

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF BANDHAN BANK LIMITED

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **BANDHAN BANK LIMITED** (the "Bank"), for the quarter and half year ended September 30, 2019 ("the Statement"), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended except for the disclosures relating to Pillar 3 disclosures, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in Note 8 to the Statement and have not been reviewed by us.
2. This Statement, which is the responsibility of the Bank's Management and approved by the Bank's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 for "Interim Financial Reporting" ("AS 25"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, in so far as they apply to banks, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of the Bank's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Attention is drawn to the fact that the figures for the cash flow statement for the corresponding half year ended September 30, 2018, as reported in the accompanying Statement have been approved by the Bank's Board of Directors, but have not been subjected to review by us or by the previous statutory auditor since the requirement of submission of cash flow statement has become mandatory only from April 1, 2019.



4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standard, RBI Guidelines and other accounting principles generally accepted in India, in so far as they apply to banks, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, except for the disclosures relating to Pillar 3 disclosures, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in Note 8 to the Statement and have not been reviewed by us, or that it contains any material misstatement.



For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Rukshad N. Daruvala
Partner

Membership No. 111188

UDIN: 19111188AAAFc2656

Mumbai, October 24, 2019



FINANCIAL RESULT FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2019

(₹ in lacs)

Particulars	Quarter Ended			Half-Year Ended		Year Ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Includes effect of merger [Refer Note 4]	Includes effect of merger [Refer Note 4]	Excludes effect of merger [Refer Note 4]	Includes effect of merger [Refer Note 4]	Excludes effect of merger [Refer Note 4]	Excludes effect of merger [Refer Note 4]
1 Interest Earned (a+b+c+d)	269,027.21	263,130.34	160,564.07	532,157.55	316,181.32	664,405.17
a) Interest/discount on advances/bills	237,015.02	228,170.97	139,984.13	465,185.99	269,789.42	572,723.49
b) Income on Investments	19,549.76	19,016.46	15,944.01	38,566.22	31,032.91	61,711.91
c) Interest on balance with Reserve Bank of India and other inter bank funds	5,125.15	2,870.11	1,254.45	7,995.26	4,715.46	7,141.51
d) Others	7,337.28	13,072.80	3,381.48	20,410.08	10,643.53	22,828.26
2 Other Income	36,027.44	33,102.46	23,043.51	69,129.90	44,112.37	106,304.78
3 Total Income (1+2)	305,054.65	296,232.80	183,607.58	601,287.45	360,293.69	770,709.95
4 Interest Expended	116,122.67	105,674.68	52,818.70	221,797.35	104,718.90	214,795.28
5 Operating Expenses	58,238.16	55,051.56	43,389.55	113,289.72	86,124.07	181,096.13
i) Employees Cost	33,271.18	33,176.84	23,415.74	66,448.02	48,300.84	100,869.38
ii) Other Operating Expenses	24,966.98	21,874.72	19,973.81	46,841.70	37,823.23	80,226.75
6 Total Expenditure (4+5) (Excluding provisions & Contingencies)	174,360.83	160,726.24	96,208.25	335,087.07	190,842.97	395,891.41
7 Operating Profit before Provisions & Contingencies (3-6)	130,693.82	135,506.56	87,399.33	266,200.38	169,450.72	374,818.54
8 Provisions (other than tax) & Contingencies	14,554.87	12,535.83	12,417.86	27,090.70	20,420.65	73,513.15
9 Exceptional Items	-	-	-	-	-	-
10 Profit/(Loss) from ordinary activities before tax (7-8-9)	116,138.95	122,970.73	74,981.47	239,109.68	149,030.07	301,305.39
11 Tax Expenses	18,958.96	42,608.84	26,216.30	61,567.80	52,093.68	106,155.20
12 Net Profit/(Loss) from ordinary activities after tax (10-11)	97,179.99	80,361.89	48,765.17	177,541.88	96,936.39	195,150.19
13 Extraordinary items (net of tax expenses)	-	-	-	-	-	-
14 Net Profit/(Loss) for the period (12-13)	97,179.99	80,361.89	48,765.17	177,541.88	96,936.39	195,150.19
15 Paid up equity share capital (Face value of ₹10/- each)	161,006.61	160,983.05	119,280.49	161,006.61	119,280.49	119,308.29
16 Reserve excluding revaluation reserves						1,000,866.42
17 Analytical Ratios						
(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Capital Adequacy Ratio	25.09	26.58	32.59	25.09	32.59	29.20
(iii) Earning per share						
(a) Basic EPS before & after extraordinary items*	6.04	4.99	4.09	11.03	8.13	16.03
(b) Diluted EPS before & after extraordinary items*	6.01	4.97	4.08	10.98	8.12	16.01
(iv) NPA Ratios						
(a) Gross NPAs	106,421.46	101,970.11	41,334.78	106,421.46	41,334.78	81,955.65
(b) Net NPAs	33,687.96	34,749.93	22,036.32	33,687.96	22,036.32	22,831.74
(c) % of Gross NPAs to Gross Advances	1.76%	1.70%	1.29%	1.76%	1.29%	2.04%
(d) % of Net NPAs to Net Advances	0.56%	0.59%	0.69%	0.56%	0.69%	0.58%
(v) Return on Assets (average)*	1.21%	1.04%	1.08%	2.26%	2.20%	4.23%

