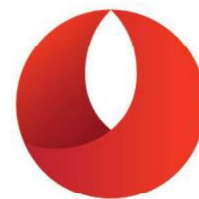


**Investor
Presentation
Q2 FY 2019-20**

October 2019



**Bandhan
Bank**

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Key Highlights & Strengths



Bandhan
Bank

Key Highlights & Strengths



Bandhan Bank - Overview

- Completed merger with Gruh finance on 17th October, 2019; arguably one of shortest period to complete the merger
- Loan portfolio (on book + off book) for Q2FY 19-20 grew 92.33% Y-o-Y (excl. GRUH 37.71%); MFI portfolio share down to 61% and non-MFI increased to 39%
- Deposits grew by 49.26% Y-o-Y in Q2 FY 19-20 (excl. GRUH 46.54%)
- Net NPA is stable at 0.56%
- Retail Deposit to Total Deposit at 78.00%
- Added 1 million Customer during the quarter with total customer base reaching to 18.27 million (Micro Banking- 14.07 million, Non Micro– 3.93 million and Gruh Finance – 0.27 million)
- Income from PSLC of ₹ 3.74 Billion to be recognised over 4 quarters, hence booked ₹0.94 Billion in Q2 FY19-20

Snapshot of operations Q2 FY 2019-20

PAT	₹ 9.72 bn
Total Deposits	₹ 491.95 bn
Total loans & advances	₹ 641.86 bn¹
Net interest margin (NIM)	8.15%*
CASA ratio (%)	33%
ROAA (%)	4.81%*
ROAE (%)	28.31%*



34
States & UTs



548
Cities



1000
Branches



485
ATMs



3,025
DSCs



35,468
Employees



18.27 mn
Customers



92%¹
Priority sector
loans



61%
Micro loans

195
Gruh
Centres

Q2 FY 20 numbers are merged after amalgamation of Gruh Finance Ltd

* Annualised

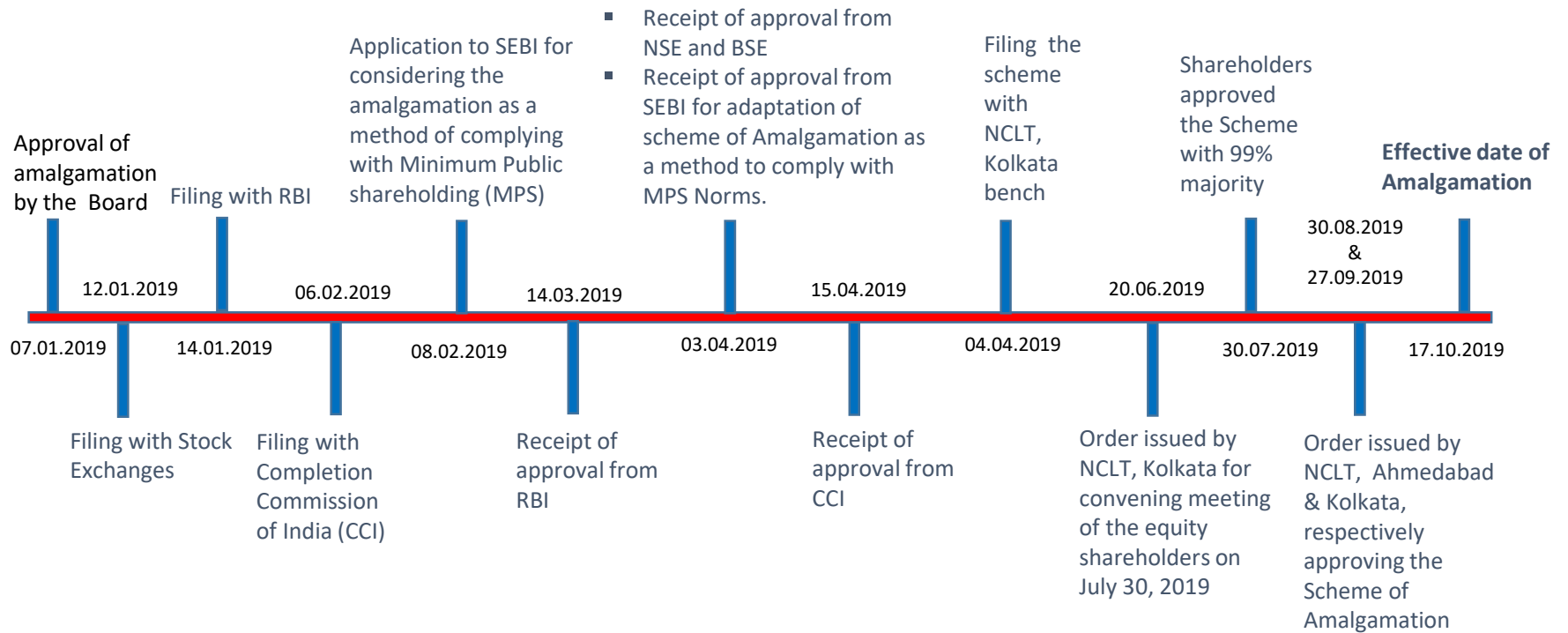
¹ On book + Off Book;

Merger update



**Bandhan
Bank**

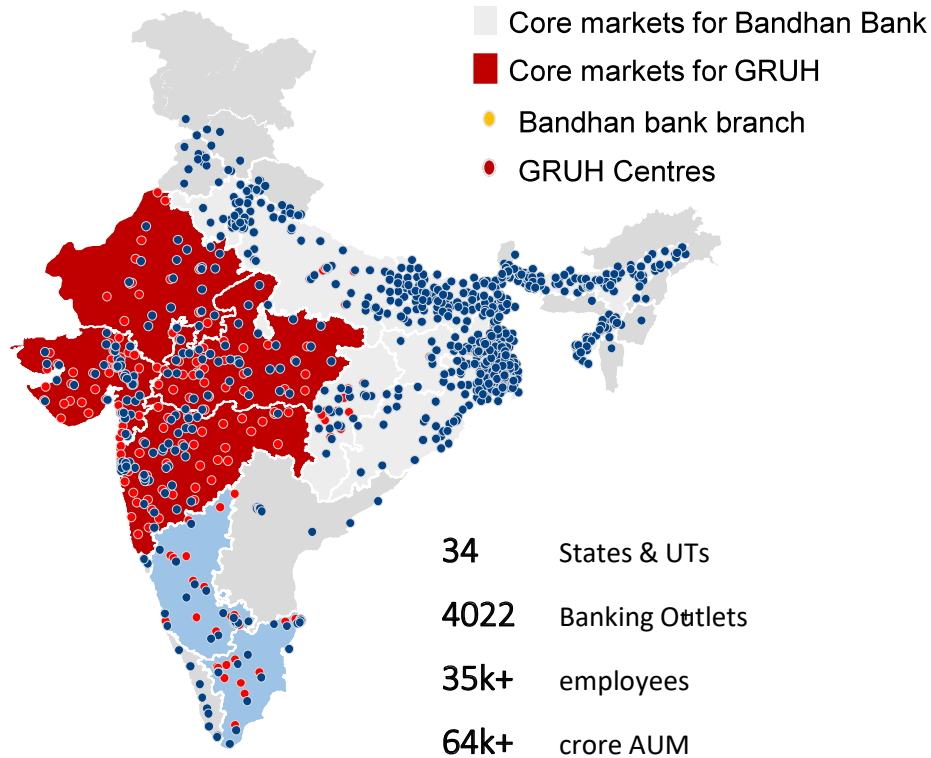
Completed merger with Gruh finance arguably in one of shortest period of time



The merger with GRUH Finance completed successfully on 17 Oct, 2019



Significant expansion of footprint in Western states from integration of branch networks



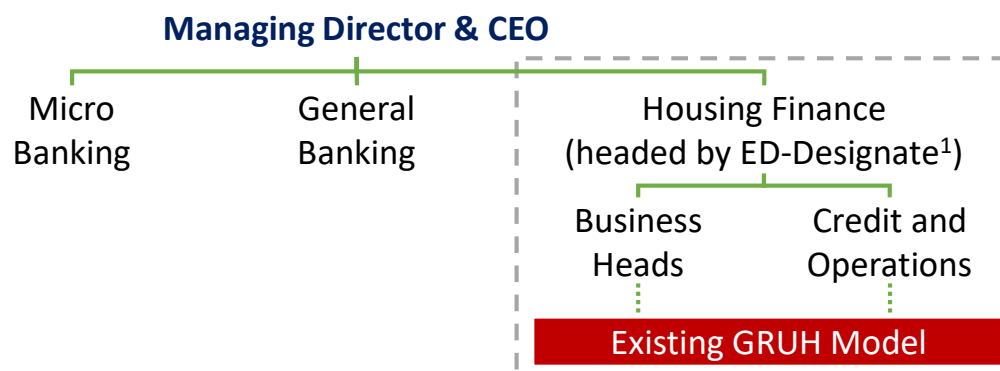
Day 1 integration tasks have been successfully completed

- **106 Bandhan branches** has been enabled with GRUH loan sales under GRUH's existing business model
- All incoming staff from Gruh has been onboarded under a newly created Housing Finance vertical and will now take forward the affordable housing mission of the bank
- CIFs in Bank have been generated for all GRUH customers
- **Treasury operations** have been merged
- **Data exchange mechanism** between the two IT systems in place
- **Brand transition has been completed**
- **Operational readiness for product distribution, customer servicing** has been undertaken
- **Regulatory requirement for the merger have been completed**

Core delivery model for GRUH will stay intact post merger with higher growth opportunities



Bandhan Bank will now have Housing Finance as 3rd business vertical



A total of 301 outlet with Gruh Products available with 106 branches now have a housing finance desk for GRUH loans

GRUH's core business model to stay intact

- 1 Same team with Housing Finance vertical reporting to ED-Designate – Mr. Choksey
- 2 Localized credit decision making based on existing lending model
- 3 Focus on underpenetrated market of affordable housing and customer centricity

Housing Finance vertical is now strategically structured to deliver higher growth

- 1 Larger distribution platform with sourcing capabilities Pan India
- 2 Captive customer base of over 1.8 crore existing Bandhan customers
- 3 Better liquidity profile supplemented by retail deposit portfolio

