

May 17, 2024

National Housing Bank: Rating withdrawn for matured instruments

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial paper	8,000.00	8,000.00	[ICRA]A1+; outstanding
Long-term borrowing programme	7,456.33	7,456.33	[ICRA]AAA (Stable); outstanding
Long-term borrowing programme	2,330.44	0.00	[ICRA]AAA (Stable); withdrawn
Total	17,786.77	15,456.33	

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the [ICRA]AAA (Stable) rating assigned to National Housing Bank's (NHB) Rs. 2,330.44-crore long-term borrowing programme as no amount is outstanding against the same. This is in accordance with ICRA's policy on the withdrawal of credit ratings. The previous detailed rating rationale, which captures the key rating drivers and their description, liquidity position, rating sensitivities and key financial indicators, is available at the following link: [Click here](#).

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Banks and Financial Institutions Rating Approach – Implicit Parent or Group Support 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 housing finance companies (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 regulatory functions of NHB to regulate HFCs 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. 1,262 crore in FYE6/2023 on an asset base of Rs. 1,00,253¹ crore as on June 30, 2023 compared to a net profit of Rs. 1,920 crore in FYE6/2022 on an asset base of Rs. 79,644² crore as on June 30, 2022. The gross non-performing advances (GNPAs) stood at 0.77% while net NPAs were nil as on June 30, 2023 compared to GNPA's of 2.07% and nil net NPAs as on June 30, 2022. NHB's capital adequacy ratio was 15.2% as on June 30, 2023 (16.0% as on June 30, 2022). Its portfolio (gross loans) stood at Rs. 92,083 crore as on June 30, 2023 and consisted of refinancing to HFCs (84% of total loan book) and scheduled commercial banks (12%). The balance 4% consisted of refinancing to regional rural banks, small finance banks, urban cooperative banks and project financing to housing boards and microfinance institutions.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2025)		Chronology of Rating History for the Past 3 Years				
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)*	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023		Date & Rating in FY2022
				May 17, 2024	Jan 19, 2024	Jan 24, 2023	Jun 28, 2022	Jun 29, 2021
1 Commercial paper	Short term	8,000.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA] A1+
2 Long-term programme	Long term	7,456.33	5,531.55	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
3 Long-term borrowing programme	Long term	2,330.44	-	[ICRA]AAA (Stable); withdrawn	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)

Source: ICRA Research

*As on January 19, 2024

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term borrowing programme*	Very Simple
Commercial paper	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](#)

¹ As per ICRA's calculations

² As per ICRA's calculations

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE557F07082	Tax-free bonds	Jan-13-2014	8.26%	Jan-13-2024	139.41	[ICRA]AAA (Stable); withdrawn
INE557F07116	Tax-free bonds	Jan-13-2014	8.51%	Jan-13-2024	88.55	[ICRA]AAA (Stable); withdrawn
INE557F07140	Tax-free bonds	Mar-24-2014	8.25%	Mar-24-2024	97.97	[ICRA]AAA (Stable); withdrawn
INE557F07173	Tax-free bonds	Mar-24-2014	8.50%	Mar-27-2024	25.51	[ICRA]AAA (Stable); withdrawn
INE557F08FO5	Bonds	Feb-27-2023	7.79%	Feb-27-2024	1,979.00	[ICRA]AAA (Stable); withdrawn
INE557F07074	Tax-free bonds	Aug-30-2013	8.46%	Aug-30-2028	883.00	[ICRA]AAA (Stable)
INE557F07090	Tax-free bonds	Jan-13-2014	8.63%	Jan-13-2029	407.16	[ICRA]AAA (Stable)
INE557F07108	Tax-free bonds	Jan-13-2014	8.76%	Jan-13-2034	713.43	[ICRA]AAA (Stable)
INE557F07124	Tax-free bonds	Jan-13-2014	8.88%	Jan-13-2029	85.73	[ICRA]AAA (Stable)
INE557F07132	Tax-free bonds	Jan-13-2014	9.01%	Jan-13-2034	665.72	[ICRA]AAA (Stable)
INE557F07157	Tax-free bonds	Mar-24-2014	8.68%	Mar-25-2029	421.99	[ICRA]AAA (Stable)
INE557F07165	Tax-free bonds	Mar-24-2014	8.65%	Mar-26-2034	73.56	[ICRA]AAA (Stable)
INE557F07181	Tax-free bonds	Mar-24-2014	8.93%	Mar-28-2029	332.61	[ICRA]AAA (Stable)
INE557F07199	Tax-free bonds	Mar-24-2014	8.90%	Mar-29-2034	48.35	[ICRA]AAA (Stable)
INE557F08FP2	Bonds	Mar-23-2023	7.77%	Apr-02-2026	1,900.00	[ICRA]AAA (Stable)
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+

