

Investor Presentation – Q3 FY 2018-19



Bandhan
Bank

January 2019

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Key Highlights & Strengths



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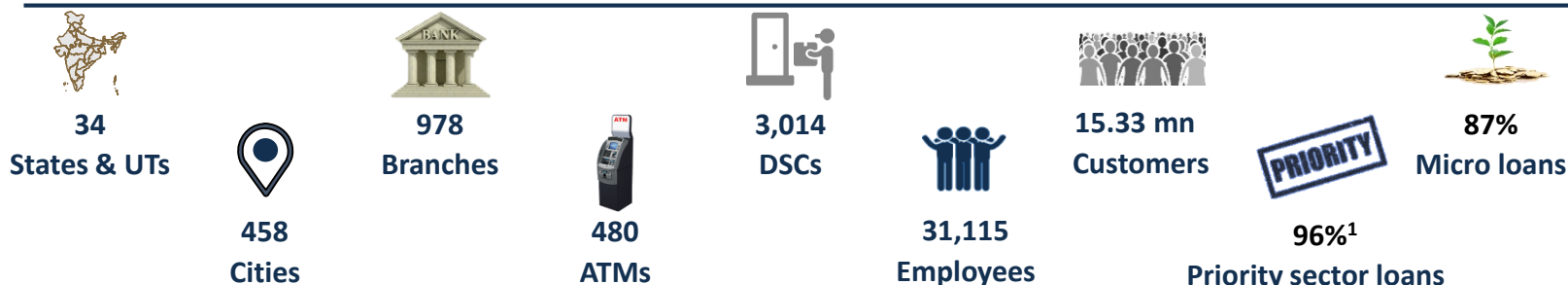
Key Highlights

Bandhan Bank - Overview

- Loan portfolio (on book + off book) for Q3FY 18-19 grew 46.11% Y-o-Y
- Deposits grew by 36.95% Y-o-Y in Q3 FY 18-19; Net NPA at 0.7%
- Retail Deposit to Total Deposit at 84.8%; CASA grew 70.72% Y-o-Y at Rs. 14,342 crore; CASA ratio at 41.4%
- Added 9.22 lakh Customer during the quarter with total customer base reaching to 15.33 million (Micro Banking- 12.15 million and Non Micro– 3.18 million)
- During the 9MFY19, out of ₹ 276.85 crore of PSLC income, ₹ 203.57 crore has been recognized during 9MFY19 of which ₹ 73.28 crore has been recognized during Q3FY19
- During the quarter we have written back treasury investment provision of ₹ 96.50 crore on account of favorable yield curve movement in AFS and HFT portfolio
- Provision of ₹ 384.95 crore made in respect of an exposure to a borrower from Infrastructure development & finance sector, which was classified as non-performing asset and fully provided for during the quarter
- Announced merger with Gruh Finance

Snapshot of operations (Q2 FY 18-19)

Total Deposits	₹ 346.39 bn
Total loans and advances	₹ 356 bn ¹
Net interest margin (NIM)	10.5%*
CASA ratio (%)	41.4 %
ROAA (%)	2.9%*
ROAE (%)	12.5%*



¹ Gross loan portfolio;

* Annualised without one time provision of Infrastructure asset – ROAA - 5.6% & ROAE -21.2%

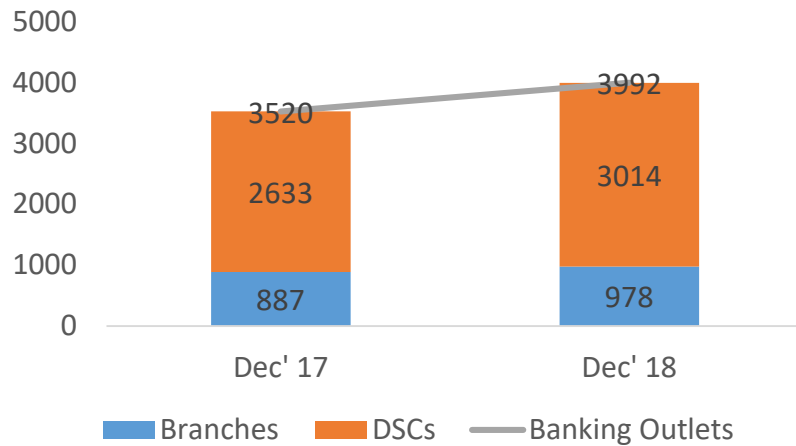
Geographical Distribution



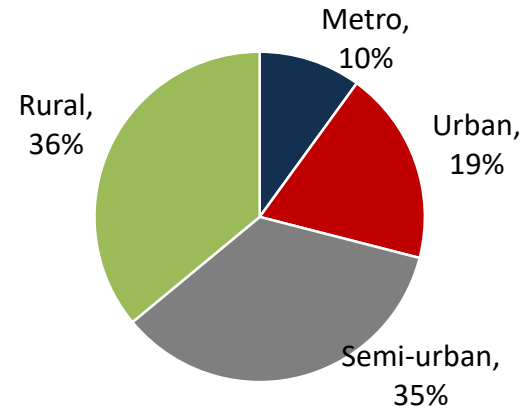
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Geographical Distribution

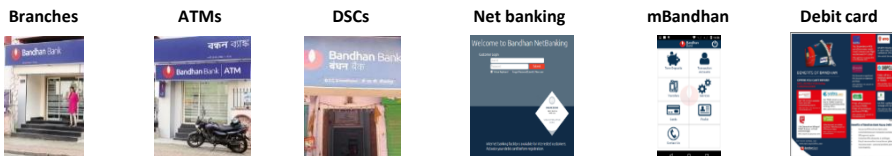
Banking Outlets



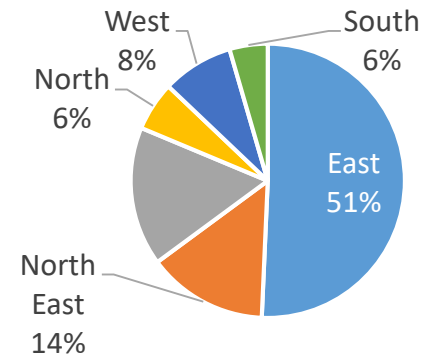
Focus on serving the rural & underbanked population



