

# Belief Reinforced

Resilience. Relearning.  
Reimagining.

Annual Report  
**2021-22**

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## About this report

The Bank's key purpose is to ensure that every individual falls under the purview of formal banking. In order to achieve this, the Bank is reaching out to the unbanked and under-banked population of the country and providing the rightful access to basic banking and financial services while also catering to metro and urban India through its various products and services. Through this report, it is being demonstrated how the Bank is living its purpose.

## Forward-looking Statement

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Bank's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Bank cannot guarantee that these assumptions and expectations are accurate or will be realised. The Bank's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Bank assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Bank has sourced the industry information from the publicly available resources and has not verified those information independently.



To view this report online, please visit the investors' corner section at:

[www.bandhanbank.com](http://www.bandhanbank.com)



# Numbers that Define the Bank

34



States & UTs

2.63 crore



Customers

566



Districts

60,211



Employees

5,639



Banking Outlets

The last two years have taught us more about managing crises and challenges than the many years before it. Globally, for individuals and organisations, this phase has been a learning experience.

Bandhan Bank has a strong foundation of many years of working with the vulnerable sections of the society. Now, as a universal bank, the Bank has been able to rapidly expand its operations and maintain a steep learning curve. The pandemic and the necessary steps taken to keep people safe, impacted one and all, resulting in extremely tough operating environment for businesses. In such a scenario, your Bank proved its **resilience**, like it has done in the past as well. Your Bank's performance has given it confidence in its structural and operational strength. In manoeuvring the business through these times, the Bank has also been agile in making necessary changes and initiating new processes and systems. This relearning goes further in strengthening the **resilience** of the Bank. While the world of banking was already evolving fast, the pandemic has accelerated the journey and now, we all are **reimagining** what the future can and will be. Your Bank's ability to reimagine its future while being strong in its ethos of being a bank for all, makes for exciting and fulfilling times ahead.



# Company Overview

Bandhan Bank is one of India’s youngest scheduled commercial banks. The Bank’s ethos of inclusive banking is rooted in trust and integrity, driven by its philosophy of ‘Aapka Bhala, Sabki Bhalai’. While the Bank aims to be a bank for all, its focus remains the unbanked and underbanked population of the country. Through the hardships brought by the pandemic, your Bank’s business operations have displayed exemplary resilience to meet the challenges and address the aspirations of every Indian. Learning through every hurdle, the Bank has reinvented itself to cater to its customers’ banking needs remotely and physically. The Bank has emerged stronger and is poised to see sustained growth in the future.

Despite the economic slowdown and lockdown imposed during the pandemic, your Bank has remained focussed on reaching out to the unbanked and underserved segments of the Indian population with its last-mile banking services in rural and semi-urban areas. For the urban segment, the Bank expanded its extensive portfolio of need-based banking products, backed by a 360-degree service proposition. Its strong customer-centric approach and growing network of branches across geographies have helped onboard many customers.

## Your Bank’s Philosophy

### Vision

To be a world-class bank with convenient and affordable financial solutions for all, offered in an inclusive and sustainable manner.

### Values

Our values are anchored around our business ethics, consumer focus, and corporate responsibility towards the society at large.

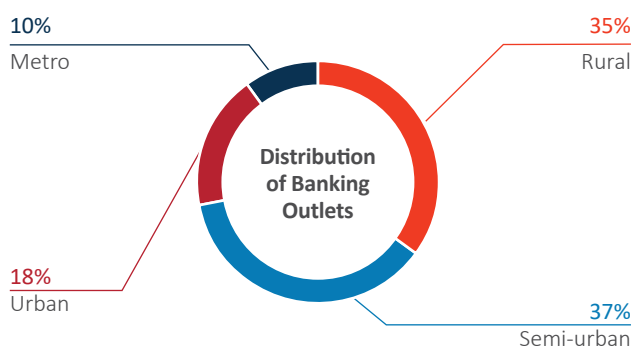


### Mission

To provide our customers accessible, simple, cost-effective and innovative financial solutions in a courteous and responsible manner. To create value for all stakeholders through a committed team, robust policies and superior systems and technology.

## Serving the unserved and underserved

Your Bank continually endeavours to further inclusive banking and reach the unbanked and under-banked masses of the country.



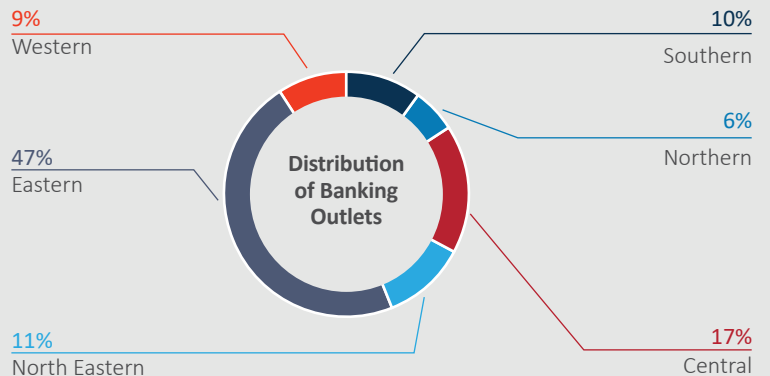
### Growing Outreach

Expanding progressively over the years, your Bank delivers product and service excellence to more than 2.60 crore customers in 34 states and union territories, through its more than 5,600 banking outlets.



### Geographical Distribution of Banking Outlets

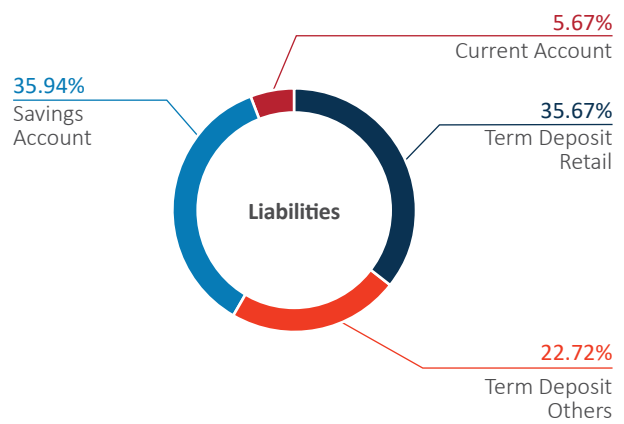
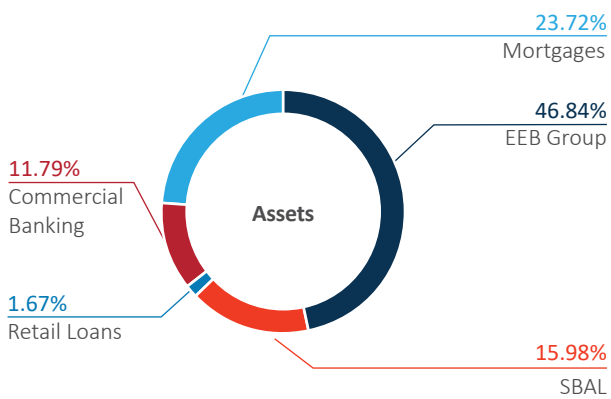
The Bank continues to expand its footprint across the country. While its legacy makes it stronger in presence in the East, your Bank is keenly focussed on diversifying geographically and increasing its presence in areas outside of East.



# Your Bank's Performance in Numbers

Your Bank's resilience over the past two years have reinforced its belief and the Bank has made significant progress across key growth metrics. As your Bank prepares to take a leap into the next phase of its transformation agenda, let us look at some of its Key Performance Indicators (KPIs) over the past five years.

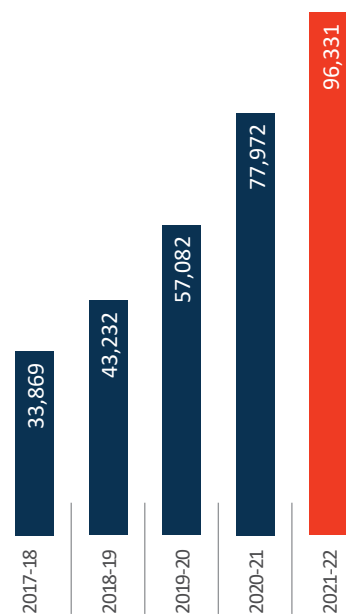
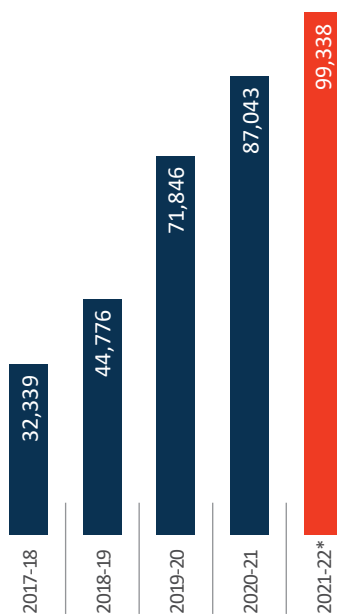
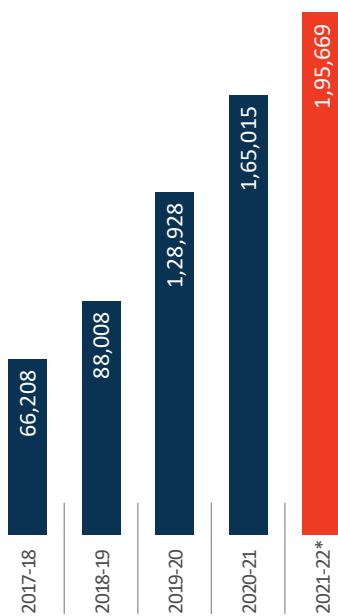
## Business Mix in FY 2021-22



**Total Business**  
(₹ in crore)

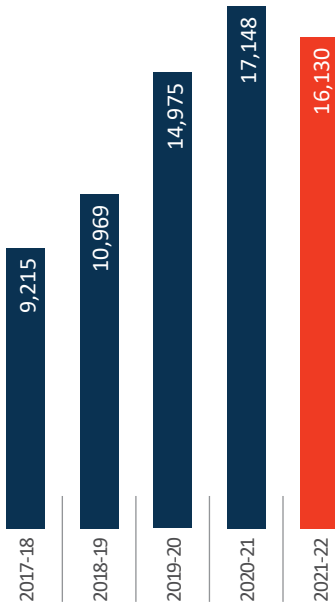
**Advances**  
(₹ in crore)

**Deposits**  
(₹ in crore)

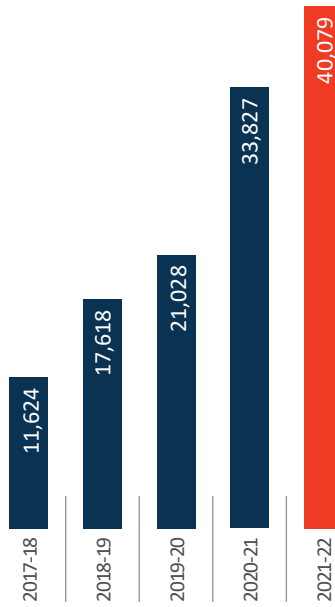


\* (TLTRO & PTC amount ₹547 crore included in FY 2021-22 Advances)  
EEB - Emerging Entrepreneurs Business; Small Business and Agri Loans (SBAL)

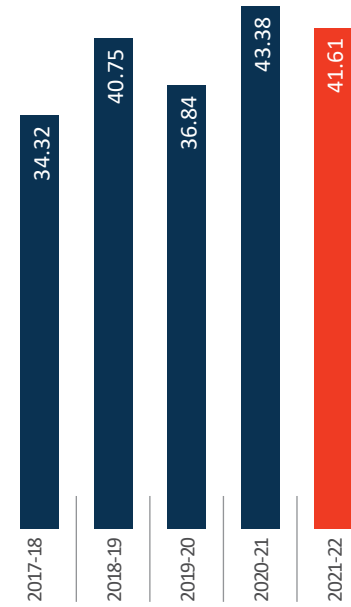
### Net Worth (₹ in crore)



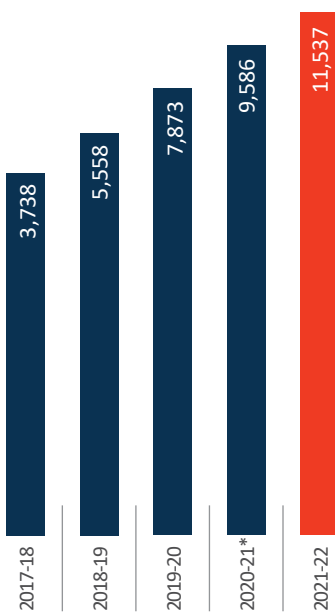
### CASA (₹ in crore)



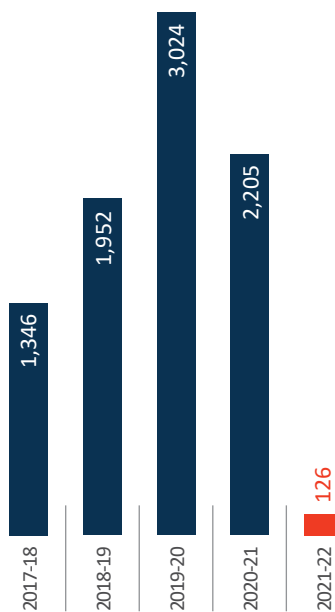
### CASA Ratio (%)



### Total Income (Net) (₹ in crore)

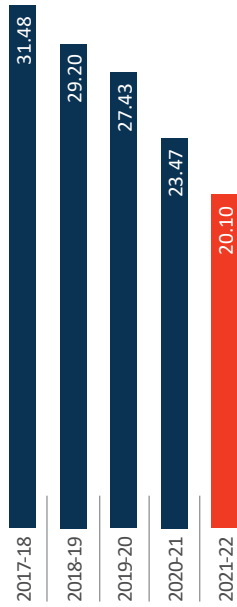


### Profit After Tax (₹ in crore)

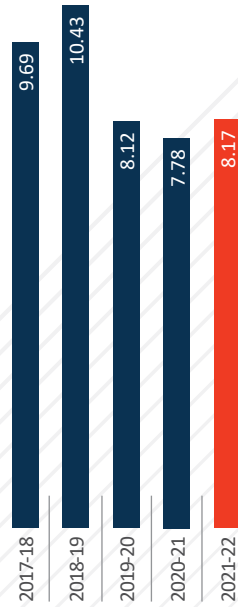


\* Re grouped to conform to FY 2021-22 classification.

