolio Covenants

31-Jul-20

31-Aug-20

30-Sep-20

The Issuer may purchase additional home loans in terms of the home loan sale agreement if, immediately following such acquisition on the relevant transfer date, the following portfolio covenants are satisfied:

1. Weighted Average Original LTV Ratio

Following the acquisition of each Home Loan, the portfolio of Home Loans owned by the Issuer will have a Weighted Average Original LTV Ratio equal to or lower than the Required Weighted Average Original LTV Ratio;

Weighted Average Original LTV Ratio (A)	90.1%	90.1%	90.1%
Required Weighted Average Original LTV Ratio (B)	93.0%	93.0%	93.0%
Covenant Breached (A <= B)	No	No	No

2. Weighted Average Current LTV Ratio

Following the acquisition of each Home Loan, the portfolio of Home Loans owned by the Issuer will have a Weighted Average Current LTV Ratio equal to or lower than the Required Weighted Average Current LTV Ratio;

Weighted Average Current LTV Ratio (C)	68.2%	68.1%	68.0%
Required Weighted Average Current LTV Ratio (D)	73.0%	73.0%	73.0%
Covenant Breached (C <= D)	No	No	No

3. Weighted Average Payment To Income (PTI) Ratio

Following the acquisition of each Home Loan, the portfolio of Home Loans owned by the Issuer will have a Weighted Average PTI Ratio equal to or lower than the Required Weighted Average PTI Ratio;

Weighted Average PTI Ratio (E)	9.8%	9.7%	9.7%
Required Weighted Average PTI Ratio (F)	18.0%	18.0%	18.0%
Covenant Breached (E <= F)	No	No	No

4. Payroll Deduction Percentage

Following the acquisition of each Home Loan, the portfolio of Home Loans owned by the Issuer will include Home Loans in relation to which the Borrower pays Instalments by way of an authorised payroll deduction or such other mechanism in respect of which a Rating Affirmation, upon written request by the Issuer, has been furnished by the Rating Agency, in a number exceeding the Required Minimum Payroll Deduction Percentage;

Current Payroll Deduction Percentage (number of loans) (G)	91.8%	91.7%	91.8%
Required Minimum Payroll Deduction Percentage (H)	90.0%	90.0%	90.0%
Covenant Breached (G >= H)	No	No	No
Current Payroll Deduction Percentage (current balances)	90.4%	90.4%	90.3%

5. Second Property Percentage

Following the acquisition of each Home Loan, the portfolio of Home Loans owned by the Issuer will not include Home Loans in respect of second properties of any Borrower in a number exceeding the Required Maximum Second Property Percentage;

Current Second Property Percentage including those in EFC loanbook (number of loans) (I)	2.7%	2.8%	2.8%
Required Maximum Second Property Percentage (J)	8.5%	8.5%	8.5%
Covenant Breached (I <= J)	No	No	No

Portfolio Covenants

31-Jul-20

31-Aug-20

30-Sep-20

6. Average Outstanding Balance of Home Loans

Following the acquisition of each Home Loan, the Average Outstanding Balance on the Portfolio of Home Loans owned by the Issuer will not exceed the Required Maximum Average Outstanding Balance;

Current Average Outstanding Balance of Home Loans (K)	294 655	294 161	293 606
Required Maximum Average Outstanding Balance of Home Loans (L)	400 000	400 000	400 000
Covenant Breached (K <= L)	No	No	No

7. Direct Employees Percentage

Following the acquisition of each Home Loan, the portfolio of Home Loans owned by the Issuer will not include Home Loans to employees who are not directly employed by Eskom, but who are employed by subsidiary companies of Eskom or such other companies forming part of the Eskom group of companies or such other company in respect of which a Rating Affirmation, upon written request by the Issuer, has been obtained from the Rating Agency, in a number exceeding the Required Direct Employees Percentage.

Current Direct Employees Percentage (number of loans) (M)	89.7%	89.6%	89.6%
Required Minimum Direct Employees Percentage (N)	86.0%	86.0%	86.0%
Covenant Breached (M >= N)	No	No	No
Current Direct Employees Percentage (current balances)	87.3%	87.2%	87.1%
Based on Portfolio covenants, can Issuer purchase additional home loans?	Yes	Yes	Yes

NB: If the scheme fails an Early Amortisation test, no further home loans may be purchased.

