

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 and nine months ended December 31, 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, 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 5 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 (the "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, the 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, 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 5 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: 2011188AAAAAB2648



FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

(₹ in lacs)

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Includes effect of merger [Refer Note 2]	Includes effect of merger [Refer Note 2]	Excludes effect of merger [Refer Note 2]	Includes effect of merger [Refer Note 2]	Excludes effect of merger [Refer Note 2]	Excludes effect of merger [Refer Note 2]
1 Interest Earned (a+b+c+d)	2,71,762.81	2,69,027.21	1,64,955.28	8,03,920.36	4,81,136.60	6,64,405.17
a) Interest/discount on advances/bills	2,37,114.80	2,37,015.02	1,43,555.39	7,02,300.79	4,13,344.81	5,72,723.49
b) Income on Investments	20,060.27	19,549.76	15,125.34	58,626.49	46,158.25	61,711.91
c) Interest on balance with Reserve Bank of India and other inter bank funds	5,314.19	5,125.15	1,260.31	13,309.45	5,975.77	7,141.51
d) Others	9,273.55	7,337.28	5,014.24	29,683.63	15,657.77	22,828.26
2 Other Income	35,771.52	36,027.44	23,409.85	1,04,901.42	67,522.22	1,06,304.78
3 Total Income (1+2)	3,07,534.33	3,05,054.65	1,88,365.13	9,08,821.78	5,48,658.82	7,70,709.95
4 Interest Expended	1,17,735.25	1,16,122.67	52,555.14	3,39,532.60	1,57,274.04	2,14,795.28
5 Operating Expenses	63,411.55	58,238.16	45,762.33	1,76,701.27	1,31,886.40	1,81,096.13
i) Employees Cost	34,048.98	33,271.18	25,575.48	1,00,497.00	73,876.32	1,00,869.38
ii) Other Operating Expenses	29,362.57	24,966.98	20,186.85	76,204.27	58,010.08	80,226.75
6 Total Expenditure (4+5) (Excluding provisions & Contingencies)	1,81,146.80	1,74,360.83	98,317.47	5,16,233.87	2,89,160.44	3,95,891.41
7 Operating Profit before Provisions & Contingencies (3-6)	1,26,387.53	1,30,693.82	90,047.66	3,92,587.91	2,59,498.38	3,74,818.54
8 Provisions (other than tax) & Contingencies	29,487.93	14,554.87	37,764.69	56,578.62	58,185.34	73,513.15
9 Exceptional Items	-	-	-	-	-	-
10 Profit/(Loss) from ordinary activities before tax (7-8-9)	96,899.60	1,16,138.95	52,282.97	3,36,009.29	2,01,313.04	3,01,305.39
11 Tax Expenses	23,796.27	18,958.96	19,156.29	85,364.07	71,249.97	1,06,155.20
12 Net Profit/(Loss) from ordinary activities after tax (10-11)	73,103.33	97,179.99	33,126.68	2,50,645.22	1,30,063.07	1,95,150.19
13 Extraordinary items (net of tax expenses)	-	-	-	-	-	-
14 Net Profit/(Loss) for the period (12-13)	73,103.33	97,179.99	33,126.68	2,50,645.22	1,30,063.07	1,95,150.19
15 Paid up equity share capital (Face value of ₹10/- each)	1,61,007.55	1,61,006.61	1,19,280.49	1,61,007.55	1,19,280.49	1,19,308.29
16 Reserve excluding revaluation reserves	-	-	-	-	-	10,00,866.42
17 Analytical Ratios						
(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Capital Adequacy Ratio	24.69	25.09	32.81	24.69	32.81	29.20
(iii) Earning per share						
(a) Basic EPS before & after extraordinary items*	4.54	6.04	2.78	15.57	10.90	16.03
(b) Diluted EPS before & after extraordinary items*	4.52	6.01	2.77	15.50	10.89	16.01
(iv) NPA Ratios						
(a) Gross NPAs	1,18,196.33	1,06,421.46	83,102.21	1,18,196.33	83,102.21	81,955.65
(b) Net NPAs	49,143.53	33,687.96	23,671.11	49,143.53	23,671.11	22,831.74
(c) % of Gross NPAs to Gross Advances	1.93%	1.76%	2.41%	1.93%	2.41%	2.04%
(d) % of Net NPAs to Net Advances	0.81%	0.56%	0.70%	0.81%	0.70%	0.58%
(v) Return on Assets (average)*	0.89%	1.21%	0.73%	3.11%	2.92%	4.23%

