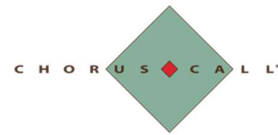




“Bandhan Bank Limited
Recent Development (MD & CEO Retirement)
Conference Call”

April 08, 2024



MANAGEMENT: **MR. CHANDRA SHEKHAR GHOSH – FOUNDER -
MANAGING DIRECTOR AND CHIEF EXECUTIVE
OFFICER – BANDHAN BANK LIMITED**
**MR. RATAN KUMAR KESH – EXECUTIVE DIRECTOR
AND CHIEF OPERATING OFFICER – BANDHAN BANK
LIMITED**
**MR. RAJINDER KUMAR BABBAR – EXECUTIVE
DIRECTOR AND CHIEF BUSINESS OFFICER – BANDHAN
BANK LIMITED**
**MR. RAJEEV MANTRI – CHIEF FINANCIAL OFFICER –
BANDHAN BANK LIMITED**
**MR. VIKASH MUNDHRA - HEAD OF INVESTOR
RELATIONS – BANDHAN BANK LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Bandhan Bank Limited Conference Call on Recent Developments. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the initial remarks conclude. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikash Mundhra, Head, Investor Relations. Thank you, and over to you Sir.

Vikash Mundhra: Thank you, Michelle. Good morning, everyone, and a warm welcome to all the participants. It's our pleasure to welcome you all in this conference call, which is to discuss the recent development in the bank, that is the announcement of retirement by our MD and CEO, Mr. Chandra Shekhar Ghosh.

To answer your queries regarding the same, we have with us our (a) Founder, Managing Director and CEO - Mr. Chandra Shekhar Ghosh; (b) Executive Director and Chief Operating Officer - Mr. Ratan Kumar Kesh; (c) Executive Director and Chief Business Officer - Mr. Rajinder Kumar Babbar; (d) Chief Financial Officer - Mr. Rajeev Mantri; and (e) myself, Vikash Mundhra - Head of Investor Relations.

Before I hand over the call to Mr. Ghosh, a disclaimer from our end that this conference call is limited to the discussion on the recent development in Bandhan Bank, that is the retirement announcement of Mr. Ghosh. Given we are in a silent period, no financials or forward-looking strategies will be discussed.

Now I would like to hand over the call to Mr. Ghosh. Over to you, sir.

Chandra Shekhar Ghosh: Thank you Vikash. Namaskar. Good morning to all of you. Thank you for joining this call at a short notice. I would also like to place on record that today's discussion will be limited to my decision of retirement from Bandhan Bank and we will not talk about business figures as we are in a silent period.

Friends and investors, as you are aware, I have decided to retire from my position as Managing Director & CEO when my current term ends on July 9th, 2024. My decision to retire was made voluntarily by me with due consideration and with a deep commitment to the continued success of our organization. I am not bidding farewell to our Bandhan family. I am transitioning to a higher strategic role at the holding company level. In my new role, I will pursue a strategic responsibility where I can leverage my experience and insights to contribute to the group's overall growth and prosperity. My dedication to our bank's vision, goal and purpose remains strong.

I want to thank all the stakeholders & investors for placing their trust in Bandhan Bank and me. When we began this journey, we set out with a vision to create a financial institution that would not only stand the test of time but also serve as a catalyst for economic growth and prosperity specially in financial inclusion. I am proud to say that we have a team of exceptionally talented

individuals within our organization, individuals whose dedication and expertise have been instrumental in driving our growth. The Bank has a very strong and capable senior management who are ready to take the bank into the next leap of growth. I am fully confident that Bandhan Bank's growth story is secure and in very safe and capable hands.

I know many of you have a question about the timing of the announcement, which I would like to respond to. I started Bandhan 24 years ago and I have been fortunate to oversee the transformation of this institution from a small NGO in Eastern India to the largest MFI to a universal bank across the country – 35 states and Union Territories. Over the last few years, we have built our commercial and retail assets business and added further products and capabilities. Today, the Bank has a diversified portfolio and across geographies.

As you are aware, in the recent past, we have enhanced the Bank's leadership with our two Executive Directors (Ratan Kumar Kesh and Rajinder Kumar Babbar), CFO – Rajeev Mantri, Head of Mortgages and Retail Assets – Santosh Nair, who are working closely with other senior leaders in the Bank. This team is ready to take the Bank to the next level. In addition to the team being in place, I am also seeing that business momentum has come back with good assets and liabilities growth, and improvement in portfolio quality. You would have seen our initial disclosure numbers as of 31 March 2024 in this regard.

