

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, 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 4 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

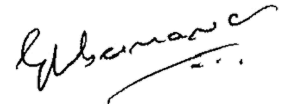
Deloitte Haskins & Sells

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

5. As more fully described in Note 5 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
(Firm's Registration No. 117365W)



G. K. Subramaniam
(Partner)
(Membership No. 109839)
UDIN: 21109839AAAAAL6841

Mumbai, January 21, 2021



UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(₹ in lakhs)

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	31.03.2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Interest Earned (a+b+c+d)	3,30,783.76	3,19,762.98	2,71,762.81	9,52,355.44	8,03,920.36	10,88,549.33
a) Interest/discount on advances/bills	2,90,682.15	2,79,254.72	2,37,114.80	8,32,133.26	7,02,300.79	9,48,624.40
b) Income on Investments	31,576.85	27,228.86	20,060.27	81,730.29	58,626.49	83,280.63
c) Interest on balance with Reserve Bank of India and other inter bank	1,835.73	4,672.98	5,314.19	10,575.66	13,309.45	16,325.54
d) Others	6,689.03	8,606.42	9,273.55	27,916.23	29,683.63	40,318.76
2 Other Income	55,328.49	38,176.47	35,771.52	1,32,180.58	1,04,901.42	1,54,919.74
3 Total Income (1+2)	3,86,112.25	3,57,939.45	3,07,534.33	10,84,536.02	9,08,821.78	12,43,469.07
4 Interest Expended	1,23,610.38	1,27,453.75	1,17,735.25	3,71,720.21	3,39,532.60	4,56,157.90
5 Operating Expenses	71,093.44	67,734.06	63,411.55	2,00,237.72	1,76,701.27	2,42,654.22
i) Employees Cost	43,475.66	41,478.16	34,048.98	1,23,894.11	1,00,497.00	1,36,704.08
ii) Other Operating Expenses	27,617.78	26,255.90	29,362.57	76,343.61	76,204.27	1,05,950.14
6 Total Expenditure (4+5) (Excluding provisions & Contingencies)	1,94,703.82	1,95,187.81	1,81,146.80	5,71,957.93	5,16,233.87	6,98,812.12
7 Operating Profit before Provisions & Contingencies (3-6)	1,91,408.43	1,62,751.64	1,26,387.53	5,12,578.09	3,92,587.91	5,44,656.95
8 Provisions (other than tax) & Contingencies	1,06,873.10	39,450.79	29,487.93	2,31,229.94	56,578.62	1,39,315.09
9 Exceptional Items	-	-	-	-	-	-
10 Profit from ordinary activities before tax (7-8-9)	84,535.33	1,23,300.85	96,899.60	2,81,348.15	3,36,009.29	4,05,341.86
11 Tax Expenses	21,276.17	31,299.38	23,796.27	71,105.70	85,364.07	1,02,968.12
12 Net Profit from ordinary activities after tax (10-11)	63,259.16	92,001.47	73,103.33	2,10,242.45	2,50,645.22	3,02,373.74
13 Extraordinary items (net of tax expenses)	-	-	-	-	-	-
14 Net Profit for the period (12-13)	63,259.16	92,001.47	73,103.33	2,10,242.45	2,50,645.22	3,02,373.74
15 Paid up equity share capital (Face value of ₹10/- each)	1,61,037.99	1,61,035.36	1,61,007.55	1,61,037.99	1,61,007.55	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	NIL	NIL
(ii) Capital Adequacy Ratio	26.17	25.68	24.69	26.17	24.69	27.43
(iii) Earning per share						
(a) Basic EPS before & after extraordinary items*	3.93	5.71	4.54	13.06	15.57	18.78
(b) Diluted EPS before & after extraordinary items*	3.92	5.71	4.52	13.05	15.50	18.76
(iv) NPA Ratios						
(a) Gross NPAs	85,921.93	87,397.06	1,18,196.33	85,921.93	1,18,196.33	99,207.67
(b) Net NPAs	20,133.76	26,254.63	49,143.53	20,133.76	49,143.53	38,939.75
(c) % of Gross NPAs to Gross Advances	1.11%	1.18%	1.93%	1.11%	1.93%	1.48%
(d) % of Net NPAs to Net Advances	0.26%	0.36%	0.81%	0.26%	0.81%	0.58%
(v) Return on Assets (average)*	0.61%	0.90%	0.89%	2.09%	3.11%	3.64%