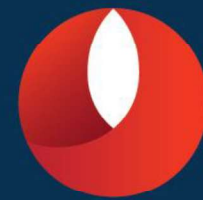
1 – Approval pending from RBI

The merger is expected to create significant synergy going forward



Synergy Levers	Description
A Revenue & other income synergies	<ol style="list-style-type: none">1 Expanding Gruh loan portfolio further through existing Bandhan branch network2 Tap existing 2.7 Lakh+ Gruh customers¹ (55% of which are salaried) for mobilizing liabilities3 45% of Gruh customers are self employed - opportunity to extend SME loans and cross-sell other banking products
B Cost synergies	<ol style="list-style-type: none">1 Lowering existing cost of funds for Gruh liabilities; opportunity to lower cost of funds by at least 150 bps over current rate2 Optimizing existing spend base by realizing of economies of scale
C Transformational synergies	<ol style="list-style-type: none">1 Monetizing Gruh's PSL portfolio - 83% of Gruh's existing loan portfolio is PSL compliant2 Managing risk through loan portfolio diversification (home loans/ mortgages increased to ~30% of portfolio from ~2% currently) and geographic diversification (significant branch network expansion in western states)

**Microfinance
Industry Insight**



**Bandhan
Bank**

Huge untapped opportunity – Industry can grow 7-8 times in 5 years from current level



Microfinance Industry Potential

	Current	5 years hence
Total Population ¹ (A) in crore	130	137
Total Households ² (B) in crore	26	29
Eligible Households (C=B*50%) in crore	13	14.6
Industry Average Ticket Size per borrower on Disbursement ³ (D) INR	₹ 56,200	₹ 99,044
Total Micro Finance Market Potential (E=D*C) in crore	₹ 7,30,600	₹ 14,46,764

Current Microfinance penetration

Current Microfinance customers in crore	5.6
Current Industry portfolio size in crore	₹ 1,91,500

1 Population growth assumed at CAGR of 1.1%

2 Total current household assumed at 5 per family, 5 year hence assumed at 4.7 per family due to further nuclearisation of family

3 Industry average includes Bandhan average. Increase in ticket size over five years assumed at 12% CAGR in line with trend nominal GDP growth

Microfinance penetration in West Bengal is lower at 5.88% as compared to Tamil Nadu (9.50%), Odisha (7.65%) and Karnataka (7.05%)

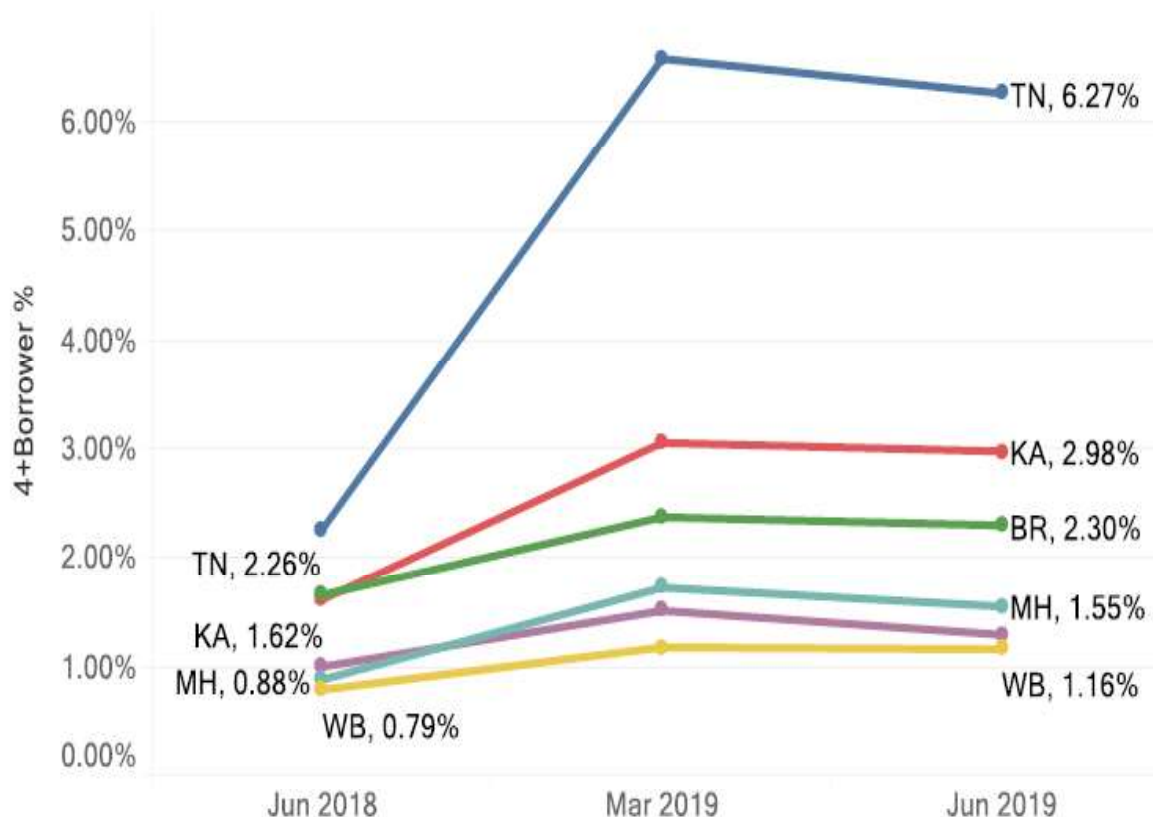


Top 10 States	Active Borrowers (in '000)	Population Census 2011 (in '000)	Concentration %
Puducherry	133	965	13.78%
Tripura	389	3,671	10.60%
Tamil Nadu	6,853	72,139	9.50%
Sikkim	24	281	8.54%
Assam	2,401	31,169	7.70%
Odisha	3,209	41,947	7.65%
Karnataka	4,311	61,131	7.05%
West Bengal	5,370	91,348	5.88%
Kerala	1,848	33,388	5.53%
Bihar	5,309	103,805	5.11%
Others	18,375	756,279	2.43%
Total	48,222	1,196,123	4.03%

West Bengal is the least leveraged market among the top States



Top States - Borrower Associated With 4 or More Lenders



Out of the top states, WB has the lowest number of borrowers with 4 or more lenders

In the southern states of Tamil Nadu and Karnataka, higher share of borrowers (6.27% and 2.98% respectively) have multiple (4 or more) associations

Industry data shows that out of top 30 districts with high PAR 90+ pan-India, none are from West Bengal where Bandhan has a strong presence

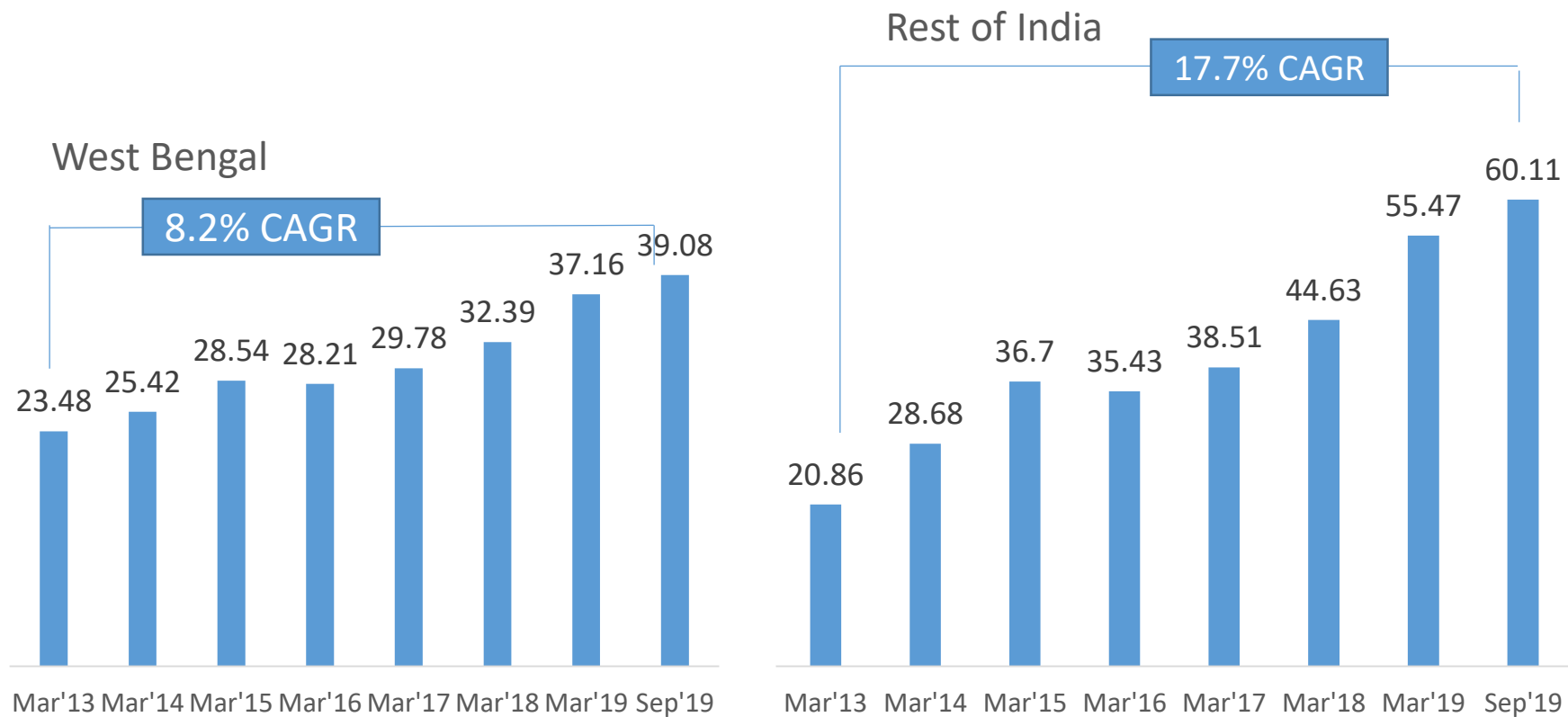


Top 30 districts with respect to delinquency as on March '19

Top 30 Districts	State	POS (₹ crore)	PAR 90+ (%)
Nabarangapur	Odisha	217	10.12%
Balangir	Odisha	532	7.27%
Sonapur	Odisha	193	5.78%
Bargarh	Odisha	499	5.55%
Boudh	Odisha	158	5.10%
Kalahandi	Odisha	412	4.69%
Ashok Nagar	Madhya Pradesh	49	4.58%
Kandhamal	Odisha	99	3.66%
Koraput	Odisha	204	2.79%
Tiruvarur	Tamil Nadu	776	2.77%
Nagapattinam	Tamil Nadu	947	2.75%
North East Delhi	Delhi	17	2.57%
Nuapada	Odisha	139	2.54%
Sagar	Madhya Pradesh	236	2.46%
Jharsuguda	Odisha	220	2.42%

