July 31, 2026

National Housing Bank: [ICRA]AAA (Stable) assigned to Rs. 5,000-crore term deposits (including recurring deposits); ratings reaffirmed and rating simultaneously withdrawn for matured instrument

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Term deposits (including recurring deposits)	-	5,000.00	[ICRA]AAA (Stable); assigned	RBI
Long-term borrowing programme	1,924.78	1,924.78	[ICRA]AAA (Stable); reaffirmed	-^
Tax-free bonds	3,631.55	3,631.55	[ICRA]AAA (Stable); reaffirmed	SEBI
Bonds	1,900.00	-	[ICRA]AAA (Stable); reaffirmed and withdrawn	SEBI
Commercial paper	8,000.00	8,000.00	[ICRA]A1+; reaffirmed	RBI
Total	**15,456.33**	**18,556.33**		

**Instrument details are provided in Annexure I*

 # The Securities and Exchange Board of India's (SEBI) grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators (FSRs) other than SEBI

^ The rated instrument may involve the issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with the names of the respective FSRs in the press release(s) after the issuance(s) of the instruments

Rationale

The ratings factor in National Housing Bank's (NHB) sovereign ownership and its pivotal role in the housing finance industry. NHB enjoys good financial flexibility, given its sovereign ownership, with access to low-cost long-term funds. The ratings also consider the bank's comfortable asset quality, with gross non-performing assets (GNPAs) of 0.55% as on March 31, 2026 (0.60% as on June 30, 2025; 0.69% as on June 30, 2024). NHB's capitalisation is adequate with the capital-to-risk weighted assets ratio (CRAR) improving to 43.94% as on March 31, 2026 (43.43% as on June 30, 2025) from 16.38% as on June 30, 2024 as it transitioned to Basel III from July 1, 2024.

NHB's earnings profile is characterised by relatively lower margins, given the development role played by it, though it benefits from low operating expenses due to its wholesale lending model. The bank's net interest margin (NIM) moderated in 9M FYE6/2026[1] compared to FYE6/2025[2]. This was on account of the decline in the prime lending rate (PLR) and increase in the cost of funds with the change in the funding mix. NHB reported an increase in funding from banks in 9M FYE6/2026, necessitated by the sizeable payouts of relatively lower cost borrowings under the Affordable Housing Fund (AHF). As a result, the overall earnings profile moderated with the return on assets (RoA) at 1.4%[3] and return on equity (RoE) at 9.3%[3] in 9M FYE6/2026 (1.7%[3] and 11.5%[3], respectively, in FYE6/2025). ICRA also takes note of the credit exposure concentration. However, the comparatively better credit profile of NHB's top borrowers partially mitigates the resultant risk to some extent.

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[1] *Financial year for NHB is from July 1 to June 30; FYE6/2026 refers to the year ending June 2026*

[2] *Financial year for NHB is from July 1 to June 30; FYE6/2025 refers to the year ending June 2025*

[3] *As per ICRA's calculations*

The Stable outlook on the long-term rating reflects ICRA's opinion that NHB will continue benefitting from its sovereign ownership and will keep playing a critical role in the development of the housing finance market while maintaining stable earnings and comfortable asset quality.

ICRA has reaffirmed and simultaneously withdrawn the rating to the Rs. 1,900.00-crore bonds as they have been repaid by the bank and no amount is outstanding against the same. The rating has been withdrawn in accordance with ICRA's policy on the withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Sovereign ownership and strategic importance to GoI for development of housing finance sector – NHB is a wholly-owned subsidiary of the Government of India (GoI) and plays a key role in the development of the housing finance sector in the country. It is the key agency for providing refinance for housing loans to housing finance companies (HFCs) and various other primary lending institutions (PLIs; i.e. scheduled banks, regional rural banks, state apex cooperative housing finance societies, and state cooperative agriculture and rural development banks). Moreover, it was one of the Central Nodal Agencies for the implementation of the interest subsidy scheme under the 'Pradhan Mantri Awas Yojana – Urban 2.0'. NHB is also managing the Urban Infrastructure Development Fund (UIDF). With the GoI's thrust on affordable housing, NHB is expected to continue playing a key policy role in the development of the mortgage market. Following the change in ownership, NHB's regulatory role with respect to HFCs was transferred to the Reserve Bank of India (RBI), though it continues to act in a supervisory capacity in this segment.

Good financial flexibility – NHB enjoys good financial flexibility owing to its parentage. It mobilised funds under allocation for the AHF (32% of the borrowing profile as on March 31, 2026), with bonds (43%), UIDF (2%), funding from banks (22%) and other borrowings (1%) accounting for the balance. Funds for the AHF are financed from the priority sector lending shortfall of scheduled commercial banks (SCBs). NHB has demonstrated its ability to raise funds from diverse sources at competitive rates. The bank also aims to raise term deposits (including recurring deposits) in the near term, improving its funding diversity.