Trigger Summary	Trigger Breached? 31-Jul-20	Trigger Breached? 31-Aug-20	Trigger Breached? 30-Sep-20
1. Arrears reserve trigger exceeded	Yes	Yes	Yes
2. Early amortisation event			
Upon occurrence of any of the following events, as determined by the Manager:			
1. Any change in the basis of taxation	No	No	No
2. Any servicer event of default	No	No	No
3. Arrears reserve is not funded at the arrears reserve required amount on 6 consecutive payment dates	No	No	No
4. The weighted average current LTV ratio exceeds the required weighted average current LTV ratio by more than 10%	No	No	No
Weighted average current LTV ratio (A)	68.2%	68.1%	68.0%
Required weighted average current LTV ratio (B)	73.0%	73.0%	73.0%
Additional 10% (C)	10.0%	10.0%	10.0%
B + C	83.0%	83.0%	83.0%
5. The aggregate principal balance of home loans owned by the issuer which are in arrears for more than 3 months exceeds 2,5% of the aggregate principal balances of the Home Loans.	Yes	Yes	Yes
6. The Issuer does not achieve the Required Interest Margin	No	No	No
7. A principal deficiency exists on any payment date.	No	No	No
8. Upon occurrence of a downgrade in the long term corporate family rating to Eskom Holdings SOC Limited to below Caa1 by Moody's [changed w.e.f. 10 July 2020].	No	No	No
9. Where the Rating Agency has assigned a Rating to Tranches of Notes in issue, the Rating Agency withdraws its Ratings of all (and not only some) of such Tranches of Notes and such Ratings are not reinstated within 30 days.	No	No	No
10. Where the Rating Agency has assigned a national scale rating of A3.za or below to the Class A Notes	No	No	No
3. Portfolio covenants breached	No	No	No

NQABA FINANCE 1 (RF) LIMITED

Interest Margin Trigger Event

31-Jul-20

31-Aug-20

30-Sep-20

Early amortisation event - on any determination date, the Required Interest Margin on both tests as determined below, is not achieved.

(NB: This can be calculated only on the interest payment date.)

	Interest payment date	For information only	
12 month rolling averages on interest payment date:			
Home loan rate	9.64%	8.78%	8.53%
3 month Jibar daily rate	6.91%	5.85%	5.58%
Margin	2.73%	2.93%	2.96%
Required (not less than)	2.15%	2.15%	2.15%
And on interest payment date:			
Weighted average home loan rate	9.51%	6.55%	6.55%
3 month Jibar rate	6.80%	3.44%	3.44%
Margin	2.71%	3.10%	3.11%
Required (not less than)	2.15%	2.15%	2.15%
Early amortisation event	No	No	No
Margin as determined by the rating agency:			
12 month rolling average Jibar rate plus margin	9.06%	8.00%	7.73%
Greater than 12 month rolling average home loan rate	No	No	No

Issuer Expense Cap

24-Aug-20

22-Sep-20

22-Oct-20

R

R

R

An annual amount calculated in respect of each financial year of the Issuer in respect of item 2 of the priority of payments, not exceeding 0,35% of the aggregate of the outstanding principal amounts of the notes in issue plus any amounts outstanding under the subordinated loan.

Principal amount of the notes at start of financial year (A)	1,660,000,000	1,660,000,000	1,660,000,000
Subordinated loan (B)	290,000,000	290,000,000	290,000,000
Total liabilities A + B (C)	1,950,000,000	1,950,000,000	1,950,000,000
0.35% * C (D)	6,825,000	6,825,000	6,825,000
Expenses paid from the start of the financial year	2,006,133	3,277,496	3,277,496
Expense provisions in POP at end of current month	4,204,758	3,507,023	4,086,690
Less: expenses provided at end of last financial year	(2,043,506)	(2,043,506)	(2,043,506)
Total accumulated expenses (E)	4,167,384	4,741,012	5,320,679
Issuer expense cap exceeded (E > D)	No	No	No
Expenses in excess of cap to item 14 in POP	-	-	-