* Figures for the quarter and nine months 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			Nine Months Ended		Year Ended
	31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
	Includes effect of merger [Refer Note 2]	Includes effect of merger [Refer Note 2]	Excludes effect of merger [Refer Note 2]	Includes effect of merger [Refer Note 2]	Excludes effect of merger [Refer Note 2]	Excludes effect of merger [Refer Note 2]
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Segment Revenue						
a) Treasury	44,210.94	56,361.90	17,421.23	1,57,402.20	56,107.88	75,420.22
b) Retail Banking	2,65,730.56	2,42,758.95	1,68,804.39	7,84,809.21	4,84,360.57	6,88,454.96
c) Wholesale Banking	10,207.61	12,024.06	4,468.49	32,770.00	13,526.46	19,408.85
d) Other Banking Operations	1,550.96	1,322.46	699.46	4,146.98	1,659.68	3,269.45
e) Unallocated	-	-	-	-	-	-
Total	3,21,700.07	3,12,467.37	1,91,393.57	9,79,128.39	5,55,654.59	7,86,553.48
Less: Inter segment revenue	14,165.74	7,412.72	3,028.44	70,306.61	6,995.77	15,843.53
Income from operations	3,07,534.33	3,05,054.65	1,88,365.13	9,08,821.78	5,48,658.82	7,70,709.95
2 Segment Results						
a) Treasury	17,369.96	14,987.36	21,777.05	42,396.67	40,439.24	49,291.15
b) Retail Banking	74,745.24	98,322.81	68,055.98	2,83,464.96	1,96,170.00	2,86,826.26
c) Wholesale Banking	2,768.38	1,931.29	(38,215.05)	6,165.62	(36,838.51)	(37,374.06)
d) Other Banking Operations	2,016.02	897.49	664.99	3,982.04	1,542.31	2,562.04
e) Unallocated	-	-	-	-	-	-
Total Profit Before Tax	96,899.60	1,16,138.95	52,282.97	3,36,009.29	2,01,313.04	3,01,305.39
3 Segment Assets						
a) Treasury	22,85,195.33	20,96,198.61	9,94,358.59	22,85,195.33	9,94,358.59	16,31,905.19
b) Retail Banking	57,41,201.05	56,08,637.09	34,62,920.20	57,41,201.05	34,62,920.20	37,31,265.07
c) Wholesale Banking	4,41,850.91	4,34,075.82	2,03,361.09	4,41,850.91	2,03,361.09	2,57,936.32
d) Other Banking Operations	648.96	690.37	196.92	648.96	196.92	350.17
e) Unallocated	10,184.29	17,257.47	18,631.53	10,184.29	18,631.53	22,714.50
Total	84,79,080.54	81,56,859.36	46,79,468.33	84,79,080.54	46,79,468.33	56,44,171.25
4 Segment Liabilities						
a) Treasury	12,80,104.36	16,11,653.71	30,814.99	12,80,104.36	30,814.99	3,03,388.40
b) Retail Banking	56,00,563.01	50,62,197.64	35,00,158.25	56,00,563.01	35,00,158.25	41,45,326.72
c) Wholesale Banking	1,16,851.66	77,108.38	91,837.98	1,16,851.66	91,837.98	69,519.34
d) Other Banking Operations	-	-	-	-	-	-
e) Unallocated	9,765.80	4,276.05	2,779.22	9,765.80	2,779.22	5,762.09
Total	70,07,284.83	67,55,235.78	36,25,590.44	70,07,284.83	36,25,590.44	45,23,996.55
5 Capital Employed						
a) Treasury	10,05,090.97	4,84,544.90	9,63,543.60	10,05,090.97	9,63,543.60	13,28,516.79
b) Retail Banking	1,40,638.04	5,46,439.45	(37,238.05)	1,40,638.04	(37,238.05)	(4,14,061.65)
c) Wholesale Banking	3,24,999.25	3,56,967.44	1,11,523.11	3,24,999.25	1,11,523.11	1,88,416.98
d) Other Banking Operations	648.96	690.37	196.92	648.96	196.92	350.17
e) Unallocated	418.49	12,981.42	15,852.31	418.49	15,852.31	16,952.41
Total	14,71,795.71	14,01,623.58	10,53,877.89	14,71,795.71	10,53,877.89	11,20,174.70

Notes:

i) Treasury :

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

ii) Retail banking :

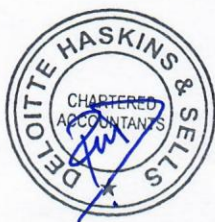
Includes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and low value of individual exposure thereof. It also includes liability products, card services, internet banking, mobile 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.