I felt that this is therefore an appropriate time for me to take this call, as we have completed a full business cycle (April to March). It also gives the Board & the selection committee time to identify and appoint my successor under the Succession Plan that the Bank has in place. I want to once again assure all of you that the Bank is ready to take the next leap of growth with capable leadership.

I have assured the board that I will be available for any guidance or advice. On behalf of the board, I can also assure you that we will ensure a smooth transition. It has been an honour and a privilege to serve as the MD & CEO of a great institution, and I look forward to the exciting opportunities that lie ahead for our bank and the group as a whole. Thank you.

Vikash Mundhra:

Thank you, sir. Michelle, we will take queries now.

Moderator:

Thank you very much sir. We have a question from the line of Sameer Bhise from JM Financial. Please go ahead.

Sameer Bhise:

Hi, good morning. Thanks for the opportunity. Just wanted to get a sense whether Mr. Ghosh will continue as a Non-Executive Director on the Board of the bank. And secondly, has there any communication been with respect to RBI, especially after the Board had sent its recommendation around three months back. So clarity on these two will be helpful.

Chandra Shekhar Ghosh:

Thank you. So on to your first question if you see that last 24 years, I developed this institution from scratch to this position. And my involvement has been totally operational till now. So I need now to take some strategic role at the holding company level, not at a board level of the bank. So that is my plan.

Sameer Bhise:

Any communication from RBI?

- Chandra Shekhar Ghosh:** No, no communication from RBI.
- Sameer Bhise:** No communication from RBI?
- Chandra Shekhar Ghosh:** Yes, I have not received any communication from RBI.
- Sameer Bhise:** That's all from my side. Thank you.
- Chandra Shekhar Ghosh:** Thank you.
- Moderator:** Thank you. The next question is from the line of Suresh Ganpathy from Maquarie. Please go ahead.
- Suresh Ganpati:** First question, is the resignation with the immediate effect or you will continue till July 9 or what exactly is the status there?
- Chandra Shekhar Ghosh:** Mr. Ganpathy, I would like to repeat that it is my retirement announcement, not resignation. In July 2024, I will complete my tenure. So before that, I have disclosed to the Board and to the market to all of you that I will not continue after the 9th of July 2024 as a MD & CEO. So that is my disclosure.
- Suresh Ganpathy:** Sure. Thanks for that clarity. Sorry for this and apologies on my behalf. The second question is on, sir, just to understand the timing here because, I mean, I know these are very difficult decisions to take. But when the Board recommended your name 3 months ago, the problem of the Board now faces is your own desire to retire. Right now, they will have to find and scout for an external candidate. All this process takes time.
- RBI does its own two, three months of due diligence. Had you taken a decision a bit more earlier and the Board would have been clearer now. I just want to know how exactly this entire transition period will play out because I'm very sure perhaps by July 9, we may not really find a replacement for you, sir, because RBI takes its own time for due diligence, there could be an external candidate also which the Board might have to give. How will this play out? And why was the decision not taken earlier before the Board sent your name to the Reserve Bank of India as a candidate for the next tenure.
- Chandra Shekhar Ghosh:** No. Thank you. First, I'd like to give response to the 2 points from your discussion or some others also may like to know. What is the timing on my retirement? My timing point is that I again repeat, 24 years ago, I started this institution from scratch and built to this position today. 10 years before, April 2, 2014, I received the in-principle license from the Reserve Bank of India, I thank RBI for that.
- The next 15 months, I spent time operationalising everything and prepared to start the bank. After that, you know that the first 3 years, I was running the bank, to build up this deposit model which is the best way to gain confidence in the bank. The listing was also done, though we faced demonetization. And over the next two years, I needed to dilute the stake as a promoter. At that time, we have undertaken a merger of the Gruh, over 2019-20 - 2 years.

And next 2 years, 2021 and 2022 was my worst time in my life, we were hit by the pandemic. And I did get the time to think anything on my retirement. After that, 2022 to 2023, I saw a very good improvement but not a full improvement in the operations of the bank. Then I had not yet decided about retirement. And when I came to, the 2023, 2024, and I think that the business momentum has been very good. And in October 2023, if you recall, we have seen the biggest transformation of IT, which is the CBS. And I needed to stabilize it.

