



Press Release
ASSAM GRAMIN BANK (ERSTWHILE ASSAM GRAMIN VIKASH BANK)
November 12, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
BOND	65.00	ACUITE A- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	65.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long term rating of '**ACUITE A-**' (read as **ACUITE A minus**) for Rs.65 Cr. Bond facility of Assam Gramin Bank. The Outlook is '**Stable**'.

Rationale for the rating

Assam Gramin Bank (AGB) has demonstrated consistent improvement in profitability and capitalization. The bank reported a PAT of Rs.103.24 crore in FY25, a sharp recovery from Rs.4.21 crore in FY24, supported by robust growth in net interest income and stable operating metrics. NIM remained strong at 4.76% as on FY25, as compared to FY24 it was at 4.42%, while the cost-to-income ratio improved to 65.23% in FY25. Business growth remains healthy, with advances rising 16.2% year-on-year to Rs.8,107.05 crore and deposits reaching Rs.12,725.50 crore as on FY25 from Rs.12,469.81 crore in FY24. Capital buffers have strengthened, with CAR at 9.54% and Tier I ratio at 7.54%, backed by a growing net worth and improved leverage. Liquidity remains comfortable, with a coverage ratio of 370.09% in FY25, and the bank continues to maintain a stable funding profile. The bank has also shown improvement in operating efficiency, with operating profit rising to Rs.271.66 crore in FY25. Additionally, the decline in slippages and lower restructuring levels (0.25% of net advances) reflect better credit discipline and portfolio stability.

For bond ratings, Acuite has considered higher risk features including the discretion of coupon payments in a weak capital scenario and principal loss absorption in part or full at the 'point of non-viability (PONV)' of a bank.

About the company

Assam based, Assam Gramin Bank was established in 2019 under Regional Rural Banks Act, 1976, covering entire geographical area of the state through its strong network of 464 branches. It is promoted by Mr. Shri Debasish Gangopadhyay, Shri Arun Kumar Singh, Shri Bedabrata Saikia, Shri Evan T. Munsong, Shri Vinay Kumar, Shri Pankaj Kumar Verma, Smt. Eva Deka, Shri Pawar Narsing Sambhaji. The entity provides banking services such as Deposits schemes, loans and advances, digital & online banking service. Govt. of India vide Notification No. F.1. (25)/2005 dated 12th January 2006 amalgamated the four Regional Rural Banks sponsored by the United Bank of India in the state of Assam to form Assam Gramin Bank (AGB).

Unsupported Rating

Not Applicable.

Acuité has considered the standalone financial and business risk profile of Assam Gramin Bank to arrive at the rating.

Key Rating Drivers

Strength

Strong ownership and expected institutional support

Assam Gramin Bank (AGB) benefits from a robust ownership structure, with the Government of India holding a majority 50% stake as of March 31, 2025. The Government of Assam holds 15%, while the sponsor bank, Punjab National Bank, owns the remaining 35%. This tripartite ownership structure, anchored by sovereign and institutional stakeholders, underpins AGB's strategic importance in the region. It also enhances the bank's credibility, supports depositor confidence, and facilitates access to funding for rural development and priority sector lending.

Stable Liability Franchise

AGB continues to maintain a stable and granular liability profile, supported by its deep presence across rural and semi-urban regions of Assam. The bank's cost of funds remained competitive at 3.87% in FY25, aided by a steady accretion of retail deposits. The consistent growth in deposits, which reached Rs.12,725.50 crore in FY25, reflects depositor confidence and supports the bank's ability to mobilize low-cost funds.

Improving Financial Performance

The bank has demonstrated a sustained turnaround in profitability, reporting a PAT of Rs.103.24 crore in FY25, up from Rs.4.21 crore in FY24 and reversing prior years' losses. This improvement is driven by higher net interest income, better operating efficiency, and moderation in credit costs. Operating profit rose to Rs.271.66 crore in FY25, while NIM remained strong at 4.76%, indicating healthy core earnings.