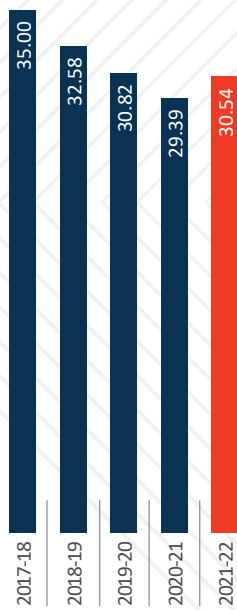
**Capital Adequacy Ratio**  
(%)



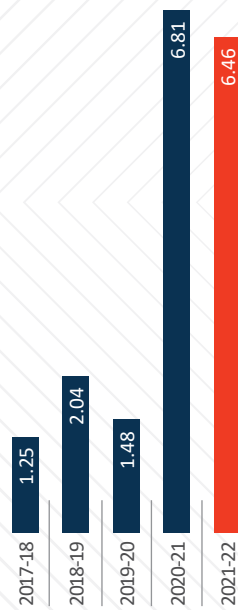
**Net Interest Margin**  
(%)



**Cost to Income Ratio**  
(%)



**Gross NPA**  
(%)

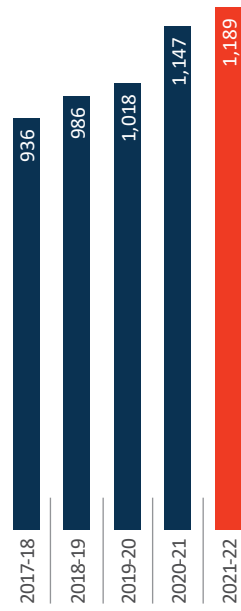




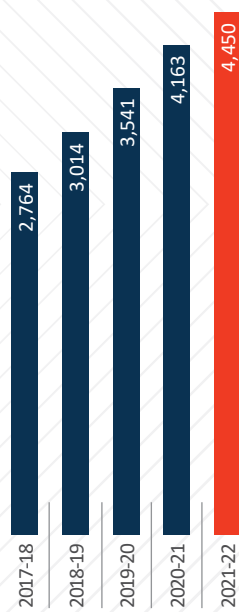
### Net NPA (%)



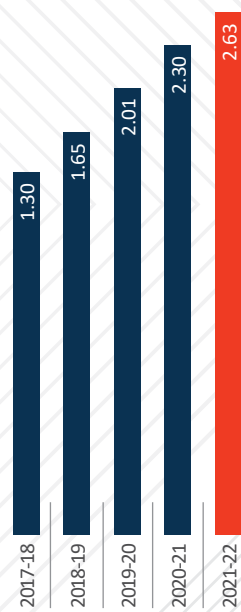
### Branches



### Banking Units



### Customers (in crore)



# Chairman's Message

**Your Bank's strategic focus will be on accelerating disbursements, maintaining collection efficiency, and driving continuous improvement in asset quality.**

- Dr. Anup Kumar Sinha



## Dear Shareholders,

I hope you and your loved ones are doing well.

The challenges posed by the COVID-19 pandemic continued in the year in review. I am happy to tell you that your Bank displayed strong resilience, yet again. As the impact of COVID-19 started abating, your Bank's business growth gathered pace along with a sharp improvement in asset quality. Its sustained recovery has once again demonstrated the strength of its business model.

With small businesses and those with relatively limited financial resources being severely hit by the pandemic, these extraordinary times have also reiterated the relevance of your Bank's vision: offering convenient and affordable financial solutions for all. Underpinned by its dedicated workforce, wide network, growing portfolio, strong stakeholder relationships, and ongoing digital transformation, your Bank remains committed to taking inclusive banking to the next level.

## Economic Review

The fiscal year began on a muted note as India battled the second severe wave of COVID-19 that overwhelmed the entire healthcare infrastructure. The situation started improving in the second quarter; however, the Omicron variant-led wave surfaced in the fourth quarter to disrupt economic and social life again, albeit not as significantly.

From a contraction of 6.6% during FY 2020-21, India made a strong economic recovery, with GDP growth of 8.7% for FY 2021-22. Supportive fiscal and monetary stances, increased public spending including in infrastructure, a pickup in private investment, along with rapid vaccination progress aided the revival.

The pandemic impact was evident in the quarterly GDP growth figures. While growth during the first and fourth quarters was affected by the COVID-19 impact and the related lockdowns, the remaining two quarters achieved strong growth as disruptions eased significantly and life gradually returned to normalcy.

## Sector Performance

The pandemic has been a test for the global financial system. The timely measures taken by the Reserve Bank of India (RBI) and the government have helped the economy tread these unprecedented times.

The banking industry continued to play a strong role in the revival of the economy. Bank credit grew by 7.1% in FY 2021-22 against a decline of 0.4% in FY 2020-21. This growth was led by the micro and small enterprises, whose credit growth was far higher than the large industries.

The banking sector has also performed well in capital adequacy ratios and reduction of non-performing assets. Capital to risk-weighted asset ratio (CRAR) of Scheduled Commercial Banks (SCB) rose to a new high of 16.7% in end-March 2022 from 16.03% in end-March 2021, on account of the improvement of CRAR of both public and private sector banks. The Gross Non-Performing Asset (GNPA) ratio of SCBs decreased from 7.48% in end-March 2021 to a six-year low of 5.9% in end-March 2022.

The RBI announced that 1.5 lakh post offices would get core-banking system. It also declared setting up 75 Digital Banking Units in 75 districts of the country by SCBs. These measures will aid the ongoing efforts of financial inclusion and make formal financial services available to the rural population. Another significant announcement by the RBI is the introduction of the digital rupee in the FY 2022-23 by using blockchain and other technologies. This will make India among the select global economies that have their sovereign digital currency.

### Your Bank's Progress

Your Bank reported healthy sequential progress across parameters as the operating conditions improved. More importantly, even during these difficult times and, often, emotionally exhausting instances, the Bank's employees never wavered from their focus on supporting its customers.

Your Bank also made good progress towards the realisation of its Vision 2025. Portfolio diversification, geographical diversification, digital transformation, and people empowerment are critical aspects of Vision 2025 as the Bank seeks to continue being a bank of choice for its customers. Under portfolio diversification, the focus is on growing the Bank's non-microfinance portfolio – SME loans, housing loans and retail assets- and thus, gradually diversifying from its core microfinance business.

Your Bank's strategic focus will be on accelerating disbursements, maintaining collection efficiency, and driving continuous improvement in asset quality.

### Way Ahead

India's GDP growth is projected to grow in real terms by 7.2% in FY 2022-23. Healthy economic growth, along with budgetary support from the government and the improved resilience of the banking

**Your Bank reported healthy sequential progress across parameters as the operating conditions improved. More importantly, even during these difficult times and, often, emotionally exhausting instances, the Bank's employees never wavered from their focus on supporting its customers.**

system, provides a robust platform for an upshift in the credit growth trajectory.

The road ahead, however, has its fair share of challenges. Economic growth can potentially be undermined by geopolitical tensions, excessive volatility in global commodity prices, supply-chain disruptions, high inflationary pressures, ongoing monetary tightening by the central bank and withdrawal of some of the fiscal stimuli.

Global central banks have raised rates and tightened monetary conditions to combat the rising inflation. The RBI also raised the policy repo rate and has taken steps to move towards liquidity normalisation to control inflation. Further, with the inflation forecast to remain at high levels of around 5.7% for the year, the RBI has mentioned that it will focus on withdrawing the accommodative policy stance to keep inflation in check.

### In Conclusion

The largely successful massive vaccination drive in India has helped in containing the pandemic and restored people's confidence in facing the pandemic. India has also enhanced its health infrastructure and is well on the way to putting the COVID-19 blows behind. Over

the medium term, improving domestic macro conditions, higher investments, and stable consumption growth will support sustained economic recovery.

Your Bank is committed to supporting this recovery by focusing keenly on customers' needs. In this regard, the Bank's Vision 2025, along with its solid and meaningful purpose of financial inclusion, will drive its momentum. The Bank looks forward to your continued support as it works towards creating better value for its customers, all other stakeholders, and our great nation.

**Warm regards,**

**Dr. Anup Kumar Sinha**

Non-Executive (Independent) Chairman

# Message from the MD & CEO

**By successfully overcoming one of the toughest stress tests in our history, Bandhan is now a far more secure-proof organisation with a resilient growth framework in place.**

- Chandra Shekhar Ghosh



## Dear Shareholders,

To say that FY 2021-22 was a full learning cycle for your business, will not be far from the truth. The pandemic and its impact brought challenges that none of us ever faced in our lifetimes. We went through a phase of realisation and relearning. This experience has given us meaningful lessons leading to more sustainable learning. I am very proud of how Bandhan Bank responded when faced with the most difficult and, at times, trying circumstances. However, opportunities came back strongly, and your Bank was well poised to grab them and close the year on a positive note. Your Bank's experience of the last quarter of the year in review establishes that the impact of the pandemic on businesses, the operating environment and people at large has abated. We have truly entered the all-important phase of reimagining, rebuilding and resurrecting.

## The Operating Environment

We started the year in review while being in the toughest phase for the nation. The second wave of the pandemic in India brought much disruption. Unlike the first wave of 2020, the rural and semi-urban areas were also significantly affected. The large-scale loss of lives and livelihoods was witnessed by all. The stringent local lockdowns and restricted hours severely dented businesses. Repayments were impacted, credit demand shrunk, consumer expenditure was measured, and the overall economy was under pressure. Policy measures brought some

relief as people dusted their backs and got back up on their feet.

Within the third quarter of the financial year, thanks to the large-scale vaccination drive and the reducing impact of the pandemic, there were strong signs of resurgence. Credit demand picked up sharply, consumer expenditure started rising, and industries that had faced the greatest impact, like travel and tourism, started rebounding. This bode well for your Bank as the third quarter is traditionally when the Bank's business picks up.

The new calendar year 2022, came with another wave of the pandemic. However, this time, the impact was milder. Hospitalisation and fatality rates were low, loss of business was minimal, and restrictions placed by the authorities were also milder. All these resulted in people gaining confidence in managing the pandemic. This was a welcome sign as the devastation caused by the earlier waves had left many in a lot of fear. With these developments, the last quarter of the financial year turned out to be the saviour for many businesses.

## Financial Review

For your Bank, the financial year was a full circle. The first six months were challenging with a difficult operating environment. In the last six months, though, your Bank scripted a resurgence that ensured its bounce back. This was made possible by our customer's faith and trust, committed workforce, and prudent management.

As mentioned earlier, in the second wave of the pandemic, there was a significant loss of livelihood even in rural and semi-urban India. As a result of this, the income of our microfinance and small business & agri loans customers, dropped sharply, affecting their ability to repay their loans. Repayment of loans is driven by intent and ability. While our customers' ability to repay was dented, their intent was unmoved. This was proven in the part payments that the Bank continued to receive, even through the second wave. In Q1 FY2022, a total of 41.7 lakh customers paid in part, however, since the entire amount was not paid, their accounts had to be classified as SMA or NPA, as the case may be. The part-paying customers reinforced the positive impact Bandhan has had on their lives and also that they want to continue to get the benefits from their association with the Bank.

As a conservative measure, your Bank made a near 15-fold higher provisions at ₹5,578 crore to cover existing and future asset quality stress. This prudent management decision, which resulted in the first-ever net loss for your Bank, proved itself right in the next two quarters when the Bank was able to report profits again.

Your Bank has shown resilience a number of times in the past. It did so, yet again, in the last two quarters of the financial year as it made a strong comeback to all-round recovery. Our collections improved, and disbursements increased with the

economy showing signs of normalcy. For Q4 FY 2021-22, collection efficiency was 99%, and loan disbursements stood at ₹31,685 crore, higher than pre-COVID levels.

What makes our performance even more satisfying is that throughout the year we have continued to manage the business while always protecting the health and safety of all our stakeholders.

### Operational Review

While navigating the challenging operating environment, your Bank continued its growth trajectory and strategic intent. The Bank is steadfast in its Vision 2025 and it is making steady progress on the same. Vision 2025 encompasses the transformation of four pivotal pillars: business (verticals), information technology, digital, and people.

For business, the two areas of impact are loan book diversification and geographical diversification. When we embarked upon Vision 2025 in February 2020, even before the pandemic, the group loan share as on March 31, 2020, was 59.5% of the overall loan book. At the close of FY 2021-22, the same stood at 46.8%, a reduction of 1,270 bps. The share of loans under Commercial Banking increased from 9% to 11.8%, well on track to reach the targeted 30% by 2025. Housing loan stood at 23.7% of the advance book, well on track to be 28% of the advance book by 2025. Other retail assets like gold loan, personal loan, two-wheeler and auto loans increased their share from less than 1% to 1.7%.

In terms of geographical diversification, your Bank is focussed on expansion beyond East and North East India. While in the year in review, given the prevailing conditions, your Bank was conservative in expanding its network, in FY 2022-23, it plans to open 551 new banking outlets, the majority of which will be outside of the east and north east. While the core focus of your Bank will continue to be rural and semi-urban India, it will strengthen its presence in larger centres as well, to garner more customers and truly be a bank for all. As on March 31, 2022, your Bank has a total of 5,639 banking outlets across 34 of the 36 states and union territories.

The expansion and diversification of the distribution network over the years have further helped us to strengthen our deposit book. Total deposits for the year

grew by 23.5%; whereas core geographies of East and North East recorded 18% deposit growth, for the rest of the country deposit growth was 31%.

### Emerging Stronger

While none would have wished for the unprecedented disruption caused by the pandemic, Bandhan Bank has leveraged this crisis as a learning opportunity to become stronger.

The Bank's business demonstrated strong resilience against the headwinds, as mentioned earlier, driven by the resilient workforce. I am extremely proud of how they continued to serve customers throughout the year, despite challenges.

The Bank continued to hire employees across verticals to have the necessary workforce to realise Vision 2025. In the year in review, the Bank added more than 10,000 employees to end the year with 60,211 employees on roll.

