

Independent Auditor's Review Report on the Quarterly Unaudited Financial Results of the Bank Pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to  
The Board of Directors  
Fincare Small Finance Bank  
5<sup>th</sup> Floor, Bren Mercury  
Kaikondanahalli, Sarjapur Main Road  
Bengaluru, 560035

1. We have reviewed the accompanying statement of unaudited financial results of Fincare Small Finance Bank (the "Bank") for the quarter ended June 30, 2022 (the "Statement") attached herewith, being submitted by the Bank pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
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, "Interim Financial Reporting" (AS 25) prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder, the relevant guidelines and directions issued by Reserve Bank of India (the "RBI Guidelines"), other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. The Statement has been approved by the Bank's Board of Directors. 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. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons 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 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 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 Standards (AS) specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder, the RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

# ***S.R. BATLIBOI & ASSOCIATES LLP***

Chartered Accountants

5. The comparative financial information of the Bank for quarter ended June 30, 2021, included in these financial results, were audited by the predecessor auditor who expressed an unmodified opinion dated August 14, 2021.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

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per Sarvesh Warty

Partner

Membership No.: 121411

UDIN: 22121411AOVWYU4363

Place: Mumbai

Date: August 12, 2022

**Fincare Small Finance Bank Limited**
**Financial Results for the quarter ended 30 June 2022**

(All amounts in ₹ lakhs except otherwise stated)

Particulars	Quarter ended 30 June 2022	Quarter ended 31 March 2022	Quarter ended 30 June 2021	Year ended 31 March 2022
	Un-audited	Audited (Refer Note 1)	Audited	Audited
<b>1 Interest earned (a)+(b)+(c)+(d)</b>	<b>41,521</b>	<b>39,275</b>	<b>33,607</b>	<b>1,45,147</b>
a Interest/discount on advances/bills	37,606	35,741	30,697	1,32,338
b Income on investments	3,289	2,844	2,040	9,996
c Interest on balances with Reserve Bank of India and other interbank funds	609	646	869	2,747
d Others	17	44	1	66
<b>2 Other Income</b>	<b>2,307</b>	<b>7,264</b>	<b>2,715</b>	<b>19,618</b>
<b>3 Total income (1+2)</b>	<b>43,828</b>	<b>46,539</b>	<b>36,322</b>	<b>1,64,765</b>
4 Interest Expended	15,470	14,666	13,895	56,978
5 Operating Expenses (i)+(ii)	19,768	18,456	13,826	64,680
i Employees cost	13,042	11,115	9,268	41,207
ii Other operating expenses	6,726	7,341	4,558	23,473
<b>6 Total Expenditure (4+5) (excluding Provisions and Contingencies)</b>	<b>35,238</b>	<b>33,122</b>	<b>27,721</b>	<b>1,21,658</b>
<b>7 Operating Profit (3-6) (Profit before Provisions &amp; Contingencies)</b>	<b>8,590</b>	<b>13,417</b>	<b>8,601</b>	<b>43,107</b>
8 Provisions (other than tax) and Contingencies	15,246	6,688	6,345	42,532
9 Exceptional Items	-	-	-	-
<b>10 Net Profit from Ordinary activity before Tax (7-8-9)</b>	<b>(6,656)</b>	<b>6,729</b>	<b>2,256</b>	<b>575</b>
11 Tax Expenses	(1,787)	1,181	525	(312)
<b>12 Net Profit from Ordinary activity after Tax (10-11)</b>	<b>(4,869)</b>	<b>5,548</b>	<b>1,731</b>	<b>887</b>
13 Extra-ordinary Item	-	-	-	-
<b>14 Net Profit/(Loss) for the period (12-13)</b>	<b>(4,869)</b>	<b>5,548</b>	<b>1,731</b>	<b>887</b>
15 Paid-up equity share capital	22,078	22,078	22,078	22,078
16 Reserves excluding revaluation reserves (as per balance sheet)	92,601	97,471	98,314	97,471
<b>17 Analytical Ratios</b>				
i Percentage of shares held by Government of India	-	-	-	-
ii Capital Adequacy Ratio	23.04%	22.32%	33.01%	22.32%
iii Earning per share				
(a) Basic	(2.21)	2.37	0.76	0.38
(b) Diluted	(2.21)	2.37	0.76	0.38
iv Non-Performing Assets				
(a) Amount of gross non-performing assets	42,836	57,323	44,995	57,323
(b) Amount of net non-performing assets	18,372	24,983	21,351	24,983
(c) % of gross NPAs	5.92%	7.79%	7.97%	7.79%
(d) % of net NPAs	2.63%	3.55%	3.95%	3.55%
v Return on Assets (annualised)	(1.85%)	2.16%	0.80%	0.09%
vi Net worth ( Refer Note 8.a )	1,04,171	1,10,734	1,13,402	1,10,734
vii Outstanding Redeemable Preference Share	-	-	-	-
viii Debt Equity Ratio ( Refer Note 8.b)	1.49	1.52	1.16	1.52
ix Total debt to total asset (Refer Note 8.c)	0.24	0.27	0.20	0.27

