

August 30, 2024

ICICI Bank Limited: Ratings reaffirmed for PTCs and SLF issued under two mortgage loan securitisation transactions

Summary of rating action

Trust Name [^]	Instrument [*]	Initial Rated Amount (Rs. crore)	Amount O/s After last Surveillance (Rs. crore)	Amount O/s after July-24 Payout (Rs. crore)	Rating Action
ICICI Bank Ltd. (2005) MBS 1 (Aawas Trust Series 8)	PTC Series A2	300.00	11.55	9.01	[ICRA]AAA(SO); Reaffirmed
	PTC Series B ^{^^}	-	-	-	[ICRA]AAA(SO); Reaffirmed
	Second Loss Facility	59.73	21.00	21.00	[ICRA]AAA(SO); Reaffirmed
ICICI Bank Ltd. (2005) MBS 2 (Aawas Trust Series 5)	PTC Series A2	345.39	13.23	10.21	[ICRA]AAA(SO); Reaffirmed
	PTC Series B ^{^^}	-	-	-	[ICRA]AAA(SO); Reaffirmed
	Second Loss Facility	62.77	27.75	27.75	[ICRA]AAA(SO); Reaffirmed

[^]The two trusts are referred to as Aawas 8 and Aawas 5, respectively, in this release

^{^^} Initial investment by PTC Series B holders was nominal

^{*}Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) and second loss facility (SLF) are backed by mortgage loan receivables originated by ICICI Bank Limited (IBL/Originator) rated [ICRA]AAA(Stable)/[ICRA]A1+. The rating reaffirmation factors in the build-up of the credit enhancement cover over the future PTC payouts on account of the significant amortisation of these pools till the July 2024 payouts and healthy performance of the pools.

Pool performance summary

Parameter	Aawas 8	Aawas 5
Payout month	Jul-24	Jul-24
Months post securitisation	224	223
Pool amortisation	98.79%	98.56%
PTC Series A2 amortisation	98.79%	98.56%
Cumulative collection efficiency ¹	99.06%	98.28%
Cumulative prepayment rate	74.92%	77.81%
Loss-cum-90+ dpd ² (% of initial pool)	0.56%	0.83%
Loss-cum-180+ dpd ³ (% of initial pool)	0.55%	0.78%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.00%	0.00%
Breakeven collection efficiency ⁴ – PTC Series A2	0.00%	0.00%
CC available (as % of balance pool principal)	>100%	>100%
Excess interest spread (EIS ; % of balance pool) PTC Series A2	42.70%	40.32%

¹ (Cumulative current and overdue collections till date)/(Cumulative billing till date + opening overdues at the start of the transaction)

² Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a percentage of initial pool principal

³ Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 180 days, as a percentage of initial pool principal

⁴ It is the minimum collection efficiency required over the balance tenure to ensure all investor payouts are met: (Balance cash flows payable to investor – CC available) / Balance pool cash flows

Key rating drivers and their description

Credit strengths

Healthy cumulative collection efficiency for both the pools – The performance of both the pools have been strong with a cumulative collection efficiency of more than 98% till the July 2024 payout, which resulted in low delinquency with the loss cum 90+ days past due (dpd) being subdued at sub 1% for both the pools. There has been a dip in collections in last few years in both pools on account of the lower recovery from overdue contracts and share of overdue contracts in the balance pools is high.

Substantial credit enhancement available in the structure - The ratings factor in the build-up in the credit enhancement with the CC fully covering the future PTC payouts to the investors, on account of significant pool and PTC amortisation. Further the first loss facility (FLF) also covers the entire future PTC payouts. There is no CC utilisation in both the pools as on July 2024 payout.

Credit challenges

Not applicable

Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

Details of key counterparties

Counterparties	Aawas 08	Aawas 05
Originator	ICICI Bank Limited	ICICI Bank Limited
Servicer	ICICI Bank Limited	ICICI Bank Limited
Trustee	IDBI Trusteeship Services Limited	IDBI Trusteeship Services Limited
CC holding bank	FLF: ICICI Bank Limited; SLF: ICICI Bank Limited (both FLF and SLF in form of fixed deposit)	FLF: ICICI Bank Limited; SLF: ICICI Bank Limited (both FLF and SLF in form of fixed deposit)
Collection and payout account bank	ICICI Bank Limited	ICICI Bank Limited

Liquidity position

PTC Series A2 & PTC Series B: Superior

The liquidity is superior since the available CC fully covers the balance PTC payouts.

