

August 27, 2024

Standard Chartered Bank Limited: Rating reaffirmed for two acquirer payouts and one purchaser payout under three mortgage loan pools

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Amount O/s after July 24 Payout (Rs. crore)	Rating Action
Mortgage Loan Pool March 2008 [MLP Mar-08]	Purchaser Payouts	46.38	1.25	1.06	[ICRA]AAA(SO); Reaffirmed
Mortgage Loan Pool June 2008 [MLP Jun-08]	Acquirer Payouts	100.34	3.65	2.51	[ICRA]AAA(SO); Reaffirmed
Mortgage Loan Pool August 2008 [MLP Aug-08]	Acquirer Payouts	50.85	1.20	0.98	[ICRA]AAA(SO); Reaffirmed

*Instrument details are provided in Annexure I

Rationale

The purchaser/acquirer payouts are backed by mortgage loan receivables originated by Standard Chartered Bank Limited (SCB/Originator). The rating reaffirmation factors in the build-up of the credit enhancement cover over the future purchaser/acquirer payouts on account of the significant amortisation till the July 2024 payouts and the healthy performance of the pools. As of the July 2024 payout, the cash collateral (CC) was fully covering the balance purchaser/acquirer payouts to the investors.

Pool performance summary

Parameter	MLP Mar-08	MLP Jun-08	MLP Aug-08
Payout month	July 2024	July 2024	July 2024
Months post securitisation	195	192	190
Pool amortisation	97.71%	97.49%	98.07%
Purchaser/acquirer payouts amortisation	97.71%	97.49%	98.07%
Cumulative collection efficiency ¹	98.18%	93.40%	94.48%
Loss-cum-90+ (% of initial pool principal) ²	0.60%	2.52%	1.27%
Loss-cum-180+ (% of initial pool principal) ³	0.60%	2.52%	1.27%
Cumulative cash collateral (CC) utilisation	2.59%	25.48%	9.29%
CC available (as % of balance pool)	>100%	>100%	>100%
Excess interest spread (EIS; as % of balance pool)	10.85%	6.99%	18.51%
Breakeven collection efficiency ⁴ (BECE)	0.00%	0.00%	0.00%

¹(Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

²Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a percentage of Initial pool principal

³Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 180 days, as a percentage of Initial pool principal

⁴ (Balance cash flows payable to investor – CC available)/Balance pool cash flows

Key rating drivers and their description

Credit strengths

Build-up of credit enhancement available in the structure – The rating factors in the significant amortisation (above ~95%) of the pools after the July 2024 payouts, resulting in substantial build-up of the CC cover available for the balance future payouts and lower uncertainty regarding the performance of the remaining pool tenure. The balance CC covers the entire future payouts to the investors.

Healthy pool performance – The performance of the purchaser/acquirer payouts has been strong with a cumulative collection efficiency of ~93% till the July 2024 payout month.

Credit challenges

Relatively higher delinquencies in one pool – While the performance of the pools has largely been healthy, the harder delinquency buckets in the MLP Jun-08 pool is relatively higher. However, considerable amortisation and high CC build-up provide sufficient comfort for the future payouts of this pool.

Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pools, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction Name	MLP Mar-08	MLP Jun-08	MLP Aug-08
Originator	Standard Chartered Bank	Standard Chartered Bank	Standard Chartered Bank
Servicer	Standard Chartered Bank	Standard Chartered Bank	Standard Chartered Bank
Trustee	NA	NA	NA
CC holding bank	Standard Chartered Bank	Standard Chartered Bank	Standard Chartered Bank
Collection and payout account bank	Standard Chartered Bank	Standard Chartered Bank	Standard Chartered Bank

Liquidity position: Superior

The liquidity for all the pools is superior since the available CC fully covers the entire balance investor payouts.

Rating sensitivities

Positive factors – Not applicable

Negative factors – The rating is unlikely to be downgraded as the available CC in the transactions is sufficient to meet the future investor payouts.

Analytical approach

The rating action is based on the performance of the pools till July 2024 (payout month), the present delinquency levels and the credit enhancement available in the pools, and the performance expected over the balance tenure of these pools.

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions

Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

SCB India (SCBI) is a branch of Standard Chartered Bank UK, which is a part of the SCB Group. The ultimate parent company of the bank is Standard Chartered PLC, which is listed on the London Stock Exchange and on stock exchanges in Hong Kong and India. The Indian branch operations are conducted in accordance with the banking licence granted by the Reserve Bank of India (RBI) under the Banking Regulation Act, 1949. SCBI has been in operations for more than 160 years and offers a broad range of financial services through 104 branches in 19 states.

