

Think Tank Commercial Series 2021-2 Trust Ratings Raised On Five Note Classes; Two Affirmed

November 23, 2023

MELBOURNE (S&P Global Ratings) Nov. 24, 2023--S&P Global Ratings today raised its ratings on five classes of small-ticket commercial mortgage-backed, floating-rate, pass-through notes issued by BNY Trust Co. of Australia Ltd. as trustee of Think Tank Commercial Series 2021-2 Trust. At the same time, we affirmed our ratings on two classes of notes (see list).

The rating actions reflect our view of the credit risk of the underlying collateral portfolios. Our analysis of credit risk is based on our "Principles Of Credit Ratings" criteria; however, where factors that affect borrower performance are similar to those for residential mortgage loans, we have applied similar assumptions. The asset pool has continued to amortize and has a pool factor of 57.2% as of Sept. 30, 2023. The weighted-average current loan-to-value ratio is 60.0% and a weighted-average seasoning of 41.9 months.

The strength of the cash flows at each respective rating level is underpinned by the various structural mechanisms in the transaction. Cash flows can meet timely payment of interest and ultimate payment of principal to the noteholders under the rating stresses.

We have also factored into our analysis the relatively high level of self-employed borrowers and alternative-documentation loans in the pool. These characteristics increase our expectation of loss for the portfolio. Arrears have performed within our expectations. As of Sept. 30, 2023, loans greater than 30 days in arrears represent 2.12% of the pool, of which 0.32% is greater than 90 days. There have been no charge-offs to any of the notes.

The credit support provided in percentage terms has increased as the pool has paid down due to the sequential pay structure. We expect this buildup in credit support will continue because we believe the transaction will not meet the pro-rata triggers in the coming months.

A constraining factor on the degree of upgrades is our expectation of higher delinquencies across the market due to the impact of higher interest-rates and softening macroeconomic conditions. The composition of the portfolio and the subset of borrowers are likely to be more susceptible to such changes in the economy, particularly rising interest rates and cost-of-living pressures. Additionally, there is increasing risk of borrower concentration as the pool continues to amortize. The largest 10 borrowers make up 6.21% of the pool. We believe the lower-rated notes are more susceptible to this increasing borrower concentration risk.

These qualitative factors are constraining our ratings beyond quantitative factors alone.

PRIMARY CREDIT ANALYST

Fiona L Otway
Melbourne
+ 61 3 9631 2060
fiona.otway
@spglobal.com

SECONDARY CONTACT

Alisha Treacy
Melbourne
+ 61 3 9631 2182
alisha.treacy
@spglobal.com

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Criteria | Structured Finance | RMBS: Assumptions: Australian RMBS Postcode Classification Assumptions, July 10, 2013
- Criteria | Structured Finance | General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Criteria | Structured Finance | RMBS: Australian RMBS Rating Methodology And Assumptions, Sept. 1, 2011
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | RMBS: Methodology And Assumptions For Analyzing The Cash Flow And Payment Structures Of Australian And New Zealand RMBS, June 2, 2010
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- 2023 Outlook Assumptions For The Australian RMBS Market, Jan. 6, 2023
- An Overview Of Australia's Housing Market And Residential Mortgage-Backed Securities, Nov. 28, 2022
- ESG Industry Report Card: Residential Mortgage-Backed Securities, March 31, 2021
- Australia And New Zealand Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, April 17, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- RMBS Performance Watch: Australia, published quarterly
- RMBS Arrears Statistics: Australia, published monthly

Ratings Raised

Think Tank Commercial Series 2021-2 Trust

- Class B: to AAA (sf) from AA (sf)
- Class C: to AA- (sf) from A (sf)
- Class D: to A- (sf) from BBB (sf)
- Class E: to BB+ (sf) from BB (sf)
- Class F: to B+ (sf) from B (sf)

Ratings Affirmed

Think Tank Commercial Series 2021-2 Trust

- Class A1: AAA (sf)
- Class A2: AAA (sf)

REGULATORY DISCLOSURES

Please refer to the initial rating report for any additional regulatory disclosures that may apply to a transaction.

AUSTRALIA

S&P Global Ratings Australia Pty Ltd holds Australian financial services license number 337565 under the Corporations Act 2001. S&P Global Ratings' credit ratings and related research are not intended for and must not be distributed to any person in Australia other than a wholesale client (as defined in Chapter 7 of the Corporations Act).

Think Tank Commercial Series 2021-2 Trust Ratings Raised On Five Note Classes; Two Affirmed

Copyright © 2023 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.