

Brief Rationale

CRAF reaffirms rating assigned to the Fixed Deposit Programme of Banyan Tree Bank Limited

Ratings

Facilities	Amount	Ratings	Remarks
Fixed Deposit Programme	USD 150 Million (equivalent to MUR 5.4 Billion) (Enhanced from USD 100 Million)	CARE MAU A-*** (Single A minus)*	Reaffirmed**

**Rating does not take into account the impact of any capital controls that may be imposed by the Government authorities in Mauritius that may restrict access / convertibility / use of foreign currency.*

***Outlook assigned in line with recent change in policy of CRAF: Negative*

The explanatory notes regarding the rating symbols of CARE Ratings (Africa) Private Limited (CRAF) are attached as Annexure I

Rating Rationale

The rating factors in the experienced promoters, strong asset quality, rising scale of operations, business growth and profitability of the bank in CY2015 and H1CY16. The rating is, however, constrained by continuous change in management team during last one year, moderate capital adequacy, concentration of investment in few entities, low CASA deposit, small size of the bank in the banking sector of Mauritius due to relatively limited performance history and potential volatility due to market related risks. Ability to scale up operations profitably, improvement in resource profile & capital adequacy, diversification in asset quality of loans portfolio and market risks on assets are key rating sensitivities.

The rating outlook is negative and may be revised with improvement in CAR and diversification in loan portfolio.

BACKGROUND

Banyan Tree Bank (BTB) is promoted by Sanjiv Singhal who is also the promoter & Managing Director of India based Banyan Tree Capital Advisors. Indo-Mauritian business persons and global strategic investors are also shareholders in BTB. 32.2% shareholding is with Sanjiv Singhal (through a Singapore company – Neemtree Advisors) and his daughter, 20% is with Mauritian entities (groups / individuals), 10% with employee trust and rest with individuals.

BTB was incorporated in Mauritius on 11th June 2012 and received its banking license from the Bank of Mauritius (BoM) on 6th Sept. 2012. Commercial operations effectively started in 2013.

Total assets more than doubled to MUR 6.62 Bn as on Dec 2015 as against MUR 3.2 Bn as on Dec 2014. BTB reported a net profit in 2015 (Jan – Dec) of MUR 127.9 Mn (MUR 113.6 million in CY14). In 6 months ended June 2016, BTB reported a net interest income of MUR 35 Million. CAR dipped to 10.62% as on December 31, 2015 (14.14% as on December 31, 2014) comprising entirely of Tier I capital. However, the same has improved to 11.92% as on September 30, 2016. There were no non-performing assets.

CARE Ratings (Africa) Private Limited

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Annexure I

Rating Symbols

Long /Medium-term Instruments

<i>Symbols</i>	<i>Rating Definition</i>
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {'+' (plus) / '-'(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category.

Rating Outlook

The rating outlook can be ‘Positive’, ‘Stable’ or ‘Negative’.

A ‘Positive’ outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A ‘Negative’ outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A ‘Stable’ outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

Disclaimer

CRAF’s ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security or to invest in or withdraw funds from deposits. CRAF has based its ratings on information obtained from sources believed by it to be accurate and reliable. CRAF does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRAF have paid a credit rating fee, based on the amount and type of bank facilities/instruments/deposit programme. In case of partnership/proprietary concerns, the rating assigned by CRAF is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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