

EBA-SP SMF-BTN 03

Credit Rating(s)

Class A EBA-SP

idAAA_(sf)

Rating Period

April 5, 2024 – April 1, 2025

Published Rating History

APR 2023

idAAA_(sf)

APR 2022

idAAA_(sf)

APR 2021

idAAA_(sf)

APR 2020

idAAA_(sf)

APR 2019

idAAA_(sf)

PEFINDO has affirmed its idAAA_(sf) rating for the Class A EBA-SP SMF-BTN03 issued by PT Sarana Multigriya Finansial (Persero) (SMF). As of the cut-off date of March 31, 2024 the total outstanding pool was IDR138.4 billion, comprising IDR51.4 billion in Class A EBA and IDR87.0 billion in unrated Class B EBA, which represented 8.7% of the total original securitized pool of IDR1.0 trillion.

The rating reflects the strong underlying assets with a low loan-to-value (LTV) ratio and low original loan balance, the strong profile of PT Bank Tabungan Negara Tbk (Persero) (BBTN) as the servicer, and credit enhancement in the form of the Class B EBA-SP and reserve fund. The rating, however, is limited by its high non-performing loans and debt to income ratio of the borrowers in the underlying assets.

There is a risk where the EBA-SP holders may suffer losses from not getting timely or full repayment on the principal and/or coupon due to a significant increase in delinquent securitized mortgage loans as a result of debtors' weakening repayment capability or if BBTN as the servicer fails to fulfill its duties that include managing its receivables' collection properly. PEFINDO views that the risks are mitigated by a diversified pool of individual mortgages and filtered through selection criteria, combined with an additional liquidity reserve mechanism should the non-performing loans reach a certain level. We are also of the view that BBTN has a strong and proven track record as the largest mortgage bank particularly in managing installment collection and handling non-performing mortgage loans.

We view that this transaction has a strong cash flow protection profile, supported by ample excess spread, and subordinated class B, at 8.7% of the total securitized pool, or equal to IDR87.0 billion, compared to the outstanding non-performing loans of the securitized assets in EBA SP SMF-BTN03 as of the cut-off date at IDR51.5 billion. The cash waterfall mechanism also ensures that the fund being collected from the debtors is prioritized to service senior expenses and EBA-SP holders with Class A, followed by Class B.

BBTN as the originator has sold 11,273 mortgage loans to SMF, which in turn transformed the mortgage loans to issue the EBA-SP. PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) was appointed as the trustee and custodian bank for the transaction.

Rating Definition

A debt security rated idAAA has the highest rating assigned by PEFINDO. The issuer's capacity to meet its long-term financial commitments on the debt security, relative to those of other Indonesian issuers, is superior.

The rating suffix (sf) means the rating is for a structured finance transaction.

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Structure Summary	: Cut-off date: March 31, 2024 (Unaudited)
Originator	: PT Bank Tabungan Negara Tbk (Persero) (BBTN)
Servicer	: BBTN
Issuer/Arranger	: PT Sarana Multigriya Finansial (Persero) (SMF)
Custodian bank/trustee	: PT Bank Rakyat Indonesia (Persero) Tbk (BBRI)
Original number of loans	: 11,237
Total current balance	: IDR 138,372,757,865
Total current balance – Class A	: IDR 51,372,757,865
Total current balance – Class B	: IDR87,000,000,000
Weighted average original term	: 13.7 years
Weighted average remaining term	: 2.5 years
Weighted average seasoning	: 11.9 years
Weighted average current LTV	: 28.5%
Weighted average debt to income (DTI) ratio	: 35.8%
Interest rate type	: Floating
Credit enhancement	: Subordination of Class B, reserve fund and excess spread

DISCLAIMER

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