* Figures for the quarter and half-year are not annualised





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Segment information in accordance with the Accounting standard on Segment Reporting (AS 17) of the operating segment of the bank is as under:

Particulars	(₹ in lacs)					
	Quarter Ended			Half-Year Ended		Year Ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
	Includes effect of merger [Refer Note 4]	Includes effect of merger [Refer Note 4]	Excludes effect of merger [Refer Note 4]	Includes effect of merger [Refer Note 4]	Excludes effect of merger [Refer Note 4]	Excludes effect of merger [Refer Note 4]
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Segment Revenue						
a) Treasury	67,660.07	68,171.97	18,754.91	135,832.04	38,683.37	75,420.22
b) Retail Banking	275,779.54	264,977.06	163,472.43	540,756.60	319,223.06	688,454.96
c) Wholesale Banking	12,024.06	10,538.33	4,374.38	22,562.39	9,057.97	19,408.85
d) Other Banking Operations	1,322.44	1,273.59	662.30	2,596.03	960.22	3,269.45
e) Unallocated	-	-	-	-	-	-
Total	356,786.11	344,960.95	187,264.02	701,747.06	367,924.62	786,553.48
Less: Inter segment revenue	51,731.46	48,728.15	3,656.44	100,459.61	7,630.93	15,843.53
Income from operations	305,054.65	296,232.80	183,607.58	601,287.45	360,293.69	770,709.95
2 Segment Results						
a) Treasury	15,106.15	21,382.34	7,643.57	36,488.49	14,823.37	49,291.15
b) Retail Banking	98,195.61	99,053.91	65,968.21	197,249.52	131,780.89	286,826.26
c) Wholesale Banking	1,430.16	1,465.95	745.49	2,896.11	1,548.49	(37,374.06)
d) Other Banking Operations	1,407.03	1,068.53	624.20	2,475.56	877.32	2,562.04
e) Unallocated	-	-	-	-	-	-
Total Profit Before Tax	116,138.95	122,970.73	74,981.47	239,109.68	149,030.07	301,305.39
3 Segment Assets						
a) Treasury	2,094,387.69	1,915,982.82	1,306,573.63	2,094,387.69	1,306,573.63	1,631,905.19
b) Retail Banking	5,610,461.58	5,550,144.35	3,077,333.30	5,610,461.58	3,077,333.30	3,731,265.07
c) Wholesale Banking	434,062.25	393,467.86	158,507.28	434,062.25	158,507.28	257,936.32
d) Other Banking Operations	690.37	774.67	161.92	690.37	161.92	350.17
e) Unallocated	17,257.47	23,668.55	17,861.87	17,257.47	17,861.87	22,714.50
Total	8,156,859.36	7,884,038.25	4,560,438.00	8,156,859.36	4,560,438.00	5,644,171.25
4 Segment Liabilities						
a) Treasury	1,773,595.49	1,928,290.75	208,038.71	1,773,595.49	208,038.71	303,388.40
b) Retail Banking	4,898,366.63	4,548,781.63	3,258,760.58	4,898,366.63	3,258,760.58	4,145,326.72
c) Wholesale Banking	78,997.62	63,530.41	61,564.62	78,997.62	61,564.62	69,519.34
d) Other Banking Operations	-	-	-	-	-	-
e) Unallocated	4,276.05	21,285.79	11,322.88	4,276.05	11,322.88	5,762.09
Total	6,755,235.79	6,561,888.58	3,539,686.79	6,755,235.79	3,539,686.79	4,523,996.55
5 Capital Employed						
a) Treasury	320,792.20	(12,307.93)	1,098,534.92	320,792.20	1,098,534.92	1,328,516.79
b) Retail Banking	712,094.95	1,001,362.72	(181,427.28)	712,094.95	(181,427.28)	(414,061.65)
c) Wholesale Banking	355,064.63	329,937.45	96,942.66	355,064.63	96,942.66	188,416.98
d) Other Banking Operations	690.37	774.67	161.92	690.37	161.92	350.17
e) Unallocated	12,981.42	2,382.76	6,538.99	12,981.42	6,538.99	16,952.41
Total	1,401,623.57	1,322,149.67	1,020,751.21	1,401,623.57	1,020,751.21	1,120,174.70