Multi channel distribution network with a mix of branches and digital



Significant presence in under-penetrated East and North East India

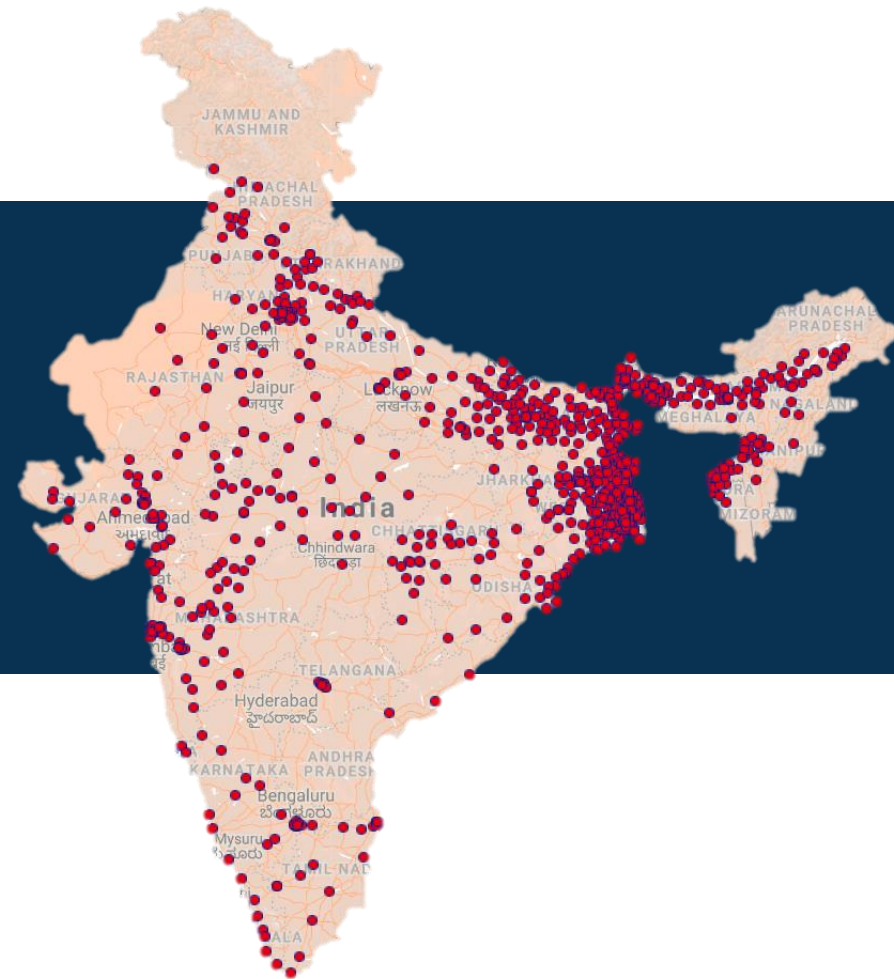


Branch Mix



Present in 34 of the 36 States and Union Territories of India.

Lakshadweep & Daman and Diu are the only ones that do not have a Bandhan Bank presence.



Merger Announcement Overview



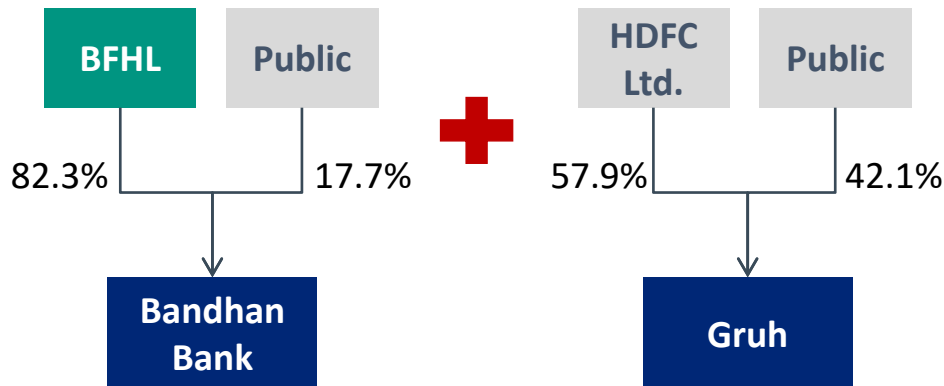
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Transaction Overview

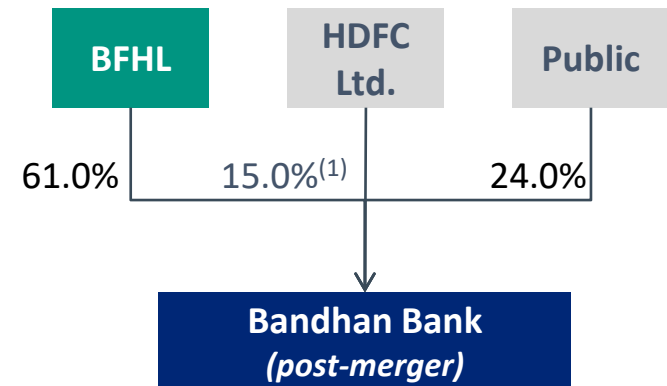


On Jan 07, 2019, the Board of Directors of Bandhan Bank and Gruh Finance approved the merger of Gruh with Bandhan Bank, subject to regulatory and shareholder approvals.

Prior to merger



After merger

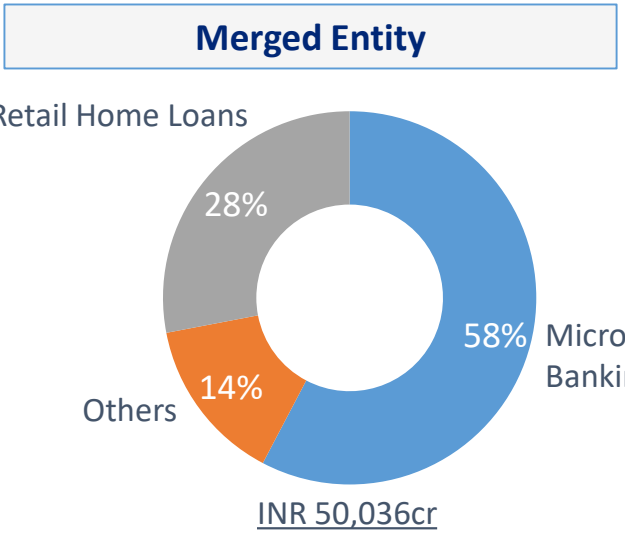
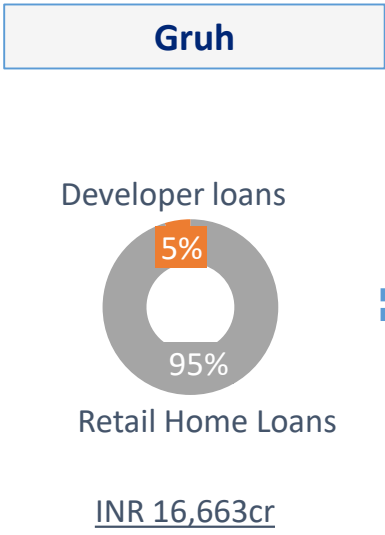
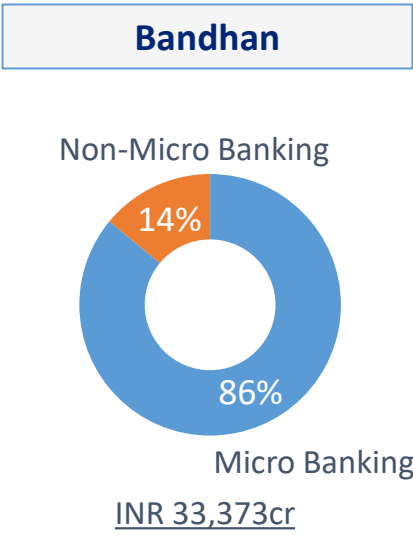


Share exchange ratio: 0.568 : 1 (568 shares of Bandhan Bank for every 1,000 shares of GRUH)
Regulatory approvals required: Reserve Bank of India, Competition Commission of India, others as may be required under extant regulations

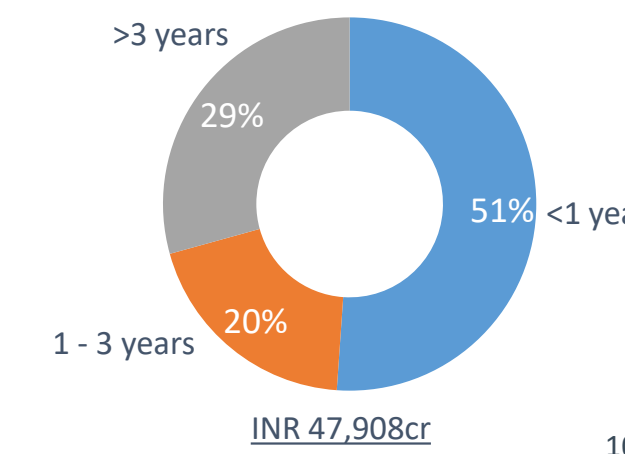
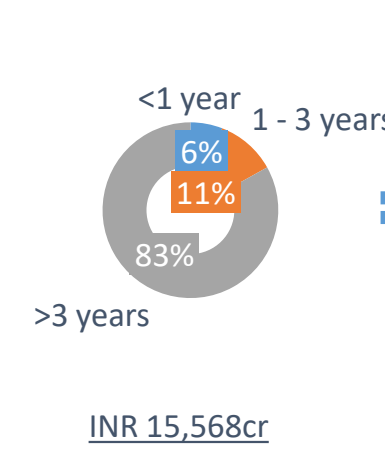
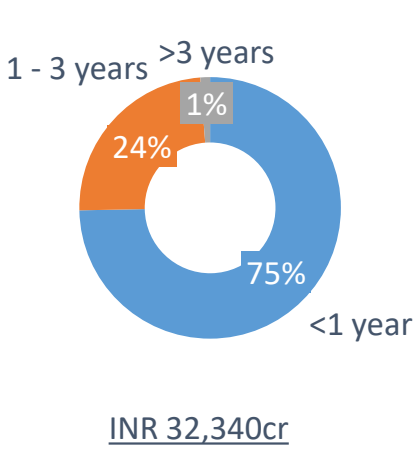
Note: As of September 30, 2018
 1) Subject to RBI approval

