



MBS Pools Rated by ICRA

June 2025

Report on MBS Pool Performance till March 2025

Structured Finance Ratings

Manushree Saggar
Senior Vice President
91 124 4545 316
manushrees@icraindia.com

Sachin Joglekar
Vice President
91 22 6114 3470
Sachin.joglekar@icraindia.com

Anubhav Agrawal
Assistant Vice President
91 22 6114 3439
anubhav.agrawal@icraindia.com

Tina Parekh
Senior Associate Analyst
91 22 6114 3455
tina.parekh@icraindia.com

ICRA RESEARCH SERVICES

CONTENTS

Executive Summary..... 3

Summary of the Performance of MBS Pools up to March 2025 5

Rating Actions.....13

Synopsis of MBS Pools Rated by ICRA.....16

User’s Guide19

Summary Performance24

Annexure I: Key Performance Indicators of MBS Transactions62

Annexure II: MBS Instruments Rated by ICRA65

Annexure III: ICRA Rating Scale69



Click to see full report

Executive Summary

This report provides a pool-wise summary of the performance of all ICRA-rated Mortgage-Backed Securitisation (MBS) transactions that were live between October 2024 and March 2025, i.e. 75 transactions across 21 originators, including residential loans (home loans; HL) and loans against existing property (loans against property; LAP). For each transaction, key performance parameters, including cumulative collection efficiency, static and dynamic delinquency profile, prepayment rate and credit enhancement utilisation are discussed. ICRA's rating actions (new ratings assigned, rating upgrades and rating reaffirmations) between November 01, 2024 and April 30, 2025 are also summarised.

The report includes an analysis of the key performance indicators pertaining to all (141) mortgage loan pools that were rated by ICRA between January 2003 and March 2025. These include 110 home loan pools and 31 LAP pools. Of the total, as on March 31, 2025, 75 pools were live and 51 had matured, while the clean-up call option was exercised in 14.

The key observations at an asset class level are listed below:

The microfinance industry is experiencing stress with impact on the portfolio starting Q1 FY2025. Elections and heatwaves have contributed to this stress to some extent. However, as the lending institutions are taking a cautious approach, these borrowers have been unable to access funds from multiple sources leading to increased overleveraging and compounding stress. The microfinance sector continues to witness the cycle of over-indebtedness, high interest rates and harsh recovery practices. This event has impacted the unsecured products. However, the mortgage financing business being a secured one has remained relatively stable during this period and is positioned for continued growth during FY2026. The Pradhan Mantri Awas Yojana - Urban 2.0 (PMAY-2.0) scheme, which was approved by the Union Cabinet in August 2024 is expected to further contribute towards the growth of housing finance. According to an NHB report, individual housing loans grew at 14% year on year at the end of September 2024 and stands at INR 33 trillion.

Till May 2025 (pay-out month), ICRA-rated mortgage loan pools continued to demonstrate robust performance in line with historically observed trends. Collection efficiency levels have been consistently high with the median cumulative collection efficiency (CCE) at around 99% for the past 10 years. The LAP pools performed weaker in comparison to the HL pools and witnessed relatively lower collections during the first and second waves of the pandemic, though still enjoying a healthy CCE of about 98%. The performance of ICRA-rated MBS remained steady throughout FY2025 with business operations returning to normalcy in the light of the stable macro-economic conditions and pick-up/rebound in broader economic and business activities.

With the improved outlook for non-banks and businesses back on track, the performance of MBS pools is expected to remain healthy over the near to medium term. ICRA does not foresee any material credit pressures on its rated securitisation transaction during FY2026, provided there are no further disruptions. Nonetheless, the presence of credit enhancements is more than adequate for the pools, which enhance the liquidity and buffer to absorb the eventual losses.

- As on March 31, 2025, the average loss-cum-90+dpd and 180+dpd in HL pools stood at 0.6% and 0.5% respectively, at 140 months post securitisation. The 90+ delinquencies for LAP pools were relatively higher at 1.6%, 71 months post securitisation. These delinquencies, however, are low compared to most of the other retail loan asset classes.
- Consequently, credit enhancement utilisation in most transactions has been low. Cash collateral utilisation in MBS transactions was even lower (nil in 42 out of 75 live transactions analysed), as the shortfalls in collections were absorbed by the excess interest spread.
- Prepayment levels in MBS transactions typically remained higher than in other asset classes rated by ICRA. Moreover, volatility in prepayment rates for LAP pools has been higher than that for home loan pools. Owing to the high prepayment rates, the actual amortisation of MBS pools (specifically to LAP pools) has been much higher than scheduled. The ratio of actual to scheduled amortisation for MBS pools is typically around 3.5 times in the initial three years, post securitisation which then it reduces over time.

