

Deloitte Haskins & Sells

Chartered Accountants

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INDEPENDENT AUDITORS' 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 ended June 30, 2020 (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 6 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 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.
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

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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 6 to the Statement and have not been reviewed by us, or that it contains any material misstatement.

5. As more fully described in Note 7 to the Statement, the potential impact of the COVID-19 pandemic on the Bank's results are dependent on future developments, which are highly uncertain.

Our conclusion is not modified in respect of this matter.

For **Deloitte Haskins & Sells**
Chartered Accountants
(ICAI Reg. No 117365W)



G. K. Subramaniam
(Partner)
(Membership No. 109839)
UDIN: 20109839AAAAMB7324

MUMBAI, July 15, 2020



UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

(₹ in lakhs)

Particulars	Quarter Ended			Year Ended
	30.06.2020	31.03.2020	30.06.2019	31.03.2020
	Unaudited	Audited (Refer Note 2)	Unaudited (Refer Note 3)	Audited
1 Interest Earned (a+b+c+d)	3,01,808.70	2,84,628.97	2,63,130.34	10,88,549.33
a) Interest/discount on advances/bills	2,62,196.39	2,46,323.61	2,28,170.97	9,48,624.40
b) Income on Investments	22,924.58	24,654.14	19,016.46	83,280.63
c) Interest on balance with Reserve Bank of India and other inter bank funds	4,066.95	3,016.09	2,870.11	16,325.54
d) Others	12,620.78	10,635.13	13,072.80	40,318.76
2 Other Income	38,675.62	50,018.32	33,102.46	1,54,919.74
3 Total Income (1+2)	3,40,484.32	3,34,647.29	2,96,232.80	12,43,469.07
4 Interest Expended	1,20,656.08	1,16,625.30	1,05,674.68	4,56,157.90
5 Operating Expenses	61,410.22	65,952.95	55,051.56	2,42,654.22
i) Employees Cost	38,940.29	36,207.08	33,176.84	1,36,704.08
ii) Other Operating Expenses	22,469.93	29,745.87	21,874.72	1,05,950.14
6 Total Expenditure (4+5) (Excluding provisions & Contingencies)	1,82,066.30	1,82,578.25	1,60,726.24	6,98,812.12
7 Operating Profit before Provisions & Contingencies (3-6)	1,58,418.02	1,52,069.04	1,35,506.56	5,44,656.95
8 Provisions (other than tax) & Contingencies	84,906.04	82,736.46	12,535.83	1,39,315.09
9 Exceptional Items	-	-	-	-
10 Profit from ordinary activities before tax (7-8-9)	73,511.98	69,332.58	1,22,970.73	4,05,341.86
11 Tax Expenses	18,530.15	17,604.05	42,608.84	1,02,968.12
12 Net Profit from ordinary activities after tax (10-11)	54,981.83	51,728.53	80,361.89	3,02,373.74
13 Extraordinary items (net of tax expenses)	-	-	-	-
14 Net Profit for the period (12-13)	54,981.83	51,728.53	80,361.89	3,02,373.74
15 Paid up equity share capital (Face value of ₹10/- each)	1,61,027.94	1,61,024.78	1,60,983.05	1,61,024.78
16 Reserve excluding revaluation reserves				13,58,521.15
17 Analytical Ratios				
(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL
(ii) Capital Adequacy Ratio	26.45	27.43	26.58	27.43
(iii) Earning per share				
(a) Basic EPS before & after extraordinary items*	3.41	3.21	4.99	18.78
(b) Diluted EPS before & after extraordinary items*	3.41	3.21	4.97	18.76
(iv) NPA Ratios				
(a) Gross NPAs	1,00,666.73	99,277.67	1,01,970.11	99,277.67
(b) Net NPAs	33,577.56	38,939.75	34,749.93	38,939.75
(c) % of Gross NPAs to Gross Advances	1.43%	1.48%	1.70%	1.48%
(d) % of Net NPAs to Net Advances	0.48%	0.58%	0.59%	0.58%
(v) Return on Assets (average)*	0.58%	0.59%	1.04%	3.64%