And if you see that during that period, in November 2023, my Board decided to extend my term and submit it to RBI. I could not say anything because at that time, for the bank it was important and very crucial for the IT transformation implementation - the CBS in October and November, December. And of course, finally, I felt that we should complete April to March total year (FY24). If you see that in April, on the 4th, we submitted the initial business update, and on 5th I decided to retire. By this time, if you see all of my senior management team have joined over the last quarter.

So I felt and I got the confidence to make my decision. One executive director joined one year before and I have involved him in everything on the institution. And the joining of another executive director in March, and also the CFO in the March, helped me to make a very confident decision. I feel that they are in a good capacity to go ahead.

For this reason, I felt it's the right time to make the announcement. And you also know that in every bank, we also have a business continuity plan. We are planning that if within three months we do not identify a successor, in the interim period, someone internally will take the role of interim CEO until that final one will be happen. But we are trying to best to complete the process on time. Thank you.

Moderator: The next question is from the line of Mahrukh Adajania from Nuvama. Please go ahead.

Mahruk Adajania: So I guess you partly answered that question in the previous question. Basically, how long do you think will the process of finalizing a list of candidates from your side take, from the bank side take, right, because we are possibly running out of time now? You'll need a new CEO in place by July, RBI takes its own time. So how soon will the bank be ready with a list according to you?

Chandra Shekhar Ghosh: Whatever, our experience in the earlier selections, when we selected two executive directors on the basis of that experience we need a minimum three months of time for selection of candidates and then it will to go to RBI and then whatever is the time taken by RBI for approval

Mahruk Adajania: Okay. So there will be an interim CEO most likely till the whole thing gets finalized?

Chandra Shekhar Ghosh: As I retire on 9th of July, in the first week of July we'll decide what is the position and accordingly, the Board can be decide on next steps.

Moderator: The next question is from the line of Rahul Jain from Goldman Sachs. Please go ahead.

Rahul Jain: Thanks for sharing your candid perspective. Just again to repeat and understand the next steps the bank and the Board would take. So as I understood from your last response, post 9th of July,

there will be an interim MD and CEO till you appoint the new MD and CEO, which could take a couple of more months. Is it the right way of thinking in terms of the next steps the bank and the Board could take?

Chandra Shekhar Ghosh: This is actually the process in the banking industry

Rahul Jain: The second is, sir, in terms of your business strategy. So to bucket into two, one is the balance sheet strength, of course, the bank has come a long way from post-COVID, how much more work is spending in terms of the clean-up, in terms of recovery, there is an outstanding CGFMU issue also that's facing the bank. And second bucket is in terms of growth and profitability, and of course, the retail evolution, how should we think about the strategy henceforth in your last 3 months' period of the bank? And even following that?

Chandra Shekhar Ghosh: No, if you see Rahul, you know that it is a silent period. I would not like to talk.

Rahul Jain: Not in terms of the number, sir, but just in terms of...

Chandra Shekhar Ghosh: I will say that. Please give me the chance to complete. I built up Bandhan Bank to an institution and it took a long time and I learned a lot of things. And I have planned with my senior team a good strategic plan, which is possible to execute. My team and myself have engaged on this plan in March and I hope a realistic strategic plan has been prepared.

And when the results will be out, my team along with myself will clarify how we are strategically positioned to reach our goal. But I have a very good confidence in my team and the strategic plan to succeed.

Rahul Jain: Got it. Thank you, sir. And wish you good luck in your next ventures. Thank you so much once again.

Moderator: Thank you. The next question is from the line of Nitin Agrawal from Motilal Oswal. Please go ahead.

Nitin Agrawal: So sir, like you've been on the most senior when it comes to MFI and inclusive banking. If you were to look back over the past two years, what are one or two things that you think the bank would have done better?

Chandra Shekhar Ghosh: So if you see that I've been very passionate with a micro finance, no doubt on that. And it will continue because it is -- has given the chance to me to reach to this level because of the people who are at the bottom of the pyramid, they have a need for financial services. And we have built up a very strong franchise. And the pandemic has given us lot of opportunities to correct the model. And a lot of new things have been introduced and improved and accordingly, it is driving in a very positive way in the future.