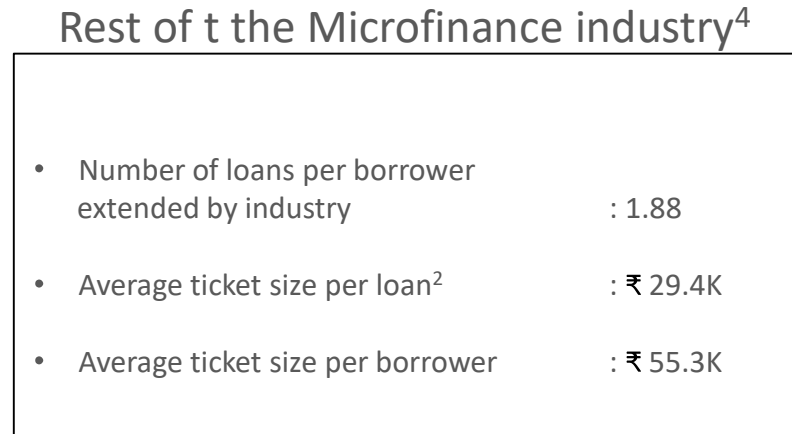
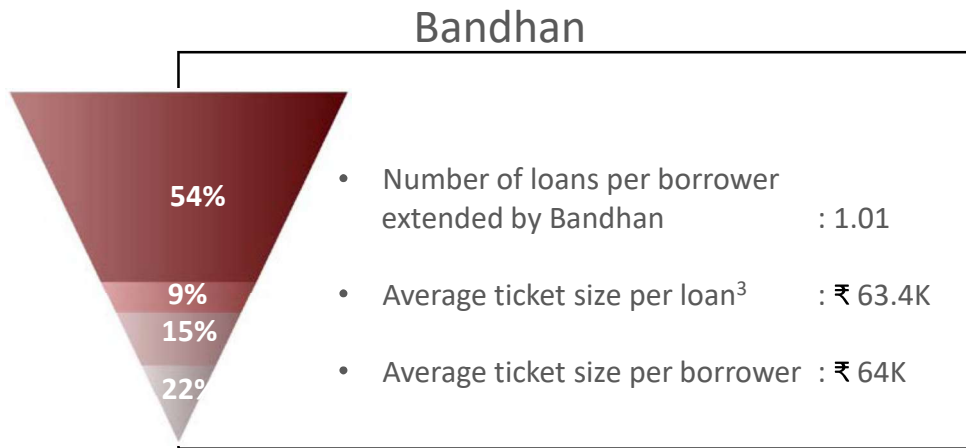
Top 30 Districts	State	POS (₹ crore)	PAR 90+ (%)
Kozhikode	Kerala	360	2.16%
Central Delhi	Delhi	10	2.03%
Patan	Gujarat	47	1.89%
Raisen	Madhya Pradesh	165	1.89%
Idukki	Kerala	244	1.88%
Amravati	Maharashtra	199	1.88%
Jamtara	Jharkhand	34	1.83%
Pudukkottai	Tamil Nadu	611	1.78%
Deoghar	Jharkhand	122	1.77%
Narsinghpur	Madhya Pradesh	147	1.76%
Sambalpur	Odisha	312	1.74%
Kodagu	Karnataka	191	1.74%
Junagadh	Gujarat	18	1.73%
Debagarh	Odisha	72	1.72%
Pathanamthitta	Kerala	306	1.71%

Bandhan is consistently growing its microfinance borrowers base outside of West Bengal



All numbers in lakhs

Bandhan ticket size in line with Industry given its customer vintage



Loan Cycle

4th & above
3rd
2nd
1st

Loans per borrower

	No. of Loan Accounts	No. of Borrowers	Loans per borrower
Bandhan ³	0.992 crore	0.984 crore	1.01
Rest of Industry ¹	8.71 crores	4.62 crores	1.88

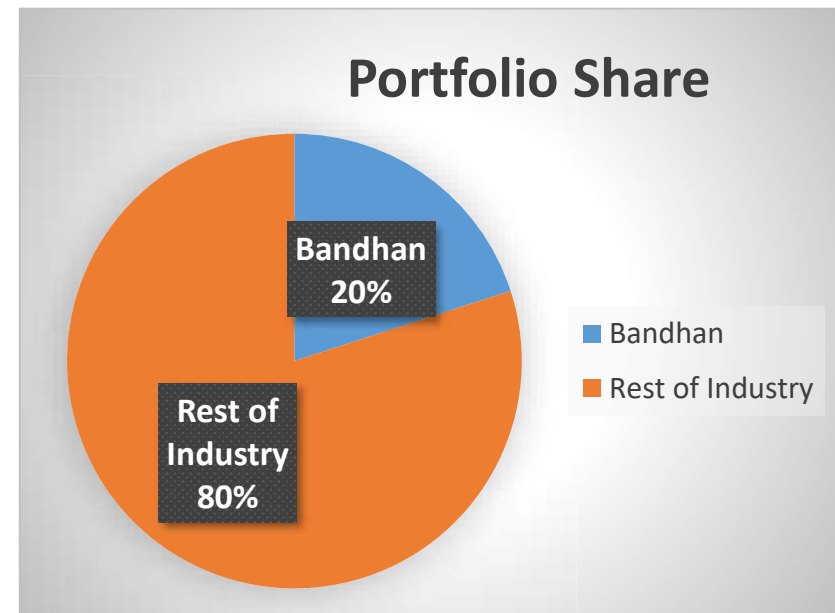
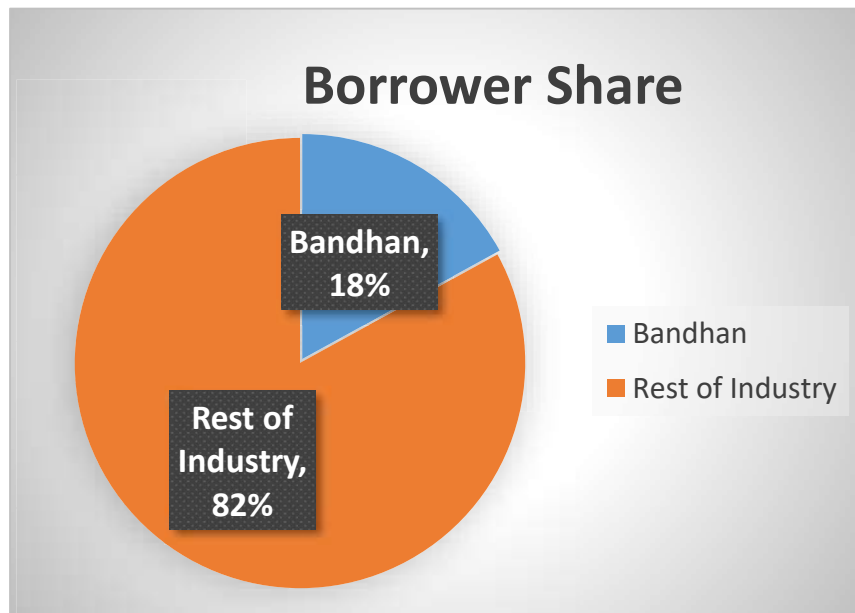
¹ MicroLend Vol VIII, June 2019

² Equifax CB June 2019 (reported as on August 2019)

³ Bandhan Data, June 2019

⁴ Rest of Industry excluding Bandhan

Bandhan's 18% borrower market share translates to 20% industry portfolio share; justifiable given the vintage

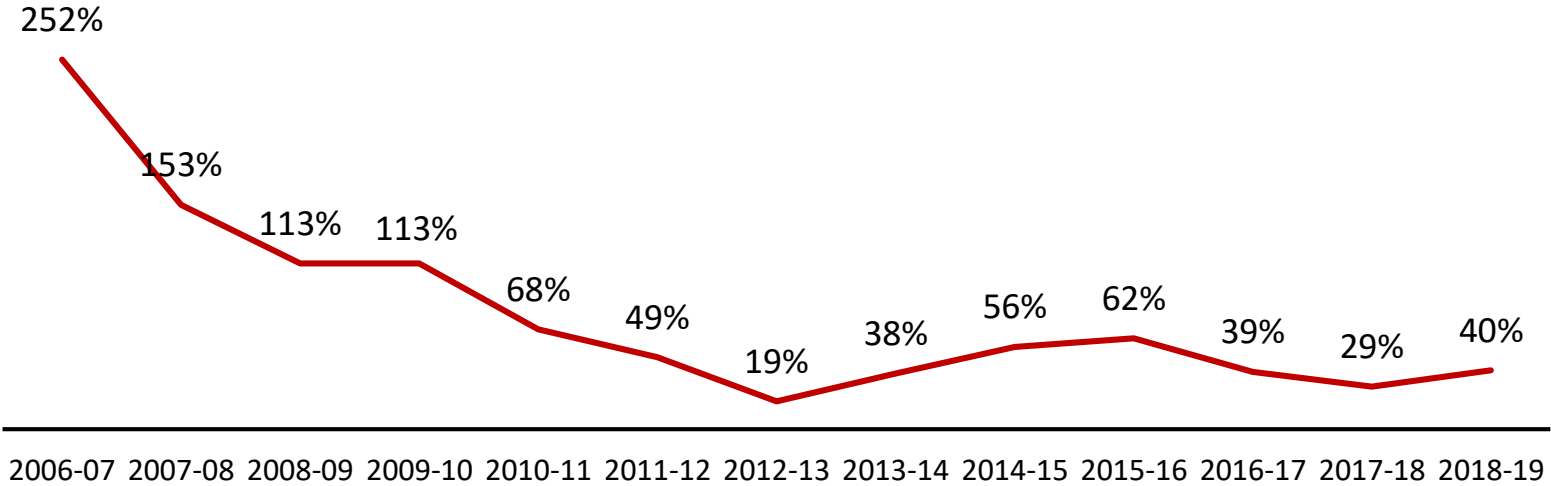


- “Matured” customers (4th cycle and above) at 54% - markedly higher than the Industry