* Figures for the quarters are not annualised





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

		(₹ in lakhs)		
Particulars	Quarter Ended			Year Ended
	30.06.2020	31.03.2020	30.06.2019	31.03.2020
	Unaudited	Audited (Refer Note 2)	Unaudited (Refer Note 3)	Audited
1 Segment Revenue				
a) Treasury	68,501.03	44,079.42	68,171.97	2,01,481.62
b) Retail Banking	2,78,862.64	2,86,403.84	2,64,977.06	10,71,213.05
c) Wholesale Banking	13,764.73	13,397.60	10,538.33	46,167.60
d) Other Banking Operations	1,502.95	3,454.87	1,273.59	7,601.85
e) Unallocated	-	-	-	-
Total	3,62,631.35	3,47,335.73	3,44,960.95	13,26,464.12
Less: Inter segment revenue	22,147.03	12,688.44	48,728.15	82,995.05
Income from operations	3,40,484.32	3,34,647.29	2,96,232.80	12,43,469.07
2 Segment Results				
a) Treasury	29,734.40	18,787.24	21,382.34	61,183.90
b) Retail Banking	39,275.90	44,192.29	99,053.91	3,27,657.25
c) Wholesale Banking	3,053.98	3,081.29	1,465.95	9,246.91
d) Other Banking Operations	1,447.70	3,271.76	1,068.53	7,253.80
e) Unallocated	-	-	-	-
Total Profit Before Tax	73,511.98	69,332.58	1,22,970.73	4,05,341.86
3 Segment Assets				
a) Treasury	24,31,966.01	23,43,531.45	19,15,982.82	23,43,531.45
b) Retail Banking	67,33,718.58	63,37,177.45	55,50,144.35	63,37,177.45
c) Wholesale Banking	5,02,253.00	4,67,275.07	3,93,467.86	4,67,275.07
d) Other Banking Operations	610.31	1,075.94	774.67	1,075.94
e) Unallocated	43,101.84	22,720.00	23,668.55	22,720.00
Total	97,11,649.74	91,71,779.91	78,84,038.25	91,71,779.91
4 Segment Liabilities				
a) Treasury	18,79,857.38	19,31,984.84	19,28,290.75	19,31,984.84
b) Retail Banking	61,37,928.77	56,18,060.49	45,48,781.63	56,18,060.49
c) Wholesale Banking	1,01,482.90	87,525.59	63,530.41	87,525.59
d) Other Banking Operations	-	-	-	-
e) Unallocated	17,794.72	14,663.06	21,285.79	14,663.06
Total	81,37,063.77	76,52,233.98	65,61,888.58	76,52,233.98
5 Capital Employed				
a) Treasury	5,52,108.63	4,11,546.61	(12,307.93)	4,11,546.61
b) Retail Banking	5,95,789.81	7,19,116.96	10,01,362.72	7,19,116.96
c) Wholesale Banking	4,00,770.10	3,79,749.48	3,29,937.45	3,79,749.48
d) Other Banking Operations	610.31	1,075.94	774.67	1,075.94
e) Unallocated	25,307.12	8,056.94	2,382.76	8,056.94
Total	15,74,585.97	15,19,545.93	13,22,149.67	15,19,545.93

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 The above unaudited financial results for the quarter ended June 30, 2020 were approved by the Board of Directors of the Bank at its meeting held on July 15, 2020. These results were subjected to 'Limited Review' by the Statutory Auditors of the Bank. An unqualified review report has been issued by them thereon.
- 2 The figures for the quarter ended March 31, 2020 are the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures up to December 31, 2019, being the end of the third quarter of the financial year ended March 31, 2020, which was subjected to a limited review by the auditors.
- 3 The merger of erstwhile GRUH Finance Limited ("GRUH") with Bandhan Bank Limited had 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.
In view of the amalgamation, the figures for the quarter ended June 30, 2019 have been arrived on the basis of aggregation of the separate results of the Bank and Gruh for the said period, published earlier, i.e. prior to the effective date of amalgamation.
- 4 During the quarter ended June 30, 2020, the Bank has allotted 31,525 Equity Shares of Rs. 10/- each in respect of stock option exercised aggregating to Rs 57 lakhs. Accordingly, share capital increased by Rs. 3.15 lakhs and share premium increased by Rs.54 lakhs.
- 5 During the quarter ended June 30, 2020, the Bank has received Rs 47,404 lakhs (quarter ended June 30, 2019 Rs 37,003 lakhs) from sale of Priority Sector Lending Certificates. Out of the aforesaid amount, Rs 11,851 lakhs (quarter ended June 30, 2019 Rs 9251 lakhs) has been recognised in the Profit and Loss Account during the quarter on an equated basis from the quarter in which the sale has occurred and the remaining amount of Rs 35,553 lakhs (quarter ended June 30, 2019 Rs 27,752 lakhs) will be recognised in the Profit and Loss Account over the remaining three quarters.
- 6 The 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.
- 7 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities.
The RBI on March 27, 2020, April 17, 2020 and May 23, 2020, announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of these RBI guidelines, the lending institutions have been permitted to grant an effective moratorium of six months on payment of all instalments/interest as applicable, falling due between March 1, 2020 and August 31, 2020 ('moratorium period'). As such, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms.
In addition to the provision of Rs 69,000 lakhs made during March 31, 2020, during the current quarter, the Bank has made further provision of Rs. 75,000 lakhs against the potential impact of COVID-19 on standard assets based on all the available information at this point in time, the aggregate additional provisions being Rs. 1,44,000 lakhs.
The Bank also carries additional Standard Asset Provision on Micro Finance portfolio at 0.75% amounting to Rs. 32,900 lakhs. These aforesaid provisions, held by the Bank, aggregate to Rs. 1,76,900 lakhs. These provisions held by the Bank are higher than the minimum requirement as prescribed by RBI.
The extent to which the COVID-19 pandemic will impact the Bank's provision on assets and future results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or adopted by the Bank.
- 8 As at June 30, 2020, the total number of Branches, Banking Units and ATM network stood at 1018, 3541 and 485 respectively.
- 9 Figures of the previous year/quarter have been regrouped / reclassified wherever necessary to conform to current year/period's classification.

Place : Kolkata
Date : July 15 ,2020



For Bandhan Bank Limited


Chandra Shekhar Ghosh
Managing Director & CEO