And simultaneously in last couple of years, we have built up our senior level of the team to understand the micro finance. If you see that the heads of this team, carry monthly visits to the micro credit branch and a group meeting to understand the business better. And I feel that, they are good enough for the knowledge and experience on micro finance.

Second nearly 1 year before, we recruited our business head Vishal Wadhwa, who has taken the charge of the EEB business. He is a seasoned banker and he has been already taken charge, and I have a very good confidence on him and his team to continue the same way and implement the strategy of the bank.

Nitin Agrawal: Right, sir. And the other question, you did share earlier that there has been no communication from RBI on your decision to step down. But has there been any exchange of words or thoughts with RBI after you announced the retirement?

Chandra Shekhar Ghosh: It is totally my voluntary decision. So, I informed the appropriate level of my board and accordingly, it will follow due process.

Nitin Agrawal: Sure, sir. Thank you so much and wish you all the best.

Chandra Shekhar Ghosh: Thank you.

Moderator: Thank you. The next question is from the line of Depanjan Das from PTC Financial Services. Please go ahead. Mr. Depanjan Das, I have unmuted your line. Kindly proceed. As the current participant is not answering, we'll move on to the next question, which is from the line of Param Subramaniam from Nomura. Please go ahead. Mr. Param Subramaniam, I have unmuted your line, sir.

Param Subramaniam: Thanks for taking my question. So, my question again extends on the previous participant's question. Sir, again on the timing of this resignation and the need for it. So, of course, what we understand is you've been, for example, meeting investors very recently. So, what drove that, especially the timing of this resignation, because as some of the previous participants highlighted, we might have to see an interim CEO because of the short timelines involved?

So, if you could explain the timing of the resignation, because we've seen a lot of, churn at the top management level. Some continuity at the top would have helped, especially from you, sir. So, a bit on that? Thank you.

Chandra Shekhar Ghosh: There are two parts. Interesting. My wife also asked the same question. She said we are living together, you have not shared about your retirement plan with me, and how suddenly you go to the office and I hear about it and I receive many calls which I'm not in a position to answer the people. I did not like to share. It is a very personal decision, voluntary decision and accordingly I planned, I nurtured for more than one year and accordingly I prepared and even when I met a couple of you in Singapore and the Mumbai, I could not express my retirement plan in those meetings

So, this was my plan in the lead up to that and the timing. And second point if you see that with the Bandhan and the myself, I cannot segregate. It's my daughter or it's my son, I would not like to explain it that way. I will like to continue my support to the group in the level of the holdco where all verticals are there in all possible ways even after my retirement.

Param Subramaniam: Okay, sir. Thank you so much and all the best for the future, sir. Thank you.

- Chandra Shekhar Ghosh:** Thank you.
- Moderator:** Thank you. We'll take the next question from the line of Jai Mundhra from ICICI Securities. Please go ahead.
- Jai Mundhra:** Most of the questions have been answered already. Just a small clarification, sir. So, when you mentioned that you will assume a larger strategic role at Bandhan group level, this means the holdco, as you mentioned in the last comment. But is there any, is this an advisor role? Is this a board level role? Or this is some, trustee kind of role if you can elaborate there?
- Chandra Shekhar Ghosh:** Now, as of now, I am the MD and CEO of the bank. So, I cannot go into the details of now. After 9th of July, I will be able to clarify.
- Jai Mundhra:** Sure. Thank you, sir. Thank you.
- Chandra Shekhar Ghosh:** Thank you.
- Moderator:** Thank you. The next question is from the line of Ketan Saraf from SBI Capital Markets. Please go ahead.
- Ketan Saraf:** Yes, good morning, sir. Thank you for giving me the opportunity to ask questions here in this platform. So, I wanted to ask you, sir, in the last conference call with regards to the quarterly results, you had mentioned that bank is doing strategic steps to reduce the provisions, which are like on a run rate basis is going around INR300 crores per month. So, just wanted to get some clarity, how is bank proceeding on, like, how are things going in that direction in terms of the stress level?
- And the second question was regarding the, like, three months back, the board had asked the RBI for your extension. And in like, I know that this is a repeated question, but then what has happened, after -- you were decided on MD position then in the three months, what happened that you have decided this big step to be taken out from the board level?
- Chandra Shekhar Ghosh:** I replied, already I replied. First question, I mean now as it is a silent period, I cannot discuss any figures. I hope that during the fourth quarter result I will be answer the first question. And second question, I've been specifically saying, if you see the Board submitted its decision in November, but October was the completion of the CBS transformation project.
- I had to continue for three to six months of time to stabilize it. Only then could I finalize my decision, because you see, this is my baby. First my plan was as to how without disturbing the baby, could I take my personal decision. That was my thought process
- Ketan Saraf:** Yes, absolutely, sir. Yes.
- Chandra Shekhar Ghosh:** Thank you.
- Ketan Saraf:** Thank you, sir.

