MBS Pools Rated by ICRA

December 2025

Report on MBS Pool Performance till September 2025

Structured Finance Ratings

Manushree Saggar
Senior Vice President
91 124 4545316
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

Ekta Baheti
Senior Associate Analyst
91 22 6114 3454
ekta.baheti@icraindia.com

ICRA RESEARCH SERVICES

Table of Contents

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 April 2025 and September 2025, i.e. 74 transactions across 23 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 May 01, 2025 and October 31, 2025 are also summarised.

The report includes an analysis of the key performance indicators pertaining to all (145) mortgage loan pools that were rated by ICRA between January 2003 and September 2025. These include 114 home loan pools and 31 LAP pools. Of the total, as on September 30, 2025, 74 pools were live and 56 had matured, while the clean-up call option was exercised in 15 pools.

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

The mortgage financing business being a secured one has remained stable during the current fiscal year 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. The individual housing loans grew at 11% year on year at the end of September 2025 and stands at INR 42 trillion.

Till October 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 12 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 FY2026 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 businesses back to normal and the improved outlook for non-banks, 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. Furthermore, the presence of credit enhancements is more than adequate for the pools, which enhances the liquidity and buffer to absorb the eventual losses.

- As on September 30, 2025, the average loss-cum-90+dpd and 180+dpd in HL pools stood at 0.4% and 0.3% respectively, at 140 months post securitisation. The 90+ delinquencies for LAP pools were relatively higher at 0.8%, 76 months post securitisation. These levels of delinquencies, however, are low when compared to most of the other retail loan asset classes.
- Consequently, credit enhancement utilisation in most of the transactions has been low. The cash collateral utilisation in the MBS transactions was even lower (nil in 52 out of 74 live transactions analysed), as the shortfalls in collections were absorbed by the excess interest spread.
- Prepayment levels in the MBS transactions typically remain higher than in other asset classes rated by ICRA. Moreover, volatility in prepayment rates for the LAP pools has been higher than that for home loan pools. Owing to the high prepayment rates, the actual amortisation of the MBS pools (specifically to LAP pools) has been much higher than scheduled. The ratio of actual to scheduled amortisation for the MBS pools is typically around 3.5 times in the initial three years, post securitisation, and then it reduces over time.

- During H1 FY2026 (April 2025 to September 2025), the ratings of ICRA-rated MBS pools were stable and were reaffirmed/upgraded on account of the material build-up in the credit enhancement cover, given a healthy collection performance. Collection efficiency has remained stable for the period considered.
- ICRA notes that the key policy rate currently has been reduced to 5.25% from the earlier 6.00% by the Reserve Bank of India (RBI) during the period between April 2025 and December 2025, with the latest rate cut by 25 bps on December 05, 2025. However, during the same period there has been a reduction of ~50 bps in the scheduled commercial bank's average 1-year MCLR rate. Due to the recent rate cut 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 couple of 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 and other events, like the pandemic, have had intermittent impact on the performance of the MBS segment, the overall performance has remained 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 is expected to support MBS pool cash flows.

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 crore[1].

[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

- 74 live transactions, across 23 originators that were live as on September 30, 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 May 01, 2025 and October 31, 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 (145) ICRA-rated mortgage loan pools that were rated by ICRA between January 2003 and September 2025. This includes 114 Home Loan pools and 31 Loan against Property pools. As on September 30, 2025, 74 pools were live and 56 pools had matured, while the clean-up call option was exercised in 15 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	Issue details – Acquirer Payouts
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

Pool performance till Month & Year	Details of Balance Pool / Acquirer Payouts
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

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