

Standard Chartered Bank Limited

ICRA has reaffirmed the [ICRA]AAA(SO)[†] (pronounced ICRA triple A Structured Obligation) ratings assigned to Purchaser Payouts/ Acquirer Payouts backed by four mortgage loan pools originated by SCB. The summary of the rating actions taken by ICRA is given in the table below.

Table 1: Summary of rating actions

Issue Name	Instrument Description	Initial Rated Principal (Rs. Crore ¹)	Outstanding after August 2016 Payout (Rs. Crore)	Rating Action
Mortgage Loan Pool 2007-III [MLPIII]	Purchaser Payouts	249.22	27.49	Reaffirmed at [ICRA]AAA (SO)
Mortgage Loan Pool Trust March 2008	Acquirer Payouts	46.38	4.15	Reaffirmed at [ICRA]AAA (SO)
Mortgage Loan Pool Trust June 2008	Acquirer Payouts	100.34	15.99	Reaffirmed at [ICRA]AAA (SO)
Mortgage Loan Pool Trust August 2008	Acquirer Payouts	50.85	6.31	Reaffirmed at [ICRA]AAA (SO)

The Purchaser Payouts/ Acquirer Payouts are backed by receivables from home loans originated by SCB. The rating reaffirmation is based on the performance of the underlying pools till date and the expected performance over their balance tenure, as well as the credit enhancement available for the rated Purchaser Payouts/ Acquirer Payouts. The key initial features of these pools and their performance till Aug-16 payout are given in the table below.

Table 2: Key initial features and pool performance summary

	MLPT III	Mar 2008	Jun 2008	Aug 2008
Initial Features				
Commencement Month	Apr-07	Apr-08	Jul-08	Sep-08
Transaction Structure	Par	Par	Par	Par
Investor Yield	Linked to HDFC RPLR	Linked to Pool Yield: Pool Yield less a fixed spread		
Performance till Aug-16 payouts				
Pool Amortisation	89.0%	91.0%	84.1%	97.6%
Cumulative Collection Efficiency ²	99.37%	98.20%	96.34%	97.13%
Loss cum 180+ Delinquency ³	0.38%	0.60%	2.90%	1.64%
180+ Delinquency Rate ⁴	1.43%	0.00%	15.39%	8.05%
Cumulative Prepayment ⁵	69.21%	64.79%	64.64%	72.23%

Source: SCB and ICRA analysis

[†] For complete rating scale and definitions please refer to ICRA's Website www.icra.in or other ICRA Rating Publications.

¹ 100 Lakh = 1 crore = 10 million

² (Cumulative Collection on live contracts)/ (Cumulative Billing on live contracts + opening overdue in first month)

³ (Principal Outstanding on contracts that are more than 180 days past due+ OD amount in 180 plus category)/ Initial Pool Principal

⁴ Principal Outstanding on contracts that are more than 180 days past due/ Balance Pool Principal

⁵ Cumulative prepaid amount till date / Original pool principal

We can see from the table above that credit performance for all the pools has been good. On account of this, the delinquency build up in most pools has been low- the 180+ dpd as % of initial pool size being within 1.7%- other than the Jun-08 pool where the delinquency build up has been relatively higher, the 180+ dpd as % of initial pool size being about 2.9%. The cash collateral utilisation in all these pools has been low to moderate. Subsequently, owing to high amortization of all pools, the available cash collateral build up in the pools is high.

The prepayment rate in all these pools has been high on account of which the actual amortisation of the pool principal has been much higher than the scheduled amortisation.

ICRA will continue to monitor the performance of these transactions. Any further rating action will be based on the performance of this pool and the availability of credit enhancement relative to ICRA's expectations.

About the Originator

SCB (India) is a branch of SCB, UK. SCB India has been in operation for more than 150 years and offers a broad range of financial services through 99 branches. For the year ended March 31, 2016, SCB (India) reported net profits of Rs. 1,007 crore on assets of Rs. 129,862 crore and a regulatory capital adequacy of 12.98% (Tier I: 12.36%). The loan book of the bank stood at Rs. 66,536 crore as on March 31, 2016 as against Rs. 68,402 crore as on March 31, 2015. The net NPA of the bank stood at 1.07% as on 31 March 2016.

In the past, ICRA has assigned ratings to PTCs/ Acquirer Payouts under six transactions involving bilateral assignment or securitisation of home loan receivables, originated by SCB. One of the transactions has matured while in the other transaction clean up call has been exercised in August 2015.

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