Diversification of Loan Book AUM

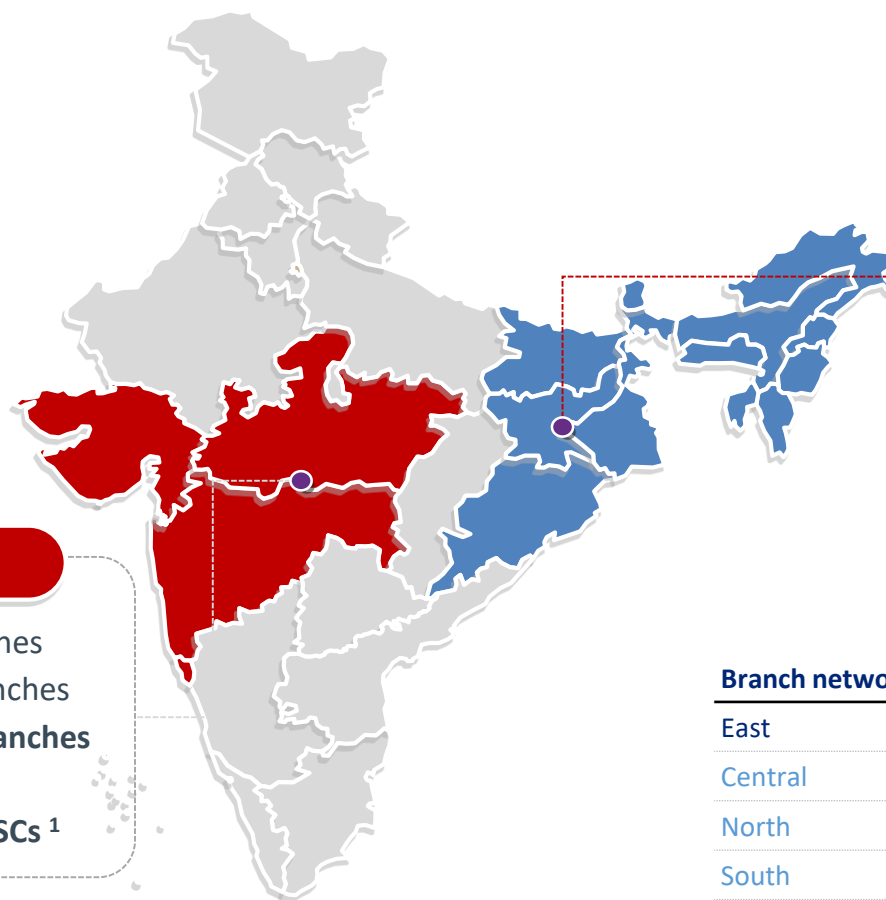
**By product
(September 2018)**



**By loan book duration
(March 2018)**



Complementary Branch Network



West India

Gruh: 99 branches
 Bandhan: 94 branches
Combined: 193 branches
 +
Bandhan: 241 DSCs ¹

East India

Bandhan: 613 branches
 Gruh: 4 branches
Combined: 617 branches
 +
Bandhan: 1,979 DSCs ¹

Branch network	Bandhan	Gruh	Combined
East	613	4	617
Central	135	49	184
North	73	13	86
South	63	29	92
West	94	99	193
Total	978	194	1,172

Note: Bandhan's network is as of December 2018 and Gruh's network is as of March 2018

(1) Doorstep Service Centres

Merged Entity: Footprint & Financial Profile

	Bandhan	Gruh*	Total
Branches	978	194	1,168
Branch + outlets	3,992	194	4,186
Total Customers (lacs)	153	2.0 ¹	155
General Banking Customers (lacs)	32	-	32
Employees	31,115	692 ¹	31,807

Half year ending Sep 30, 2018 ¹ (INR crores)	Bandhan	Gruh	Bandhan + Gruh (proforma) ²
AUM (on book + off book)	33,373	16,663	50,036
PAT (1H FY19)	969	220	1,190
Yields %	15.3%	10.9%	14.1%
Cost of funds %	6.4%	7.6%	6.8%
NIM (Int. earning assets) %	10.3%	4.1%	8.5%
Cost / Income Ratio %	33.7%	15.9%	31.4%
GNPA (%)	1.3%	0.9%	1.2%
ROA %	4.4%	2.6%	3.9%
Avg. Leverage (Assets / equity)	4.5x	10.6x	5.3x
ROE %	19.6%	27.3%	20.7%

(1) Financial ratios are annualized for full year

(2) Proforma financials are based on simple addition of the financial statements of Bandhan and Gruh. The financials are not adjusted for SLR/CRR or other additional requirements that may apply to the combined entity.

Synergies

**Introduce Gruh home loans
through Bandhan network**

**Access to low cost deposit
base for Gruh**

**Deepen micro-banking
footprint in West India**

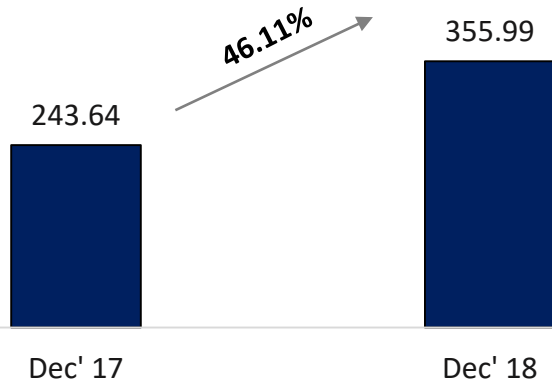
**Access to Gruh's
proprietary operating
systems**

Business Overview

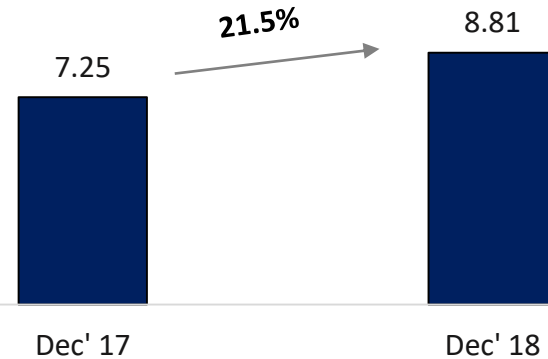


Asset Overview

Advances* Growth (₹ in Billion)



Number of Total Active Borrowers (in Million)

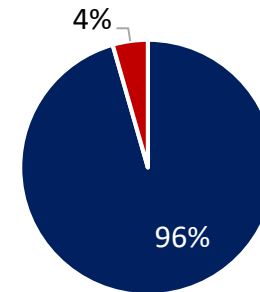


Composition of Advances (in %)