Your Bank has always placed strong emphasis on training and development to upskill and reskill staff to ensure that they stay relevant to the fast-changing world. Even during FY 2021-22, the Bank's training programmes had over 90,000 participants across levels and locations. This includes online and classroom training sessions.

Your Bank has also covered significant ground in the technology and digital transformation agenda in the year in review. The Bank's objective of being equipped to provide customers with an omnichannel, hyper-personalised experience is well on course. I am pleased to tell you that the Bank has already deployed tablets across the country through which the small business & agri loans are disbursed real-time.

The Bank has also evaluated various new products and services to be added to the suite, enabling it to become a one-stop-shop for all banking needs of its customers. Consequently, in the coming couple of years, you will hear about a few product launches from the Bank.

### Business Outlook

Following a largely successful, massive vaccination drive, pandemic fear and anxieties in people's minds have receded. Business and consumer sentiments are improving, and the economy is showing signs of moving towards normalcy, and potentially fast-paced growth. While

extraneous uncontrollable factors like geopolitical tensions has put stress on the economy, yet, we are confident that we will bounce back soon enough.

### Key Focus Areas Ahead

Your Bank is well poised for its next phase of growth. It is progressing as desired on its Vision 2025. There are two prominent focus areas of the Bank moving forward, which will work in unison with the rest of the business priorities. These focus areas are strengthening the IT backbone leading to superior digital experiences, and upskilling and reskilling of staff across levels.

The IT and digital transformation of the Bank is well underway and progressing satisfactorily. When complete, your Bank will be among the foremost tech-enabled banks in the country. Combining the strength of data, technology and AI, your Bank will deliver a personalised and hyper-contextual experience to its customers.

Banking is a people-oriented business and will continue to be so, especially for the target audience that your Bank has. At the same time, the world of banking is evolving at a rapid rate. To maintain relevance and continue to serve the customer with empathy and agility, the Bank will keenly focus on the training needs of employees across levels. This will include classroom/online training programmes, on job learning and cross-functional project participation, among others.

Your Bank has audacious goals and is confident of achieving them, driven by the buoyant operating environment and rising consumer aspirations. In the next couple of years, your Bank will continue to evolve to keep itself relevant to the target audiences. The Bank will focus not just on the volume of business but also on the quality of business. Expanding our MSME book, retail book, and housing book; diversifying geographically, and getting the tech and digital transformation across the finish line will continue to be areas of emphasis.

In conclusion, I would like to thank all the Bank's stakeholders for their continued confidence in the Bank. With your sustained support, the Bank will continue on its purpose of serving the aspirations of New India and delivering consistent value for all.

Warm regards,

**Chandra Shekhar Ghosh**

Managing Director & Chief Executive Officer

# Board of Directors



## **Dr. Anup Kumar Sinha**

**Non-Executive (Independent) Chairman**

**Dr. Anup Kumar Sinha** is the former Director of Heritage Business School ('HBS') and currently designated as Chief Mentor. He has also served on the Board of NABARD.

Dr. Sinha has taught at Presidency College and Indian Institute of Management Calcutta ('IIMC'). He served IIMC as Professor of Economics for 25 years. He served three terms on the Board of Governors at IIMC and also as the Dean during 2003-06. He received the Best Faculty Award from the IIMC Alumni Association in 2003 and 2004. In 2012, 2014 and 2015, he won the Most Popular Teacher Award from the outgoing MBA students of IIMC.

He has held visiting appointments at University of Calcutta, Indian Statistical Institute, University of Southern California, Washington, University at St. Louis, Curtin University at Perth and Kyoto University. He has been actively engaged in training and consulting for a number of organisations in the public and private sector, as well as for international agencies in the fields of economics. He has also authored publications on various topics including economics, rural economy, management, etc.

Dr. Anup Kumar Sinha is an economist with a Ph.D. from the University of Southern California, Los Angeles. He is also an M.S. in Economics, University of Rochester, USA and Master in Economics from University of Calcutta.



## **Chandra Shekhar Ghosh**

**Managing Director & Chief Executive Officer**

**Mr. Ghosh** has been one of the foremost proponents of microfinance in India. He has more than 30 years of experience in the microfinance and development spaces. He founded Bandhan in 2001 as a not-for-profit enterprise that stood for financial inclusion and women empowerment through sustainable livelihood creation. He was at the forefront of its transformation into an NBFC-MFI and finally a universal bank in August 2015.

Mr. Ghosh is the former President of Bengal Chamber of Commerce & Industry (BCC&I) and the former Chairman of CII, Eastern Region. He is also a member of Managing Committee of Indian Banks' Association (IBA) and a member of Corporate Governance Council, CII. He co-chairs the Financial Inclusion Committee of Federation of Indian Chambers of Commerce and Industry (FICCI). Further, he is a member of the Committee on Micro, Small and Medium Enterprises (MSME) sector, Government of West Bengal, along with being a member of College Advisory Committee (CAC) in CAB, Pune. He has also been a distinguished invitee on the Council of Management, AIMA. Mr. Ghosh was elected as 'Senior Ashoka Fellow' in 2007 by Ashoka Foundation (social entrepreneurship award).

He holds an MSc in Statistics and also attended the HBS-ACCION programme on Strategic Leadership at Harvard Business School in April 2006. He has completed a Certification Programme in IT & Cyber Security conducted by Institute for Development and Research in Banking Technology (IDRBT), established by the RBI.



## **Dr. Allamraju Subramanya Ramasastry**

**Independent Director**

**Dr. Ramasastry** is widely known for his commendable domain knowledge in Banking technologies such as cybersecurity, analytics, Cloud computing, and payment systems, in addition to his other areas of expertise. He was the Director of the Institute for Development and Research in Banking Technology ('IDRBT') from 2014-2020. Prior to joining the IDRBT, he was the Chief General Manager-in-charge of the Department of Information Technology at RBI. In RBI, he had spearheaded many important projects, including the implementation of the Next Generation RTGS, adoption of XBRL and ISO 20022, and preparation of the IT Vision of RBI from 2011-17.

He has authored two books titled 'Quantitative Methods for Valuation of Assets' and 'Quantitative Methods for Banking and Finance'. He had also guided the Bank of Mauritius, Bank of Malaysia and Bank of Uganda on the implementation of Data Warehouse, XBRL, etc., and delivered talks on standards and technology for data reporting at the International Monetary Fund and Bank of International Settlements.

Dr. Ramasastry holds a PhD in Finance from the Indian Institute of Technology, Madras and has held top ranks in M.Sc. (Statistics) from Madras University and B.Sc. (Statistics) from Loyola College, Madras. He also attended Advanced Management Programmes at the University of Oxford and Kellogg School of Management.



### Dr. Aparajita Mitra

Additional Director (Independent)

**Dr. Mitra**, a Doctorate in Agriculture (Dept. of Plant Molecular and cellular Biology, Bose Institute), has extensive experience and expertise of more than three decades in the field of agricultural sciences. She has done extensive research and published articles in the field of commercial micropropagation of Horticulture/tree and medicinal species, DNA extraction and sequencing, DNA fingerprinting (plants), gel electrophoresis, protein and isozyme analysis, etc. Dr. Mitra is a recipient of the CSIR Fellowship and the 'Women Scientist Award' from the Department of Science and Technology, Government of India, 2005 for the project "Identification of Disease Resistant Genetic Markers in Bamboo Spp".

She has also guided various postgraduate students from well-known universities on their projects in the domain of Plant Tissue culture part. She has been associated with various organisations, such as:

- Director on the Board of Uncarbon Private Limited (since February 2022)
- Director and Editor of Artifact, Arts Acre Foundation (since 2021)
- Member, Advisory Board of the DBT Sponsored Post Graduation Diploma – "Quality Assurance Testing of Tissue Culture raised Plant", a DBT (Gol) supported Skill Development Program, Certified by "Life Science Sector: Skill Development Council" at Rama Krishna Mission Vivekananda Centenary College, Rahora, Kolkata
- Visiting faculty in the Institute of Agricultural Sciences, University of Calcutta (since 2014)
- Tissue Culture Consultant in Pallishree Limited, a Department of Biotechnology ('DBT') certified commercial lab, since its inception (since 2011) and R&D-Head, since 2021
- Laboratory and Organic farming consultant in Maple Orgtech Private Limited and Tega Industries Private Limited (since 2016)
- Research Officer in The Agri-Horticultural Society of India (2002-2004 and 2008-2020)
- As DST Women Scientist in the Bose Research Institute (2005-2007)

Dr. Mitra is a Ph.D in Agriculture, M. Tech., (Applied Botany, Dept. of Agricultural Engineering, IIT Kgp) and B.Sc in Botany (Hons), Chemistry and Zoology. She has also done hands-on training in cell cloning from National Bureau of Fish Genetic Resources, Lucknow.



### Divya Krishnan

Additional Non-Executive Non-Independent Director  
(Nominee of BFHL)

**Ms. Divya Krishnan** is a finance and investment banking professional and is currently a visiting faculty at Ashoka University. Ms. Krishnan was formerly Chief Investment Officer ('CIO') and Head of Investment at SBI Mutual Fund. Prior to becoming CIO, Ms. Krishnan worked as a fund manager at SBI Funds.

Post her voluntary exit from SBI in 2001, Ms. Krishnan has served as a consultant to a number of leading non-profits and NGOs. She worked closely with non-profit institutions, catalysing growth through impactful programs. She has been an invitee as Scholar-in-Residence by a leading private University in the US, guiding students to effectively support developmental initiatives in India.

Ms. Krishnan was a member of the Working Group on Disabilities to develop the 12th Five Year Plan for the local state government. She has also served as a volunteer teacher for slum children in Mumbai and for primary school children in Hong Kong and in Trivandrum.

Ms. Krishnan did her MBA at IIM Ahmedabad and was awarded a prestigious industry scholarship for outstanding scholastic achievement during her time there. Ms. Krishnan is an alumnus of Shri Ram College of Commerce, Delhi and La Martiniere School, Kolkata.



### Dr. Holger Dirk Michaelis

Nominee Director (Caladium Investment Pte. Ltd.)

**Dr. Michaelis** is currently a Senior Vice President of GIC Private Equity & Infrastructure (PE&I) Singapore office, overseeing GIC's direct investments into financial sector companies globally. He has extensive experience in private equity and as a strategic adviser to financial services companies.

Previously, he was a Partner and the Managing Director at the Boston Consulting Group where he worked in Germany and China. He advised clients in corporate and investment banking, transaction banking, retail banking, insurance and asset management on topics of strategic relevance including corporate and business line strategies, organisation, operations, IT and risk management.

Dr. Michaelis is an economist and holds a doctorate degree in Economics from WHU Koblenz, Germany. He pursued his post-graduation in Business Administration (Finance) from UT Austin, USA. He has co-authored various BCG publications on Banking, M&A and Insurance.



### **N V P Tendulkar**

**Independent Director**

**Mr. Tendulkar** is a qualified Chartered Accountant and Company Secretary. He has more than 41 years of experience in Finance, General Management & Operations in IT, Telecom and Manufacturing industries. He has extensive experience working with American and European based multinational organisations and has successfully resolved multi-dimensional, dynamic and challenging issues.

He was an Executive Director with Hewlett Packard Enterprise India Limited for almost 14 years. He was also associated with many IT Companies including Tata Telecom, AT & T, USA, Digital Global Soft etc. Currently, he is an Independent Director of Centrum Capital Limited and Siemens Gamesa Renewal Power Private Limited.

Mr. Tendulkar is the recipient of many awards such as CFO 100 Roll of Honor in 2012 and 2016 from 9.9 Media, Best CFO of HP worldwide and CNBC TV 18 CFO award.



### **Philip Mathew**

**Additional Director (Independent)**

**Mr. Philip Mathew**, a HR practitioner, has almost 30 years of work experience. He left HDFC Bank as the Chief People Officer in 2018 after his association of around 16 years. During his tenure at HDFC Bank, he was involved in various HR related initiatives, such as, successful transition to a cloud-based enterprise-wide HR application, amongst the first to adopt the new governance and risk management standards set by Compensation Guidelines by RBI, implementation of HR metrics, recognition as 'Best Employer' in the BT Survey in 2016, etc., and with regard to training and development, online learning, revisiting instructional design and systematic measurement of training effectiveness of designated programmes.

His experience as a HR practitioner spans across organisations involved in manufacturing and financial services. His career journey has been through the entire landscape of HR with significant depth. He was Plant HR In-charge at Rallis India Ltd and Marico Industries Ltd, Project Lead for roll-out of new PMS at ANZ Grindlays Bank, a brief corporate stint at Colgate-Palmolive before becoming Head HR at Sharekhan.com and thereafter, moved to HDFC Bank in 2002, where he started as AVP-HR Operations and grew to become the Chief People Officer for HDFC Bank. Currently, he is associated with development of HR related solutions.

Mr. Mathew is M.A (PM & IR) from the Tata Institute of Social Sciences and B.Sc (Statistics) from the Loyola College.



### **Santanu Mukherjee**

**Independent Director**

**Mr. Mukherjee** is the former Managing Director of the erstwhile State Bank of Hyderabad, an associate bank of the country's largest lender- State Bank of India. He has four decades of experience in the fields of banking, finance, treasury operations, risk management, etc. in various capacities. From 2013 to mid of 2014, he was acting as Chief General Manager of State Bank of Bikaner and Jaipur. He has also worked as a Chief Executive Officer of State Bank of India, Paris from 2004 to 2008. He joined as a probationary officer and carried out important domestic and overseas assignments in the SBI Group.

Currently, he is also on the Boards of Muthoot Housing Finance Company Limited, Suven Life Sciences Limited, Sumedha Fiscal Services Limited, Rainbow Children's Medicare Limited, etc. He is also on the Board of Governors of the Institute of Management and Technology Hyderabad.

Mr. Mukherjee holds a B.Sc. (Honours) degree from Presidency College under the University of Calcutta and CAIIB from the Indian Institute of Bankers.





## Subrata Dutta Gupta

Independent Director

**Mr. Gupta** has a rich experience of more than 35 years in Asset-based Financing, with 20 years dedicated to the Mortgage industry in India and 11 years to Development Finance. His domain expertise has been in investment and advisory services related to the mortgage industry, covering areas like strategic planning, business plan, underwriting and policy formulation. He has an extensive experience in mentoring the workforce at startups in the Housing Finance sector, grooming and upskilling them on lending to the informal and low income borrowers, including developing business plans and data analytics platforms.