Bandhan growth trend



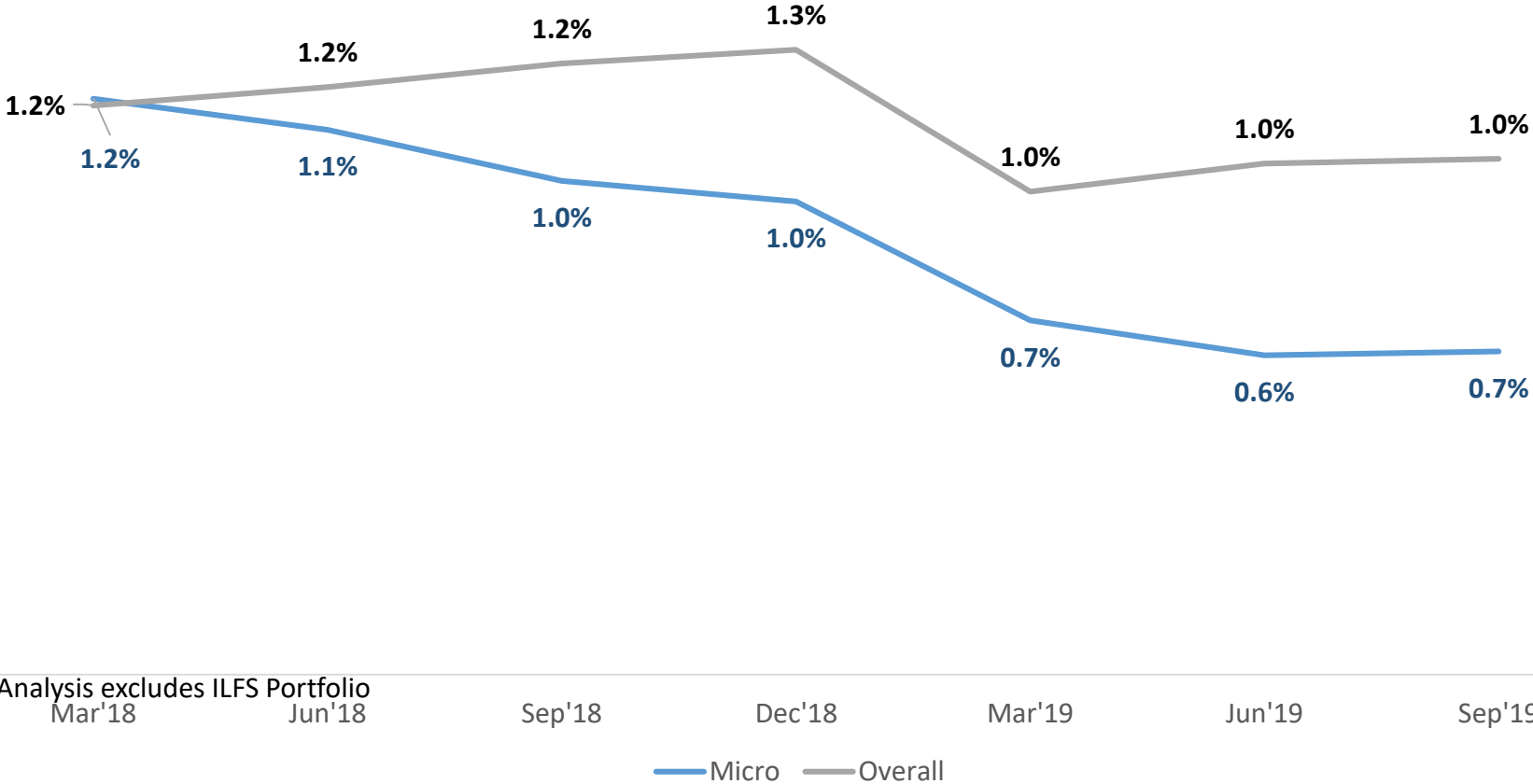
Bandhan Growth (%)



Bandhan NPA trend



NPA Trend



Business & Financial Overview

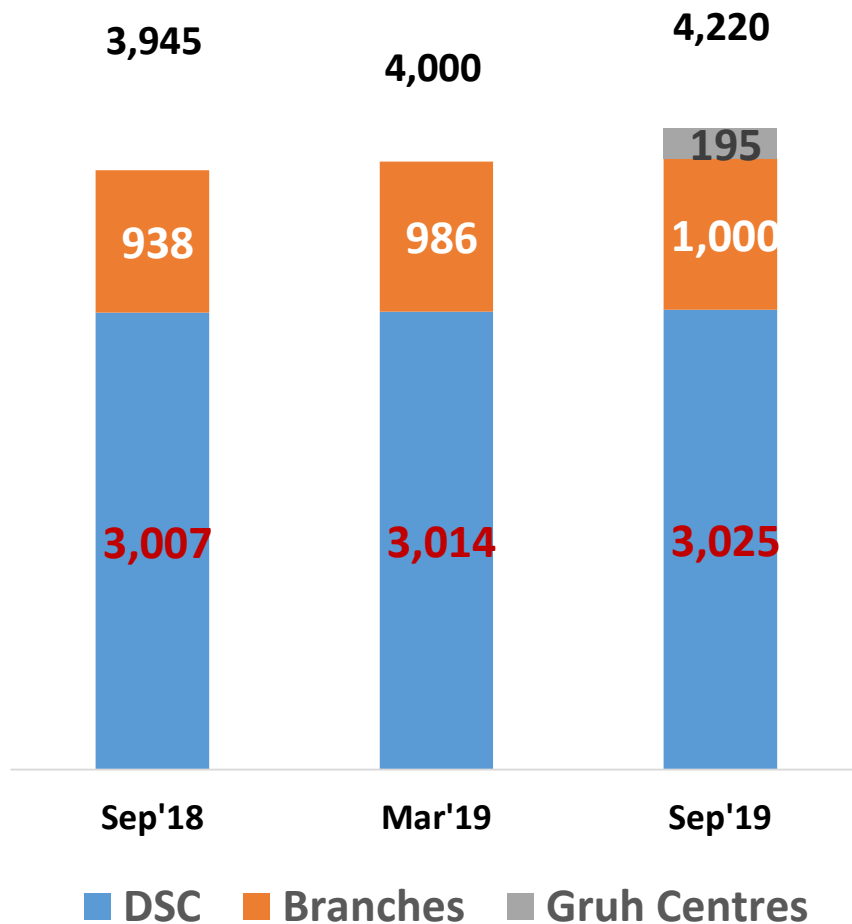


Bandhan
Bank

Geographical Distribution

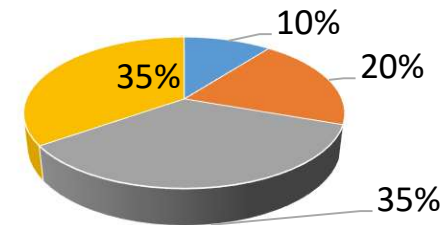


Banking Outlets



Focus on serving the rural & underbanked population (Included Gruh)

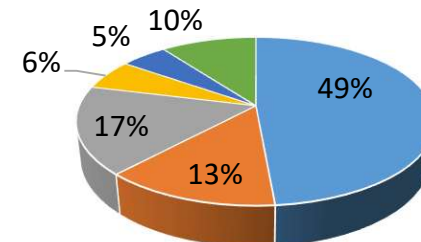
Banking Outlets as on 30th September 2019*



■ Metro ■ Urban ■ Semi Urban ■ Rural

*Basis original classification at the time of opening

Diversifying presence with non-east increasing over 50% now

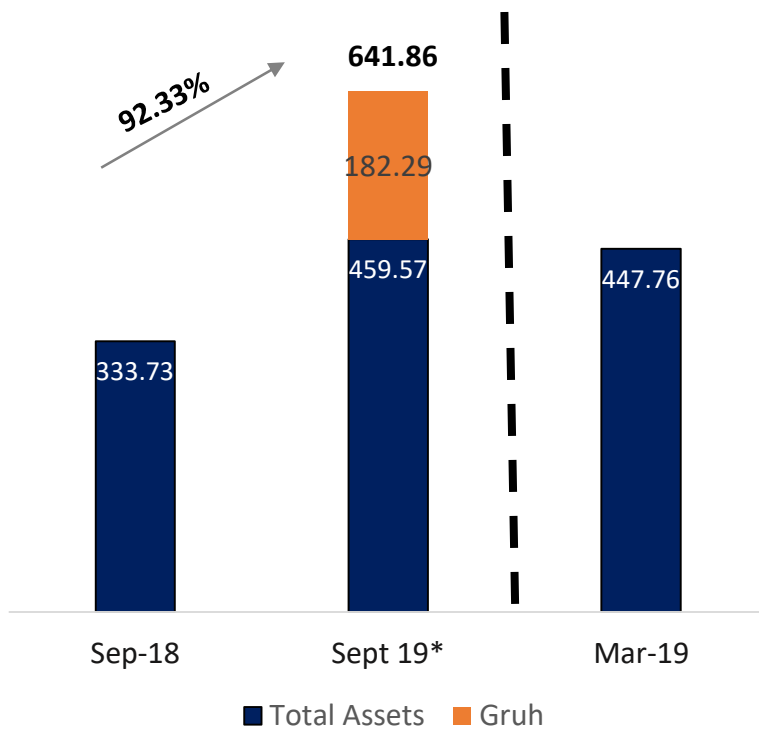


■ Eastern ■ North Eastern ■ Central
 ■ Northern ■ Southern ■ Western

Asset Overview

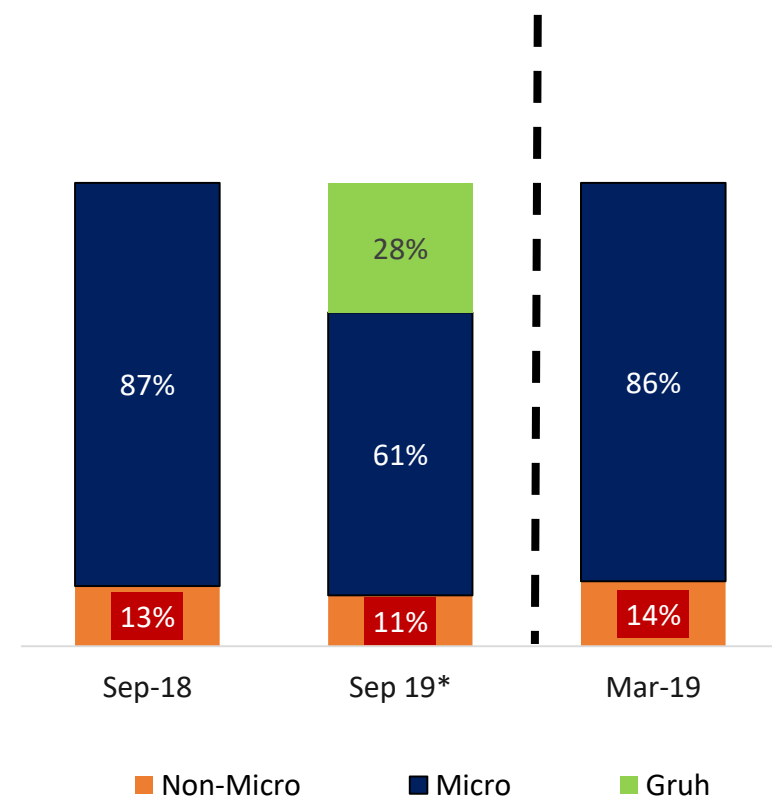


Advances Growth (₹ in Billion)



*Sep 19 merged Advances including Gruh; excluding Gruh advance growth 38%

Composition of Advances (in %)