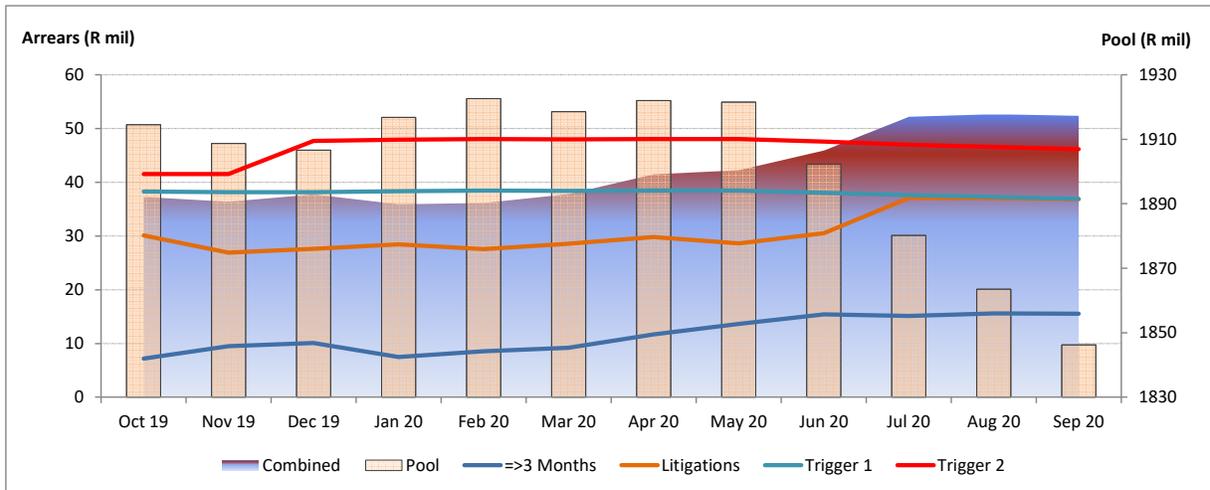
Trends

Arrears analysis (values in R million)

End of:	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20
Pool	1915	1909	1907	1917	1923	1919	1922	1922	1902	1880	1864	1846
Trigger 1 (%)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Trigger 1	38.29	38.17	38.13	38.34	38.45	38.37	38.44	38.43	38.05	37.60	37.27	36.92
=>3 Months	7.16	9.49	10.12	7.46	8.56	9.23	11.66	13.64	15.40	15.11	15.61	15.55
Litigations	30.10	26.89	27.64	28.44	27.57	28.59	29.79	28.62	30.53	37.09	37.05	36.82
Combined	37.27	36.38	37.75	35.90	36.14	37.82	41.46	42.26	45.93	52.20	52.65	52.38
Trigger 1 diff	1.03	1.80	0.38	2.43	2.31	0.55	-3.02	-3.83	-7.88	-14.60	-15.38	-15.45
Notes	1660	1660	N/A									
Trigger 2 (%)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Trigger 2	41.50	41.50	47.67	47.92	48.06	47.96	48.05	48.04	47.56	47.00	46.59	46.15
Trigger 2 diff	4.23	5.12	9.91	12.02	11.93	10.14	6.59	5.78	1.63	-5.19	-6.07	-6.22

Trigger 1 (2% of principal balances) = If breached by combined arrears, an arrears reserve is required until arrears decrease to 1.5%

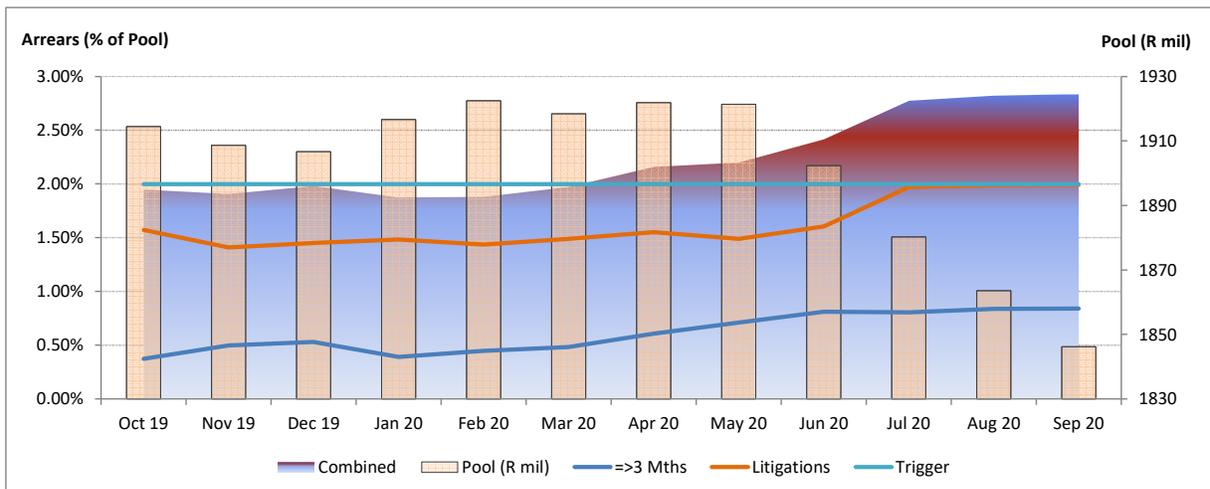
Trigger 2 (2.5% of Notes to November 2019; thereafter, 2.5% of Pool) = If breached by combined arrears, early amortisation required (from July 2020)