Mr. Gupta worked at the International Financial Corporation ('IFC'), World Bank Group for more than a decade from 2005 to 2019 and retired as the Principal Financial Officer of IFC. During his stint at IFC, he worked in South Asia, South East Asia, and Central Asia. He has also been associated with BHW Birla Home Finance as the Managing Director, with SREI International Finance as Senior Vice President and with Classic Financial Services & Enterprises Ltd. as the Regional Manager for Operations.

Currently, he is a member of the Board of Joyville Shapoorji Housing Private Limited as a Nominee Director of Asian Development Bank.

Mr. Gupta holds a Master of Arts degree in Economics from the Delhi School of Economics.



## Suhail Chander

Independent Director

**Mr. Chander** is a veteran Banker. He has 38 years of rich experience in Banking Operations, Trade Finance, Retail, Microfinance and Wholesale Banking. His extensive experience covers the entire gamut from retail, microfinance, small and medium enterprise, mid-sized corporates, large corporates and Investment Banking.

Mr. Chander started his professional journey in banking as a trainee at Grindlays Bank in 1983. He then held various senior positions at ABN AMRO Bank NV in India, Indonesia and Singapore. Thereafter, Mr. Chander joined IndusInd Bank's core management team and retired in March 2020 from there as the Head of Corporate and Institutional Banking.

Currently, he is a member of the Board of Canara Robeco Asset Management Company Limited.

Mr. Chander is a Chartered Accountant. He also holds a Bachelor of Arts (Honours) degree in Economics from the University of Delhi.



## Thekedathumadam Subramani Raji Gain

Independent Director

**Ms. Gain** has recently retired as the Chief General Manager and state in-charge at MP Regional Office of NABARD. She had also held the position of Executive Director at Bankers Institute of Rural Development (BIRD). She has over 34 years' experience in the field of agricultural and rural development. She has worked in various capacities in NABARD where she was involved in capacity building and conducted programmes on organisational and institutional development, microfinance, self-help groups, gender and participatory management. She has been a Faculty Member at the BIRD, Lucknow and Technical Advisor at UP Diversified Agriculture support Program, a World Bank Project.

She is a postgraduate in Agricultural Physics from Indian Agricultural Research Institute, New Delhi and holds Certificates on Land Use Management and Climate Finance from World Bank Institute.



## Vijay N Bhatt

Independent Director

**Mr. Vijay N Bhatt** is a qualified Chartered Accountant and a Bachelor in Law (Gen). He has 35 years of experience in large, medium and small Indian and multinational businesses. Being in the audit profession, he has a good understanding of the business environment, business risks, controls, accounting and financial reporting issues relevant to businesses operating in India.

He was with KPMG for over 10 years (Senior Independent Director), with E&Y for 2 years and with R S M & Co. Chartered Accountants for 19 years and for a few months with Lovelock Lewis. He was also a senior Independent Director of BSR & Co. Chartered Accountants. He has been a member of various committees of the Institute of Chartered Accountants of India, such as: Accounting Standard Board, Audit Standard Board, Information Technology Committee, Financial Reporting Review Group and Professional Development Committee of WIRC. Currently, he is on the Board of JK Files & Engineering Limited and Qontrac Prints Private Limited.

# Core Management Team

**Arvind Singla**

Head – Operations & Technology

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**Santanu Banerjee**

Head – Human Resources

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**Biswajit Das**

Chief Risk Officer

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**Nand Kumar Singh**

Head – Banking Operations and Customer Service

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**Siddhartha Sanyal**

Chief Economist and Head Research

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**Sujoy Roy**

Head-Branch Banking

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**Jagannadha Rao Suvvari**

Head – Legal

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**Ravi Lahoti**

Chief Audit Executive

---

**Suresh Srinivasan Iyer**

Head – Housing Finance

---

**Kamal Batra**

Head – Assets

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**Sunil Samdani**

Chief Financial Officer

---

**Manoj Kumar Mauni**

Chief Technology Officer

---

**Ronti Kar**

Chief Information Officer

---

**Sudheer Reddy Govula**

Chief Compliance Officer

---

**Arvind Kanagasabai**

Head – Treasury

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**P Ramaswamy**

Chief of Internal Vigilance

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**Satyajit Ghosh**

Incharge – EEB and SBAL

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**Indranil Banerjee**

Company Secretary

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# Diversified Product Suite

A varied product portfolio helps your Bank achieve its desired state of being a bank for all. With a focus on consumer needs, your Bank has a fine mix of assets and liability products.

## RETAIL LIABILITY PRODUCTS



The overall deposit book of the Bank has touched ₹96,331 crore with the CASA Business at ₹40,079 crore.

The deposit book size of your Bank has grown by 24% during FY 2021-22 over FY 2020-21 and the CASA book-size has increased by 18% during the same period. In line with the goal of geographical diversification of your Bank, the growth in deposits in east and north-east was 18% whereas in areas outside of east and north-east was 31%.

Your Bank continues its focus on affluent business consisting of the flagship Savings products like Elite and Premium, which during the same period has grown by 33%.

The Senior Citizen customer base has contributed significantly to the value growth of the Bank. In view of the differentiated banking, financial and lifestyle needs of this segment, your Bank introduced the **Respect Programme** to meet their specific needs.

The Respect Programme, addresses their financial needs like medical emergencies and lifestyle benefits in terms of discounts on availing healthcare facilities. A specially designed Respect ID card is offered to senior citizen customers with emergency contact details and priority services at all branches across the country.

Your Bank launched three new current account products in FY 2021-22 namely **Biz Deluxe Current Account**, **Biz PRO Current Account** and **Start-up Current Account**. The introduction of these new variants enable your Bank to



Your Bank has also launched three new Current Account products in FY 2021-22 namely Biz Deluxe Current Account, Biz PRO Current Account and Start-up Current Account.

cater to all segments of business and self-employed customers and provide preferential banking services and solutions as per their needs.

With the changing business dynamics, there has been a significant rise in the number of start-up companies in India. Being a newly-emerged, fast-growing business that aims to meet a marketplace need, the banking needs of start-ups are different from traditional businesses.

### Key Highlights of Deposit Products:

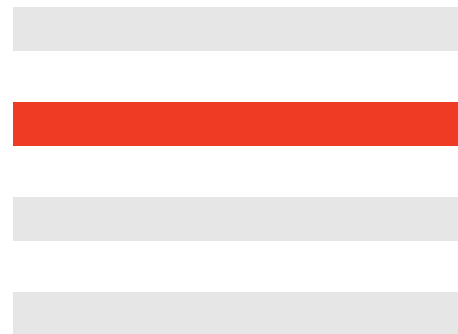
1. Attractive interest rates for CASA, term deposits and recurring deposits
2. 0.75% additional interest on fixed deposits for senior citizens
3. Diverse product portfolio for resident as well as non-resident Indians

Your Bank has therefore introduced the **Start-up Current Account** with features and benefits best suited for them. The Bank has also introduced a current account product to meet the financial requirements of professionals, a growing community in India. The **Biz PRO Current Account** has been designed to fulfil the unique banking needs of professionals. Your Bank has also introduced the **Biz Deluxe Current Account** for traders, distributors and wholesalers of various industries who experience seasonal demand, that peaks and lows in specific months. The features of this product will help customers in this segment to

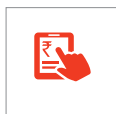
enjoy more benefits by maintaining higher balances.

Considering that digital transactions are low cost, scalable and offer ease of use, your Bank has taken the initiative to reach out to a larger section of customers to opt for online transactions through the digital channels.

Your Bank has been authorised by the RBI for undertaking government business on behalf of the RBI as an Agency Bank. Your Bank has already entered into an agency agreement with the RBI for this purpose.



## DIGITAL PORTFOLIO



In the last two years, digital banking has seen rapid, large-scale adoption among various users in the world.

It is more so in India, where digital banking and payments were still picking up. Propelled by the need to maintain social distancing and stay at home, consumers quickly adopted digital banking and payments to fulfil their needs from the comfort of their home. The government's digital drive also fuelled digital adoption.

To be a part of the digital wave and continue to be a bank of choice for consumers, your Bank has embarked on a digital transformation journey. It has reimagined the future of banking through hyper-contextualisation and is building a personalised digital banking experience for its customers. Advanced product strategy and data analytics are critical to achieve these and your Bank is making quick strides in these areas.

The Bank's digital portfolio and channel strategies provide an anytime, anywhere, easy and quick banking experience to customers. Its digital offerings cater to individuals and businesses across metro, urban, semi-urban and rural India.



### Reimagining the Banking Experience

Resilience in the face of impediments has paved the path for innovation for Bandhan Bank to adopt new-age banking. In this journey of digital transformation, the primary focus has been on:

- I. Banking that's convenient through redefining next-gen technology-enabled self-service offerings

The Bank's digital portfolio and channel strategies provide an anytime, anywhere, easy and fast banking experience to customers. Its digital offerings cater to both urban, corporates, individuals and the unbanked population of this country.

- II. Banking that's personalised through product innovation and external integration
- III. Banking that's reachable through multichannel customer touchpoints

### Key Digital Initiatives this Year

#### i. Bandhan Bank UPI App – 2.0

The BHIM Bandhan UPI app allows users to link multiple bank accounts in one app and make regular payments, check account balances and own complete control over their accounts from a single banking app. The Bank's app has an inbuilt UPI 2.0 functionality including IPO mandate acceptance, OD account linkage and Sign QR in addition to UPI 1.0 functionalities.

#### ii. Internet Banking

The Bank offers feature-rich Internet banking services to customers to help them meet their everyday banking needs. It provides comprehensive account summary, balance enquiry, transaction history, a unified view of all linked accounts, and mini and detailed account statements. It further facilitates online booking of fixed and recurring deposits, 24x7 inter and intra-bank fund transfers via NEFT, RTGS, IMPS and Quick Pay. Service requests can also be initiated online, including chequebook request, stop payment, user details modification, utility bill payment, and others.

The Bank has also launched a revamped Corporate Internet Banking portal with an improved user-friendly interface and dashboard, newly introduced online service requests,



The user interface of mBandhan is extremely simple, making it easy for even non-tech-savvy customers to use mobile banking.

corporate admin functionalities, and enhanced and simplified payment capabilities. The Bank is also in the process of redesigning its Retail Internet Banking experience.

#### iii. Mobile Banking (mBandhan App)

mBandhan is the mobile banking application of the Bank. The user interface of mBandhan is simple and light, making it easy for even non-tech-savvy customers to use mobile banking. Through this app, customers can access and manage their accounts 24x7 on their smartphones. They can check their account balance, make fund transfers, request a chequebook, open a fixed deposit, block a debit card, and much more.

The work on a new, completely different and powerful mobile banking experience has been initiated by the Bank.

#### iv. Integration with Merchant Payment Aggregator and NeoPlus Merchant

The Bank is committed to providing a seamless e-commerce payments experience across stores and apps for customers. The Bank partners some of the large payment aggregators to facilitate customer payments.

In the year in review, the Bank introduced a merchant payment solution called NeoPlus Merchant to increase sales, reduce the cost of cash management and improve customer service. With NeoPlus Merchant SoftPOS, through a simple phone-based app, the merchant gets access to convenient options of receiving payments from customers. It has zero installation fee, provides contactless transaction capabilities and digital receipts, and reports and supports multiple types of transactions, i.e., sales void, partial or complete refunds. Furthermore, the application is equipped to record cash transactions to enable a 360-degree view of payments and collections and 'Khaata' feature to track pending payments.

#### v. USSD Banking

Your Bank, being widely present in rural and semi-urban areas, has a customer base that is yet to migrate to high-speed internet connectivity. The Bank offers its customers the convenience of USSD banking whereby customers can avail of basic banking services without data connectivity. Users can dial \*99# to

avail of a range of financial and non-financial banking services in English and regional languages.

**vi. SMS Banking**

To be a ‘bank that’s reachable’, the Bank has SMS Banking in its product suite. Even without a smartphone and activated data plan, users can access their account information with the help of shortcodes communication via SMS 24\*7.

**vii. Missed Call Banking**

Missed call banking is a service from Bandhan Bank where users can access their account information with a missed call. Users can get their account balance and mini statement by giving a missed call from their registered mobile number on a pre-defined number 24x7.

**viii. Tab Banking**

Tab-based banking for EEB customers helps accelerate the account opening process, eases paperwork on documentation, reduces cost, minimises human error and provides the Bank flexibility to serve customers beyond its branches. Tab banking comes with comprehensive banking features, including collection, disbursement, withdrawal, balance enquiry and NPS. Your Bank has been successfully migrating EEB and SBAL customers from traditional hand-held devices to a state-of-the-art tab banking solution. These have led to significant improvement in maintaining and enhancing customer relations. Currently, more than 35,000 employees across all banking units are using the Bank’s tab banking solution, with more than 18.50 lakh transactions being logged through the platform daily.

**ix. Product Information**

In addition to its deposit products, the Bank has introduced a new investment alternative for customers. Now, customers can invest in equity, liquid, tax-saving and debt funds from their retail Internet banking platform with a single sign-on capability. Customers can also view policy recommendations based on their risk profile, plan financial goals, invest in NFOs, import their external investments onto a single platform, and track their entire portfolio.

The Bank is revamping the digital account opening journey by introducing video KYC capability to introduce a complete KYC-enabled digital account. Furthermore, the Bank is enabling UPI over IVR voice capability for loan repayment, bill payment and other utility payments.

**Road Ahead**

The Bank continues to promote the phygital culture with new enhancements, product and service suite offerings for its customers through the digital channels. The Bank plans to leverage the power of data analytics and artificial intelligence to provide superior customer experience and greater operational efficiency.

The Bank is on the path of extensive digital transformation during the current financial year by making heavy investments to transform its digital asset offerings. The Bank is further redefining its lending journey across its digital platform and enabling EEB digital collection enablement by offering services convenient to end-users.

The Bank is revamping the digital account opening journey by introducing video KYC capability to introduce a complete KYC-enabled digital account.



## EMERGING ENTREPRENEUR BUSINESS (EEB) & SMALL BUSINESS AND AGRI LOANS



### Group Loans

#### ▪ Suchana Loan

Timely funds to start a new business or grow an existing one. Loan size is from ₹1,000 to ₹25,000. However, this product has since been discontinued.