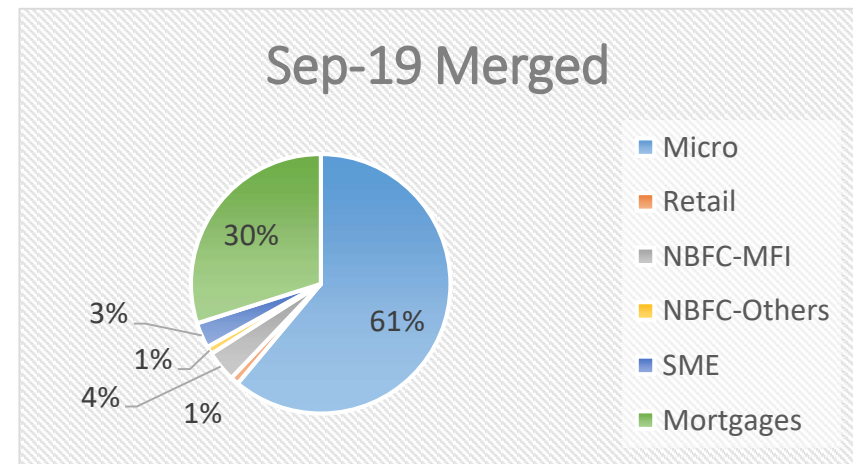
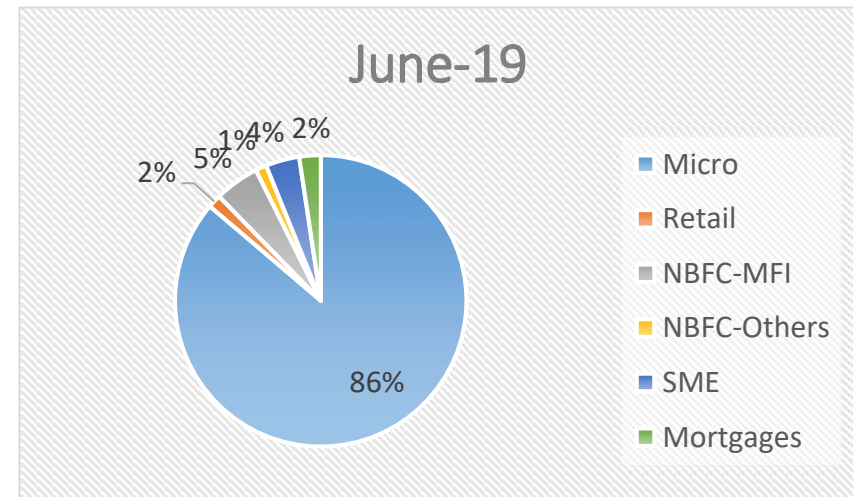
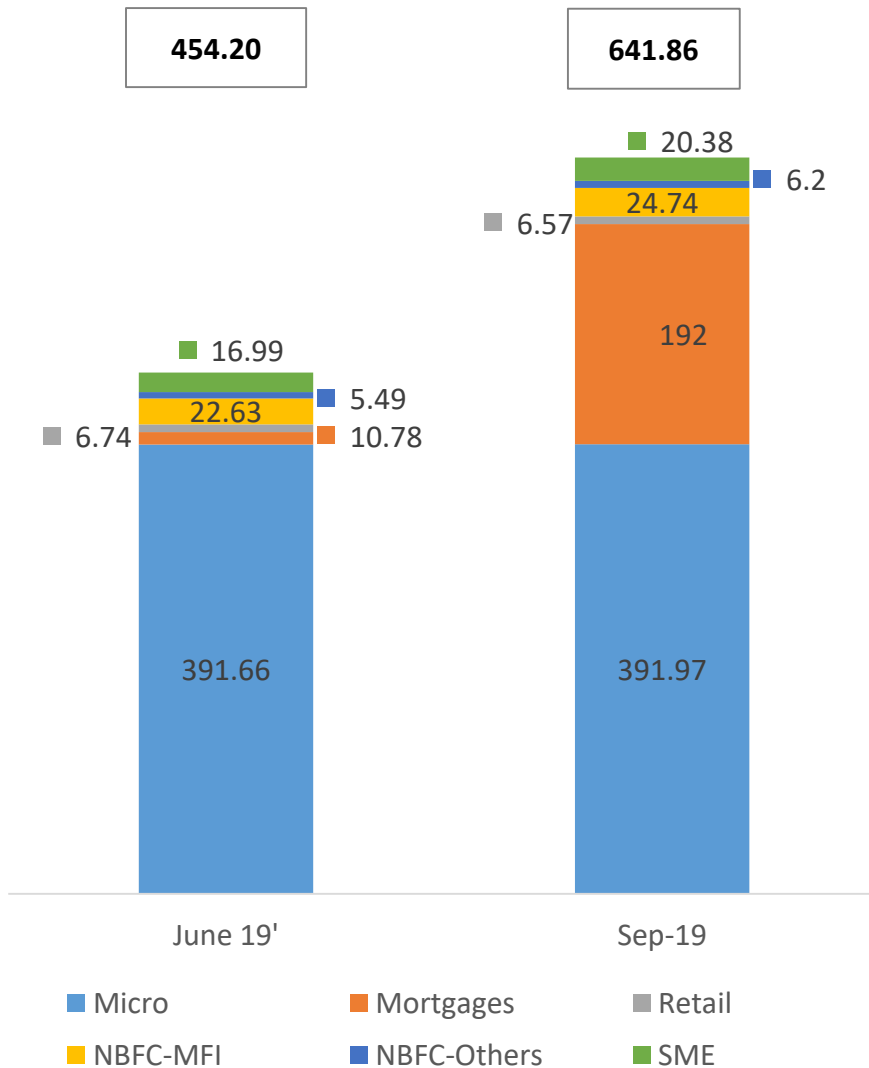


Portfolio diversifying with micro finance share in total advance reduced to 61%

Asset Book Mix – Pre & Post Merger



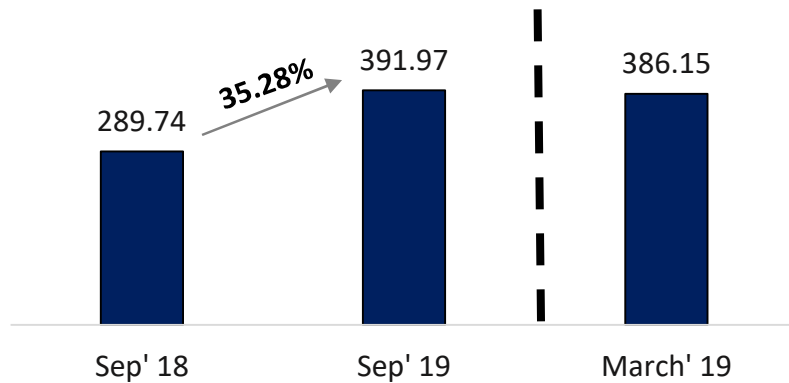
Total Advances (₹ in Billion)



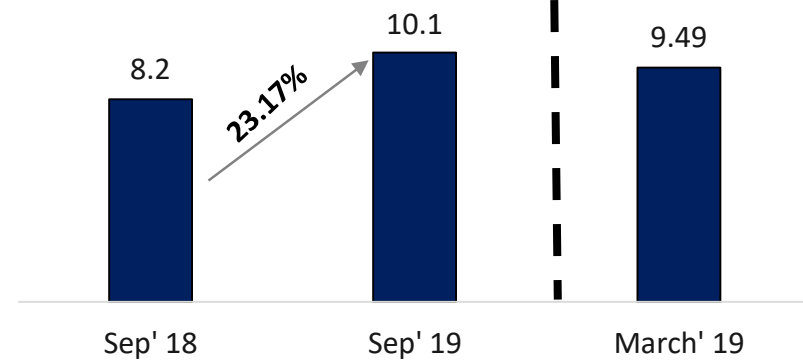
Sep 19 mortgages includes Gruh portfolio amounting to ₹ 182.29 bn 23

Micro Banking Assets

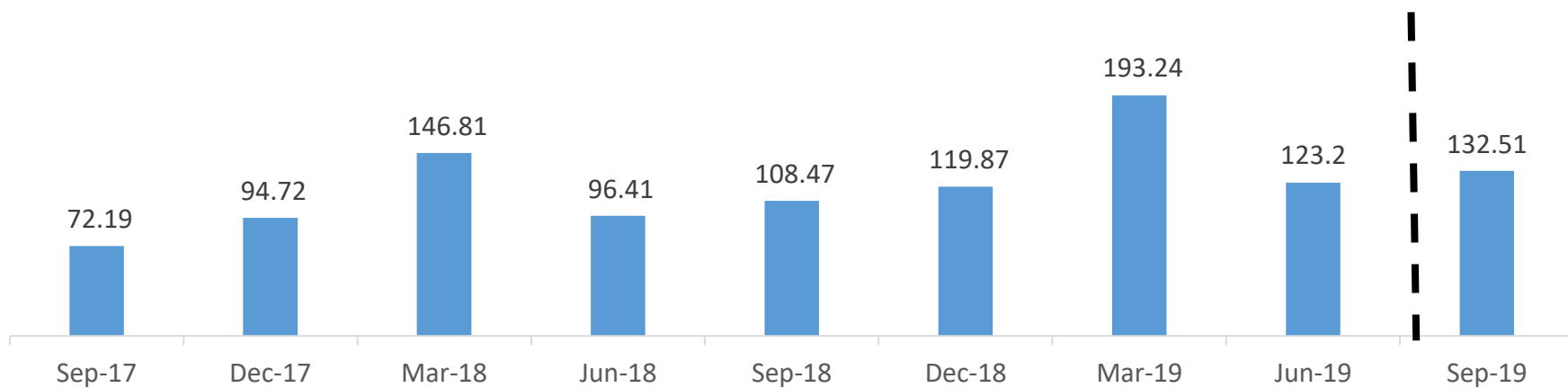
Micro Banking Asset Growth (₹ in Billion)



Number of Active Micro Borrowers (Mn)

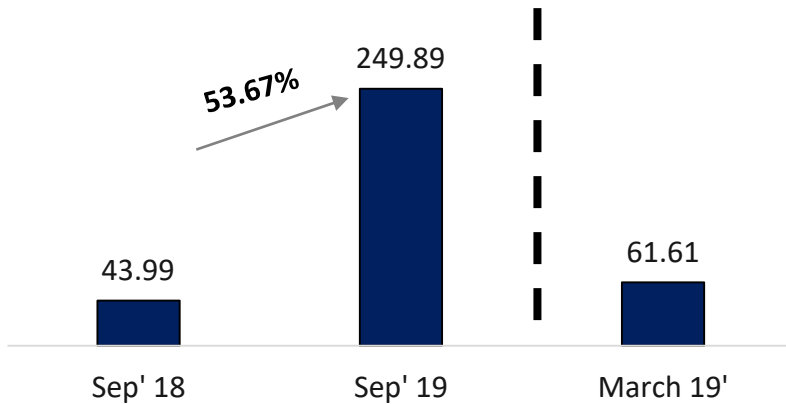


Micro Loan Disbursement (₹ in Billion)