Arrears analysis (Arrears reserve test)

End of:	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20
Pool (R mil)	1915	1909	1907	1917	1923	1919	1922	1922	1902	1880	1864	1846
=>3 Mths	0.37%	0.50%	0.53%	0.39%	0.45%	0.48%	0.61%	0.71%	0.81%	0.80%	0.84%	0.84%
Litigations	1.57%	1.41%	1.45%	1.48%	1.43%	1.49%	1.55%	1.49%	1.60%	1.97%	1.99%	1.99%
Combined	1.95%	1.91%	1.98%	1.87%	1.88%	1.97%	2.16%	2.20%	2.41%	2.78%	2.83%	2.84%
Trigger	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Trigger (combined arrears) = If breached, an arrears reserve is required until arrears decrease to 1.5%

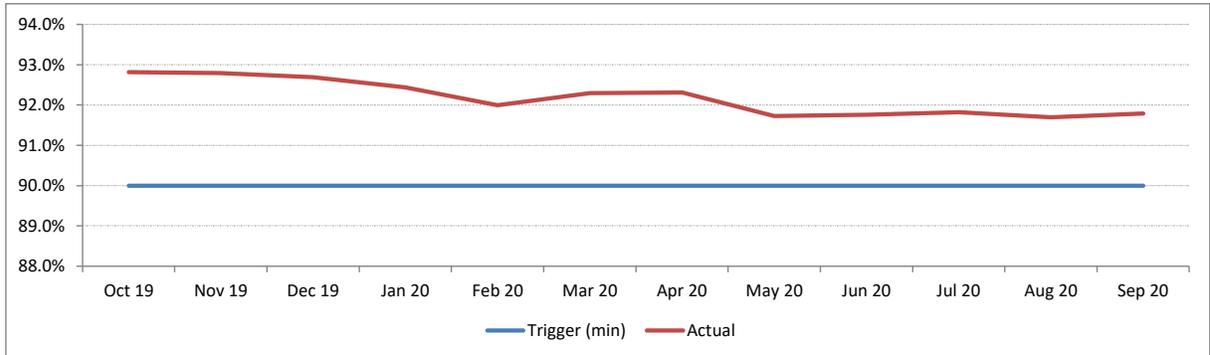


Trends

Payroll Deduction Percentage (number of borrowers)

End of:	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20
Actual	92.8%	92.8%	92.7%	92.4%	92.0%	92.3%	92.3%	91.7%	91.8%	91.8%	91.7%	91.8%
Trigger (min)	90.0%											