* Figures for the quarters and nine months ended 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:

Particulars		Quarter Ended			Nine Months Ended		Year Ended
		31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	31.03.2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(₹ in lakhs)							
1	Segment Revenue						
a)	Treasury	50,243.03	44,352.73	44,210.94	1,63,003.81	1,57,402.20	2,01,481.62
b)	Retail Banking	3,25,612.19	3,05,279.94	2,65,730.56	9,09,754.77	7,84,809.21	10,71,213.05
c)	Wholesale Banking	12,696.47	13,706.10	10,207.61	40,167.30	32,770.00	46,167.60
d)	Other Banking Operations	5,043.70	5,603.52	1,550.96	12,150.17	4,146.98	7,601.85
e)	Unallocated	-	-	-	-	-	-
	Total	3,93,595.39	3,68,942.29	3,21,700.07	11,25,076.05	9,79,128.39	13,26,464.12
	Less: Inter segment revenue	7,483.14	11,002.84	14,165.74	40,540.03	70,306.61	82,995.05
	Income from operations	3,86,112.25	3,57,939.45	3,07,534.33	10,84,536.02	9,08,821.78	12,43,469.07
2	Segment Results						
a)	Treasury	26,898.52	12,515.71	17,369.96	73,048.18	42,396.67	61,183.90
b)	Retail Banking	48,356.96	1,01,035.25	74,745.24	1,85,001.63	2,83,464.96	3,27,657.25
c)	Wholesale Banking	4,383.90	4,270.27	2,768.38	11,490.82	6,165.62	9,246.91
d)	Other Banking Operations	4,895.95	5,479.62	2,016.02	11,807.52	3,982.04	7,253.80
e)	Unallocated	-	-	-	-	-	-
	Total Profit Before Tax	84,535.33	1,23,300.85	96,899.60	2,81,348.15	3,36,009.29	4,05,341.86
3	Segment Assets						
a)	Treasury	27,59,906.16	25,53,010.23	22,85,195.33	27,59,906.16	22,85,195.33	23,43,531.45
b)	Retail Banking	74,58,910.19	70,79,292.84	57,41,201.05	74,58,910.19	57,41,201.05	63,37,177.45
c)	Wholesale Banking	4,33,550.90	4,65,417.38	4,41,850.91	4,33,550.90	4,41,850.91	4,67,275.07
d)	Other Banking Operations	1,208.24	917.66	648.96	1,208.24	648.96	1,075.94
e)	Unallocated	76,236.89	49,147.86	10,184.29	76,236.89	10,184.29	22,720.00
	Total	1,07,29,812.38	1,01,47,815.97	84,79,080.54	1,07,29,812.38	84,79,080.54	91,71,779.91
4	Segment Liabilities						
a)	Treasury	13,47,700.55	14,34,052.79	12,80,104.36	13,47,700.55	12,80,104.36	19,31,984.84
b)	Retail Banking	74,25,398.00	68,22,881.42	56,00,563.01	74,25,398.00	56,00,563.01	56,18,060.49
c)	Wholesale Banking	1,68,323.20	1,66,421.15	1,16,851.66	1,68,323.20	1,16,851.66	87,525.59
d)	Other Banking Operations	-	-	-	-	-	-
e)	Unallocated	58,355.06	57,736.87	9,765.80	58,355.06	9,765.80	14,663.06
	Total	89,99,776.81	84,81,092.23	70,07,284.83	89,99,776.81	70,07,284.83	76,52,233.98
5	Capital Employed						
a)	Treasury	14,12,205.61	11,18,957.44	10,05,090.97	14,12,205.61	10,05,090.97	4,11,546.61
b)	Retail Banking	33,512.19	2,56,411.42	1,40,638.04	33,512.19	1,40,638.04	7,19,116.96
c)	Wholesale Banking	2,65,227.70	2,99,026.23	3,24,999.25	2,65,227.70	3,24,999.25	3,79,749.48
d)	Other Banking Operations	1,208.24	917.66	648.96	1,208.24	648.96	1,075.94
e)	Unallocated	17,881.83	(8,589.01)	418.49	17,881.83	418.49	8,056.94
	Total	17,30,035.57	16,66,723.74	14,71,795.71	17,30,035.57	14,71,795.71	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 and Nine months ended December 31, 2020 were approved by the Board of Directors of the Bank at its meeting held on January 21, 2021. 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 During the quarter ended December 31, 2020, the Bank has allotted 2,63,23 Equity Shares of Rs.10/- each in respect of stock option exercised aggregating to Rs 52.65 lakhs. Accordingly, share capital increased by Rs. 2.63 lakhs and share premium increased by Rs.50.02 lakhs.
- 3 The Bank has realised Rs. 56,305 lakhs during the Nine month ended December 31, 2020 (Rs 39,819 lakhs Nine month ended December 31, 2019) from sale of Priority Sector Lending Certificates. Out of the aforesaid amount, Rs 15,499 lakhs (Rs 10,586 lakhs during quarter ended December 31, 2019) and Rs 40,806 lakhs (Rs 29,233 lakhs during Nine month ended December 31, 2019) has been recognised in the Profit and Loss Account during the quarter and Nine months ended December 31, 2020 on an equated basis from the quarter in which the sale has occurred and the remaining amount of Rs 15,499 lakhs (quarter ended December 31, 2019 Rs 10,586 lakhs) will be recognised in the Profit and Loss Account over the remaining quarter.
- 4 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.
- 5 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.