#### ▪ Srishti Loan

Loan to scale up home-based business. Loan size is from ₹26,000 to ₹1,50,000.

#### ▪ Subridhhi Loan

Loan amount is up to 50% of the disbursement amount of running primary loan. Sanctioned to help customers fulfil their extra business requirement during their ongoing loan.

#### ▪ Samadhaan

Loan from ₹5,000 to ₹15,000 to support existing EEB borrowers by providing liquidity support to their businesses during pandemic.

#### ▪ Suraksha Loan

Loan size is up to ₹15,000 and is sanctioned to help existing customers meet their emergency expenses, e.g. medical, drinking water and sanitation

#### ▪ Sushiksha Loan

Loan size is up to ₹10,000 and is sanctioned to help customers meet expenses towards the education of their children.

### Small Business and Agri Loans (SBAL)

#### ▪ Sahayata Loan

Loan to fund growing business needs of existing EEB customers. Loan amount is from ₹51,000 to ₹2,00,000.

#### ▪ Samridhhi Loan

Loan to fund growing business needs of existing EEB customers. Loan size is from ₹75,000 to ₹3,00,000. However, this product has since been discontinued.

#### ▪ Micro Bazaar Loan

With a loan size from ₹26,000 to ₹1,50,000, this product is for small entrepreneurs, who have an existing super-saver account with your Bank. This loan provides financial support to deposit customers for their working capital needs.

#### ▪ Micro Home Loan

Your Bank offers Micro Home Loan ranging from ₹1,00,000 to ₹10,00,000 to existing EEB borrowers for construction as well as renovation of their houses so that their dream of their own house does not remain unfulfilled.

#### ▪ Two-Wheeler Loan

Your Bank offers two-wheeler loans ranging from ₹30,000 to ₹1,20,000 to existing EEB borrowers. It brings them a step closer to their aspirations.



### Initiatives in FY 2021-22

Your Bank rose to the challenge to face the disruption caused by COVID-19 and implementation of restrictive protocols. Following lockdowns and social distancing norms, the Bank split the teams and introduced a roster-based attendance system to reduce the numbers in each working group. The Bank conducted awareness programmes to educate employees and customers about COVID-19 and the need for vaccination. Your Bank also stood by its customers and supported them with credit facilities to tide through the pandemic.

The Bank is focussed on educating the EEB customers on the merits of digital banking. The Bank is providing the necessary training to make customers literate about digital payments or even the benefits of seeding bank accounts with mobile number and Aadhaar. The Bank also initiated a drive to

enable customers to pay online.

During the lockdown, many of the Bank's customers lost their source of income, making them financially vulnerable. It designed specialised financial products to enable the customers to tide over the crisis. In addition to the various business loan products, the Bank is encouraging customers to develop a habit of small savings to ensure financial stability during crises.

The EEB vertical has been driving the transformation of customers at the ground level. The Bank has already started migrating high vintage and quality customers to SBAL from their existing group loans thereby giving them an opportunity to avail higher ticket size to fuel their business growth.

## HOUSING FINANCE



Your Bank offers loans to individual customers for the purchase, construction, repair or renovation and extension of dwelling units. Loan against Property (LAP) on self-occupied residential property and loan against rent receivables on commercial property is also offered.

Loans are offered to salaried and self-employed individuals in line with your Bank's objective to increase financial inclusion, as well as loans to New to Credit customers.

During the year, the Bank extended housing loan services to 25 additional centres, thereby expanding its presence to 356 centres across 20 states and two Union Territories.

Your Bank continues to focus on housing finance and has disbursed ₹5,253 crore during the year clocking a growth in disbursement of 43%. Consequently, the loan book has grown to ₹23,560 crore indicating a growth of 17%.

During the year, your Bank continued to focus on affordable home loans with the majority of loans being below ₹20 lakh. It also launched a special campaign for higher ticket size loans with rate of interest starting from 6.40%. The campaign received good response and your Bank achieved its highest ever quarterly disbursement figure in the last quarter of the year.



The Bank also started a Direct Sales Agent (DSA) channel for sourcing home loans. The DSA channel is doing well and its contribution has been consistently increasing. To improve services, your Bank is strengthening its customer support network and will soon launch digital journeys for customer onboarding and online support.

In keeping with market trends, the Bank offers loans at Floating Rates linked to an External Benchmark Rate (EBR). Your Bank has adopted the one year repo rate announced by the RBI as the EBR rate.

Your Bank also follows the principle of risk-based pricing, and interest rate on loans is correlated to the individual credit score computed on multiple parameters. Existing customers who are serving floating rate loans linked to previous benchmark rates are also being offered an option to convert their loans to EBR-linked loans.

A major portion of the Bank's housing book successfully meets the criteria for priority sector lending as the focus area remains affordable housing.

**During the year, the Bank extended housing loan services to 25 additional centres, thereby expanding its presence to 356 centres across 20 states and two Union Territories.**



## RETAIL ASSETS



With an objective to serve the financing needs of larger population, and to maximise the profits

by diversifying the risk, your Bank has launched and strengthened several retail asset products in FY 2021-22. Customers can now avail various loans like gold loans, personal loans, two-wheeler loans and car loans from the Bank.

**Gold Loan** aims at fulfilling urgent monetary needs with ease of access, simplified documentation process and quick turnaround time. Gold loans are given from ticket size of ₹10,000 to ₹25,00,000.

The Bank has revamped **Personal Loan** and changed the model of sourcing by dedicated sales team, catering to existing customers and to start sourcing for new to bank customers as well. The personal loan product has started channel partner sourcing from FY 2021-22 to extend distribution network in major markets to diversify and expand the portfolio. Personal loans are given from ticket size ₹50,000 to ₹15,00,000 for tenure up to 5 years at competitive rate of interest. The Bank ramped up this book in FY 2021-22.

Erstwhile, **Two-Wheeler Loans** were sourced by bank branches for existing customers only. The Bank redesigned the product as per market standard with introduction of dealer/channel based distribution model. The objective of the programme is to provide financing to existing as well as new to bank customers for purchase of new two-wheelers. The Bank leveraged on the digital capabilities,



Customers can now avail various loans like gold loans, personal loans, two-wheeler loans and car loans from the Bank.

and approved two-wheeler loans in just 5 minutes for more than 90% of cases. The two-wheeler loan ranges from ₹5,000 to ₹5,00,000.

**Car Loan** was launched by the Bank in Q2 of FY 2021-22, to meet the customers' aspirations of owning a car. The Bank designed various product schemes for loan amount ranging from

₹50,000 to ₹1 crore, in order to cater to various customer profiles – salaried, self-employed as well as non-individual entities. With the help of an extensive manufacturer and dealer network, the Bank aims to provide the best deals to its existing as well as new customers.

## COMMERCIAL BANKING PRODUCTS



### Agricultural Loans

Credit for agricultural activities helps production, empowers farmers, and supports this sector, the backbone of the Indian economy. Your Bank offers credit to fund seasonal agricultural operations and allied activities. It supports farmers' investment in agriculture infrastructure, its repair and maintenance, besides consumption needs. Loans and customised product solutions are offered at attractive rates of interest with a dedicated relationship manager to provide prompt service.



### Small Enterprise Loan

Micro, Small and Medium Enterprises form the backbone of the Indian economy and thus nurturing this segment is crucial to an all-round growth of the country. Small Enterprise Loan caters to these businesses, who are in need of short to medium term loans to support their businesses as well as to expand it further through purchase of stock, asset creation, etc.

Currently, your Bank offers SEL loans ranging from ₹1,00,000 to ₹25,00,000 at flexible tenures up to 4 years with competitive interest rates and minimal documentation. Your Bank has a dedicated relationship team which takes care of all the banking-related requests of the customer. Your Bank ensures loan processing is completed in lowest timeframe. To further improve market competitiveness, your Bank has initiated deployment of Loan Origination System, which automates and manages the end-to-end steps in the loan process thus improving loan turnaround time and quality.

The Bank supports farmers' investment in agriculture infrastructure, its repair and maintenance, besides consumption needs.



### Small & Medium Enterprise Loans

Entrepreneurs of small and medium businesses need credit to set up the business, fund business expansion or even for technological upgradation. Designated branches of your Bank offer an array of loan products at competitive rates of interest to micro, small and medium enterprises (MSMEs) to meet their working capital or capital expenditure requirements, including non-fund-based facilities. The interest rate offered is based on the applicant's profile and credit rating. These are secured loans of more than ₹10 lakh extended to businesses involved in manufacturing, trading, and services.

To promote ease of process, your Bank has initiated deployment of Loan Origination System (LOS), that automates and manages the end-to-end loan process. The Bank is also in the process of implementing of cash management and trade services for commercial clients.

Small Enterprise Loans cater to businesses, which are in need of short to medium term loans.

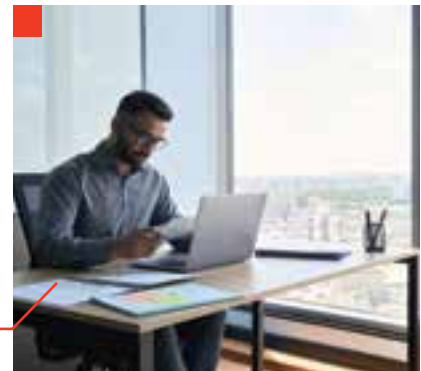
Some of the SME loan products offered by your Bank are as follows:

#### SME Business Connect

These loans help entrepreneurs finance working capital and capital expenditure against primary security of current or fixed assets and collateral security including residential or commercial property or liquid securities. These loans, ranging from ₹10 lakh to ₹2 crore, are provided in the form of fund-based facilities like overdraft, cash credit, or term loan and non-fund-based facilities like letter of credit or bank guarantees.

#### SME GST Connect

These loans for financing entrepreneurs' need for working capital are provided as an overdraft or fund-based facility, against collateral security in the form of current assets or property and liquid securities. The loan quantum ranges from ₹25 lakh up to ₹2 crore.



### Mortgage Loans

There are two types of mortgage loans - loan against property and loan against rent receivables sanctioned to landlords of bank premises.

**Loans against property** are sanctioned for general business purposes and provided against collateral security that may encompass residential, commercial, or industrial and non-agricultural property or liquid securities. The loan quantum ranges between ₹25 lakh and ₹10 crore and is granted as a term loan for a tenure of up to 15 years.

### Non-Schematic Loans

These loans are meant for SMEs or mid-corporate borrowers as per extant products or loan schemes and ticket size ₹10 lakh. These loans may be extended in the form of secured credit facilities including term loan, cash credit, overdraft or lease rental discounting or as non-fund-based facilities like letter of credit or bank guarantee.

### Loans to Non Banking Financial Company (NBFCs) & NBFC-Microfinance Institution (MFI)

The Bank considers institutional lending to NBFCs/HFCs & NBFC-MFIs, primarily for on-lending activities. The NBFC-MFI business includes lending to Microfinance Institutions, Societies and Trusts engaged in microfinance activities. While most of these loans are extended as Term Loans, the Bank also has credit exposure through Direct Assignments and investment exposures through PTCs and NCDs. The NBFC (including Housing Finance Company) business primarily includes Term Loan product for on-lending purpose, and is also foraying into Working Capital Loan, Direct Assignments and Co-lending activities.

## THIRD PARTY PRODUCTS

During the pandemic, where the community weathered a storm and bounced back after facing unprecedented challenges, your Bank stood by its customers, partnering them on their life journey. Through its robust and measured third-party products distribution business, your Bank leveraged its branch network, customer-centric processes, diligent product selection and focussed partnerships. The Bank is committed to providing one-stop insurance and investment solutions as a value-added service to its customers.

The Bank leveraged emerging opportunities across financial markets in terms of enhanced product awareness and digital adoption as well. Third-party distribution of financial products, including life insurance, non-life insurance and investment in mutual funds, is evolving rapidly in a dynamic market. Therefore, building synergy with third parties for marketing product offerings



through banking channels will help further deepen your Bank's relationship with its customers.

Going ahead, the Bank will leverage analytics, customer insights and technology to better assess customer

needs. It will use personalisation to offer the right products to cater to customers' needs and will focus on building a best-in-class distribution model.

### Non-Life Insurance

FY 2021-22 forced individuals to place enhanced emphasis on planning their



finances and managing not only their own health but also of their families. It has also reinforced the need to be equipped to redraw financial planning to ensure that unforeseen eventualities do not have a deep-rooted impact on lives and livelihood. In placing the customer's interests first, the Bank distributes an array of third-party non-life products.

The Bank has aligned with reputed players in the non-life insurance market for the distribution of general insurance products. Your Bank is a corporate agent of HDFC ERGO General Insurance Company and Bajaj Allianz General Insurance Company for this purpose. Your Bank currently offers varied insurance products to its customers including home, health, motor, personal accident, and fire, besides insurance for critical illnesses on a non-risk participation basis.

The Bank has essentially focussed on the retail health market to enable retail customers to build a safety net around health-related risks. In FY 2021-22, the Bank partnered with Niva Bupa Health Insurance Company to offer customers a wide bouquet of products to secure their health.



### Life Insurance

The global pandemic over the last two years has highlighted the vulnerability of life against unforeseen incidents. While life insurance is necessary for the financial well-being of loved ones, it also helps to achieve multiple life stage based financial goals. A variety of life insurance products available in the market cater to different requirements of policyholders, helping them to cover the risk of loss of life, along with long-term savings, goal-based planning, and tax savings benefits.

Your Bank currently offers a variety of life insurance products across customer segments. It is a corporate agent for insurance companies like Bajaj Allianz Life, HDFC Life and Kotak Life, and provides its customers with a wide range of life insurance products. These insurance companies offer protection and savings products as well as annuity products with immediate as well as deferred annuity options and loan cover. Your Bank has also started distribution of Unit Linked Insurance Plans (ULIP) in FY 2021-22.

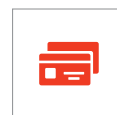


### Mutual Funds

The past year has seen periods of both headwinds and tailwinds in the global financial markets and the

India story has not been any different. The market for the adoption of retail investment products has become dynamic across geographies. While knowledge percolation by the industry has increased participation, digital enablers have driven efficiency and ease of operations. Professionally managed mutual funds provide a wide basket of benefits in terms of asset diversification and allocation, disciplined savings, and tax benefits in certain products.