■ Non-Micro Banking Assets ■ Micro Banking Assets

Higher PSL Portfolio

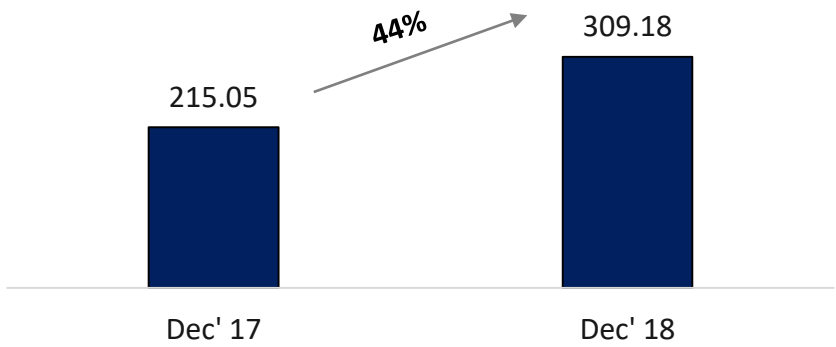


Priority sector advances (as a % of advances) – Q3 FY2018

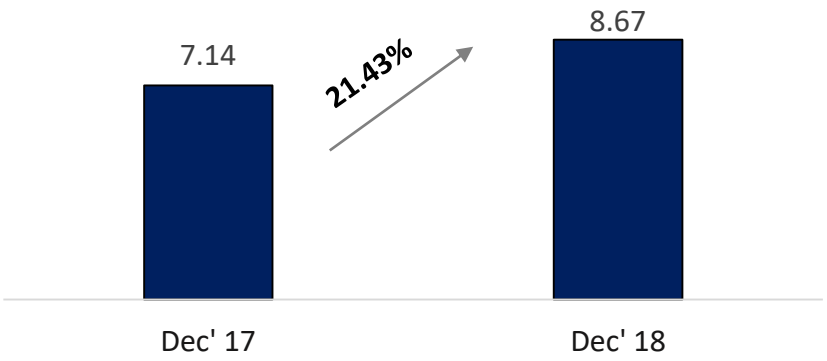
■ PSL Assets ■ Non PSL Assets

Asset Overview

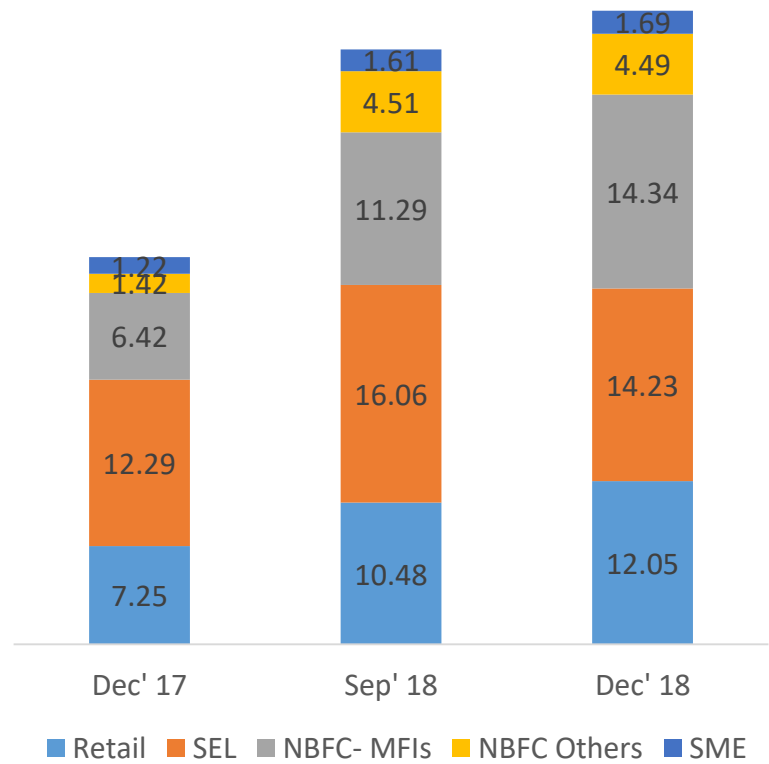
Micro Banking Asset* Growth (₹ in Billion)



Number of Active Micro Borrowers (in Mn)



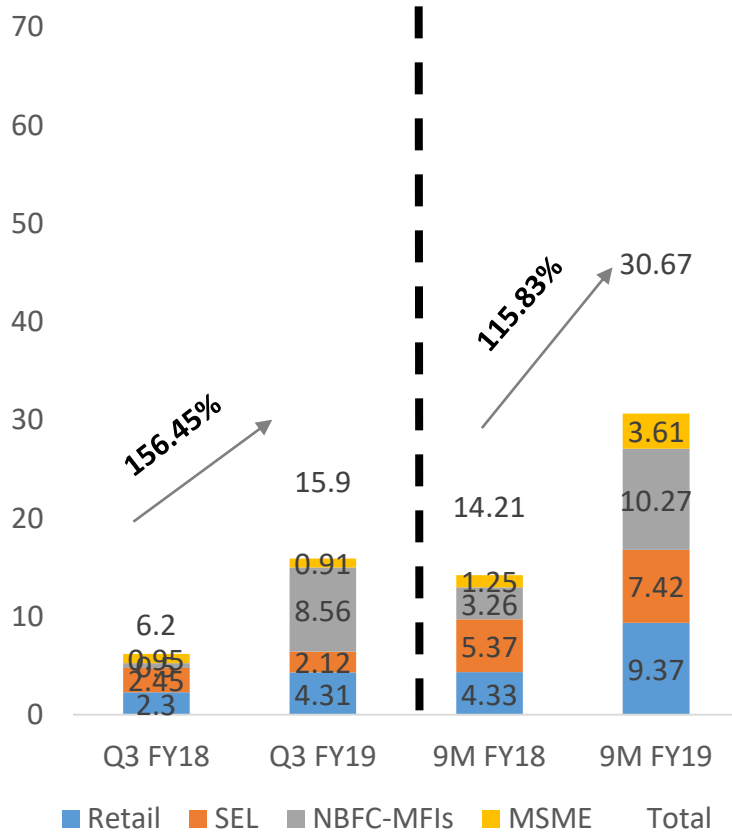
Product wise Advances – Non Micro (₹ in Billion)



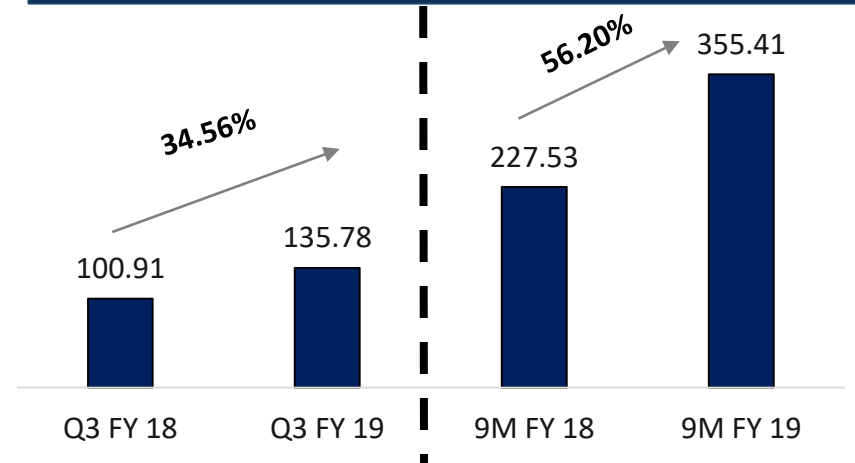
*On Book + Off Book

Disbursement

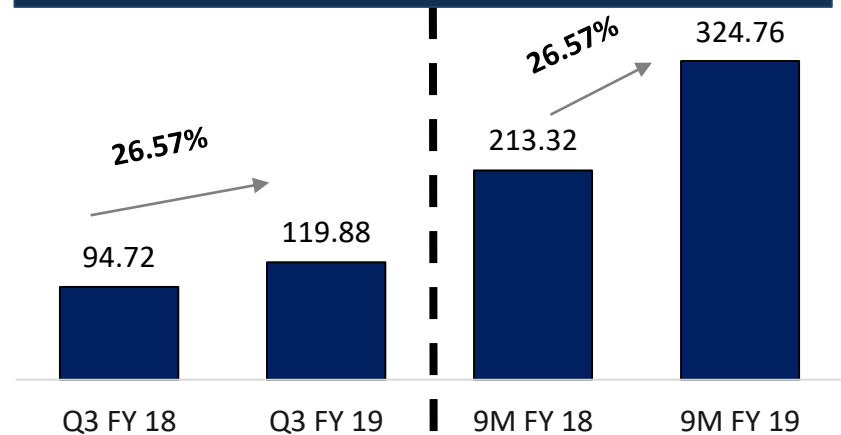
Product wise Disbursements – Non Micro (₹ in Billion)