The Honourable Supreme Court in PIL by Gajendra Sharma Vs Union of India & Anr vide its interim order dated September 3, 2020 has directed Banks that the accounts which were not declared NPA till August 31, 2020 shall not be declared NPA till further orders, pending disposal of the case by Supreme Court. Pursuant to the order, the Bank has not classified any borrowal account which has not been declared as NPA as at August 31, 2020 as per the RBI Prudential norms on Income Recognition, Asset classification, provisioning and other related matters as Non-Performing Asset (NPA) after August 31, 2020.

However, if the Bank had classified borrower accounts as NPA after August 31, 2020, the Bank's proforma Gross NPA ratio would have been 7.12 % (partly on account of partial payment by customers). Further, if the additional standard asset provisions of Rs 3,11,900 lakhs as discussed subsequently, is considered, Net NPA would be 2.36%.

In addition to the provision of Rs 1,74,000 lakhs made upto September 30, 2020, during the current quarter, the Bank has made further provision of Rs. 1,00,000 lakhs against the potential impact of COVID-19 and other relevant market factors based on all the available information at this point in time and provisions that may arise for any borrowal account which has not been declared as NPA as at December 31, 2020 pursuant to the aforementioned Supreme Court direction. The aggregate additional provisions held by the Bank amounts to Rs. 2,74,000 lakhs.

The Bank also carries additional Standard Asset Provision on Emerging Entrepreneurs Business (EEB) portfolio at 0.75% amounting to Rs. 37,900 lakhs. These aforesaid provisions, held by the Bank, aggregate to Rs. 3,11,900 lakhs. These provisions held by the Bank are higher than the minimum requirement as prescribed by RBI.

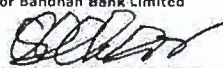
The extent to which the COVID-19 pandemic will impact the Bank's provision on assets and future results will depend on future developments including the final decision of the Honourable Supreme Court of India in relation to aforesaid matter which is awaited as also, among other things the development related to the spread and severity of the COVID-19 pandemic.
- 6 As at December 31, 2020, the total number of Branches, Banking Units and ATM network stood at 1107, 4090 and 487 respectively.
- 7 Figures of the previous year/quarter have been regrouped / reclassified wherever necessary to conform to current year/period's classification.

Place : Kolkata
Date : January 21 ,2021

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For Bandhan Bank Limited


Chandra Shekhar Ghosh
Managing Director & CEO