- During H2 FY2025 (October 2024 to March 2025), the ratings of ICRA-rated MBS pools were largely stable and were reaffirmed on account of the material build-up in the credit enhancement cover, given a healthy collection performance. Collection efficiency also has remained stable for the period considered.
- ICRA notes that the key policy rate currently has been reduced to 5.50% from the earlier 6.50% by the Reserve Bank of India (RBI) during the period between February 2023 and June 2025, with the latest rate cut by 50 bps on June 06, 2025. However, during the same period there has been an increase of ~50 bps in the scheduled commercial bank's average 1-year MCLR rate. Due to the recent rate cuts by the RBI, the average 1-year MCLR rate of the scheduled commercial banks has reduced by only 5 basis points and, therefore, the spreads have remained stable over the last six months. Thus, the impact of the same was limited on the MBS transactions. Collection efficiency across the MBS pools has remained healthy. The excess interest spread (EIS) is typically high in most MBS transactions and thus a marginal decrease in the same would not have a bearing in the credit quality of the MBS pools. Also, at the time of the analysis of any fresh MBS transaction, ICRA identifies the interest rate risks wherever applicable and stresses on the EIS component when arriving at the credit rating for the transaction.
- ICRA expects the credit quality of ICRA-rated securitised MBS pools to remain largely stable in FY2026 due to the availability of sizeable credit enhancements and expectations of steady collections. While macro-economic conditions and like the pandemic, have had intermittent impact on performance of the MBS segment, their performance has been resilient. The focussed collection efforts by originators, particularly due to the tighter asset classification norms introduced by the RBI, coupled with high penetration of online collection methods and increased monitoring are expected to support MBS pool cash flows. The interest rates are also expected to be less volatile with moderate rate cuts possible in the second half of the year.

The report also provides a comprehensive User's Guide enlisting key terms and metrics used by ICRA for rating and monitoring MBS transactions, with a brief description of how these metrics are computed and should be interpreted by the users of this report.

In all, ICRA has rated more than 140 MBS transactions till date, with the total rated amount exceeding Rs. 30,000 crore¹.

¹ Rs. 1 crore = Rs. 10 million = Rs. 100 lakh

Subscribe to this report for –

Pool-wise performance of all live ICRA-rated MBS transactions

- 75 live transactions, across 21 originators that were live as on March 31, 2025.
- Underlying asset class covers residential/commercial property (Home Loans) or loans against existing property (Loans Against Property).
- With respect to each transaction, all the key performance parameters including cumulative collection efficiency, static and dynamic delinquency profile, prepayment rate and credit enhancement utilization are covered (sample format annexed).

In addition to...

- Rating actions (new ratings assigned/ rating upgrades/ rating downgrades and rating reaffirmations) taken by ICRA between November 01, 2024 and April 30, 2025 are also summarised.
- A comprehensive User's Guide enlisting key terms/ metrics used by ICRA for rating and monitoring performance of MBS transactions, with a brief description of how these metrics are computed and should be interpreted by the users of this report.

Summary analysis – MBS Pools

Analysis of the key performance indicators pertaining to all (141) ICRA-rated mortgage loan pools that were rated by ICRA between January 2003 and March 2025. This includes 110 Home Loan pools and 31 Loan against Property pools. As on March 31, 2025, 75 pools were live and 51 pools had matured, while the clean-up call option was exercised in 14 pools. This analysis covers the following-

- Cumulative collection and monthly collection efficiency at a median level and average 90+ and 180+ delinquency levels in the ICRA-rated mortgage loan pools compared separately for home loans and LAP
- Trends in cash collateral utilisation as well as overall credit enhancement utilization in ICRA-rated MBS transactions vis-a-vis the underlying pools' amortisation levels
- Prepayment levels seen in the mortgage loan pools and a comparison of movement in prepayment rates and pool interest rate in these pools

Sample Report Format

Issue Name: [(Originator) (Asset Class) D.A. (MMM-YY)] / (Name of S.P.V)

Originator Name : XYZ Limited

Trustee/PR: ABC Trust Ltd.