Having partnered with reputed and professional players, select branches of your Bank offer customers a wide variety of mutual fund products across asset classes. The Bank is associated as a corporate agent for various mutual fund companies like HDFC, ICICI Prudential, UTI, Nippon India, SBI, Aditya Birla Sun Life, Kotak, Axis, and Mirae Asset. These associations have enabled your Bank to recommend specific schemes of these fund houses, most suited to customers' requirements based on quantitative and qualitative evaluation parameters. Your Bank provides customers the convenience of availing mutual funds online through Internet Banking.



### Credit Cards

Your Bank offers a range of co-branded credit cards to suit the customers' lifestyles. Currently, the

Bank offers three variants of credit cards with varied benefits: Reward points, fuel surcharge waiver, and spend-based higher reward points credit cards that offer purchase-related perks such as redeemable points, cashback, discounts and gift vouchers.

**Your Bank offers customers a wide variety of mutual fund products across asset classes.**



**Your Bank has also started distribution of Unit Linked Insurance Plan (ULIP) in FY 2021-22.**

# Information Technology



Information Technology has played a pivotal role in your Bank's promising journey.

The Bank continues to invest in leading technologies to implement a robust, secure and digital-first infrastructure to provide a superior and seamless experience to customers. In the last couple of years, the country has witnessed a significant increase in the usage of digital channels and the trend is likely to continue in the foreseeable future. The growing popularity and usage of digital channels rely on technology to ensure scalability, performance and up-time. Your Bank has scaled up investments in technology in view of its Vision 2025 and business strategy for growth. Your Bank has initiated steps to implement future-ready technologies that will support growth and enhance customer experience through –

1. Analytics by investing in Data Lakes
2. API/Micro-services-based architecture to provide agility and scalability
3. Refreshed application stack, including the core banking system

The Bank continues to invest in building robust, scalable, and state-of-the-art technology and has made significant progress in its journey to implement a resilient, secure, and scalable infrastructure. In line with this, your Bank has instituted the modernisation of its technology architecture in FY 2020-21 with the core principles of API and micro-services-based architecture, lean-CBS and middle-ware to decoupled tiers. The first phase of implementation is slated to commence in the first quarter of FY 2023-24. This initiative will help the Bank scale in an agile and flexible manner. The Bank's ability to provide products across the digital spectrum will lead to superior customer experience, drive cost efficiency and reduce the go-to-market time. Your Bank has set up its own infrastructure as part of the Data Centre (DC) and Disaster Recovery (DR) Centre strategy, with state-of-the-art technology to ensure Zero Data loss of sensitive banking information. Additionally, your Bank has decided to invest in near DR to



ensure almost no data loss in case of any exigency. Over the next few quarters, all the applications used by the Bank and its customers will be moved to the new DC/DR infrastructure, which will help deliver high availability, scalability, and performance for all applications. Your Bank has also invested in the network infrastructure and security systems to ensure the delivery of transactions in a robust and secure environment.

Your Bank has been working on a new application stack and onboarding applications to support its growth objectives that are in an advanced stage of implementation in the areas of digital banking, digital account opening, enterprise data lake, loan origination system, cash management system, risk management systems, loan management system, trade finance, supply chain, enterprise GL, and treasury. Automated branch banking transactions will enable partnerships with fintech and provide an improved payments experience.

To ensure an optimal experience for customers and promote analytical capabilities for businesses to offer contextual offers and products to existing customers, the Bank is building the Enterprise Data Lake using the Hadoop framework. This will enable the Bank not only to procure MIS for regulatory reporting but also enable advanced analytics for delivering hyper-personalisation, or digital models

**Your Bank has instituted the modernisation of its technology architecture with the core principles of API and micro-services-based architecture, lean-CBS and middleware to decoupled tiers.**

for driving retention and deepening customer relationships. This is a long-term investment by your Bank to harness the power of data and analytics for significant value addition to its services.

Your Bank is also exploring emerging technologies to support business growth and vision, including cloud-native services and applications, conversational chat-bots based on ML/AI etc., while continually working to ensure better customer value and experience. Your Bank has also invested in onboarding requisite talent to manage and execute projects besides assessing technology risk management. The technology team is diligently and relentlessly working with partners to carry out the transformation under the guidance of the Management, the Board, and the Technical Advisory Committee.

# Operational Excellence



The challenges and changes in the operating environment brought about by the pandemic impacted complex operations across multiple locations that had to be managed remotely and digitally. During the current financial year, even as the country faced multiple lockdowns, your Bank remained agile and swiftly made the necessary changes to ensure that its operations continued to provide individual and business customers with much-needed support. For delivery of optimum customer experience, the Bank used hybrid working models including work from home, remote access through virtual private network (VPN), digital employee and customer engagement and off-site monitoring.

The approach of resiliently facing uncertainty and emerging challenges, and working out innovative solutions, helped the Bank gain new learning. The Bank's employees worked remotely in an effective manner. Customers too were willing to adopt and use convenient technology. As the Bank walks this new path, it continually seeks to create value across the customer lifecycle. Through superior delivery mechanisms, the Bank handles both high-touch and low-touch operations with the same efficiency and enhanced customer engagement. Your Bank always remains responsive and quick to adapt its approach in line with customer's requirements.

During the year in review, your Bank focussed on the formalisation of a robust business continuity plan, which helped it to be resilient and manage operations seamlessly. This plan is expected to support the management of critical operations in future as well.

Your Bank has made significant investments in creating a sustainable and scalable operations ecosystem across key areas. These efforts have served to ensure compliance, minimise errors and seamlessly deliver services that drive a positive customer experience. Your Bank continues to invest in building digital and technological competencies to deliver better customer service and increase productivity while optimising costs. Your Bank's technological upgrade initiatives have supported flexibility in operations, agility, and quick adaptation of business models to the evolving ecosystem.



The Bank continued to put customers at the heart of every strategy amidst the pandemic. Dedicated centralised operation teams worked round-the-clock to ensure best-in-class uptimes to ensure safe and secure transactions. During FY 2021-22, your Bank saw a 130% surge in the volume of digital transactions (~33.59 crore) vis-à-vis FY 2020-21.

The creation of a robust infrastructure has supported operations that service corporate and retail customers with products across treasury, commercial loans, consumer loans, savings, current accounts, and time deposits.

Your Bank has always upheld its customer-first philosophy and continually endeavours to deliver high-quality services. Regular awareness messages and emails also encapsulate this focus.



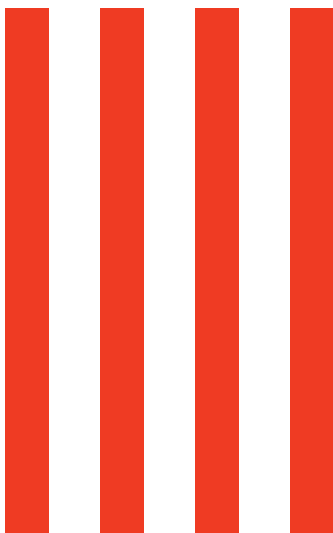
The rights of the customers, the commitment of the Bank, and the framework for customer service and grievance redressal are well-formulated and documented in various internal policies of the Bank. The Bank has a grievance redressal policy, duly approved by its Board, and available in the public domain for ready reference of the customers.

Your Bank has a well-defined framework to monitor key customer service metrics. Various key committees including the Customer Service Committee of the Board, the Standing Committee on Customer Service, and the branch-level customer service committee meet on a regular basis. These forums deliberate on issues faced by customers and the initiatives taken by the Bank to enhance customer service.

Your Bank adopts the concept of 'First Contact Resolution', to provide prompt and satisfactory resolution of customer

grievances at their first point of contact itself. The Bank has provided multiple channels to its customers to share feedback on its services, as well as register their grievances. In this regard, your Bank has introduced a new CRM application to further strengthen and improve the efficacy of the grievance redressal mechanism. A dedicated central team oversees the resolution of customer grievances received through various channels. The internal ombudsman also ensures that all complaints rejected or partially rejected by the Bank are resolved with one more level of check, which essentially reduces the escalation of grievances to the Banking Ombudsman.

Overall, your Bank has been able to establish key working standards that enable it to manage risks and run its operations smoothly, in a compliant manner, to accomplish desired business growth while keeping customer-centricity at the forefront of all its operations.



Your Bank adopts the concept of 'First Contact Resolution', to provide prompt and satisfactory resolution of customer grievances at their first contact point itself.

# Human Resources

The extended pandemic coupled with global economic turmoil and the 'Great Resignation' in global labour markets has made it tough even for the most resilient. The new norm was unprecedented and challenging. It demanded resetting, relearning, re-imagining a better version of ourselves. By adopting digitalisation, your Bank has reinvented hiring, training, mentoring and performance management in a risk-controlled environment.

Amid the COVID-19 pandemic, the Bank focussed on rapidly adopting the new normal to ensure seamless business continuity in these times of uncertainty. During the year, the Bank hired and inducted new employees, conducted training on upskilling and reskilling, and delivered multiple key HR projects in its journey towards empowerment.

## Fostering a Developed and Empowered Workforce

A committed and dedicated workforce is the key factor in building a resilient Bandhan Bank. Your Bank's Human Resources management strategy is focussed on making the Bank one of India's most valuable organisations by displaying a supportive, engaging and collaborative work environment, that furthers customer centricity, performance-driven orientation and a future-ready outlook.

In the journey of more than six years, your Bank has strengthened its workforce nearly three times. With an employee base of 20,548 as on March 31, 2016, the Bank has expanded its strength to 60,211 employees as on March 31, 2022, resulting in an exciting blend of the old and new, in a culture of value-driven growth, professionalism, and ethical governance.

Despite the conditions presented by the second and third wave, your Bank had to ensure seamless continuity in its services to customers in its more than 5,600 banking outlets, while ensuring the safety and well-being of all its staff members. In these uncertain times, the Bank acknowledged the contribution of its employees and rewarded the eligible employees with annual bonus as well as salary increments in line with its PMS cycle, with a focus on role elevation and grade elevation.

## Relearning the new Workforce in the 'Great Resignation' era

While the world was recovering from the global pandemic, a new storm was brewing- the "Great Resignation". According to the U.S. Bureau of Labour Statistics, 4 million Americans quit their jobs in July 2021. This phenomenon did not spare countries like India. With a new reset to the rate of attrition, the BFSI industry was presented with an unprecedented challenge to retain and hire talent. The HR team at your Bank was prompt to redesign talent management practices and start building a talent funnel that would ensure continuity with desired capacity in all departments and ensure efficient functioning of the Bank.

**Your Bank's Human Resources management strategy is focussed on making the Bank one of India's most valuable organisations by displaying a supportive, engaging and collaborative work environment, that furthers customer centricity, performance-driven orientation and a future-ready outlook.**

## Talent Acquisition and Planning

Your Bank has developed a reputation of being one of the very few that continue to hire talent across the country. In the year in review, your Bank added more than 10,000 employees, taking the total to more than 60,000 employees. To aid the realisation of the Bank's ambitions, there was a steady inflow of skilled and capable talent across verticals, thereby maintaining a robust talent pipeline for the future. To provide a hassle-free experience for candidates as well as allow for remote functioning, the Bank digitalised the entire recruitment process, right from sourcing to on-boarding.





## Talent and Performance Management

Your Bank's talent management strategy aims at the holistic development of employees by providing various avenues for skillset enhancement and career progression. The Bank has a structured process for Internal Job Postings (IJPs) and cross-functional resource allocation, which enable employees to explore new career options and enhance their skillsets to match the fast evolving demands of both the customer and the organisation.

Your Bank is keenly focussed on building a strong talent pipeline. Periodic role elevations across all levels is a culture within the Bank and is a testament of the organisation's capability building processes, and the belief and trust it reposes on its employees. In the year in review, 14,003 eligible employees across the Bank received grade elevations.

## Employee Engagement

Engaged employees are more productive and display a greater commitment to a company's values and goals. To understand employees' expectations and satisfaction levels, the Bank has on-boarded a leading consulting firm to conduct an organisation-wide employee engagement survey. This survey will give good insights and identify action areas to improve the employee experience. The Bank conducts various activities and programmes to drive employee engagement. In the year in review, the Bank organised various engagement activities during Durga Puja, New Year and Women's Day.



## Skilling for the Future

Your Bank has always been keenly focussed on skill development of its employees. Pre-pandemic, training programmes were conducted completely in a classroom format. During the pandemic, the modules were shifted to a completely online format. In FY 2021-22, your Bank adopted a highly efficient and effective hybrid-training model and scaled up the training initiatives significantly. The Bank focussed on upskilling and reskilling the workforce. A total of 3,483 training batches with over 90,000 participants in 100 different programmes culminated in redefining the culture of governance, enablement, engagement and learning at the Bank. Agility in programme delivery, deeper knowledge assessment and precision training, need analysis helped the programmes build efficiency and impact.

In line with the current trend of personalised content and consumption of tailored and more bite-sized learning modules, your Bank introduced 'Learning Bytes' and 'Learning Matters', both of which received good feedback from employees.

Periodic role elevations across all levels is a culture within the Bank and is a testament of the organisation's capability building processes, and the belief and trust it reposes on its employees.

## Creating NextGen Bankers

To create a steady flow of young bankers, your Bank hires fresh talent from the NextGen Bankers Programme, a special programme in Banking and Finance under the affiliation of Maulana Abul Kalam Azad University of Technology (MAKAUT), West Bengal.

The one-year course aims to impart specialised knowledge in different domains across the banking and finance sector for inculcating an appropriate blend of knowledge and practical skills among students. The students are also trained on inclusive banking fundamentals which aligns with your Bank's ethos. Nextgen Bankers programme is

successfully running for the last four years and more than 600 students are already placed and working in different banking verticals.

### COVID-19 Measures

The first quarter of the year in review witnessed the severe second wave of the pandemic. This wave also reached rural and semi-urban India where your Bank has a significant presence. To help employees cope with the pandemic, the Bank took various measures.

Mass vaccination of staff was organised across the country by the Head Office. Given the vast spread of your Bank's distribution, a number of field staff members had undergone vaccination at their respective local centres, the cost of which was reimbursed by the Bank.