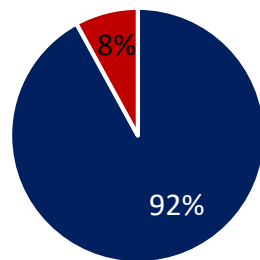


Non Micro Assets

Non Micro Banking Asset growth (₹ in Billion)



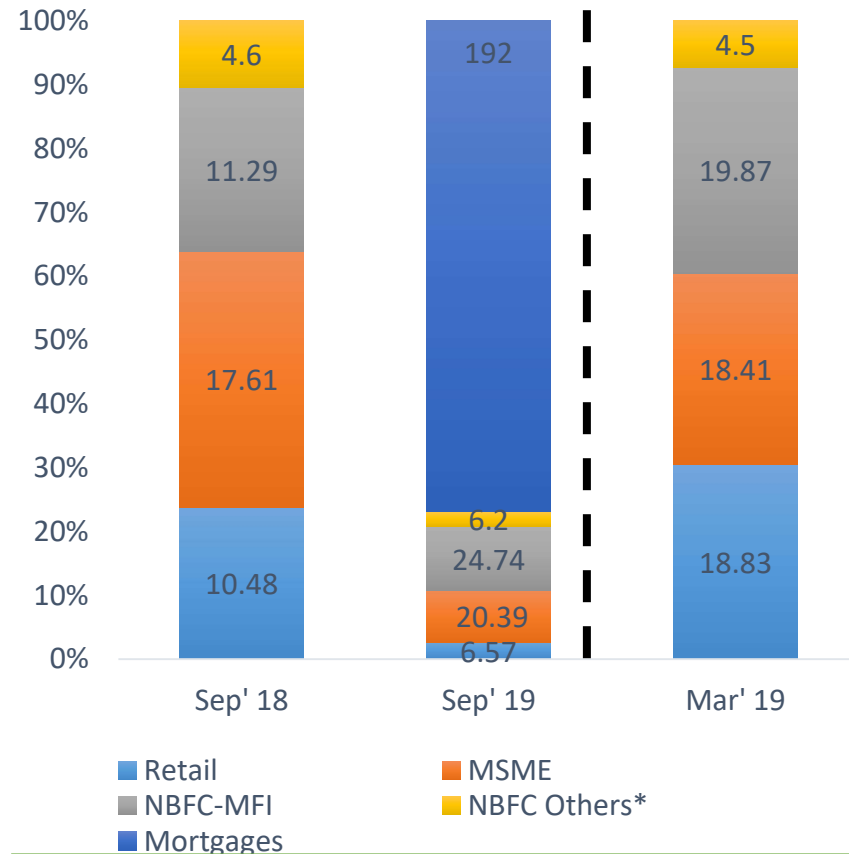
Higher PSL Portfolio (Overall)



■ PSL Assets ■ Non PSL Assets

Priority sector advances including Gruh (as a % of advances) – Q2 FY2020

Product wise Advances – Non Micro (₹ in Billion)



*Includes ILF&S exposure of ₹ 3.85 billion
 Sep 19 mortgages includes Gruh portfolio amounting to ₹ 182.29 bn

Bandhan GRUH Loans

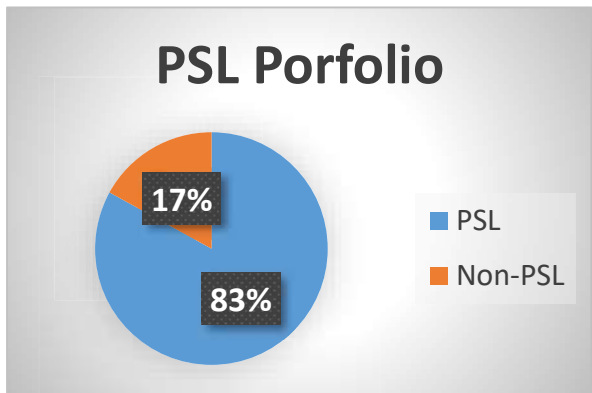


CUSTOMERS

■ Salaried ■ Self Employed

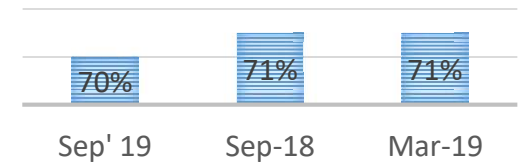


PSL Porfolio

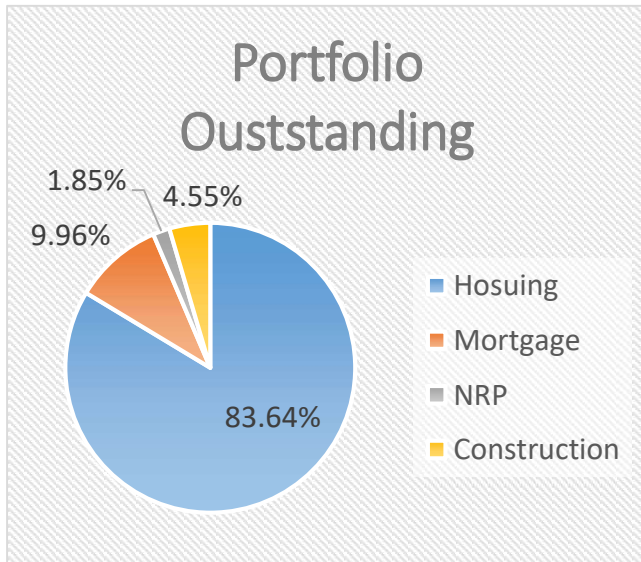


Average loan to value

■ Average LTV

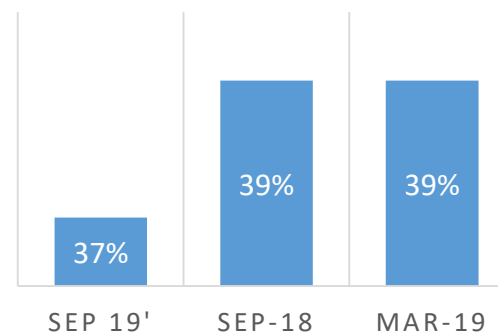


Portfolio Outstanding

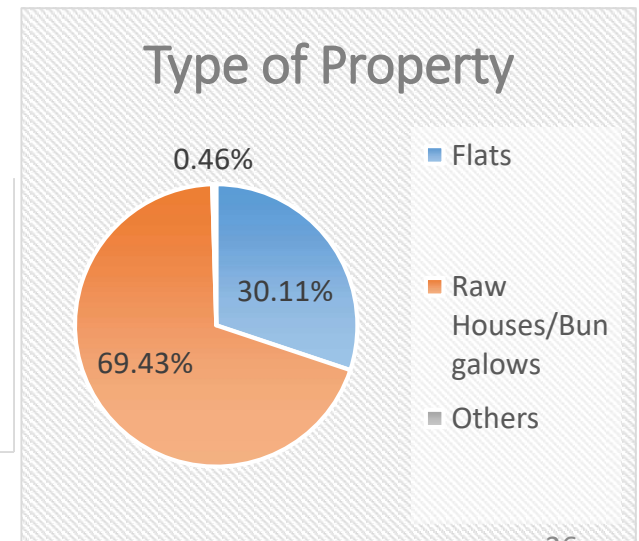


AVERAGE FOIR*

■ Average FOIR



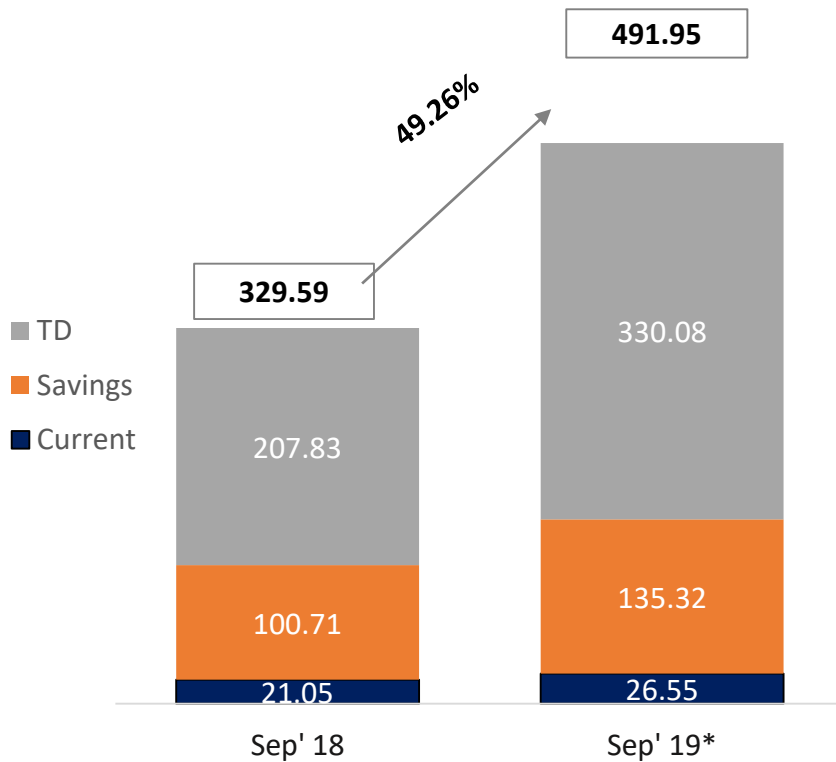
Type of Property



*FOIR is Fixed Obligation to Income ratio

Liabilities Profile

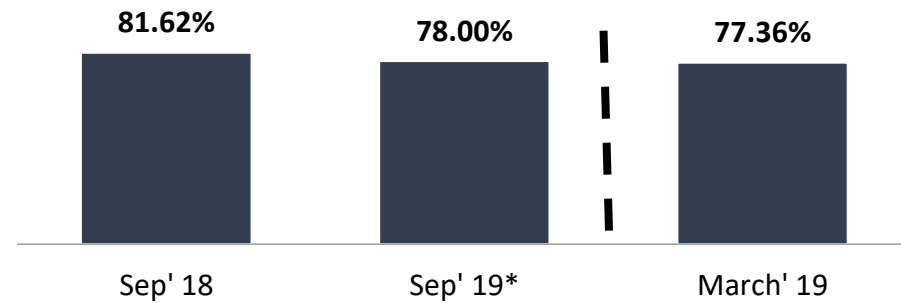
Deposits Growth (₹ in Billion)



