ICRA

Bandhan Bank Limited

Instrument	Amount in Rs Crore	Rating Action
Subordinated Tier II NCD	160.00	[ICRA]AA- (Stable) Outstanding
Senior Secured NCD	100.00	
Term Loans from Banks	80.00	
Certificate of Deposit	500.00	[ICRA] A1+ Outstanding
Senior Secured NCD	60.00	[ICRA]AA- (Stable) Withdrawn

Rating

ICRA has an rating of [ICRA]AA- (pronounced ICRA double A minus) outstanding against the Rs. 160 crore[1] Subordinated tier II Non Convertible Debenture Programme, Rs. 100 crore of Senior secured Non Convertible Debenture Program and Rs. 80 crore of Term loans of Bandhan Bank Limited (BBL) [2]. The outlook on the long term rating is Stable. ICRA has withdrawn rating of [ICRA]AA- against the Rs. 60 crore of Senior secured Non Convertible Debenture Program because it has been repaid. ICRA also has a [ICRA]A1+ rating outstanding against the Rs 500 crore certificate of Deposit programme of the bank.

About Bandhan Bank

BFSL (erstwhile Bandhan Financial Services Pvt. Ltd.; BFSPL) was the largest MFI in India and the first one to get an in principal banking license in April 2014. Along with transfer of BFSL's business, Bandhan Bank commenced operations from August 23, 2015.

Bandhan Bank Limited (Bandhan) was incorporated on December 23, 2014 as a wholly-owned subsidiary of Bandhan Financial Holdings Limited (BFHL). BFSL holds 99.85% of shares of BFHL. The shareholders of BFSL are Financial Inclusion Trust (FIT): 32.9 %, Caladium Investment Pte Ltd. (a GIC managed Co.): 16.7%, IFC: 16.4%, Bandhan Employee Welfare Trust: 14.6%, SIDBI: 8.1%, North East Financial Inclusion Trust (NEFIT): 7.8%, and individuals (including promoters): 3.4%. FIT and NEFIT are trusts formed in FY 2009 with corpus donations from Bandhan Konnagar. The beneficiaries of these trusts are public, and the trustees are industry professionals.

BBL is headquartered in Kolkata and has two divisions- general banking and microfinance lending. The shareholders of BBL includes Bandhan Financial Holdings Limited: 89.9%, International Finance Corporation: 3.2%, Caladium Investment Pte Ltd.: 5.0%, IFC FIG Investment Company: 1.7%, SIDBI: 0.3% and rest belongs to individuals (including promoters). BBL's lending methodology for micro loans involves formation of a group comprising of 10 to 20 poor women from the same area, following a group based individual lending model, wherein a treasurer, a cashier and a secretary are elected (on rotation basis) from within the group.

BBL operates through a network of 3015 branches, spread over 31 states/union territories. However, BBL's portfolio remains highly concentrated in Eastern India as reflected by ~73% of the loan portfolio as on September 30, 2016 is concentrated in West Bengal, Bihar and Assam. BBL's portfolio stood at Rs 17914 crore as on September 30, 2016 reporting ~44% growth over portfolio of Rs 13356 crore as on March 31, 2016 and asset quality indicators are also under control with gross NPA of 0.28% as on September 30, 2016 and 30+ delinquencies of 0.62% as on September 30, 2016. BBL reported a profit after tax (PAT) of Rs. 522.44 crore in H1 FY 2017 on total asset base of Rs. 24472 crore (excluding assigned/ securitised portfolio).

[1] 100 lakh = 1 crore = 10 million

[2] For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications

Rating history of last three years

S. No.	Name of Instrument	Type	Amount	Date and Rating in FY 2016	Date and Rating in FY 2015
				December 2016	December 2015
					Assigned
1	Subordinated Tier II NCD	Long term	Rs. 160 crs.	AA-	AA-
2	Senior Secured NCD	Long term	Rs. 60 crs.	Withdrawn	AA-
3	Senior Secured NCD	Long term	Rs. 100 crs.	AA-	AA-
4	Term Loans from Banks	Long term	Rs. 80 crs.	AA-	AA-
5	Certificate of Deposit	Short term	Rs. 500 crs.	A1+	A1+

Annexure-1

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Current Rating and Outlook
Subordinated Tier II NCD	-	-	-	Rs. 160 crs.	[ICRA]AA- (Stable)
Senior Secured NCD (ISIN: INE545U07011)	Originally issued by Bandhan Financial Services Ltd in 18.09.2014	13.75%p.a	April 20, 2020	Rs. 100 crs.	[ICRA]AA- (Stable)
Term Loans from Banks	-	-	-	Rs. 80 crs.	[ICRA]AA- (Stable)
Certificate of Deposit	-	-	-	Rs. 500 crs.	[ICRA]A1+

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