

Think Tank Residential Series 2022-1 Trust Ratings Raised On Five Note Classes; Two Affirmed

April 21, 2024

MELBOURNE (S&P Global Ratings) April 22, 2024--S&P Global Ratings today raised its ratings on five classes of residential mortgage-backed, floating rate, pass-through notes issued by BNY Trust Co. of Australia Ltd. as trustee of Think Tank Residential Series 2022-1 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 portfolio. Credit support provided in percentage terms has increased as the pool has paid down. As of March 30, 2024, the pool factor is about 43.6%.

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 arrears performance, the relatively high level of self-employed borrowers, and the low and alternative documentation loans in the pool. These characteristics increase our expectation of loss for the portfolio. The arrears performance has more recently been higher relative to the Standard & Poor's Performance Index (SPIN) for nonconforming loans. As of March 30, 2024, loans greater than 30 days in arrears represent 4.63% of the pool, of which 1.83% are more than 90 days in arrears. There have been no charge-offs to any of the notes.

The transaction is currently paying down on a sequential basis. Credit support will continue to build up for the notes until the pro rata tests are met. Once the pro rata triggers are met, principal would be passed through to each class of rated notes. Principal payments to the unrated class G notes will not occur until all rated notes are fully repaid, the balance of the class G notes remaining constant over the life of the transaction.

Increasing borrower concentrations as the portfolio amortizes and the performance exhibited across the portfolio are constraining factors limiting the degree of upgrades. Additionally, the composition of the portfolio and the subset of borrowers are likely to be more susceptible to changes in the economy, particularly higher interest rates and cost-of-living pressures.

These qualitative factors constrain our ratings beyond quantitative factors alone.

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

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Think Tank Residential Series 2022-1 Trust Ratings Raised On Five Note Classes; Two Affirmed

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
- 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

- An Overview Of Australia's Housing Market And Residential Mortgage-Backed Securities, Dec. 11, 2023
- ESG Industry Report Card: Residential Mortgage-Backed Securities, March 31, 2021
- Australian Prime And Nonconforming RMBS: What's The Difference? Nov. 17, 2019
- 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 Residential Series 2022-1 Trust

- Class B: to AAA (sf) from AA (sf)

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- 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 Residential Series 2022-1 Trust

- Class A1-L: 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

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