September 23, 2025

HDFC Bank Limited: Rating reaffirmed for PTCs issued under mortgage loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
MBS 2016 SERIES I TRUST	PTC Series A1	944.84	180.94	135.80	[ICRA]AAA(SO); Reaffirmed

**Instrument details are provided in Annexure I*

Rationale

The pass-through certificates (PTCs) are backed by mortgage loan receivables originated by Housing Development Finance Corporation Limited (HDFC). Pursuant to the amalgamation of HDFC and HDFC Bank Limited (HDFC Bank) effective from July 01, 2023, HDFC Bank has assumed all the outstanding duties, undertakings and obligations, with respect to the transaction.

Accordingly, the PTC transaction is being serviced by HDFC Bank. The reaffirmation of the rating factors in the build-up of the credit enhancement cover over the future PTC payouts on account of the high amortisation and healthy pool performance. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pools till the August 2025 payout month.

Pool performance summary

Parameter	MBS 2016 SERIES I TRUST
Payout month	August 2025
Months post securitisation	110
Pool amortisation (as % of initial pool principal)	85.4%
3 months' average monthly collection efficiency[1]	98.1%
Cumulative collection efficiency[2]	100.3%
Loss-cum-90+ dpd[3] (% of initial pool)	0.3%
Loss-cum-180+ dpd[4] (% of initial pool)	0.2%
Cumulative credit collateral (CC) utilisation[5]	0.4%
Breakeven collection efficiency[6] for PTC Series A	60.5%
Credit collateral (CC; % of balance pool)	47.1%
Excess interest spread (EIS; % of balance pool) for PTC Series A[7]	3.3%

[1] *Average of (Total current and overdue collections for the month as a % of Total billing for the month) for 3 months*
[2] *(Cumulative current and overdue collections till date) / (Cumulative billing till date + Opening overdue at the start of the transaction)*
[3] *Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal*
[4] *Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 180 days, as a % of Initial pool principal*
[5] *(summation(FLF Utilisation)(Month 1 to current Month) + summation(SLF Utilisation)(Month 1 to current Month) - (summation(FLF Top-up)(Month 1 to current Month) + summation(SLF Top-up)(Month 1 to current Month)))/Initial cash collateral*
[6] *(Balance cash flows payable to investor – CC available) / Balance pool cash flows*
[7] *(Pool cash flows – Cash flows to PTC A) / Pool principal outstanding*

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout (100% of the pool principal billed). Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pools would be used for the prepayment of PTC Series A1 principal.

Key rating drivers and their description

Credit strengths

Substantial credit enhancement available – The rating factors in the build-up of credit enhancement for the trust with CC build-up of ~47.0% of the balance pool principal after the August 2025 payout month from ~6.9% at the time of securitisation. Internal credit support is also available through EIS of ~3.3% of the balance pool principal after the August 2025 payout month.

Healthy pool performance – The performance of the pool has been superior with the cumulative collection efficiency of the trust above 99% till the August 2025 payout month while the breakeven collection efficiency is below the monthly collection efficiency of the pools. The pool has reported very low delinquencies with 90+ days past due (dpd) of 0.3%.

Contracts backed by self-occupied residential properties – The pool is entirely backed by self-occupied residential properties. This is expected to support the quality of the pool as it has been observed that borrowers tend to prioritise repayments towards such loans even during financial stress.

Credit challenges

Exposed to basis risk – The pool is exposed to basis risk as the yield on almost the entire pool is floating (linked to HDFC Bank's external benchmark rate) whereas the yield on the PTCs is linked to an investor's external benchmark rate.

Risks associated with lending business – The pools' performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans.

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.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 0.50% with certain variability around it. The average prepayment rate for both underlying pools is modelled in the range of 4.8% to 18.0% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instrument.

Details of key counterparties

The key counterparties in the rated transaction is as follows:

Transaction Name	MBS 2016 SERIES I TRUST
Originator	HDFC
Servicer	HDFC Bank Limited
Trustee	IDBI Trusteeship Services Limited
CC holding bank	HDFC Bank Limited
Collection and payout account Bank	ICICI Bank Limited

Liquidity position: Superior

The liquidity for PTC Series A1 is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be greater than 18.0 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Any sustained weak collection performance of the underlying pool, leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, could result in a rating downgrade. Weakening in the credit profile of the servicer (HDFC Bank) could also exert pressure on the rating.

Analytical approach

The rating action is based on the performance of the pool till August 2025 (collection month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

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

About the originator

HDFC Bank Limited is a systemically important, as well as the largest private sector bank. On April 4, 2022, a composite scheme of amalgamation with its promoter, HDFC Limited, was announced. After obtaining the necessary approvals, the merger was concluded and effective from July 1, 2023.

With the merger, the bank has a presence in the banking, insurance (HDFC Life Insurance Company Limited and HDFC Ergo General Insurance Company Limited), and asset management (HDFC Asset Management Company Limited) segments and is a large player in the Indian financial system. Given HDFC Limited's subsidiaries now operate as direct subsidiaries/associates of the bank, the overall share of retail advances is expected to increase further.