Total Disbursements - (₹ in Billion)



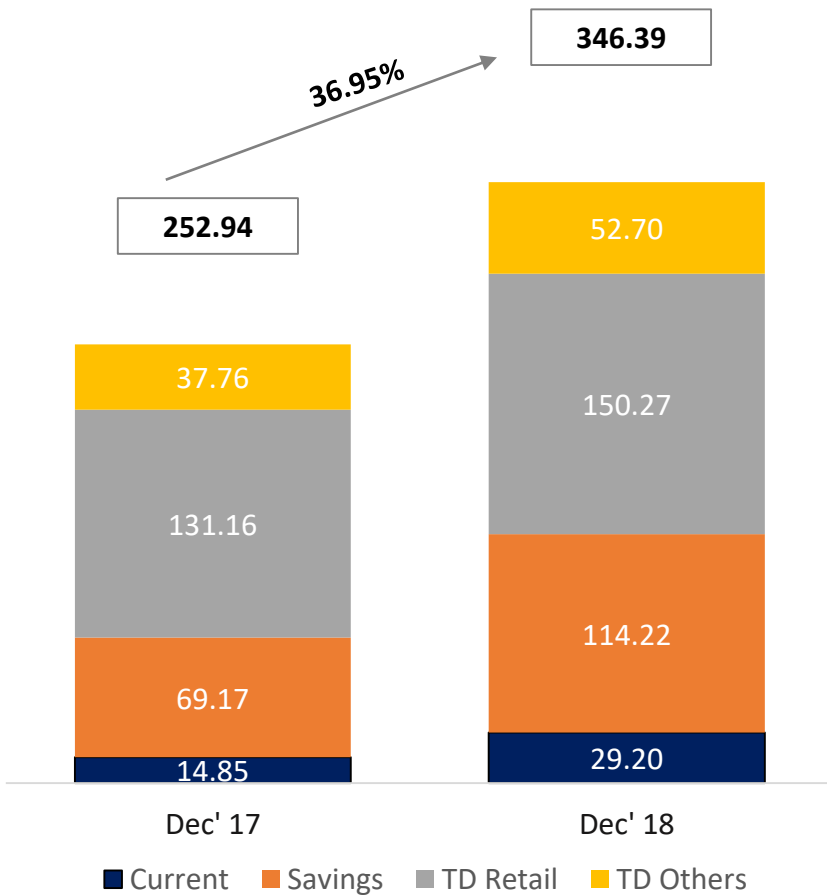
Micro Loan Disbursements (₹ in Billion)



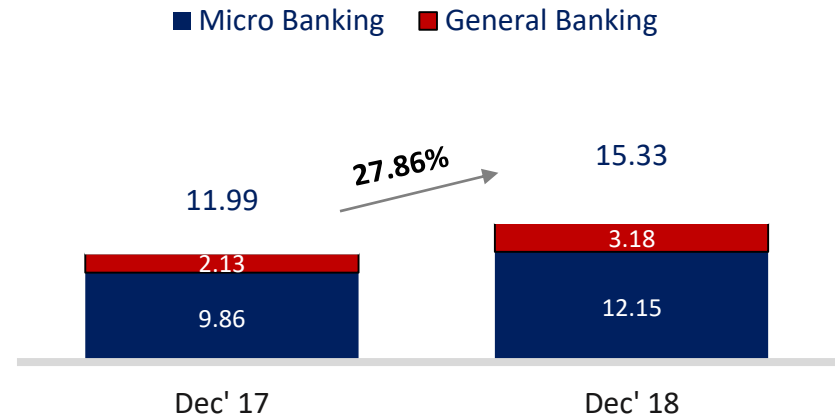
Liabilities Profile



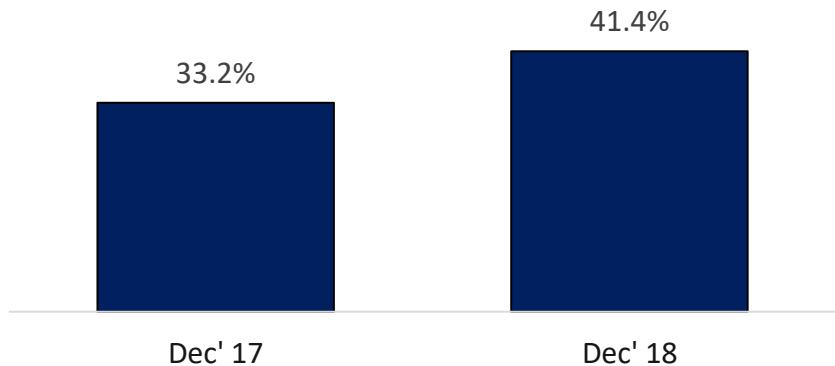
Deposits Growth (₹ in Billion)



Number of Customers (in Million)



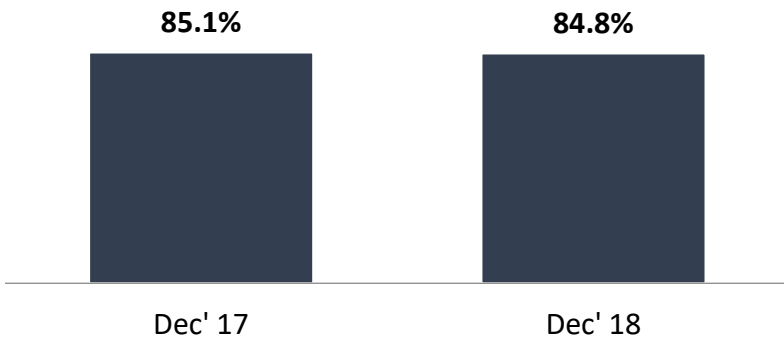
CASA (%)