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

Annexure II: List of entities considered for consolidated analysis

Not applicable

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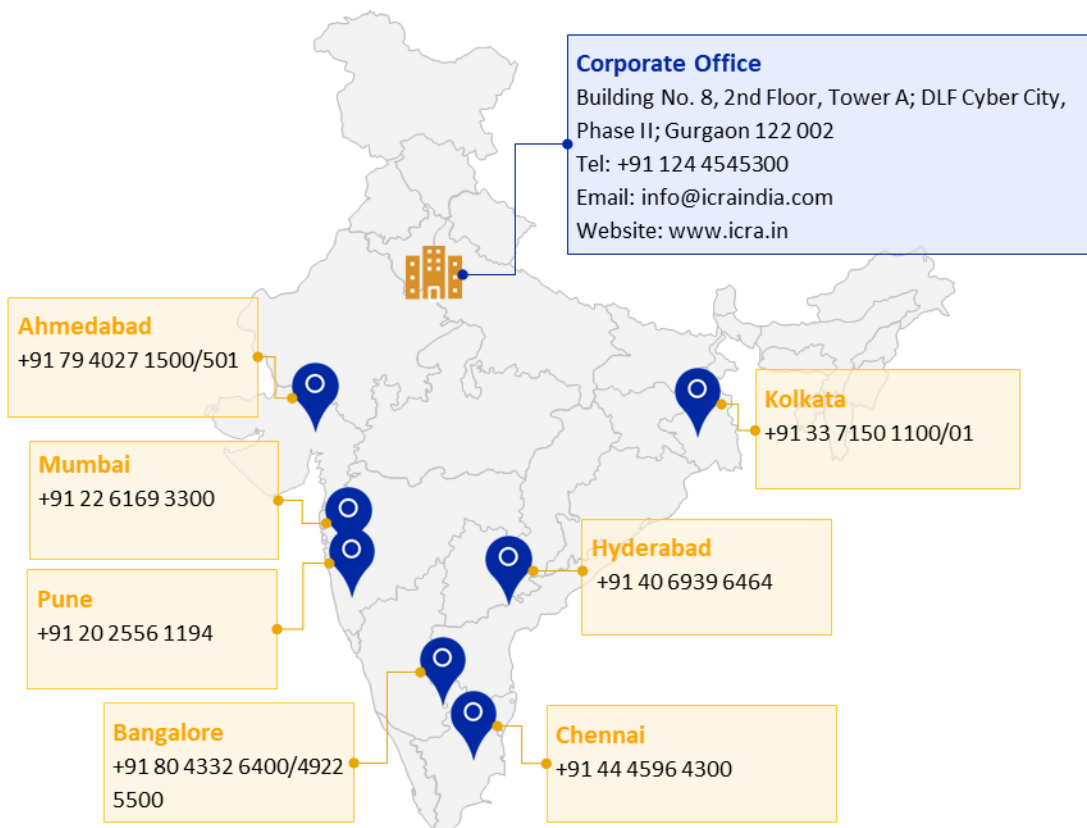
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