As of March 31, 2025, the bank had 9,455 branches. Its international presence includes branches in four countries (one each in Bahrain, Kenya, Qatar and UAE) and three representative offices in Dubai, London and Singapore. Further, it has an offshore banking unit at International Financial Services Centre (IFSC) in GIFT City, Gandhinagar (Gujarat).

EXHIBIT 1:Key Financial Indicators (standalone)

HDFC Bank	FY2023	FY2024	FY2025
Total income	1,18,057	1,57,773	1,68,302
Profit after tax	44,109	60,812	67,347
Total assets (Rs. lakh crore)	24.66	36.18	39.10
Gross NPA	1.12%	1.24%	1.33%
Net NPA	0.27%	0.33%	0.43%
CRAR	19.26%	18.80%	19.6%

Source: HDFC Bank Limited, ICRA Research

Total income = Net interest income + non-interest income (excludes trading income); 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

	Trust Name	Current Rating (FY2026)				Chronology of Rating History for the Past 3 Years		
		Instrument	Initial Amount Rated (Rs. crore)	Current Amount Rated (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
					Sep 23, 2025	Sep 30, 2024	Sep 08, 2023	Jan 27, 2023
1	**MBS 2016 SERIES I TRUST**	PTC Series A1	944.84	135.80	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**	**[ICRA]AAA(SO)**

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
MBS 2016 SERIES I TRUST	PTC Series A1	Moderately Complex

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 / Sanction	Coupon Rate*	Scheduled Maturity Date	Amount Rated (Rs. crore)	Current Rating
MBS 2016 SERIES I TRUST	PTC Series A1	June 1, 2016	8.60% (floating)	January 15, 2046	135.80	[ICRA]AAA(SO)

*Source: Company; *Linked to investor MCLR less 1.60% (with quarterly reset)*

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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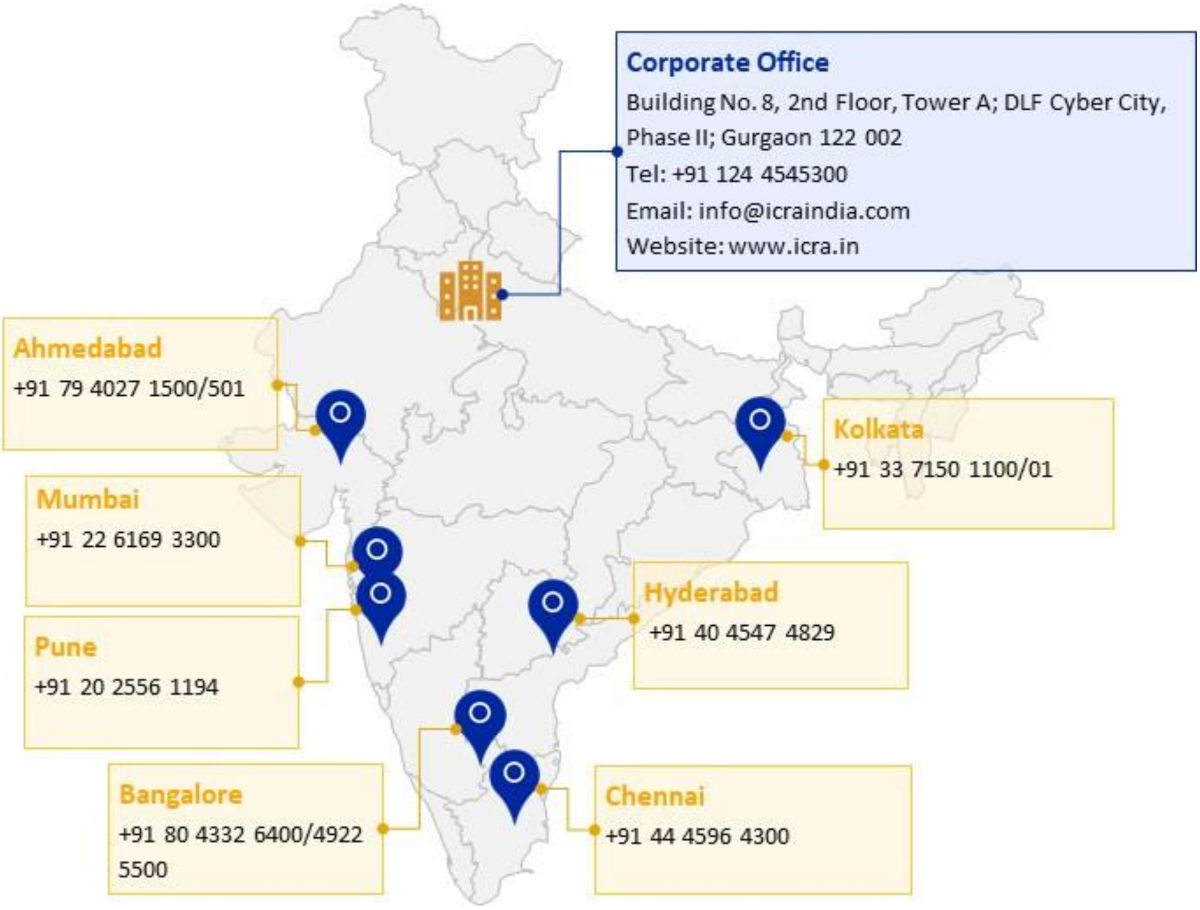

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