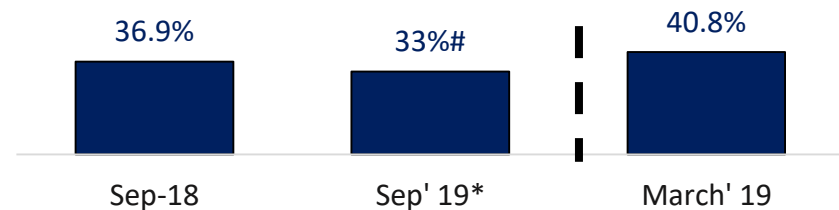
- Sep 19 includes Gruh deposits of Rs. 16.08 bn; excluding Gruh Deposit growth at 44.38%
- Microbanking contributes 5.8% of total deposits

* Sep' 19 numbers are merged after amalgamation of Gruh Finance Ltd;

Retail to total Deposits (%)

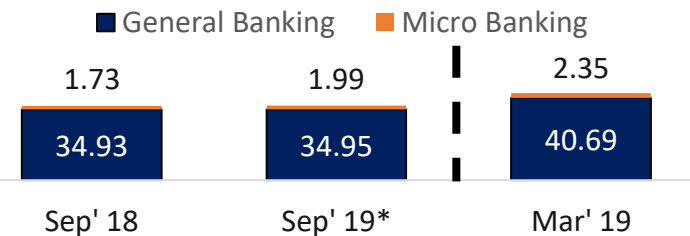


CASA (%)



#Excluding Gruh Term Deposits; CASA 35%

Average SA Balance (₹ in 000')

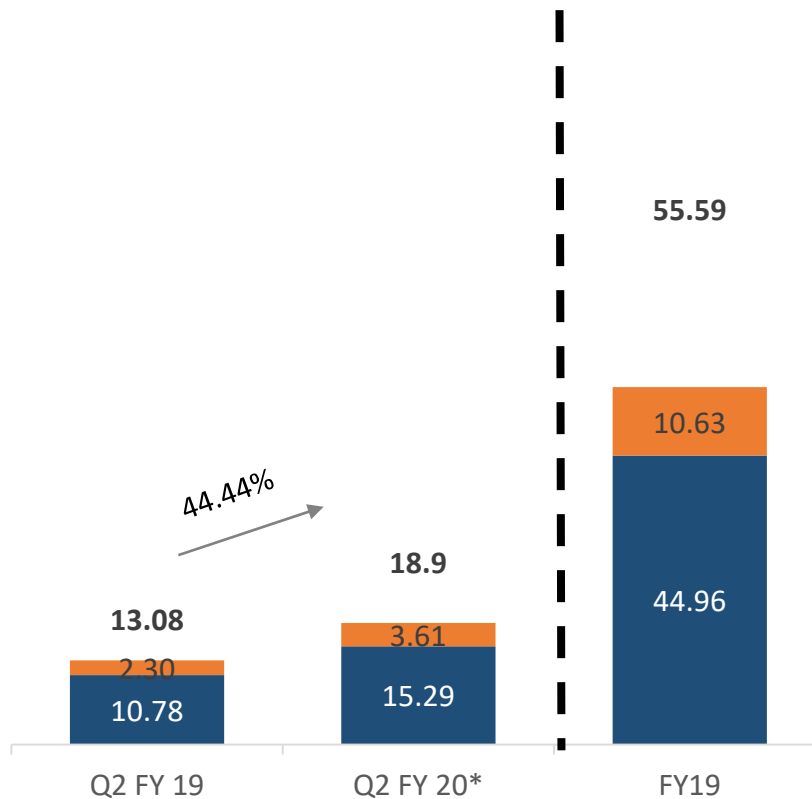


Financial Performance

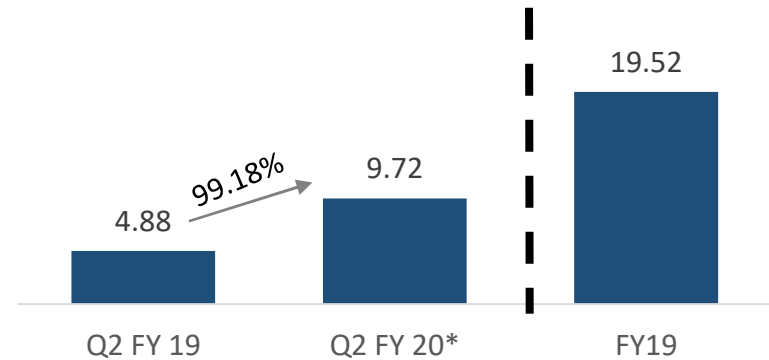


Total income (₹ in Billion)

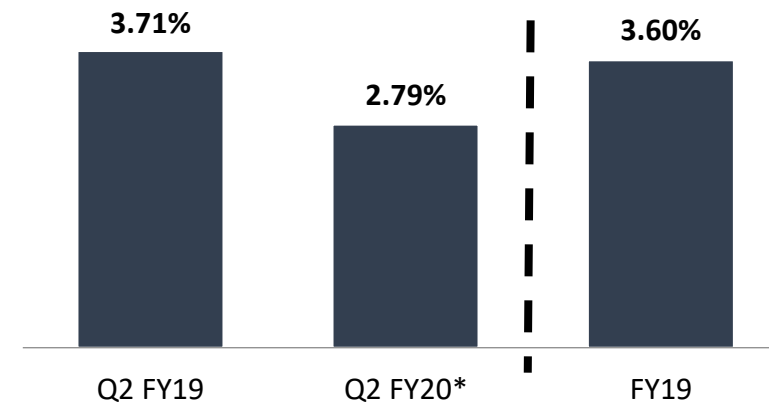
■ Net Interest Income ■ Other Income Total Income



PAT (₹ in Billion)



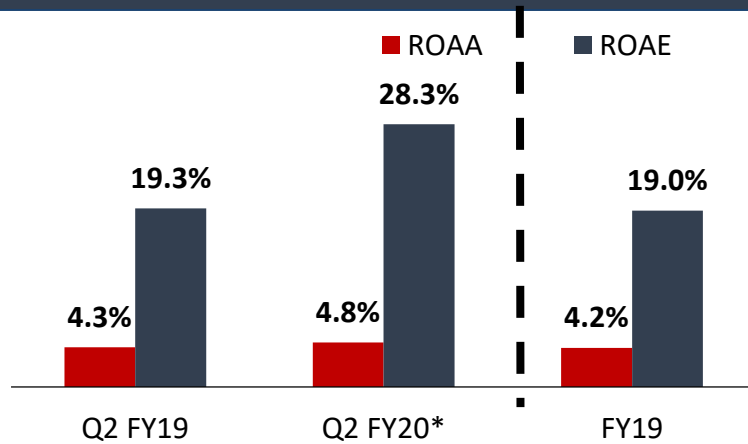
Operating expenses to Average Assets (%)



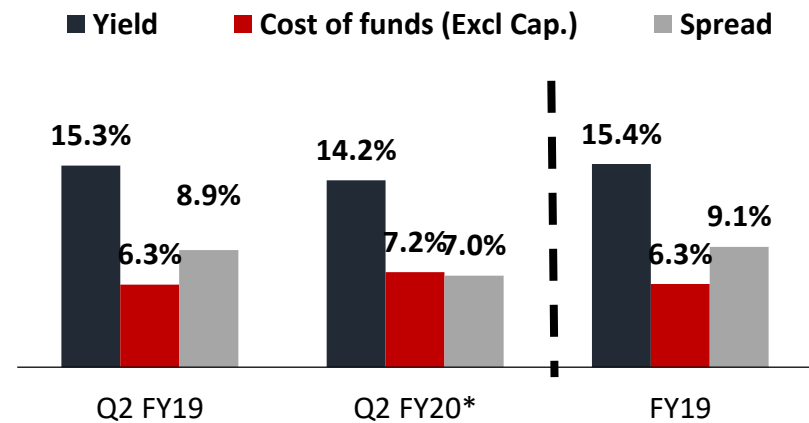
* Q2 FY 20 numbers are merged after amalgamation of Gruh Finance Ltd

Financial Performance

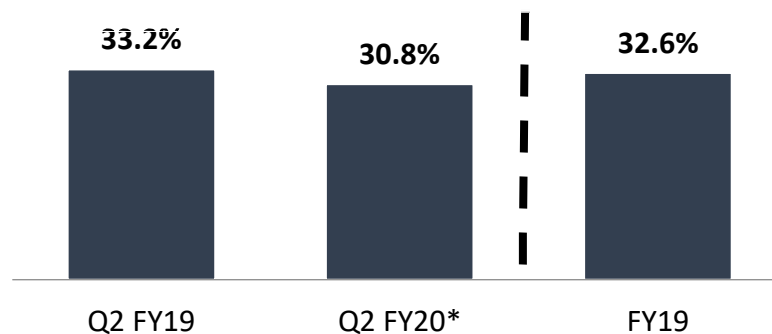
ROAA & ROAE!