Moderator: Thank you. The next question is from the line of Suraj Das from Sundaram Mutual Funds. Please go ahead.

Suraj Das: Hi, sir. Thanks for the opportunity and congratulations on your journey so far and all the best wishes for your future endeavours. Sir, one question only again, I mean, I just want to understand your thought process behind it. I think every bank has their own DNA in terms of their success story and Bandhan has been one of the best success story in terms of, being from a MFI Institute to the Universal Bank and probably one of the largest private sector banks.

So was, I mean, before your decision, was there a thought that probably you could have stayed for one more year or two more years and then probably you could have passed that DNA to current set of senior leaders who have just joined and probably then they could have been have a clear sort of transition to the next level.

Because at this point of time, there could be internal, external when both candidates could be considered for the next MD, CEO. And hence, probably in this transition, is there a possibility that the success DNA of Bandhan could be reduced or something like that. So was there a thought that probably you could have, while you have completed the IT transformation for the last six months and hence probably you have a clear thought that now you want to retire, but if you could have waited for one or two more years and you could have passed that DNA to the next set of leaders. Was there a thought before your decision?

Chandra Shekhar Ghosh: Very debatable on that, when it will be after one year or two years or three years or five years or maybe the three years before, lot of debate on that. I debated it myself internally. And accordingly, I feel that this is the right time, I would like to contribute at the strategic level. Because with the strategic level, if you go to our holding company, there are a lot of other verticals already developed, very recently. So I feel that I need some time there to contribute to all.

Suraj Das: Okay. Understood, sir. Thanks for that clarification. And one last question, sir, in terms of your potential can this next successor planning, there will be both internal and external consideration, right? It will not be only internal?

Chandra Shekhar Ghosh: I feel that I will leave that decision to the board. They will independently assess requirements and the best way they would like to select the successor, who is fit for this type of bank for future growth and achieve strategic objectives.

Suraj Das: Okay. Understood, sir. Thank you.

Chandra Shekhar Ghosh: Thanks so much.

Moderator: Thank you. The next question is from the line of Anil Bang from Marshall Wace. Please go ahead.

Anil Bang: Hello. Thank you for the time for the question. Sir, your call has been very clear till now that this is your own decision. However, given that the big audit has been going on, there may be some linkages which may be drawn between the two just because of timing aspect. I just wanted

to reconfirm that there is no linkage between the two. Anything else which you would like to add in this topic?

Ratan Kesh: So, Ratan Kesh here, see the audit is still going on and it is going to take another one month or so to get concluded. We haven't heard anything from the auditor or from NCGTC in this regard. Therefore, it has absolutely no linkage with the audit.

Anil Bang: Okay. Thank you, sir. That's very clear.

Moderator: Thank you. Ladies and gentlemen, this will be the last question for today, which is from the line of Anurag Mantry from Oxbow. Please go ahead.

Anurag Mantry: Hi. Good morning, sir. Thanks for the opportunity. Just one question from my side, from my understanding. Can you help me understand what basically will be your and your family's sort of overall leading stake in the bank, directly and indirectly? That would be very helpful.

Ratan Kumar Kesh: Your and family's stake in the bank.

Chandra Shekhar Ghosh: If you see that there is a very different structure of the bank. As an MD, I have a stake in the bank. It is so because I was a Founder. I have some initial capital that I needed to give to the bank to start it. That is only half percent. But the holding company level, we have the holding at the family level, the stake is less than two percent.

Anurag Mantry: Sure, sir. Thank you so much.

Chandra Shekhar Ghosh: Thank you.

Moderator: Thank you. As that was the last question for today, I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Chandra Shekhar Ghosh: Thank you to all of you. And keep the trust and belief on us and our organization, not only the bank but the total group. And we'll be in touch with all of you even after my retirement also. So thank you for your time and keep in touch with us. Thank you again. Thank you.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of Bandhan Bank Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.