Comfortable asset quality – NHB's asset quality indicators have remained comfortable, with funds primarily extended to banks and HFCs with strong creditworthiness. Apart from a small slippage (~Rs. 12 crore in FYE6/2025), there have been no slippages in the portfolio since FYE6/2021. The reported asset quality remains comfortable with GNPAs of 0.55% as on March 31, 2026 (0.60% as on June 30, 2025; 0.69% as on June 30, 2024). The bank continues to maintain 100% provision coverage against NPAs; consequently, net NPAs remained nil as on March 31, 2026. Going forward, NHB's asset quality is expected to remain comfortable. As per the National Housing Bank Act (NHB Act), NHB has mandates from scheduled banks for direct debits from their current accounts with the RBI if there is a delay or default in the payment of refinance instalments. Moreover, as NHB functions as a supervisor of HFCs, its asset quality and collection efficiency in this segment remain superior.

Adequate capitalisation – NHB's capitalisation remained adequate with a CRAR of 43.94% as on March 31, 2026 (43.43% as on June 30, 2025) and a net worth of Rs. 17,807 crore[4]. The CRAR improved from 16.38% as on June 30, 2024 with the bank transitioning to Basel III from July 1, 2024. The reported capital adequacy is supported by the relatively lower risk weights on NHB's refinance to high-rated SCBs and HFCs. The capital position is further aided by steady accruals in the absence of dividend payouts. NHB's overall gearing is expected to be maintained below 10 times and sufficient cushion is currently available with the gearing at 5.8[4] times as on March 31, 2026 (5.9 times[4] as on June 30, 2025).

Credit challenges

Relatively higher credit concentration – NHB has a concentrated lending portfolio with the top 20 borrowers accounting for 83% of the total advances as on March 31, 2026 (84% as on June 30, 2025). The wholesale nature of the loans exposes the

[4] *As per ICRA's calculations*

bank to lumpy slippages in the asset quality and could consequently impair its profitability ratios. Nevertheless, with a large proportion of the loan book consisting of exposures to higher-rated banks and HFCs, the risk is partially mitigated.

Moderate earnings profile – As NHB plays a developmental role in the growth of the housing finance sector in India and is the primary agency for providing refinance for housing loans to HFCs and various other PLIs, it operates with lower NIMs. NIMs declined in 9M FYE6/2026 to 2.1%[4] (annualised) from 2.4%[4] in FYE6/2025 on account of the moderation in the PLR and increase in the cost of funds with the change in the funding mix. NHB reported an increase in funding from banks in 9M FYE6/2026, necessitated by the sizeable payouts of relatively lower cost borrowings under the AHF. However, operational expenses and credit costs, as a percentage of average assets, remained stable in 9M FYE6/2026. The declining NIMs led to a moderation in the earnings profile with an RoA of 1.4%[4] and RoE of 9.3%[4] in 9M FYE6/2026 (1.7%[4] and 11.5%[4], respectively, in FYE6/2025). Going forward, NHB's profitability is expected to remain in line with its long-term historical averages.

Liquidity position: Strong

NHB's liquidity profile remains strong with good financial flexibility and a track record of raising long-term funds at competitive rates. The bank held free on-book liquidity of Rs. 4,742 crore and unutilised bank lines of Rs. 1,000 crore as on March 31, 2026. As per the asset-liability maturity (ALM) profile, NHB had cumulative mismatches in some buckets up to 1 year. Nonetheless, ICRA takes comfort from the bank's good financial flexibility by virtue of its sovereign ownership and strategic importance to the GoI for the development of the housing finance sector.

Rating sensitivities

Positive factors – Not applicable

Negative factors – A dilution in NHB's strategic role and importance to the GoI will be a negative factor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Banks and Financial Institutions Policy on Withdrawal of Credit Ratings
Parent/Group support	The ratings derive significant strength from NHB's strong parentage owing to its status as a wholly-owned subsidiary of the GoI and the expectation of support, given its strategic importance as a supervisor of HFCs and its developmental role in the mortgage market
Consolidation/Standalone	Standalone

About the company

National Housing Bank (NHB), a financial institution, was established in July 1988 under the National Housing Bank Act, 1987 to function as a principal agency to promote housing finance institutions and provide financial and other support to them. NHB, a wholly-owned subsidiary of the Government of India (GoI), is also the supervisor of HFCs.

NHB's ownership was transferred to the GoI from the Reserve Bank of India (RBI) for Rs. 1,450 crore in March 2019, as per announcements in the Union Budget for FY2020. In July 2019, the GoI transferred the HFC regulatory functions of NHB to the RBI. NHB continues to carry out a supervisory role for HFCs while playing a key policy role in the development of the housing industry.

NHB reported a net profit of Rs. 1,239 crore in 9M FYE6/2026 on an asset base of Rs. 1,25,609 crore as on March 31, 2026 compared to a net profit of 1,909 crore in FYE6/2025 on an asset base of Rs. 1,18,258 crore as on June 30, 2025.