Notes:

i) Treasury :

Includes investments in sovereign securities and trading operations. It also includes the central funding unit.

ii) Retail banking :

Includes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and low value of individual exposure thereof. It also includes liability products, card services, internet banking, mobile banking, ATM services and NRI services. All deposits sourced by branches are classified in retail category.

iii) Corporate/Wholesale Banking:

Includes SME/ Corporate relationships not included under Retail Banking.

iv) Other Banking Business :

Includes para banking activities like third party product distribution.



Notes:

1 **Statement of Assets and liabilities as on September 30,2019 is given below :**

Particulars	(₹ in lacs)	
	As at 30.09.2019 Unaudited	As at 31.03.2019 Audited
Capital & Liabilities		
Capital	161,006.61	119,308.28
Reserves & Surplus	1,240,616.96	1,000,866.42
Deposits	4,919,519.22	4,323,162.03
Borrowings	1,652,089.88	52,135.06
Other Liabilities and Provisions	183,626.69	148,699.46
Total	8,156,859.36	5,644,171.25
Assets		
Cash and Balances with Reserve Bank of India	419,803.98	387,915.47
Balances with Banks and Money at call and short notice	256,335.02	192,350.20
Investments	1,396,444.84	1,003,748.48
Advances	5,978,585.69	3,964,339.37
Fixed Assets	36,474.58	33,119.59
Other Assets	69,215.25	62,698.14
Total	8,156,859.36	5,644,171.25

2 **Summarised Statement of Cash Flow Statement for the half year ended September 30,2019**

Particulars	(₹ in lacs)	
	Half Year ended September 30, 2019	Half Year ended September 30, 2018
	(₹)	(₹)
Cash Flow from Operating Activities		
Profit before taxes	239,109.68	149,030.07
Operating Profit before working capital changes	269,938.81	172,886.90
Net cash generated from / (used in) operating activities	287,142.10	(95,358.75)
Cash flows used in Investing Activities		
Cash flows from Financing Activities	(341,057.34)	(103,829.13)
Net increase/ (decrease) in cash and cash equivalents	(16,582.33)	(99,891.69)
Cash and cash equivalents at the beginning of the period	692,673.97	537,532.78
Cash and cash equivalents at the end of the period	676,091.64	437,641.09