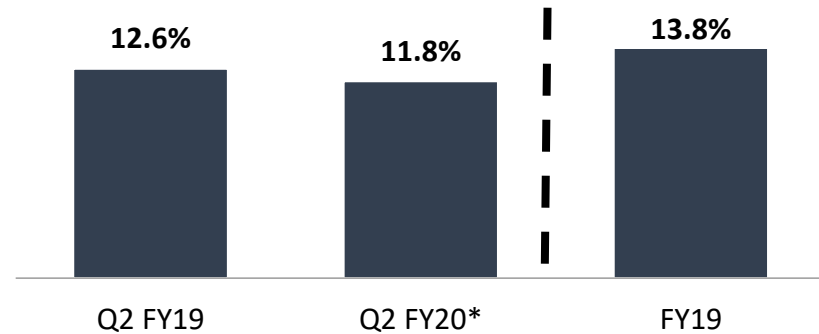
Spread %



Cost to Income Ratio



Fee Income to Total Income Ratio



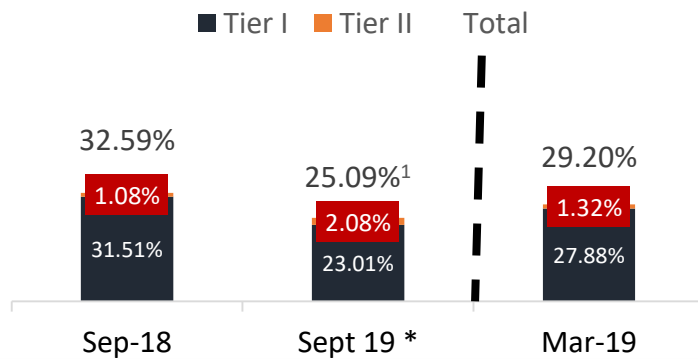
* Annualised; Monthly Average

* Q2 FY 20 numbers are merged after amalgamation of Gruh Finance Ltd

Financial Performance

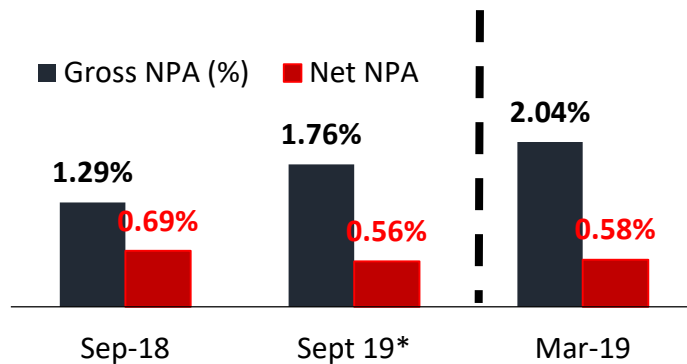


Capital Adequacy Ratio



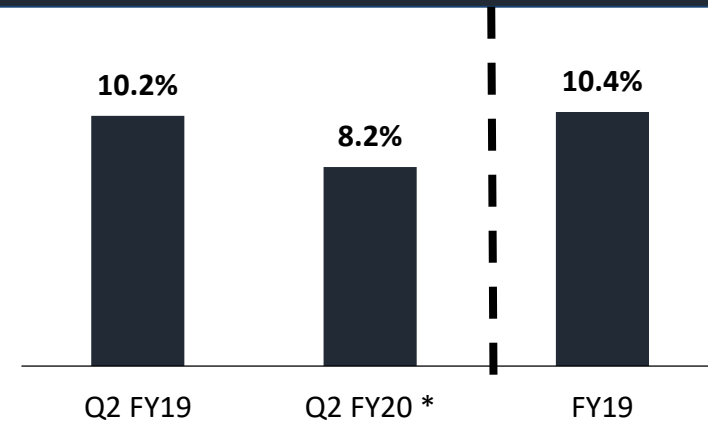
1-Excluding current year profits; with current year profits CAR would increase to 28.45%

Gross NPA and Net NPA

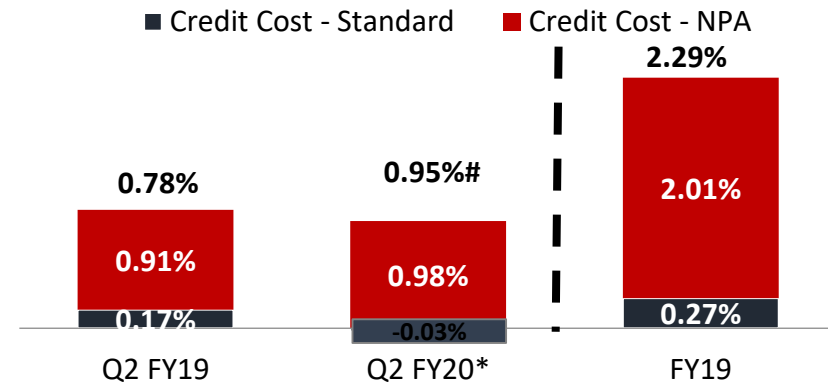


* Q2 FY 20 numbers are merged after amalgamation of Gruh Finance Ltd;

NIM



Credit Cost



Includes additional provision of ₹ 0.50 bn;

Profit & Loss Statement (IN ₹ Billion)



Particulars	Q2 FY 20 (Merged)	Q2 FY 19 (Standalone)	YoY%
Interest Income	26.90	16.06	67.51%
Interest expenses	11.61	5.28	119.89%
Net Int. Income (NII)	15.29	10.78	41.86%
Non Interest Income	3.61	2.30	56.95%
Total Income	18.90	13.08	44.50%
Operating Expenses	5.82	4.34	34.19%
Operating Profit	13.08	8.74	49.66%
Provision (Std. + NPA)	1.46	0.87	67.82%
MTM Loss on Investments	0.00	0.37	-100.00%
Profit before tax	11.62	7.50	54.93%
Tax	1.90	2.62	-27.48%
Profit after tax	9.72	4.88	99.18%

- Q2 FY 20 numbers are merged after amalgamation of Gruh Finance Ltd and hence YoY numbers are not comparable.
- Q2 FY20 includes additional provision of ₹ 0.50 bn.

Balance Sheet (IN ₹Billion)



Particulars	As at	As at	Change %
	30 th Sep 2019 (Merged)	31 st March 2019 (Standalone)	
Capital & Liabilities			
Capital	16.27	11.93	36.38%
Reserves & Surplus	123.89	100.09	23.78%
Shareholder Funds	140.16	112.02	25.12%
Deposits	491.95	432.32	13.79%
Borrowings	165.21	5.21	3071.02%
Other liabilities and provisions	18.36	14.87	23.47%
Total	815.68	564.42	44.52%
Assets			
Cash and balances with Reserve Bank of India	41.98	38.79	8.22%
Balance with Banks and Money at call and short notice	25.63	19.24	33.21%
Investments	139.64	100.37	39.13%
Advances	597.86	396.43	50.81%
Fixed Assets	3.65	3.31	10.27%
Other Assets	6.92	6.28	10.19%
Total	815.68	564.42	44.52%

Credit Rating



Rating of Bank's Financial Securities			
Instrument	Rating	Rating Agency	Amount (₹ in Billion)
Unsecured Subordinated Non - Convertible Debenture	CARE AA-; (Double A Minus) Outlook: Credit watch with developing implications)	CARE Ratings	1.60
	[ICRA]AA (Double A; Outlook: placed on rating watch with developing implications)	ICRA	
Term Loans From Bank	[ICRA]AA (Double A; Outlook: placed on rating watch with developing implications)	ICRA	0.80
Certificate of Deposit	[ICRA] A1+	ICRA	30.00

Our Board & Management



Bandhan
Bank

Experienced and professional team...



Management Team



Chandra Shekhar Ghosh
MD & CEO

- Founder of BFSL, has 27 years of experience in the field of microfinance and development
- Awarded 'Entrepreneur of the Year' by Forbes and ET in 2014



Sudhin Choksey
Executive Director (Designate)

- 35+ years experience in financial industry.
- Previously served as Managing Director at GRUH Finance Limited.



Deepankar Bose
Head, Corporate Centre

- 36+ years experience in banking industry
- Previously served as Chief General Manager and Head Of Wealth Management business, at SBI



Sanjeev Naryani
Head - Business

- 32+ years of experience in banking Industry
- Previously served as Chief General Manager and Head of Real Estate and Housing Business Unit at SBI



Sunil Samdani
Chief Financial Officer

- 19+ years of experience in financial industry
- Previously served as Head of Business Analytics and Strategy at Development Credit Bank and as CFO at Karvy



Santanu Banerjee
Head, HR

- 27+ years of experience in the field of banking and finance
- Previously served as Head of HR Business Relationship at Axis bank



Indranil Banerjee
Company Secretary

- 17+ years experience in financial industry
- Previously served as Company Secretary at Energy Development Company



Biswajit Das
Chief Risk Officer

- 28 years of experience in banking industry
- Previously served as Head-RBS and regulatory reporting at ICICI Bank



Siddhartha Sanyal
Chief Economist and Head Research

- 20+ years of experience in the field of Macro Economic
- Previously served as Director and Chief India Economist at Barclays Bank PLC.



Nand Kumar Singh
Head, Banking Operations and Customer Services

- 27+ years experience in banking industry
- Previously served as Retail Banking Head, Patna Circle, at Axis Bank



Subhro Kumar Gupta
Chief Audit Executive

- 35+ years experience in Banking Industry.
- Previously served as Head Audit at ICICI Bank



Srinivasan Balachander
Chief Compliance Officer

- 20+ years experience in banking industry.
- Previously served as Chief Compliance Officer at Axis Bank Ltd.



Arvind Kanagasabai
Head, Treasury

- 30+ years of experience at a PSU Bank
- Previously served as CFO at SBI DFHHL, Mumbai



Dhruva Jyoti Chaudhuri
Head - Corporate Services

- 28+ years experience in Administration, Infrastructure & Facilities field.
- Previously served as Infrastructure Head at ICICI Bank Ltd.

... backed by a strong independent Board



Board of Directors



Dr. Anup Kumar Sinha

Part-time Chairman

- Economist with Ph.D from University of Southern California
- Served as Professor of Economics at IIM Calcutta for 25 years



Chandra Shekhar Ghosh

MD & CEO

- Has significant experience in the field of microfinance
- Awarded 'Outstanding Leadership Award' by Dhaka University



Bhaskar Sen

Director

- Retired as Chairman & MD of United Bank of India
- Previously, Executive Director of Dena Bank



Chintaman Mahdeo Dixit

Director

- Significant experience in finance and accountancy sector
- Previously, he has worked at Life Insurance Corporation and Indian Bank



Sisir Kumar Chakrabarti

Director

- Previously, Deputy Managing Director at Axis Bank
- Also worked with State Bank of Bikaner and Jaipur prior to joining Axis Bank



Snehomoy Bhattacharya

Director

- Significant experience in public and private banking sector
- Previously worked as Executive Director – Corporate Affairs Axis Bank



Ranodeb Roy

Non-executive Director

- Founder of RV Capital Management Private Limited, Singapore, he was earlier heading Fixed Income Asia Pacific in Morgan Stanley (Asia) Singapore



T. S. Raji Gain

Director

- Significant experience in the field of agricultural and rural development, Previously, she has worked with NABARD
- Currently, Executive Director BIRD



Dr. A S Ramasastry

Director

- Director, Institute for Development & Research of Banking Technology;
- Chairman of IFTAS; company promoted by IDRBT to provide technology services in Banking & financial sectors



Santanu Mukherjee

Director

- Significant experience in public sector Banking in various capacities in SBI Group
- Former MD of State Bank of Hyderabad



Dr. Holger Dirk Michaelis

Nominee Director

- Significant experience in private equity and as strategic advisor to financial services companies
- Currently, he is working at GIC



Harun Rashid Khan

Director

- Retired as Deputy Governor of Reserve Bank of India
- Instrumental in formulation of Payments system Vision 2018 of RBI

Awards and accolades



Businessworld Magna Awards 2019



Bandhan Bank won two awards in the small size bank category at the glittering ceremony of Magna Awards 2019 organised by Businessworld magazine in Mumbai.

1. Best Bank
2. Fastest Growing Bank

'Banker of the Year' award was conferred upon Mr. Chandra Shekhar Ghosh.



Emerging Company of the Year by Economic Times

Bandhan Bank recognized as the Emerging Company of the Year by Economic Times Awards for Corporate Excellence, 2019.

Thank You

investor.relations@bandhanbank.com



Bandhan
Bank