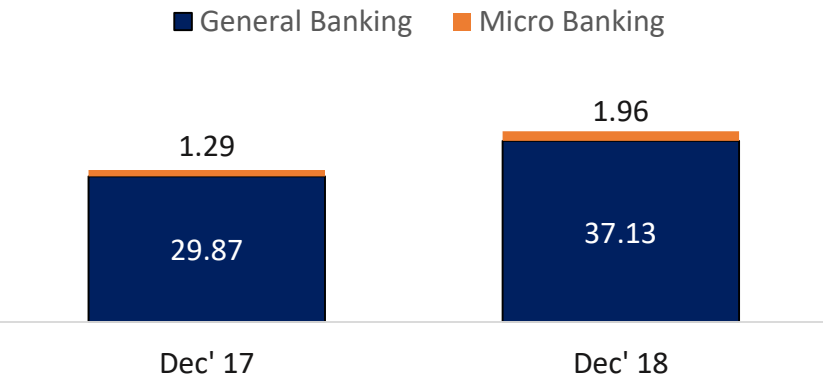
Liabilities Profile



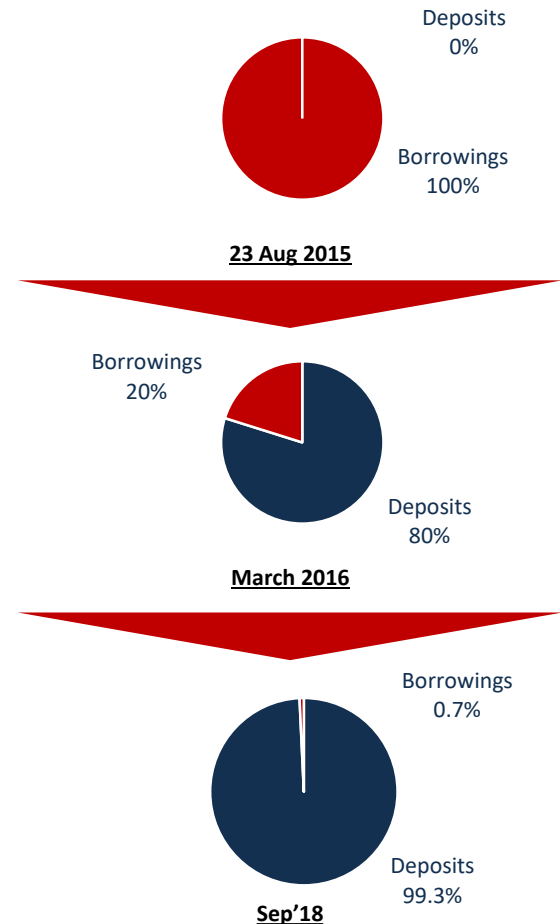
Retail to total Deposits (%)



Average SA Balance (₹ in 000')



Moving towards a more stable and cheaper source of funding



Credit Rating

Rating of Bank's Financial Securities			
Instrument	Rating	Rating Agency	Amount (₹ in Billion)
Unsecured Subordinated Non - Convertible Debenture*	CARE AA-; Stable (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	15.00

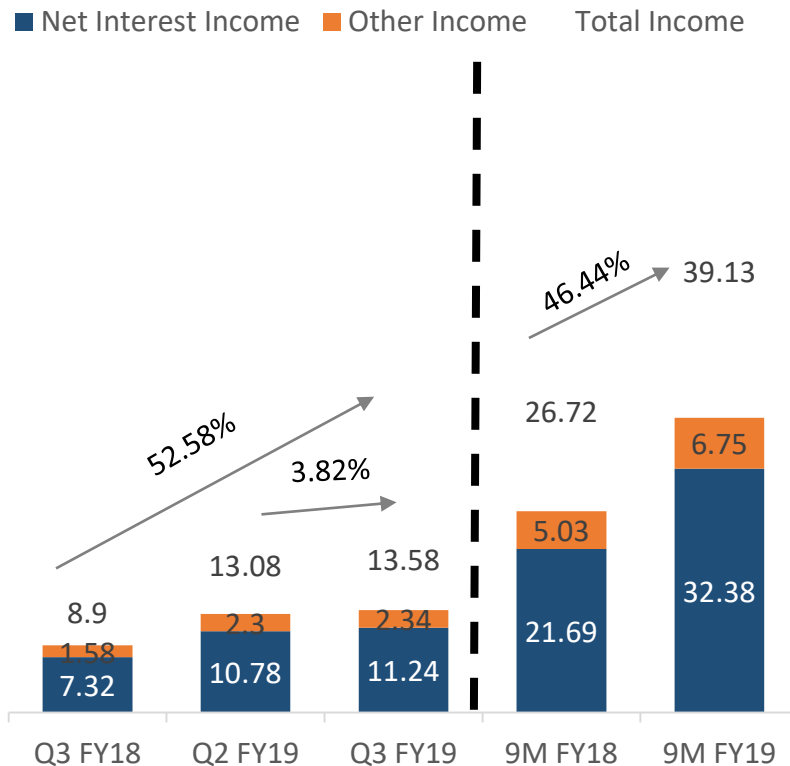
Financial Overview



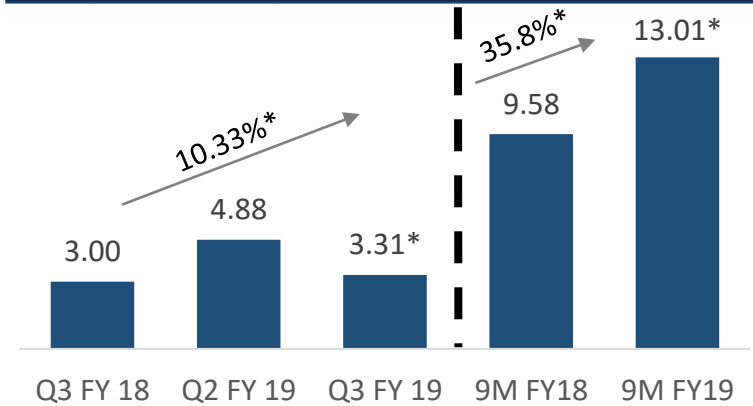
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Financial Performance

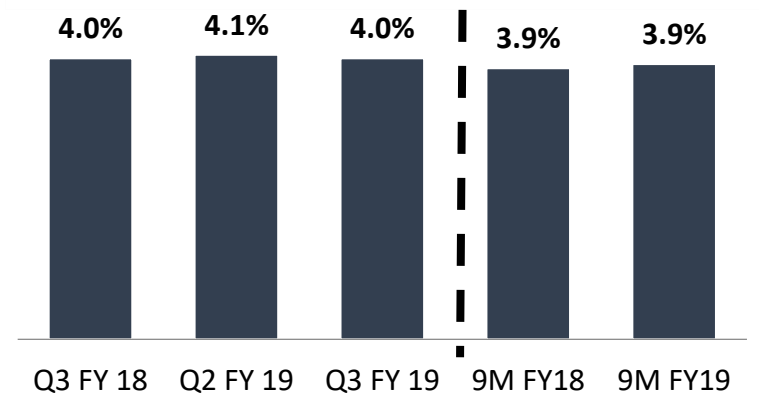
Total income (₹ in Billion)



PAT (₹ in Billion)



Operating expenses to Average Assets (%)

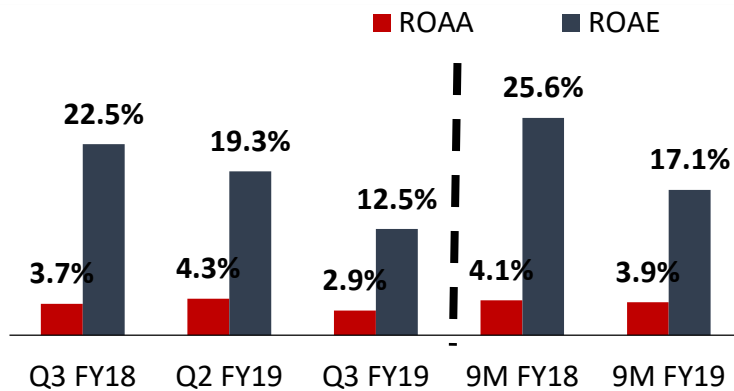


*Includes one time provision for NBFC asset; PAT without one time provision at 5.79 bn – up 93% YoY