SLF: Superior

The FLF covers the future investor payouts completely and thus SLF is unlikely to be utilised for the pools.

Rating sensitivities

Positive factors – Not applicable

Negative factors – The ratings for PTCs are unlikely to be downgraded as the CC available in the transaction is sufficient to meet the future investor payouts while rating for SLF is also unlikely to be downgraded as FLF entirely covers the future investor payouts.

Analytical approach

The rating action is based on the performance of the pools till July 2024 (payout month), the present delinquency levels and the credit enhancement available in the pools, and the performance expected over the balance tenure of these pools.

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

ICICI Bank Limited (IBL) is a systemically important private sector bank in India with a 7.5% market share in banking sector advances as on March 31, 2023. With a presence in banking, insurance, asset management, securities broking and private equity, the ICICI Group is a large player in the Indian financial system. IBL was promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. In 1998, ICICI Limited's shareholding in IBL reduced to 46% following a public offering of shares. Further, ICICI Limited and IBL were merged in 2002, following which the ICICI Group's financing and banking operations, both wholesale and retail, were integrated into a single entity.

Key financial indicators

ICICI Bank Limited	FY2024	Q1 FY2025
Total Income*	97,255	25,942
Profit after tax	40,888	11,059
Total assets	18,71,515	18,92,697
Gross NPA (%)	2.16	2.15
CRAR (%)	16.33	16.63

*Total income = Net interest income + non-interest income (excluding trading gains)

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore unless mentioned otherwise

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years			
		Type	Initial Amount Rated (Rs. crore)	Current Amount Rated (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	
					August 30, 2024	August 31, 2023	August 25, 2022	August 31, 2021	
1	ICICI Bank Ltd. (2005) MBS 1 (Aawas Trust Series 8)	PTC Series A2	300.00	9.01	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	
		PTC Series B^^	-	-	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	
		Second Loss Facility	59.73	21.00	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AA+(SO)	[ICRA]AA+(SO)	

^^ Initial investment by PTC Series B holders was nominal

	Instrument	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years			
		Type	Initial Amount Rated (Rs. crore)	Current Amount Rated (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	
					August 30, 2024	August 31, 2023	August 25, 2022	August 31, 2021	
2	ICICI Bank Ltd. (2005) MBS 2 (Aawas Trust Series 5)	PTC Series A2	345.39	10.21	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	
		PTC Series B^^	-	-	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	
		Second Loss Facility	62.77	27.75	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AA+(SO)	[ICRA]AA+(SO)	

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Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
ICICI Bank Ltd. (2005) MBS 1 (Aawas Trust Series 8)	PTC Series A2	Moderately Complex
	PTC Series B^	
	Second Loss Facility	
ICICI Bank Ltd. (2005) MBS 2 (Aawas Trust Series 5)	PTC Series A2	Moderately Complex
	PTC Series B^	
	Second Loss Facility	

^ Initial investment by PTC Series B holders was nominal

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

Trust Name	Instrument	Date of Issuance	Coupon Rate	Maturity Date	Current Amount Rated (Rs. crore)	Current Rating
ICICI Bank Ltd. (2005) MBS 1 (Aawas Trust Series 8)	PTC Series A2	December 27, 2005	Fixed (prevailing 5-yr OIS + spread)	June 16, 2039	9.01	[ICRA]AAA(SO)
	PTC Series B^^		Floating*		-	[ICRA]AAA(SO)
	Second Loss Facility		NA		21.00	[ICRA]AAA(SO)
ICICI Bank Ltd. (2005) MBS 2 (Aawas Trust Series 5)	PTC Series A2	December 27, 2005	Fixed (prevailing 5-yr OIS + spread)	May 19, 2036	10.21	[ICRA]AAA(SO)
	PTC Series B^^		Floating*		-	[ICRA]AAA(SO)
	Second Loss Facility		NA		27.75	[ICRA]AAA(SO)

Source: Company

^^ Initial investment by PTC Series B holders was nominal

* Linked to yield on specified loan contracts

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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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

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