Acuité believes that the ability of the bank to maintain an upward trajectory in the overall financial performance will be a key monitorable.

Weakness

Moderate Asset Quality

Asset quality, though improving, remains a monitorable. The bank's Gross NPA stood at 8.54% in FY25 from 10.40% in FY24, while Net NPA reduced to 3.54% from 5.57% over the same period, reflecting progress in recovery and provisioning efforts. Provision coverage also improved to 60.68% in FY25 from 49.17% in FY24, indicating a stronger buffer against potential credit losses. However, further reduction in stressed assets and slippages will be critical for sustaining credit quality.

Going forward, AGB's ability to maintain earnings momentum, strengthen capital buffers, and manage asset quality will be key to its credit profile.

While Acuité does not expect the bank to witness any major surge in delinquencies in the near to medium term, the bank's ability to maintain an upward trajectory in the overall financial performance as well as contain asset quality risks will be key monitorables.

ESG Factors Relevant for Rating

Assam Gramin Bank (AGB) demonstrates strong governance through adherence to RBI and NABARD norms, transparent disclosures, and oversight by audit and risk committees. Socially, the bank plays a key role in financial inclusion by supporting SHGs, microcredit programs, and government schemes, with a focus on empowering rural and marginalized communities. Environmental risk exposure is inherently low, though AGB promotes sustainability indirectly via rural livelihood financing and digital banking initiatives. Overall, the bank's practices reflect sound governance, significant social impact, and minimal environmental risk.

Rating Sensitivity

- Movement in asset quality and profitability metrics
- Movement in capitalization adequacy levels

All Covenants

The Borrower shall comply with the following covenants throughout the tenure of the facility:

1. Capital Adequacy
Maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 9% or as prescribed by the Reserve Bank of India for Regional Rural Banks.
2. Asset Quality
Ensure that Net Non-Performing Assets (Net NPA) do not exceed 6% of total advances at any point in time.
3. Profitability
The Borrower shall not incur consecutive annual losses during the currency of the facility.
4. Regulatory Compliance
Adhere to all applicable RBI and NABARD guidelines, including priority sector lending norms and exposure limits.
5. Liquidity
Maintain adequate liquidity to meet obligations as per RBI's liquidity coverage requirements.
6. Reporting
Submit quarterly financial statements and compliance certificates confirming adherence to the above covenants within 30 days of the end of each quarter.

Liquidity Position

Adequate

Assam Gramin Bank's liquidity position remains strong, supported by its sovereign-backed ownership and stable deposit base. The bank reported a liquidity coverage ratio of 370.09% as on March 31, 2025, significantly above the regulatory minimum of 100%. This high coverage reflects prudent liquidity management and provides a robust buffer to meet short-term obligations.

Outlook - Stable

Other Factors affecting Rating

None.

Key Financials - Standalone / Originator

Particulars	Unit	FY25(Actual)	FY24(Actual)
Interest Income	Rs. Cr.	1134.56	999.86
Interest Expense	Rs. Cr.	508.63	434.83
Profit After Tax (PAT)	Rs. Cr.	103.24	4.21
Deposits	Rs. Cr.	12725.50	12469.81
Net Advances	Rs. Cr.	8107.05	6976.91
Investments	Rs. Cr.	5382.97	6239.12
Capital Adequacy	(%)	9.54	8.70
Return on Average Assets (RoAA)	(%)	0.72	0.03
Gross NPA	(%)	8.54	10.40
Net NPA	(%)	3.54	5.57

Status of non-cooperation with previous CRA (if applicable):

None.

Any other information

None.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Hybrid Instruments Issued By NBFCs & HFCs: <https://www.acuite.in/view-rating-criteria-56.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not Applicable.

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Bond	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	65.00	Simple	ACUITE A- Stable Assigned

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Tejas Chaugule Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.