

February 17, 2026

PNB Housing Finance Limited: Rating reaffirmed for PTCs backed by home loan receivables issued by India Residential Mortgage Trust 2025 02

Summary of rating action

Trust name	Instrument*	Initial Rated amount (Rs. crore)	Current Rated amount (Rs. crore)	Rating action
India Residential Mortgage Trust 2025 02	Series A PTC	255.00	210.00	Provisional [ICRA]AAA(SO); reaffirmed

*Instrument details are provided in Annexure I

Rating in the absence of pending actions/documents	No rating would have been assigned as it would not be meaningful
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Rationale

ICRA had assigned a provisional rating to the pass-through certificates (PTCs) issued by India Residential Mortgage Trust 2025 02 under a securitisation transaction originated by PNB Housing Finance Limited {PNBHFL/Originator, rated [ICRA]AA+ (Stable)}. The rating action takes into account the downward revision in the underlying pool to Rs. 233.71 crore from initial pool of Rs. 266.77 crore (pool receivables reduced to Rs. 401.95 crore to Rs. 467.70 crore) as informed to ICRA, due to removal of certain contracts along with change in transaction structure. PNBHFL would also act as the servicer of the transaction.

The provisional rating is based on the strength of the cash flows from the selected pool of contracts, the credit enhancement available in the structure as well as the integrity of the legal structure. The provisional rating is subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest and principal payouts (89.85% of the pool principal billed). Any surplus excess interest spread (EIS), after meeting the promised payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool to the extent of 89.85% of prepayment collections would be used for the prepayment of Series A PTC principal.

The credit enhancement available in the structure is in the form of (i) subordination of 10.15% of the initial pool principal for Series A PTC (in the form of equity tranche) (ii) a credit collateral (CC; in form of credit guarantee) of 5.00% of the initial pool principal amounting to Rs. 11.69 crore, to be provided by RMBS Development Company Limited (RDCL) (iii) the estimated EIS of ~21% of the initial pool principal for Series A PTC (based on indicative yield; actual number will be finalised after yield discovery on the NSE EBP Platform).

Key rating drivers and their description

Credit strengths

Established player in mortgage lending markets - PNBHFL is an established player with a long track record of operations in the housing finance industry and a presence in 21 states/Union Territories (UTs) in India along with an experienced management team. The company has adequate processes for servicing of the loan accounts with demonstrated track record of over three decades of regular collections and recovery across a wide geography.

Granular pool supported by presence of credit enhancement - The pool is granular, consisting of 1,004 contracts, with top 10 contracts forming ~1.9% share in the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the credit guarantee, subordination and EIS would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

No overdue contracts in the pool - The pool has been filtered in such a manner that all of the contracts in pool have nil overdue as on the cut-off date.

High share of salaried borrowers – The current pool has high share (~84% share in the pool principal) which are salaried borrowers. This reduces the risks to some extent, given the more certain nature of the cash flows generated by such borrowers vis-à-vis self-employed borrowers.

Credit Challenges

Exposed to interest rate risk – The transaction is exposed to interest rate risk as the yield all the contracts in the pool is floating and linked to originator's internal benchmark rate whereas the yield on the PTCs is fixed.

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 2.00% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 8.0% to 24.0% 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.

Liquidity position: Superior

The liquidity for Series A PTCs is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be more than 10 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Not applicable

Negative factors – The rating could be downgraded on the sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and credit enhancement utilisation levels. The rating could also be downgraded on a deterioration in the credit profile of RDCL. Weakening in the credit profile of the servicer could also exert pressure on the rating.

Analytical approach

The rating action is based on the analysis of the performance of PNBHFL's portfolio till March 2025, the key characteristics and composition of the current pool, the performance expected over the balance tenure of the pool, and the credit enhancement cover available in the transaction.

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

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned rating is provisional and would be converted into final upon the execution of:

1. Trust Deed
2. Assignment Agreement
3. Power of Attorney
4. Legal Opinion
5. Trustee letter
6. Other key or important documents executed for the transaction

Validity of the provisional rating

The Trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of this publication, the provisional rating would be withdrawn for the transaction even if the instrument has been issued.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the rating, the provisional rating will be withdrawn in accordance with ICRA's Policy on Provisional Ratings available at www.icra.in.

About the originator

Incorporated in 1988, PNBHFL is a deposit-accepting housing finance company. PNB, the promoter of the company, held a 28% stake as on September 30, 2025. PNBHFL offers home loans, loan against property and construction finance and its operations are geographically diversified with its portfolio spread across 21 states/UTs. As on September 30, 2025, it reported an AUM of Rs. 83,879 crore (Rs. 80,397 crore in March 2025).

Key financial indicators (Consolidated)

PNB Housing Finance Limited	FY2024	FY2025	H1 FY2026*
Total income	7,057	7,692	4,212
PAT	1,508	1,936	1,115
Total managed assets	79,618	88,514	90,817
Gross stage 3	1.5%	1.1%	1.0%
CRAR	29.3%	29.4%	29.8%

Source: Company, ICRA Research; *As per limited review financials and ICRA's estimates; All ratios as per ICRA's calculations; Amount in Rs. crore

About the credit collateral provider

Credit collateral for the transaction will be provided in the form of second loss credit facility by RMBS Development Company Limited (RDCL). RDCL was incorporated in March 2024. The company is a non-deposit taking NBFC registered with the Reserve Bank of India since January 2025 and classified as NBFC (Middle Layer) as per scale-based regulation. Its core function is to act as a market intermediary for the promotion and development of the residential mortgage-backed securities (RMBS) market. RDCL reported a net worth of Rs. 509.7 crore as on March 31, 2025.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years				
		Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026			Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				February 17, 2026	October 27, 2025	July 07, 2025	-	-	-
India Residential Mortgage Trust 2025 02	Series A PTC	255.00	210.00	Provisional [ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A PTC	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

ISIN	Trust name	Instrument type	Date of issuance / sanction	Coupon rate (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating
NA	India Residential Mortgage Trust 2025 02	Series A PTC	February 10, 2026	*	February 15, 2045	210.00	Provisional [ICRA]AAA(SO)

Source: Company; * Coupon rate will be finalised after yield discovery on the NSE EBP Platform

Annexure II: List of entities considered for consolidated analysis

Not applicable

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