The gross non-performing assets (GNPAs) stood at 0.55% while net NPAs were nil as on March 31, 2026 compared to GNPAs of 0.60% and nil net NPAs as on June 30, 2025. NHB's capital adequacy ratio was 43.94% as on March 31, 2026 (43.43% as on June 30, 2025). Its portfolio (gross loans) stood at Rs. 1,16,978 crore as on March 31, 2026 and consisted of refinancing to HFCs (77% of total loan book) and scheduled commercial banks (20%). The balance (3%) consisted of refinancing to regional rural banks, small finance banks, project financing and the portfolio under the Urban Infrastructure Development Fund (UIDF).

Key financial indicators

National Housing Bank	FYE6/2024	FYE6/2025	9M FYE6/2026
Total income	6,510	7,704	5,753
Profit after tax	1,664	1,909	1,239
Total assets	1,12,153	1,18,258	1,25,609
CET I	15.13%	42.49%	NA
CRAR	16.38%	43.43%	43.94%
Return on average total assets	1.57%	1.66%	1.35%
Gross NPAs	0.69%	0.60%	0.55%
Net NPAs	0.00%	0.00%	0.00%

Source: NHB, ICRA Research; Amount in Rs. crore; All figures and ratios as per ICRA's calculations; NA – Not available

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2027	FY2026		FY2025		FY2024	
			July 31, 2026	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	8,000.00	[ICRA]A1+	Jan 16, 2026	[ICRA]A1+	May 17, 2024	[ICRA]A1+	Jan 19, 2024	[ICRA]A1+
						Jan 17, 2025	[ICRA]A1+		
Tax-free bonds	Long term	3,631.55	[ICRA]AAA (Stable)	Jan 16, 2026	[ICRA]AAA (Stable)	May 17, 2024	[ICRA]AAA (Stable)	Jan 19, 2024	[ICRA]AAA (Stable)
						Jan 17, 2025	[ICRA]AAA (Stable)		
Bonds	Long term	1,900.00	[ICRA]AAA (Stable); withdrawn	Jan 16, 2026	[ICRA]AAA (Stable)	May 17, 2024	[ICRA]AAA (Stable)	Jan 19, 2024	[ICRA]AAA (Stable)
						Jan 17, 2025	[ICRA]AAA (Stable)		
Long-term borrowing programme	Long term	1,924.78	[ICRA]AAA (Stable)	Jan 16, 2026	[ICRA]AAA (Stable)	May 17, 2024	[ICRA]AAA (Stable)	Jan 19, 2024	[ICRA]AAA (Stable)
						Jan 17, 2025	[ICRA]AAA (Stable)	-	-
Term deposits (including recurring deposits)	Long term	5,000.00	[ICRA]AAA (Stable)	-	-	-	-	-	-

Source: ICRA Research

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Simple
Bonds	Simple
Tax-free bonds	Simple
Long-term borrowing programme*	Simple
Term deposits (Including recurring deposits)	Simple

** Assuming the new instruments issued will be similar in terms of complexity as the previous non-convertible debentures raised; indicator will be changed once they are placed, if required*

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	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
INE557F07074	**Tax-free bonds**	Aug-30-2013	8.46%	Aug-30-2028	883.00	[ICRA]AAA (Stable)	SEBI
INE557F07090	**Tax-free bonds**	Jan-13-2014	8.63%	Jan-13-2029	407.16	[ICRA]AAA (Stable)	SEBI
INE557F07108	**Tax-free bonds**	Jan-13-2014	8.76%	Jan-13-2034	713.43	[ICRA]AAA (Stable)	SEBI
INE557F07124	**Tax-free bonds**	Jan-13-2014	8.88%	Jan-13-2029	85.73	[ICRA]AAA (Stable)	SEBI
INE557F07132	**Tax-free bonds**	Jan-13-2014	9.01%	Jan-13-2034	665.72	[ICRA]AAA (Stable)	SEBI
INE557F07157	**Tax-free bonds**	Mar-24-2014	8.68%	Mar-25-2029	421.99	[ICRA]AAA (Stable)	SEBI
INE557F07165	**Tax-free bonds**	Mar-24-2014	8.65%	Mar-26-2034	73.56	[ICRA]AAA (Stable)	SEBI
INE557F07181	**Tax-free bonds**	Mar-24-2014	8.93%	Mar-28-2029	332.61	[ICRA]AAA (Stable)	SEBI
INE557F07199	**Tax-free bonds**	Mar-24-2014	8.90%	Mar-29-2034	48.35	[ICRA]AAA (Stable)	SEBI
INE557F08FP2	**Bonds**	Mar-23-2023	7.77%	Apr-02-2026	1,900.00	[ICRA]AAA (Stable); withdrawn	SEBI
NA	**Long-term borrowing programme***	NA	NA	NA	1,924.78	[ICRA]AAA (Stable)	-^
NA	**Commercial paper***	NA	NA	7-365 days	8,000.00	[ICRA]A1+	RBI
NA	**Term deposits (including recurring deposits)**	NA	NA	NA	5,000.00	[ICRA]AAA (Stable)	RBI

*Source: NHB, ICRA Research; * Yet to be placed*

 # SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of FSRs other than SEBI

^ The rated instrument may involve the issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with the names of the respective FSRs in the press release(s) after the issuance(s) of the instruments

Annexure II: List of entities considered for consolidated analysis

Not applicable

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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.

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