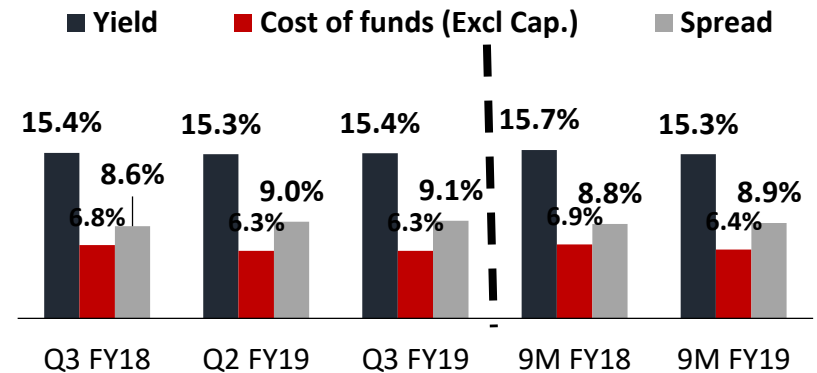
Financial Performance



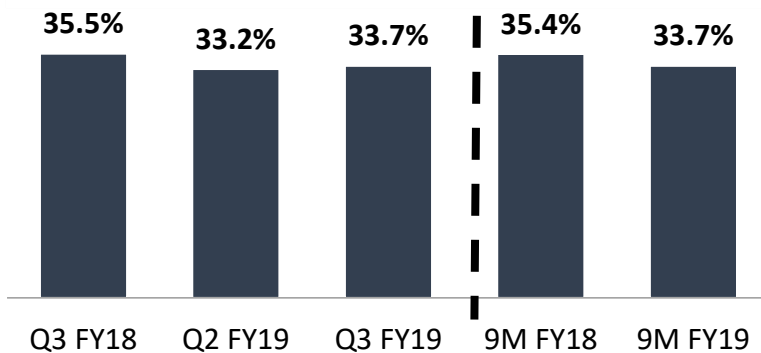
ROAA & ROAE*



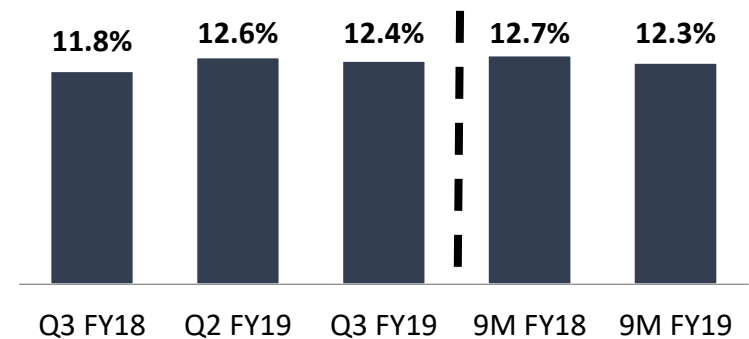
Spread %



Cost to Income Ratio



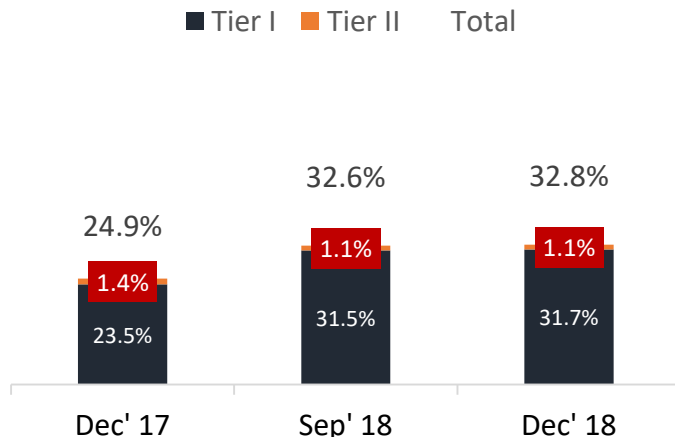
Fee Income to Total Income Ratio



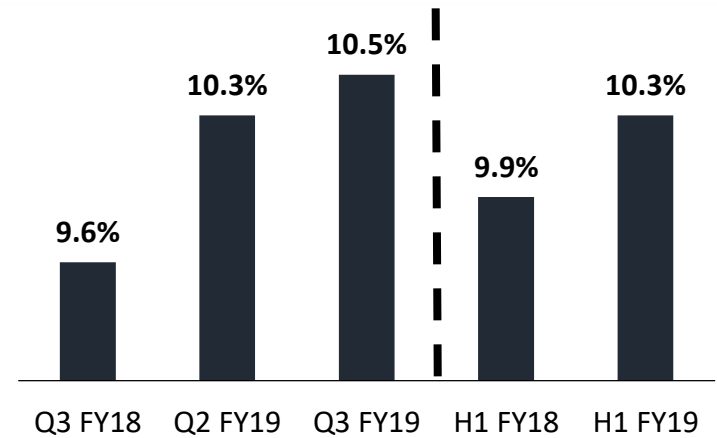
* Annualised & Monthly Average; ROAA for Q3FY19 at 5.6% & ROAE for Q3FY19 at 21.2% without one time provision

Financial Performance

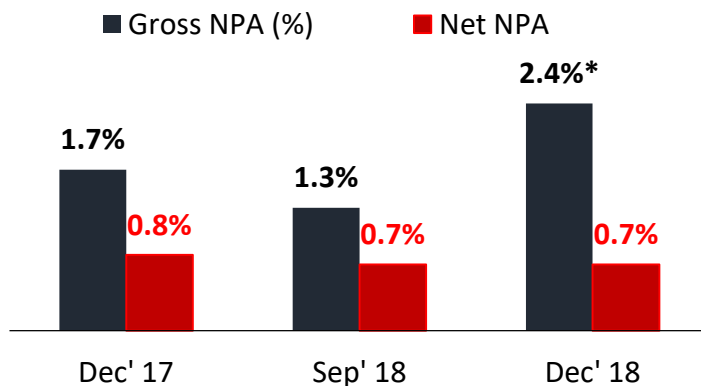
Capital Adequacy Ratio



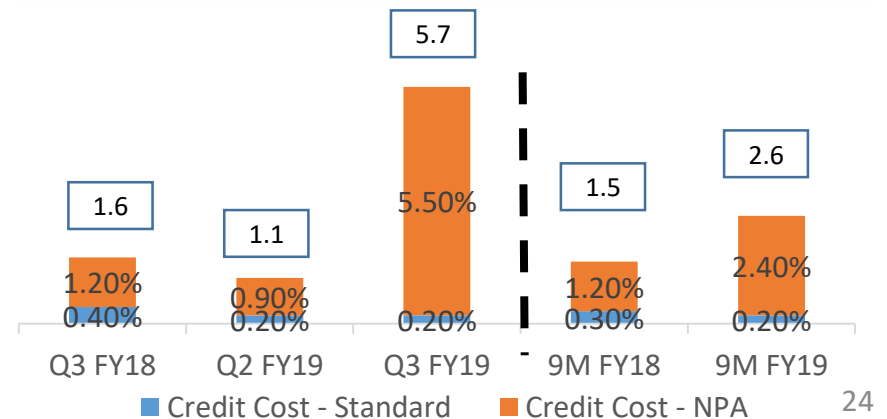
NIM



Gross NPA and Net NPA



Credit Cost



*Without Single NBFC Asset provision - GNPA at 1.3%; Credit Cost at 1.1% for Q3 FY19

Profit & Loss Statement (IN ₹ million)



Particulars	Q3 FY 19	Q3 FY 18	YoY%	Q2 FY 19	QOQ%	Dec-18	Dec-17	YoY%
Interest Income	16,496	11,782	40.01%	16,057	2.73%	48114	34517	39.39%
Interest expenses	5,255	4,465	17.69%	5,282	-0.51%	15727	12829	22.59%
Net Int. Income (NII)	11,241	7,317	53.63%	10,775	4.32%	32387	21688	49.33%
Non Interest Income	2,341	1,582	47.98%	2,304	1.61%	6752	5028	34.29%
Total Income	13,582	8,899	52.62%	13,079	3.85%	39139	26716	46.50%
Operating Expenses	4,577	3,155	45.07%	4,339	5.49%	13189	9453	39.52%
Operating Profit	9,005	5,744	56.77%	8,740	3.03%	25950	17263	50.32%
Provision (Std. + NPA)	4,742	889	433.41%	868	446.31%	6193	2260	174.03%
MTM Loss on Investments	-965	336	-387.20%	374	-358.02%	-374	391	-195.65%
Profit before tax	5,228	4,519	15.69%	7,498	-30.27%	20131	14612	37.77%
Tax	1,916	1,519	26.14%	2,621	-26.90%	7125	5035	41.51%
Profit after tax	3,312	3,000	10.40%	4,877	-32.09%	13006	9577	35.80%

Balance Sheet (IN ₹Million)