- 1 The above unaudited financial results for the quarter and Nine months ended December 31, 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.
- 2 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. Accordingly, the scheme had been given effect to in the financial results for the previous quarter. In view of the amalgamation, the figures for the current quarter/period are not comparable with the corresponding figures of the previous year/periods.
- 3 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 and the same has been considered for EPS calculation for all periods since the appointed date. Further during the quarter ended December 31, 2019, the Bank has allotted 9,477 Equity Shares of Rs. 10/- each in respect of stock option exercised aggregating to value Rs 0.17 crore. Accordingly, share capital increased by Rs. 0.01 crore and share premium increased by Rs. 0.16 crore.
- 4 The Bank has realised Rs. 398.19 crores during the Nine month ended December 31, 2019 from sale of Priority Sector Lending Certificates. Out of the aforesaid amount, Rs. 105.86 crores and Rs.292.33 crores has been recognised in the Profit and Loss Account during the quarter and Nine months ended December 31, 2019 respectively on an equated basis from the quarter in which the sale has occurred and the remaining amount of Rs 105.86 crores will be recognised in the Profit and Loss account over the remaining quarter.
- 5 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.
- 6 During the quarter, the Bank has made additional provision of Rs. 200 crore on standard advances in micro finance portfolio after evaluating risk observed in certain areas of a North Eastern State, though having a dwindling effect.
- 7 As at December 31, 2019, the total number of Branches, 'Door Step Service Centers' (DSCs), GRUH Centers and ATM network stood at 1009, 3,084, 195 and 485 respectively.
- 8 The figures for the quarter and nine months ended December 31, 2018 and year ended March 31, 2019 were reviewed/audited by the previous Statutory Auditors.
- 9 The Capital Adequacy Ratio for the quarter ended December 31, 2019 has been computed without reckoning the net profit for the current quarter and nine month ended 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.
- 10 Figures of the previous year/period have been regrouped / reclassified wherever necessary to conform to current period's classification.

For Bandhan Bank Limited



Chandra Shekhar Ghosh
Managing Director & CEO

Place : Mumbai
Date : January 14, 2020



PRESS RELEASE**Bandhan Bank Q3 FY20 net profit jumps 120.85% at ₹ 731 crore after taking additional provision on standard advances amounting to ₹ 200 crore
Loan Portfolio increased by 88.87% to ₹ 65,456 crore****Mumbai, January 14, 2020:**

The Board of Directors of Bandhan Bank Ltd., at a meeting held in Mumbai today approved its Quarterly Financial Results for the Quarter ended December 31, 2019. The accounts have been subjected to a review by the statutory auditors of the bank. In view of the amalgamation with GRUH Finance, the figures for the current quarter are not comparable with the corresponding figures of previous year/period.

Key Highlights :

- Deposit portfolio grew 58.51% YoY
- Loan portfolio (on book + off book) grew 83.87% YoY
- CASA grew 31.36% YoY
- CASA ratio at 34.31% (excluding GRUH deposits 35%) against 41.40% YoY and 32.90% QoQ.
- Added 7.3 lakh customers during the quarter with total customer base at 1.9 crore as on December 31, 2019
- GNPA as on December 31, 2019 at 1.9% against 2.4% as on December 31, 2018 (standalone)
- GNPA (excluding one large Infrastructure account) stood at 1.3% Vs 1.3% as on December 18 (standalone)
- Net NPAs as on December 31, 2019 at 0.8% against 0.6% September 30, 2019 (standalone) and 0.7% as on December 31, 2018 (standalone).
- Capital Adequacy Ratio (CRAR) at 24.69%; Tier I at 23.09% and CET 1 at 23.09% including profits for current year it would stand at 29.46%
- During the quarter, the Bank has made additional provision of ₹ 200 crore on standard advances in microfinance portfolio after evaluating risk observed in certain areas of a north eastern state, though having a dwindling effect.