## Notes

- 1 The above financial results for the quarter and year ended 30 June, 2022 have been reviewed by the Audit Committee and recommended for approval to and approved by the Board of Directors at its meeting held on 12 August, 2022. The figures of the quarter ended 31 March, 2022 are the balancing figures between audited figures in respect of the full financial year ended 31 March, 2022 and published year to date figures up to the nine months ended 31 December, 2021 which were subject to audit and limited review respectively.
- 2 "Other Income" includes income from non-fund based activities such as brokerage and commission, profit/(loss) on sale of investments (net), profit/(loss) on revaluation of investment (net) and income from sale of Priority Sector Lending Certificates.
- 3 India is emerging out of the COVID-19 pandemic and the operations have returned to normalcy during the quarter. The Bank continues to monitor and assess the impact of the pandemic on its operations and financials (including impact on provision for loan portfolio), which depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, governmental and regulatory measures and the Bank's responses thereto. All information available upto the date of these results have been considered and adequate dealt with in preparation and presentation of these financial results.  
  
The Bank has created an additional provision of ₹ 1,770 lakhs and ₹ 4,322 lakhs during the quarter ended on 30 June 2022 and 31 March 2022 respectively. As at 30 June 2022 and 31 March 2022, the Bank continues to carry an additional contingency provision of ₹ 1,511 lakhs and ₹ 670 lakhs respectively which includes additional provision for the accounts restructured under RBI Resolution framework.
- 4 These financial results are prepared in compliance with the generally accepted accounting principles in India (Indian GAAP), statutory requirements prescribed under Banking Regulations Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('the RBI') from time to time and Regulation 52 of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) 2015 as amended.
- 5 EPS disclosed for the quarters ended period are not annualised.
- 6 Figures for the previous period / year have been regrouped / reclassified wherever necessary to conform to the classification of the current period.
- 7 There are no changes to the significant accounting policies adopted during the quarter ended 30 June, 2022 as compared to those followed for the year ended 31 March, 2022.
- 8 a) Networth is calculated as per Master Circular - Exposure Norms Issued By RBI  
b) Debt Represents Borrowings with Residual Maturity of more than one year  
c) Total Debt represents Total Borrowings of the Bank
- 9 The Capital adequacy ratio("CRAR") has been computed as per the Operating guidelinesvide RBI notification RBI/2016-17/81 DBR.NBD.NO.26/16.13.218/2016-17 dated 06 October 2016 ("the Operating guidelines") prescribed for Small Finance Bank. The Bank has followed Basel II standardised approach for credit risk in accordance with the operating guidelines issued by the RBI for Small Finance Banks. Further no separate capital charge for market risk and operational risk have been computed in view of the exception contained in RBI Notification DBR.NBD.NO.4502/16.13.218/2017-18 dated 08 November 2017.
- 10 During the quarter ended 30 June, 2022, the Bank has not transferred/acquired any loan under the RBI Master Direction on Transfer of Loan Exposures dated 24 September, 2021

**For and on behalf of the Board of Directors of  
Fincare Small Finance Bank Limited**

**Rajeev Yadav**  
MD and CEO  
DIN: 00111379

Place: Bengaluru  
Date: August 12, 2022

## **FINCARE SMALL FINANCE BANK LIMITED**

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