- 3 The above unaudited financial results for the quarter and Half year ended September 30, 2019 have been reviewed by the Audit Committee and recommended for approval to and approved by the Board of Directors. These results were subjected to 'Limited Review' by the Statutory Auditors of the Bank. An unqualified review report has been issued by them thereon.
- 4 The merger of GRUH Finance Limited with Bandhan Bank Limited has been approved by the Reserve Bank of India, the Competition Commission of India, Stock Exchanges, the respective Shareholders and Creditors of each entities as applicable and the National Company Law Tribunals (NCLT) Bench at Kolkata and Ahmedabad, with appointed date as January 1, 2019 and effective date as October 17, 2019. Accordingly, the scheme has been given effect to in the financial results for the quarter and half year ended September 30, 2019 as follows:
- (i) The figures disclosed for the quarter ended June 30, 2019 have been arrived on the basis of an aggregation of the separate results of the Company and erstwhile GRUH Finance Limited for the said period, published earlier, i.e. prior to the effective date of amalgamation.
- (ii) The effect of net profit/loss arising from accounting of amalgamation for the period 1 January 2019 to 31 March 2019 have been adjusted to the balance of Retained Earnings/balance of Profit & Loss Account in Reserves and Surplus as on April 1, 2019.
- (iii) The figures in respect of the results for the quarter ended September 30, 2019 have been arrived on the basis of an aggregation of the separate results of the Company and erstwhile GRUH Finance Limited for the said periods.
- (iv) In view of the amalgamation as referred, the figures for the current quarters are not comparable with the corresponding figures of the previous year/period.
- 5 The Committee of Directors of the Bank at its meeting held on October 21, 2019 has approved the allotment of 41,69,48,659 equity shares of face value of Rs. 10 each, fully paid-up, to the eligible equity shareholders of erstwhile GRUH Finance Limited based on record date of October 17, 2019. As per the Share Exchange Ratio of 568 equity shares of Rs. 10 each fully paid up of Bandhan Bank Limited for every 1,000 equity shares of Rs. 2 each fully paid up of GRUH Finance Limited in terms of the approval. Accordingly, the paid up equity share capital of the Bank increased to Rs. 1610.07 crore which has been accounted for as at September 30, 2019 pending allotment and the same has been considered for EPS calculation for all periods since the appointed date.
- 6 The Bank has realised Rs. 374.42 crores during the half year ended September 30, 2019 from sale of Priority Sector Lending Certificates. Out of the aforesaid amount, Rs. 93.97 crores and Rs.186.48 crores has been recognised in the Profit and Loss Account during the quarter and half year ended September 30, 2019 respectively on an equated basis from the quarter in which the sale has occurred and the remaining amount of Rs 187.94 crores will be recognised in the Profit and Loss account over the remaining two quarters.
- 7 During the quarter ended September 30, 2019, the Bank has allotted 21,416 Equity Shares of Rs. 10/- each in respect of stock option exercised aggregating to value Rs 0.39 crore. Accordingly, share capital increased by Rs. 0.02 crore and share premium increased by Rs. 0.37 crore. The Bank will allot 757,995 Equity Shares of Rs. 10/- each fully paid to the eligible equity shareholders of erstwhile GRUH Finance Ltd in respect of stock option exercised during the period January 01, 2019 to September 30, 2019 respectively aggregating to value Rs 17.89 crore.
- 8 RBI Master Circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 as amended on 'Basel III Capital Regulations' contain guidelines on certain Pillar 3, Leverage Ratio and Liquidity Coverage Ratio disclosure requirements that are to be made along with the publication of financial results. Accordingly, such applicable disclosures have been placed on the website of the Bank which can be accessed at the following link: <http://www.bandhanbank.com>. These disclosures are not subjected to audit / limited review by the Statutory Auditors.
- 9 As at September 30, 2019, the total number of Branches, 'Door Step Service Centers' (DSCs), GRUH Centers and ATM network stood at 1000, 3,025, 195 and 485 respectively.
- 10 The figures for the quarter and half year ended September 30, 2018 and year ended March 31, 2019 were reviewed/audited by the previous Statutory Auditors.



- 11 The Government of India vide ordinance No 15 of 2019 dated September 20, 2019 amended the income tax provision by inserting section 115BAA. As per amended provisions, the Bank has opted to pay tax at rate of 22% plus applicable surcharge and cess subject to the condition mentioned under the amendment provisions and recognised the effect of change by revising the annual effective income tax rate. Due to the reduced tax rate, the Bank has re-measured its Net Deferred Tax Assets as at April 01, 2019 and the impact of this change has been fully recognized in the Statement of Profit and Loss Account under "Tax Expense" in the financial results of the quarter and half year ended September 30, 2019.
- 12 The Capital Adequacy Ratio for the quarter ended September 30, 2019 has been computed without reckoning the net profit for the current quarter and half year in accordance with the RBI guidelines as the incremental provisions made for non-performing assets during the quarter ended December 31, 2018 had deviated by more than 25% from the average of the four quarters of the financial year 2018-19 on account of an exposure to a borrower from infrastructure development and finance sector. The Capital Adequacy Ratio for the corresponding previous periods have been computed after reckoning the net profit for the respective periods in accordance with the RBI guidelines. Further in respect of quarter ended June 30, 2019 the Tier-I capital and Risk Weighted Asset (RWA) have been duly adjusted for effects as stated in Note 4 & 5 above.
- 13 Figures of the previous year/period have been regrouped / reclassified wherever necessary to conform to current year/period's classification.

Place : Mumbai
Date : October 24, 2019