The Bank, in partnership with several leading healthcare service providers, launched Virtual Medical Assistance for COVID-19 affected employees who were under home quarantine. As a part of this programme, medical safety kits, consisting of essential equipment, were provided. Regular tele-consultation was done with doctors and even home collection of samples was arranged for. Representatives from the HR team were also in constant touch with the affected employees to monitor their recovery.

Your Bank also removed any capping for COVID-19 treatment on group mediclaim since the onset of the pandemic. The entire expense of tele-consulting and home quarantining was borne by the Bank for each affected employee. The Bank continued with the special leaves with pay to affected employees. For the nominee of deceased employees (due to COVID-19), a one-time Financial Assistance Scheme was introduced to ensure that they do not face any immediate financial stress in their time of difficulty.



Your Bank continues to review various human resources developments across industries and introduce the best practices, competitive with the industry.

### Employee Benefits, Health & Safety

Your Bank continues to review various human resources developments across industries and introduce the best practices, competitive with the industry. The major employee benefit measures introduced in the year under review were:

- Reduction in interest rates for staff housing loans and staff vehicle loans, as well as higher slabs for staff housing loans
- Extended insurance covers in the form of top-ups
- Introduction of monthly mode of premium payment to enable employees to spread the payment over a year and opt for higher cover
- Widening the definition of dependents to encompass parents-in-law
- In addition to the above, on Women's Day, the Bank also conducted an exclusive session on 'Breast Cancer-Early Detection and Cure'

### Digital Transformation in HR Processes

As part of its employee value creation agenda, the Bank embarked upon a 360-degree revamp in HR functions, processes, and practices during the year.

As a part of this, various stages and touch points within employee journeys were identified that needed to be digitalised. The integrated Human Resource Management System (HRMS) platform has empowered employees to access the entire Employee Life Cycle Management on their own devices. The complete digitisation of the talent acquisition module has been a major achievement in making the overall sourcing-to-onboarding process of the employees hassle-free, especially during the pandemic where social distancing became a norm. With the incorporation of the grievance redressal mechanism into the HRMS, the employees have a one-stop solution for any queries or complaints.

Your Bank also upgraded and introduced an enhanced Learning Experience Platform – Bandhan EDGE (Engage Develop Grow Excel). This platform is available on web as well as mobile versions allowing employees to learn at their own pace through self-directed e-modules and assessments. This platform also supports hybrid/ blended learning intervention giving the employees a holistic learning experience through an integrated learning journey.

# Responsible Risk Management



**Risk is a function of how poorly a strategy will perform if the 'wrong' scenario occurs."**

– Michael Porter

Your Bank looks at risks in an integrated way to holistically manage all kinds of business risks through formal risk management processes, encompassing operational risk, fraud risk, conduct risk, outsourcing risk, compliance and legal risk, information security (InfoSec) risk, credit and credit concentration risk, market risk, liquidity risk, interest rate risk in banking books, strategic risk and reputational risk, and the underlying interlinkages between these different types of risks.

## Risk & Resilience



**It's your reaction to adversity, not adversity itself that determines how your life's story will develop."**

– Dieter F. Uchtdorf

- Over the last two years, it feels like humankind has lived in a state of ongoing crisis as unexpected global events have disrupted organisations in every part of the world. A global pandemic led to massive supply chain disruptions, causing an economic slowdown leading to rising inflation and cost of living. In these testing times, large-scale cyberattacks seem to have stopped businesses in their tracks. Organisations across industries have faced numerous challenges. Consequently, as a reaction to this massive adversity, operational resilience has become vital.
- Your Bank has recognised the critical need for shaping up a resilient and robust organisation that can adapt

and flex quickly to make informed decisions and take appropriate, innovative actions. It has put in place measures to assess the immediate and potential future effects and take swift action.

- While dealing with this multifaceted crisis, affecting personnel safety, supply chains, and the economy, your Bank assessed the impact of possible threats or disruptions to fully understand which business operations, clients, vendors, and partners could be affected.
- Resilience testing, through various extreme but plausible scenarios, was done regularly to raise your Bank's preparedness for uncertainties, apart from normal risk scenarios.
- Each crisis requires a critical response. Therefore, every business has put in place a comprehensive crisis management and Business Continuity Plan (BCP) that was developed with key stakeholders and can be quickly activated to ensure continuity of business operations.
- The BCP process has many moving parts like activating sub-groups and sub-tasks to orchestrate the

complete business response, including measures such as vendor alternatives, geographic office logistics, and engagement with key members of senior management for critical decisions and approvals.

- Your Bank focussed on building essential business processes, which support critical services and products and a detailed mapping of these processes was completed for crisis management.
- People come first. Your organisation understands that no business can exist without its employees, especially in a disruption. Your Bank has shown genuine care for employees and their families who were affected by the crisis, thus boosting employee morale. The belief that 'We are all in this together' drives the Bank's commitment, which goes beyond social media posts or marketing content. At the deeper level, your Bank impacts employee trust, appreciation and benefits that graciously yield employee and customer loyalty well beyond the period of disruption.

## Risk Management Pathways



**Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted."**

– Albert Einstein

- Your Bank's Risk Management Framework describes the Bank's approach to risk management, including provisions for risk governance arrangements; the appetite and limits for risk exposures; policies for management of various risk types; risk culture standards; and risk reporting.
- It is this framework that defines in detail the key arrangements and standards for risk management and

internal controls that support your Bank's compliance with statutory and regulatory requirements.

- Your Bank recognises the changes in the external and epidemiological context, and the evolving operating environment. Your Bank's strategy – and hence the level of ambition – is critical to managing the risks inherent in delivering its mission.
- Your Bank has comprehensive and well-developed frameworks to set the risk appetite, that is dynamic and in sync with the evolving scenario. Your Bank has put in place prudent policies, processes, limits, controls, and systems to define and analyse the extent of risk in various additional scenarios over and above that mandated by the regulator. This helps your Bank primarily to gauge various stress level that it might face during an evolving macro and micro economic scenario.
- Your Bank's robust Risk Appetite Framework ('RAF') is reviewed on an annual basis and its monitoring parameters are aligned with the Bank's short-term, medium-term and long-term strategy and business plan.
- Your Bank has implemented various scenarios and measurement approaches to quantifying risks and capital demands. Monitoring, stress testing tools and escalation processes are in place for key capital and liquidity thresholds and metrics. Systems, processes, and policies are critical components of your Bank's risk management capability.
- Your Bank further strengthened its Risk Assessment Framework by incorporating its learning during the uncertain period, to ensure that socio-political risks as well as conduct risks are kept in check and duly taken into consideration during the Bank's Strategy and Business expansion plan.

## Risk Governance



**Sense and deal with problems in their smallest state, before they grow bigger and become fatal."**

– Pearl Zhu

- The risk governance framework provides guidance on adopting a more holistic approach to manage risk, emphasising four linked elements:
  - Developing the corporate risk profile.
  - Establishing a risk function that manages risk in an integrated manner.
  - Practicing integrated risk management; and
  - Ensuring continual risk monitoring.

- Your Bank adheres to three levels of Risk Governance Framework – the Board, Committees of the Board, and Management Committees.
- The Bank's Board, through the Risk Management Committee of the Board (RMCB), is regularly updated as necessary on any special developments in the risk situation, risk management and risk control.
- The RMCB deliberates with the Management on the issues of aggregate risk disposition and risk strategy. It also supports the Board in monitoring the implementation of this strategy.
- Various risk-related committees at the Executive Level, such as Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Market Risk Management Committee (MRMC), Business Continuity & Planning Management Committee (BCPMC), Information Security Committee (ISC), etc., constitute the formal decision-making forums, which enable the views of risk decision takers and risk managers to be considered.
- The Chief Risk Officer (CRO) has direct management responsibility for all the risk management functions, such as Credit Risk Management, Market Risk Management, Operational Risk Management, Liquidity Risk Control, and Information Security. In addition, the CRO is also responsible for monitoring, analysing, and reporting risks on a comprehensive basis.
- Independence of the CRO is ensured through a fixed tenure, reporting structure and periodic reviews by the Board and RMCB.

## Risk Culture



**Risk Management is a culture, not a cult. It only works if everyone lives it, not if it's practiced by a few high priests."**

– Tom Wilson

- Your Bank focusses on a set of acceptable and encouraged behaviours, discussions, decisions, and attitudes toward taking and managing risk within an institution, as constitutions of the Bank's risk culture.
- Your Bank promotes a Risk Aware Culture while encouraging employees to take personal responsibility to manage risk in everything that they do that inspires others to follow their example.
- Emphasis on acceptability of risks to be taken within a defined risk appetite, which ensures that the risk is adequately set off against the risk adjusted performance measures.
- Your Bank believes in the philosophy of 'Setting the Tone from the Top' regarding Risk Culture, with the Board and Management taking the lead to instil a strong risk culture within the organisation.



- Your Bank fosters Risk transparency through reporting, disclosure, sharing of information and open dialogue on the risks arising from various activities across the Bank.

- Your Bank periodically evaluates current Culture and Risk Awareness status in the organisation by following a well-defined Risk Culture Management Process as depicted below:



## Risk Strategy and Capital



**Life is not a matter of holding good cards, but of playing a poor hand well."**

– Robert Louis Stevenson

- Your Bank has put in place suitable processes for assessing its overall capital adequacy in relation to the Bank's risk profile and strategy for maintaining its capital levels.
- Your Bank aims to maintain adequate capitalisation on an ongoing and forward-looking basis, i.e., internal capital supply to exceed internal capital demand. The Bank maintains compliance with the Internal Capital Adequacy Assessment Process (ICAAP) as required under Pillar 2 of Basel III, through risk management and governance framework, methodologies, processes, and infrastructure.
- Your Bank comprehensively identifies, assesses, and manages all risks to which it is exposed through sound governance and control practices, robust risk management framework and an elaborate process for capital calculation and planning.
- The Bank employs a strategic planning process that aligns risk strategy and appetite with business objectives – a continual monitoring process against approved risk, leverage and set capital targets; regular risk, leverage, and capital reporting to management; and a stress testing framework, which also includes specific stress tests to underpin the Bank's recovery monitoring processes.
- On an annual basis, the ICAAP and RAF and the Strategic Document are approved by the Board and reviewed periodically, thereby aligning the risk, capital, and strategy.

## Risk Awareness & Communication



**To effectively communicate, we must realise that we are all different in the way we perceive the world and use this understanding as a guide to our communication with others."**

– Tony Robbins

- Your Bank believes that communication among stakeholders plays a pivotal role in building enhanced risk awareness, especially in matters related to risk culture and cybersecurity; a risk aware employee and customer will instantly initiate the mitigation of undesired risk.
- Your Bank runs regular awareness campaigns to educate its employees regarding various aspects of risk management through various modes like:
  - Floor level awareness sessions and workshops
  - Innovative messaging through desktop screensavers
  - Information security awareness for customers through multilingual text messages, emails, and social media posts
  - Your Bank has also designed a framework for gauging the efficacy of Information security awareness.
    - Periodic newsletters
    - Circulars



# Treasury Management



The Treasury department optimises the Bank’s liquidity while mitigating its financial, operational, and reputational risks. The treasury team, responsible for liquidity management, overlooks the investment portfolio, forex transactions, assets, and liabilities. Apart from building a core portfolio of investments, it actively participates in trading activities to monetise short-term movements in the market. It has also developed various processes and governance policies for cash flow management.

The team complies with regulatory requirements like Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR) mandated by the RBI. The department focusses on optimisation of overall portfolio yield, while maintaining appropriate portfolio duration and mitigating risks related to liquidity, market, credit, and operations, under the guidance of the Bank’s Asset Liability Management Committee (ALCO), Investment Committee and Market Risk Management Committee (MRMC).

The department is an active participant in money and fixed income markets. It also extends treasury services to customers, to enable them to manage their foreign exchange and interest rate risks. The investment portfolio of the Bank comprises different financial instruments, such as Central Government Securities, State Development Loans, T-Bills, Commercial Papers, Certificate of Deposits, Non-Convertible Debentures, Equity Shares, Mutual Funds, etc.

## Your Bank’s Treasury operates actively by way of:

- Trading Desk: The trading desks actively trade in fixed income securities, money markets, foreign exchange and equity. The trading desk also actively participates in primary auctions of government securities.
- ALM Desk: It maintains a cautious stance while managing the funding, and regulatory investments of the Bank. The ALM desk specifically focusses on liquidity parameters in an eventful year. The desk successfully maintains adequate and appropriate liquidity, as well as various regulatory reserve requirements.
- Your Bank maintains a portfolio of government securities, in accordance with the regulatory norms governing the Statutory Liquidity Ratio (SLR). A significant portion of SLR securities is in the ‘Held-to-Maturity’ (HTM) category, while some are under ‘Available for Sale’ (AFS) category. Your Bank’s trading desk holds fixed income securities under ‘Held for Trading’ (HFT) category.
- In the year under review, your Bank’s significant participation in the domestic interest rate markets helped to capitalise on falling bond yields by booking profits and encashed gains in Equity IPOs.
- The SLR desk and non-SLR desks are required to maintain regulatory obligations and optimise returns on investments. A significant portion of these SLR securities is in Held to Maturity (HTM) category, while others are in Available for Sale (AFS) and Held for Trading (HFT) categories. The forex desk provides competitive rates to customers for the conversion of major currencies, such as USD, GBP, and Euro.
- The Treasury department is provided with Integrated Treasury Management Systems (ITMS) to undertake transactions and generate various MIS reports. Further, the department is equipped with various platforms, like Bloomberg, Reuters, Cogencis workstation, Ticker Plant, CCIL, and other systems to provide real-time financial data and news feed, to achieve a competitive edge in the market.
- Treasury is currently implementing a new state-of-the-art IT system across Front Office, Mid Office, and Back Office to introduce more products in Treasury and meet customer demands.
- During the second COVID-19 wave, this department supported business continuity processes and ensured seamless business operations. The IT team enabled work from home capability for business operations by issuing laptops to treasury personnel and finalised the standard operating procedures while maintaining highest level of compliance. The team ensured perfect coordination even while working at 50% capacity and following protocols as set by authorities. The department emerged stronger from the COVID-19 pandemic, more agile and flexible in ways of conducting treasury activities. With better co-ordination and teamwork, it completed business tasks within deadlines and improved its ability as a team to steer through uncharted waters to be able to meet any challenge. The pandemic period gave the department an opportunity to fine tune processes and operating procedures under BCP situation and create back-ups for every sub-department within treasury. With resilience and new learnings, the department is better placed to handle any work situation or regulatory response for seamless business operations.