Key financial indicators (Ind-AS)

	H1 CY2024	CY2023	CY2022
Net interest income	81,265	1,49,558	1,49,558
PAT	19,663	28,735	24,087
Total assets	69,34,044	68,29,605	68,05,353
Gross NPA*	2.1%	2.2%	2.2%
Net NPA^	0.8%	0.9%	1.0%
CRAR	22.1%	21.2%	21.7%

Source: Company & ICRA Research; Amount in Rs. crore; All financials as per calendar year (CY)

* As a percentage of gross loans and advances ; ^ As a percentage of net loans and advances

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. No.	Trust Name	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years			
		Instrument	Initial Amount Rated (Rs. crore)	Current Amount Rated (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	
					Aug 27, 2024	Aug 30, 2023	Aug 29, 2022	Aug 31, 2021	
1	Mortgage Loan Pool March 2008 [MLP Mar-08]	Purchaser Payouts	46.38	1.06	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	
2	Mortgage Loan Pool June 2008 [MLP Jun-08]	Acquirer Payouts	100.34	2.51	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	
3	Mortgage Loan Pool August 2008 [MLP Aug-08]	Acquirer Payouts	50.85	0.98	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	

Complexity level of the rated instruments

Trust Name	Instrument	Complexity Indicator
Mortgage Loan Pool March 2008 [MLP Mar-08]	Purchaser Payouts	Moderately Complex
Mortgage Loan Pool June 2008 [MLP Jun-08]	Acquirer Payouts	Moderately Complex
Mortgage Loan Pool August 2008 [MLP Aug-08]	Acquirer Payouts	Moderately Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

Trust Name	Instrument Type	Date of Issuance / Sanction	Coupon Rate	Maturity Date*	Current Amount Rated (Rs. crore)	Current Rating
Mortgage Loan Pool March 2008 [MLP Mar-08]	Purchaser Payouts	March 26, 2008	7.14%	February 28, 2032	1.06	[ICRA]AAA(SO); reaffirmed
Mortgage Loan Pool June 2008 [MLP Jun-08]	Acquirer Payouts	March 27, 2008	8.17%	March 30, 2035	2.51	[ICRA]AAA(SO); reaffirmed
Mortgage Loan Pool August 2008 [MLP Aug-08]	Acquirer Payouts	June 25, 2008	9.18%	May 25, 2033	0.98	[ICRA]AAA(SO); reaffirmed

*Expected maturity at transaction initiation; may change on account of prepayment and yield change

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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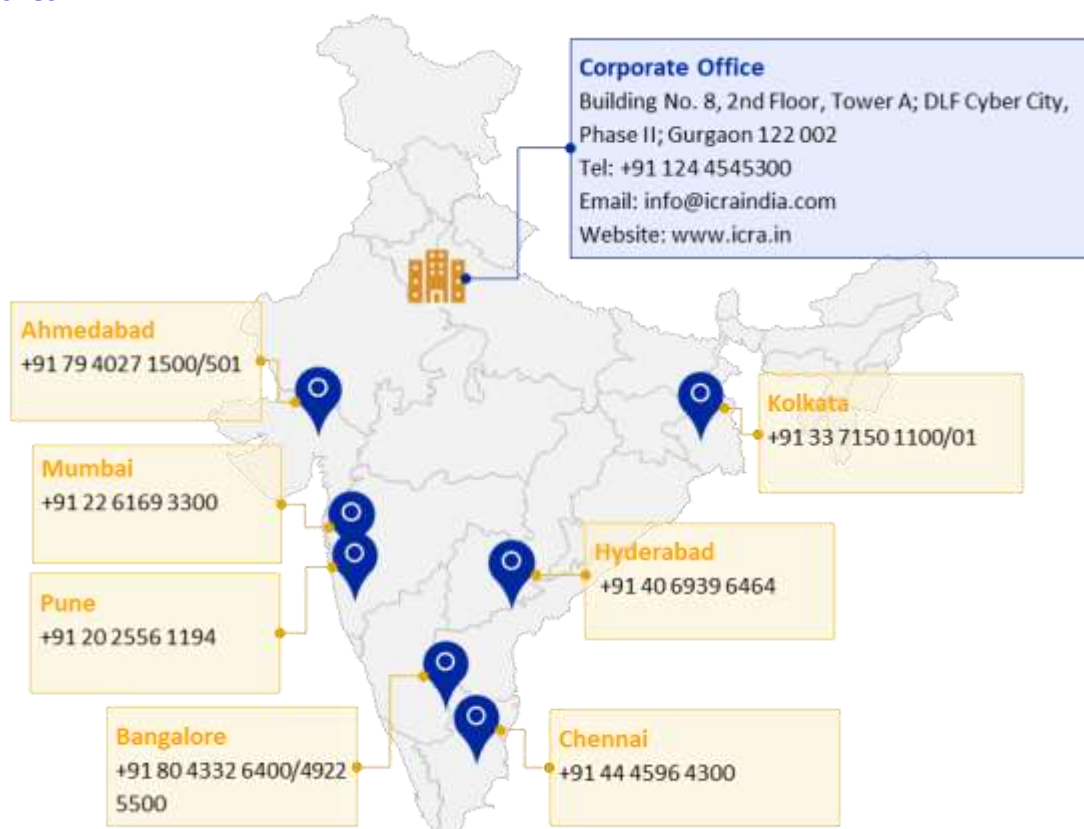


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