Trigger = If breached, purchase of additional home loans prohibited

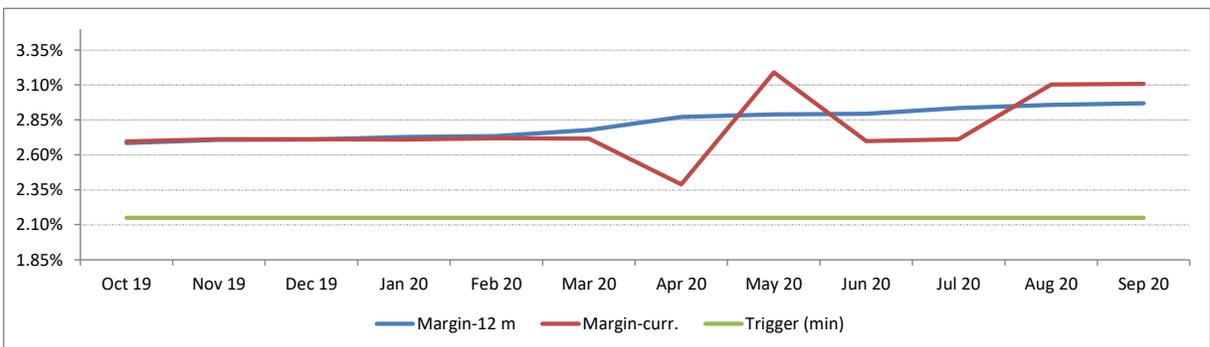


Interest rate margin

The Required Interest Rate margin between the weighted average home loan rate and the 3 month JIBAR rate is to be tested in two ways on Interest Payment date: the margin of the 12 months rolling averages of each rate and the margin of the actual rates applicable on those dates. For trend purposes, the rates are shown below at each month end with the current JIBAR rate as determined on each reset date for the quarter. The same trigger margin applies to both calculations.

End of:	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20
12 months rolling average:												
HL-12 m	9.69%	9.68%	9.66%	9.64%	9.60%	9.55%	9.48%	9.28%	9.03%	8.78%	8.53%	8.29%
Jibar-12 m	7.00%	6.98%	6.95%	6.91%	6.86%	6.78%	6.61%	6.39%	6.13%	5.85%	5.58%	5.32%
Margin-12 m	2.69%	2.71%	2.71%	2.73%	2.73%	2.78%	2.87%	2.89%	2.89%	2.93%	2.96%	2.97%
Current month:												
HL-current	9.52%	9.51%	9.51%	9.51%	9.26%	9.26%	8.93%	7.27%	6.78%	6.80%	6.55%	6.55%
Jibar-curr.	6.83%	6.80%	6.80%	6.80%	6.54%	6.54%	6.54%	4.08%	4.08%	4.08%	3.44%	3.44%
Margin-curr.	2.69%	2.71%	2.71%	2.71%	2.72%	2.72%	2.39%	3.19%	2.70%	2.71%	3.10%	3.11%
Trigger (min)	2.15%											

Trigger = If breached by both calculations on the same interest payment date, early amortisation required



Liquidity and Redraw facilities - Renewal Dates

1. Liquidity facility

	Current period	
a) Facility Limit	R	33,200,000
b) Current utilisation		Nil
 Liquidity facility agreement		
Date of initial signature		09-Mar-06
Expiry of 1st commitment period		08-Mar-07
Expiry of 2nd commitment period		28-Sep-08
Expiry of 3rd commitment period		29-Sep-09
Expiry of 4th commitment period		28-Sep-10
Expiry of 5th commitment period		28-Sep-11
Expiry of 6th commitment period		26-Sep-12
Expiry of 7th commitment period		28-Sep-13
Expiry of 8th commitment period		08-Jan-15
Expiry of 9th commitment period		02-Feb-16
Expiry of 10th commitment period		21-Feb-17
Expiry of 11th commitment period		20-Feb-18
Expiry of 12th commitment period		20-Feb-19
Expiry of 13th commitment period		20-Feb-20
Expiry of 14th commitment period		20-Feb-21
 Next renewal		
Renewal process to commence on		22-Dec-20

2. Redraw facility

	Current period	
a) Facility limit	R	180,000,000
b) Current utilisation		Nil
 Redraw facility agreement		
Date of initial signature		09-Mar-06
Expiry of 1st commitment period		08-Mar-07
Expiry of 2nd commitment period		28-Sep-08
Expiry of 3rd commitment period		29-Sep-09
Expiry of 4th commitment period		28-Sep-10
Expiry of 5th commitment period		28-Sep-11
Expiry of 6th commitment period		26-Sep-12
Expiry of 7th commitment period		28-Sep-13
Expiry of 8th commitment period		08-Jan-15
Expiry of 9th commitment period		02-Feb-16
Expiry of 10th commitment period		21-Feb-17
Expiry of 11th commitment period		20-Feb-18
Expiry of 12th commitment period		20-Feb-19
Expiry of 13th commitment period		20-Feb-20
Expiry of 14th commitment period		20-Feb-21
 Next renewal		
Renewal process to commence on		22-Dec-20