Particulars	As at 31 st Dec 2018	As at 31 st Dec 2017	YoY%
Capital & Liabilities			
Capital	11,928	10951	8.92%
Reserves & Surplus	93,460	43090	116.89%
Shareholder Funds	1,05,388	54,041	95.01%
Deposits	3,46,393	252940	36.95%
Borrowings	2,600	13307	-80.46%
Other liabilities and provisions	13,566	11904	13.96%
Total	4,67,947	3,32,192	40.87%
Assets			
Cash and balances with Reserve Bank of India	27,761	12587	120.55%
Balance with Banks and Money at call and short notice	6,827	11332	-39.75%
Investments	86,181	72912	18.20%
Advances	3,38,729	229307	47.72%
Fixed Assets	2,342	2330	0.52%
Other Assets	6,107	3724	63.99%
Total	4,67,947	3,32,192	40.87%

Our Board & Management



Bandhan
Bank

Experienced and professional 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



Mahendra Mohan Gupta
Head, Legal

- 34+ years experience in the legal, finance and banking industry
- Previously worked as DGM- Legal at ICICI Bank



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



Santanu Banerjee
Head, HR

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



Sunil Samdani
Chief Financial Officer

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



Vijay kumar Ramakrishna
Chief Information Officer

- 22+ years of experience in the field of technology
- Previously worked as Group Manager of Intuit India and as Chief Technology Officer of Yes Bank



Biswajit Das
Chief Risk Officer

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



Subhro Kumar Gupta
Chief Audit Executive

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



Arvind Kanagasabai
Head, Treasury

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



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



Sourav Kar
Chief Compliance Officer

- 27+ years of experience in banking industry
- Previously served as Regional Business Manager - Liability Sales at ING Vysya Bank



Nicky Sharma
Chief Strategy Officer

- 10+ years of experience in the field of technology & Finance
- Previously served as Associate Director at PWC, Gurgaon



Indranil Banerjee
Company Secretary

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



Saurabh Jain
Head - Wholesale Banking

- 17+ years of experience in banking industry
- Previously served as Vice President & Head - Business Banking Products, Private & Commercial Clients at Deutsche Bank AG

... backed by a strong independent Board



Board of Directors



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



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



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



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



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



Chintaman Dixit
Director

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



Snehomoy Bhattacharya
Director

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



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



Santanu Mukherjee
Director

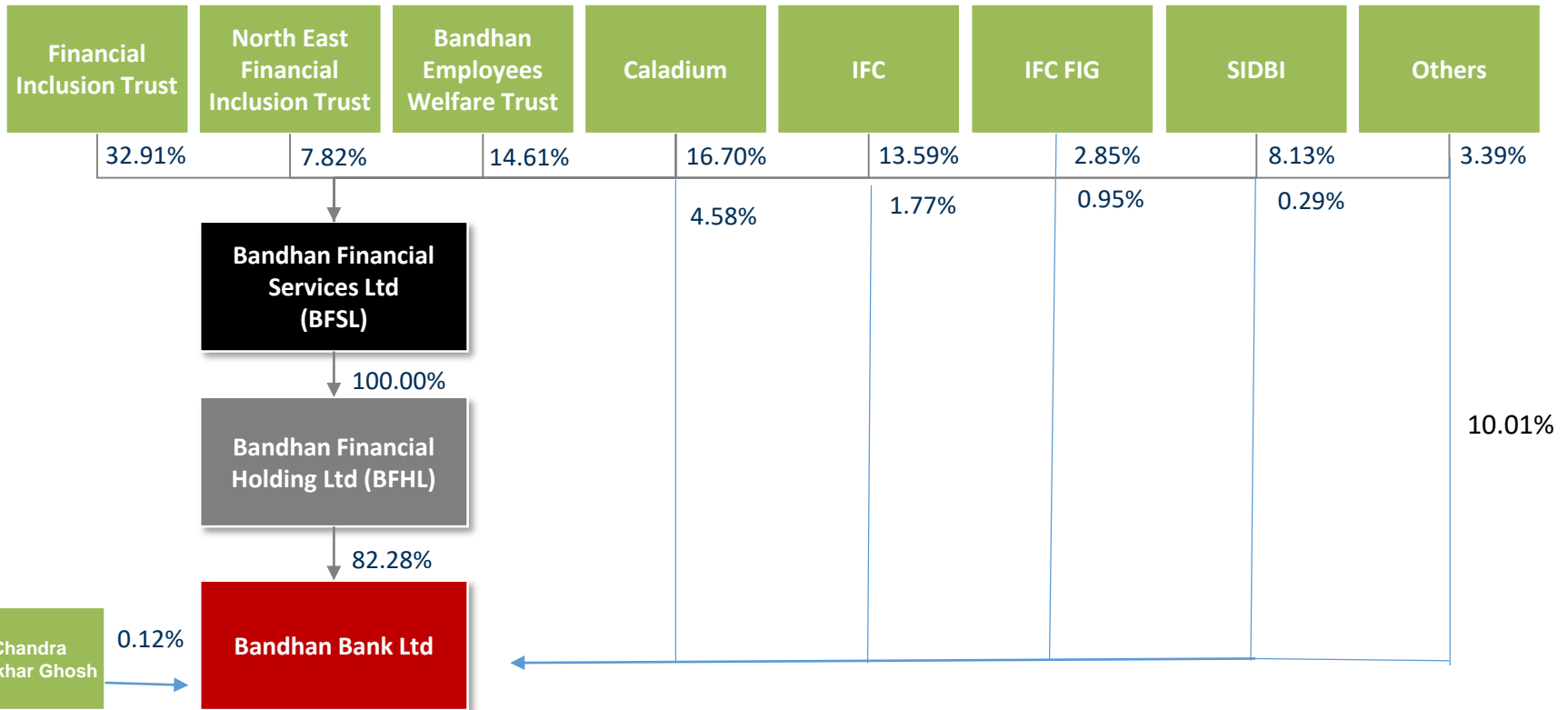
- Significant experience in public sector Banking in various capacities in SBI Group
- Former MD of State Bank of Hyderabad



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

Bandhan Group structure & shareholding



Awards and accolades



MFIN Microfinance Award 2018

Bandhan Bank received the **MFIN Microfinance Award 2018 – In Pursuit of Excellence’** in the following two categories:

1. Risk and Resilience Framework
2. Microfinance Plus Activities

Pride of Bengal

Mr. Chandra Shekhar Ghosh, MD & CEO, Bandhan Bank Ltd. received the **Pride of Bengal** award on June 30, 2018, at Kolkata.

Pride of Bengal is an inspirational award instituted by Round Table India (RTI). The award honours individuals who have significantly contributed in their own fields and have made Bengal proud in the global arena.

Entrepreneur with Social Impact

Bandhan Bank won the ‘Entrepreneur with Social Impact’ Award at the first edition of the **CNBC-AWAAZ CEO Awards 2018** presented by the Chhattisgarh Government.

The event was graced by Honourable Chief Minister of Chhattisgarh, Shri Raman Singh,.



Awards and accolades



Aadhaar Excellence Awards 2018

Bandhan Bank bagged Aadhaar Excellence Awards in the following categories :

- Best Performing Bank in terms of Aadhaar Generation and update using online client
- Ranked 4th in Achievers awards for opening highest percentage of Aadhar Centre as per given target.



TiECON Kolkata Super Star Awards

Mr. C.S. Ghosh, MD & CEO, Bandhan Bank, was felicitated at the TiECON Kolkata Super Star Awards 2018.

The Executive Council and the Board of TiE Kolkata Chapter recognized his illustrious achievements in the banking and microfinance industry.



Best Bank of the Year 2018

Bandhan Bank was declared the **Best Bank of the Year 2018** at Moneycontrol's 'The Wealth Creator Awards'. Shri Suresh Prabhu, Minister of Commerce & Industry, and Civil Aviation, graced the event as the Chief Guest and gave away the awards.

Thank You



**Bandhan
Bank**