Issue details - Pool

Commencement Month	Acquirer Payouts (Rs. Cr.)
Transaction Structure	Acquirer Payouts Scheduled Maturity
Pool Principal (Rs. Cr.)	Acquirer Payouts Yield
Number of Contracts	Credit / Liquidity Support (% of Acquirer Payouts)
Pool Scheduled Maturity	Cash Collateral
Average Seasoning (months)	Excess Interest Spread
Average Loan to Value	Subordination during Tenor

Issue details – Acquirer Payouts

Pool performance till Month & Year

Months post securitisation	Pool Principal Outstanding (Rs. Cr.)
Amortisation (% of initial pool principal)	Revised Schedule Maturity for Pool
Cumulative Collection Efficiency	Weighted Average Pool Interest Rate
Average Monthly Prepayment rate	Acquirer Payouts (Rs. Cr.)
Cumulative Prepayment Rate	Revised Scheduled Maturity for Acquirer Payouts
90+ Loss cum delinquency	Acquirer Payouts Yield
180+ Loss cum delinquency	Break-even collection efficiency
90+ Delinquency Rate	Credit / Liquidity Support (% of Acquirer Payouts)
180+ Delinquency Rate	Cash Collateral
Cumulative Credit Enhancement Utilisation	Excess Interest Spread
Cumulative Cash Collateral Utilisation	Subordination during Tenor

Details of Balance Pool / Acquirer Payouts

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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.

For more information, visit www.icra.in and www.icraresearch.in

ICRA Limited

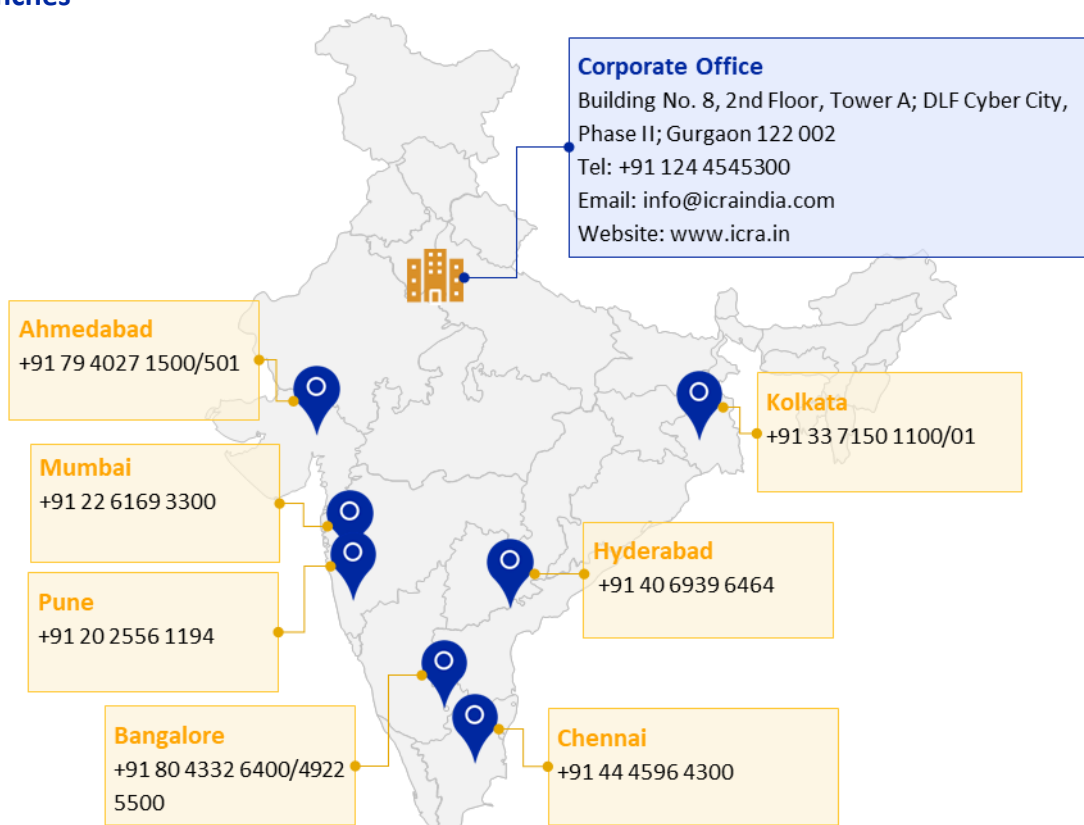


Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.