Highlights for the Quarter ended December 31, 2019:

- Net Interest Income (NII) for the quarter grew by 37.10% to ₹ 1,541 crore as against ₹ 1,124 crore in the corresponding quarter of the previous year.
- Non-interest income grew by 52.99% to ₹ 358 crore for the quarter ended December 31, 2019 against ₹ 234 crore in the corresponding quarter of the previous year.
- Operating Profit for the quarter increased by 40.56% to ₹ 1,265 crore against ₹ 900 crore in the corresponding quarter of the previous year.
- Net Profit for the quarter grew by 120.85% to ₹ 731 crore against ₹ 331 crore in the corresponding quarter of the previous year.
- Net Interest Margin (annualised) for the quarter ending December 31, 2019 stood at 7.9% (merged) against 10.5% (standalone) in the corresponding quarter of the previous year.



- CASA ratio at 34.31% of total deposit (excluding GRUH deposits at 35%), compared to 41.40% in the corresponding period last year and 32.90% previous quarter.
- Total Advances (on book + off book) grew by 83.87% to ₹ 65,456 crore as on December 31, 2019 against ₹ 35,599 crore as on December 31, 2018.
- Total Deposits increased by 58.51% to ₹ 54,908 crore as on December 31, 2019 as compared to ₹ 34,639 crore as on December 31, 2018.
- Gross NPAs as on December 31, 2019 is at 1.9% against 2.4% as on December 31, 2018 (standalone)
- Net NPAs as on December 31, 2019 is at 0.8% against 0.7% as on December 31, 2018 (standalone)

Commenting on the performance, Mr. Chandra Shekhar Ghosh, Managing Director and CEO of Bandhan Bank said: "Q3FY20 has been a satisfying quarter given the challenges faced during the quarter. During the quarter, the Bank has made additional provision of ₹ 200 crore on standard advances in microfinance portfolio after evaluating risk observed in certain areas of a north eastern state, though having a dwindling effect. Last quarter has witnessed strong customer growth on advances and deposit growth has been highest over last four quarter. I am positive and confident on the business and growth going forward."

Banking outlets as on December 31, 2019, stood at 4,288. The network consists of 1009 branches, 3,084 doorstep service centers, and 195 GRUH Centers as against 978 branches and 3,014 doorstep service centers as on December 31, 2018. Total number of ATMs stood at 485 as on December 31, 2019 against 480 as on December 31, 2018. During the year, the number of employees of the bank has gone up from 31,115 to 37,331.

Highlights for the Quarter ended December 31, 2019:

Particulars (in ₹)	Q3 FY20 (merged)	Q3 FY19 (standalone)	YoY%
Net Interest Income	1541	1124	37.10%
Non-Interest Income	358	234	52.99%
Total Income	1899	1358	39.84%
Opex	634	458	38.43%
Operating Profit	1265	900	40.56%
Provision (Other than Taxes)	294	378	(22.22)%
PBT	971	522	85.87%
PAT	731	331	120.85%



Key Ratios Highlights:

Particulars (in ₹)	Q3 FY20 (merged)	Q3 FY19 (standalone)	Q2FY20 (merged)
CASA to Total Deposit	34.3%	41.4%	32.9%
Net Interest Margin (Annualised)	7.9%	10.5%	8.2%
Cost to Income Ratio	33.4%	33.7%	30.8%
Return on Average Assets (Annualised)	3.5%	2.9%	4.8%
Return on Average Assets (excluding onetime)	4.2%	5.6%	4.2%
Return on Average Equity (Annualised)	20.0%	12.5%	28.3%
Return on Average Equity Assets (excluding one time)	24.0%	21.2%	24.8%
Capital Adequacy Ratio (CAR)	24.7%	32.8%	25.1%
Gross NPA (%)	1.9%	2.4%	1.8%
Net NPA (%)	0.8%	0.7%	0.6%

About Bandhan Bank

Bandhan started in 2001 as a not-for-profit enterprise that stood for financial inclusion and women empowerment through sustainable livelihood creation. It turned into an NBFC a few years later but the core objective remained financial inclusion. When Bandhan Bank started operations on August 23, 2015, it was the first instance of a microfinance entity transforming into a universal bank in India. On the day of launch itself, Bandhan Bank started with 2,523 banking outlets.

Bandhan Bank is driven by a constant desire to serve better. It offers world-class banking products and services to urban, semi-urban and rural customers alike. In the last few years of operations, Bandhan Bank has spread its presence to 34 of the 36 states and union territories in India with 4,288 banking outlets serving 1.9 crore customers, as on December 31, 2019. With its experienced management, diversified team and well entrenched distribution, Bandhan Bank is well poised to meet the aspirations of its customers and stakeholders.

For media queries please contact: Bandhan Bank Limited

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