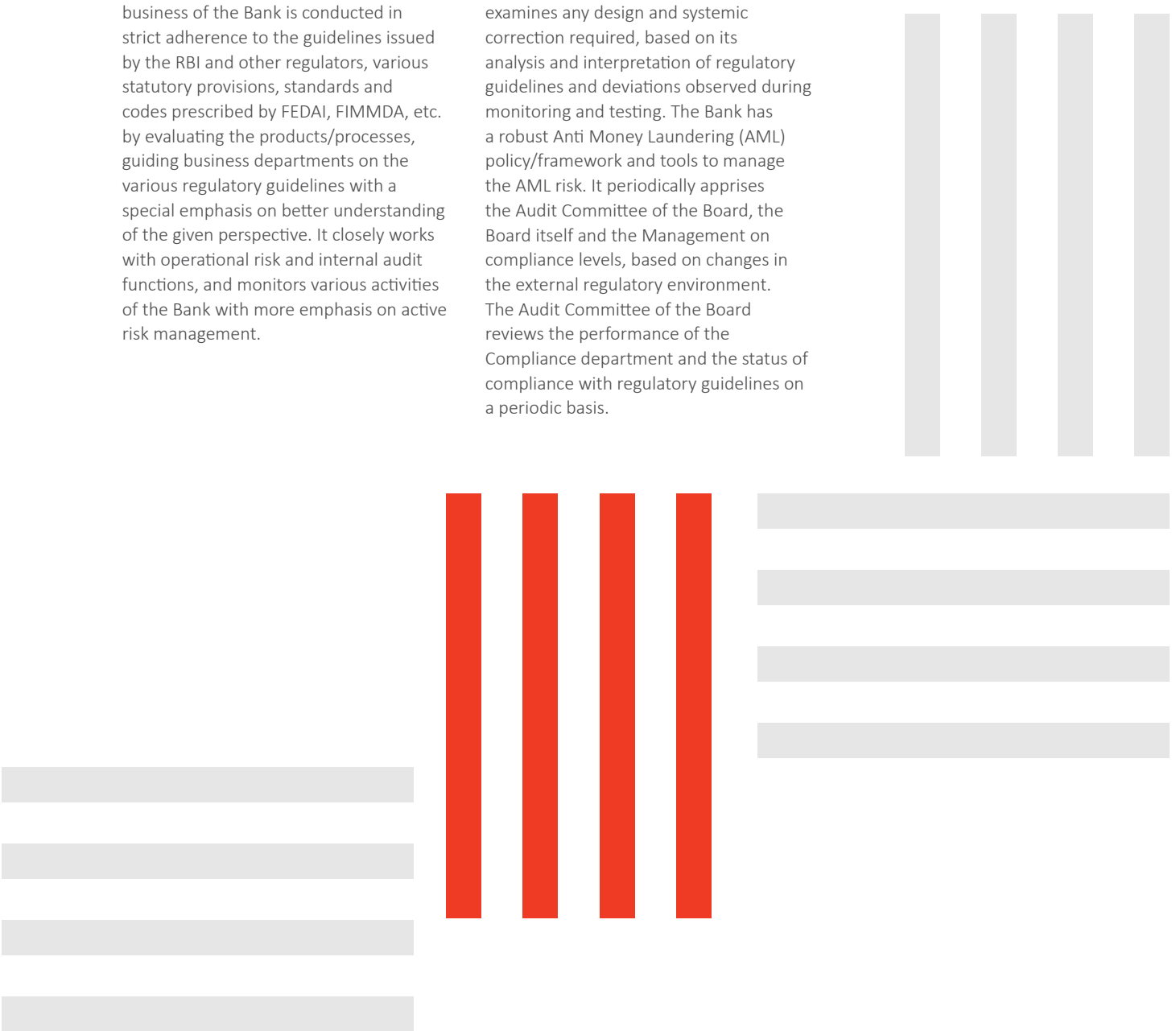
# Compliance



The Compliance function is one of the key elements of your Bank’s corporate governance structure. Compliance at the Bank starts at the top, with the Board and Management playing an active role in driving a robust risk and compliance culture. The Bank remains committed to the highest standards of compliance vis-à-vis regulatory prescriptions and internal guidelines. It has a robust Compliance Policy, outlining the compliance philosophy, as well as roles and responsibilities of the Compliance department.

The Compliance department assists the Board and Management in managing the compliance risk of the Bank. The department ensures that the overall business of the Bank is conducted in strict adherence to the guidelines issued by the RBI and other regulators, various statutory provisions, standards and codes prescribed by FEDAI, FIMMDA, etc. by evaluating the products/processes, guiding business departments on the various regulatory guidelines with a special emphasis on better understanding of the given perspective. It closely works with operational risk and internal audit functions, and monitors various activities of the Bank with more emphasis on active risk management.

As the focal point of contact with the RBI and other regulatory entities, the Compliance department evaluates the adequacy of internal controls and examines any design and systemic correction required, based on its analysis and interpretation of regulatory guidelines and deviations observed during monitoring and testing. The Bank has a robust Anti Money Laundering (AML) policy/framework and tools to manage the AML risk. It periodically apprises the Audit Committee of the Board, the Board itself and the Management on compliance levels, based on changes in the external regulatory environment. The Audit Committee of the Board reviews the performance of the Compliance department and the status of compliance with regulatory guidelines on a periodic basis.



# Strengthening Brand Bandhan

Bandhan Bank truly represents the ethos of inclusive banking in all its endeavours. The marketing campaigns of the Bank strive to strengthen the brand's positioning in this regard. The primary objective of marketing campaigns have been to build awareness for the Bank in the minds of the relevant audiences in the areas outside of the East of India and to sustain high levels of awareness and familiarity of the brand in the East and North East.



## Brand Ambassador in Assam

In October 2021, the Bank brought on board renowned singer, actor and composer Zubeen Garg as the brand ambassador for the Bank in Assam. This association is a landmark one for Bandhan Bank as this is the first time that the Bank has associated with a brand ambassador since its inception.

To mark the commencement of this association, the Bank released a music video titled: 'Axom amaar mone praane, milisoo akei shuror bandhane' (Assam is in my mind and soul, and bound together by the bond of music), which showcased the diverse elements of Assamese culture and heritage. This multimedia campaign was executed on television, digital, OOH,

print and radio. To showcase the work that the Bank has done in the state of Assam, there were testimonial videos of the Bank's customers whose lives have transformed through the assistance of the Bank.

The music video was well received and garnered wide popularity among audiences in Assam with over 4 crore views and 17 lakh engagement.

## Foundation Day 2021

Bandhan Bank turned six on August 23, 2021. Like each year on Foundation Day, the Anniversary Lecture was organised. This time, the Chief Guest for the Foundation Day, Ms. Arundhati Bhattacharya, CEO and Chairperson, Salesforce India and former Chairperson, SBI, delivered the Anniversary Lecture.

She focussed on the most important agenda in the current times – business transformation. The lecture was followed by an engaging fireside chat between Ms. Arundhati Bhattacharya and Mr. Chandra Shekhar Ghosh, moderated by Ms. Latha Venkatesh, Executive Editor, CNBC-TV18. The theme of the chat was ‘Key imperatives of transformation’.

## Marketing Campaigns Strengthening the Brand

In FY 2020-21, the Bank executed multiple thematic campaigns focussed on the Bank’s marketing strategy, aligned with its Vision 2025. As a regular practice, your Bank carries out various multimedia campaigns highlighting achievements and announcement-based developments round the year. Your Bank also drives campaigns to build product salience in key markets. Some of the noteworthy campaigns executed in the year were for Home Loans, quarter results, the Bank’s anniversary, among others.

Through its various campaigns, your Bank has ensured visibility across 87 TV channels, with communication in eight languages. The OOH campaigns have been executed in 30 cities.

## Foraying further into Digital Marketing

In FY 2021-22, the Bank has further strengthened its digital marketing initiatives. All the marquee campaigns



such as Foundation Day, quarter results and the Assam brand campaign ran successful legs on digital media.

During this year, the engagement rate on the Bank’s social profiles has witnessed a meteoric rise of 176.28%. The Bank executed digital films to increase user engagement and brand visibility on digital platforms. Some major successful digital films were based on Children’s Day, Mother’s Day, Father’s Day, among others. The internet phenomenon, Bhuvan Baidyakar of the ‘Kacha Badam’ fame, is a Bandhan Bank customer and the video capturing his visit to the Bank’s head office made for a successful video. One key area where your Bank does significant communication on social media is cyber security, to drive

awareness and best practices for safe online banking and payments.

During the financial year under review your Bank has been bestowed with the ‘Best Growth Performance-Banks’ award by Dun & Bradstreet as part of Dun & Bradstreet’s Corporate Awards for India’s Top 500 Companies 2021. Dun & Bradstreet, in association with CtrlS and Cloud4C, hosted a grand virtual conference on July 16, 2021. The event was graced by Guest of Honour, Dr. Bibek Debroy, Chairman, Economic Advisory Council to the Prime Minister, and Special Guest Dr. Krishnamurthy Subramanian, Chief Economic Advisor, Ministry of Finance, Govt. of India.



# Touching Lives Making a Difference

**FF**

**The colourful dresses woven in beautiful threads, the stylish buttons in a myriad of colours, and the smiling faces of our customers, fill our hearts with gratitude for Bandhan. We thank them from the bottom of our hearts.**



Renu began her married life in Delhi with Rakesh, who worked in an apparel-manufacturing unit. Given his meagre earnings, it was difficult for them to make ends meet in a large city like Delhi. Thus, they decided to move back to their hometown in Himachal Pradesh, to start something of their own. With their savings, they set up a store and named it 'Delhi Fashion Designer'.

They did not have enough funds to produce their own material, so they started procuring finished products from wholesalers in Delhi and Ambala. While they bought two sewing machines, they did not have the working capital to employ skilled tailors to make garments. Thus, the scalability of the business was jeopardised because of the lack of capital.

This was when Renu heard about Bandhan, availed her first loan in 2019 and invested the entire amount in the store. They bought branded sewing machines and employed skilled tailors. They also started teaching young

aspirants the art of stitching. It is heartening to note that some of those students have set up their own tailoring units; such was the community impact Renu was able to create. With subsequent loans from Bandhan and their hard work, Renu and Rakesh slowly and steadily expanded their garment collection.

Besides their designer store, they have also set up a sewing workshop in the same premises as the store. This workshop employs six people. With this, they can take care of the customisation requests from all clients. Renu now produces fashionable clothing for her loyal and wide range of customers. Their shop has an exclusive stock of threads and buttons, which they not only use for their own store but also supply to other shops and factories. They plan to expand their work further in Himachal Pradesh and Delhi.



**Renu Devi**  
Solun, Himachal Pradesh



**Our dream of setting up a medical clinic became a reality only because of Bandhan's unwavering support. We are grateful to them for helping us make medical services accessible to many.**



Ajmetun studied till class VII and was employed in a clinic as support staff. In this clinic, she met Babul. After three years of working together, they both tied the knot. In a few years, the couple was blessed with two daughters. They were somehow making ends meet with their collective earnings, but due to a family emergency, they had to return to their hometown abruptly. They, consequently, lost their job at the clinic and were left without any source of income. However, this is when Ajmetun heard of Bandhan and availed her first small loan in 2013 and used it to purchase a cow. The cow milk was sold in the locality, but the proceeds were not enough to feed the family of four.

Even before they got married, the two had wanted to start a clinic of their own. To make this dream possible, they started saving money. Babul secured a job in a local medical college to accelerate their savings for their own clinic.

Thus, they began their journey of setting up their clinic. With Bandhan in their lives now, the initial capital was also taken care

of. Ajmetun continued to repay her loans timely and got eligible for higher loans. She used the subsequent loan amounts to set up 'MZ polyclinic', thereby giving life to their dream.

Since then, there has been no looking back for them. The clinic is running well; it has 17 beds for patients. The landlord of the clinic premises, impressed by their efforts, has waived off the capital deposit. While Babul still works at the medical college, Ajmetun manages the clinic. She has also employed five people to help her run the clinic. They have visiting surgeons and doctors to tend to the patients.

Both Ajmetun and Babul have worked very hard to improve their lives while creating an impact in society. They are content that both their daughters are now studying in a reputed English medium school. The cow they had purchased with their first loan is now for their domestic use. They are also happy that they are making medical services accessible to people who need them. They plan to continue with their clinic and serve the community.



**Ajmetun Nisha**  
Kishanganj, Bihar

**FF**

**I have been able to change my family's future towards stability and prosperity. This has been possible only with Bandhan around. Words are not enough to thank them.**



**Kuni Behera**  
Puri, Odisha

Kuni was married to Dhanu Behera who was an auto driver in Puri with small earnings. The couple had two sons. Due to financial constraints, their elder son dropped out of schooling and took up odd jobs to contribute to the household. After two years of odd jobs, the parents purchased an auto for him with the objective of earning a little more. They wanted their younger son to complete his studies.

After completing his graduation, the younger son trained in making handicrafts. While he was picking up the art, he got an opportunity to connect with various suppliers and distributors. This helped him build the base for starting the business of making decorative souvenirs. Kuni also got involved in this venture. They both made souvenirs at home and sold them to various nearby shops.

However, soon Kuni realised that this little business needed an impetus so she reached out to Bandhan for financial help. The first loan she received provided the much-needed capital influx. The loan was of such great help that she repaid her loans diligently and continued to avail subsequent loans of larger amounts and invested in expanding the business. Today, instead of supplying their finished goods to other shops, the family has a rented shop of their own where they sell their handicraft. They also supply bulk orders across the district.

In order to meet the growing demands, Kuni has employed two girls who help her at work. She plans to do away with the rented shop in due course and intends to purchase a space of their own and is confident of expanding their business even further.



# Empowering the Community

Bandhan Bank's journey is deeply entrenched in its dedication towards transforming lives and building communities. The Bank runs its CSR programmes through various CSR implementing agencies including Bandhan-Konnagar. Each programme of Bandhan-Konnagar has been devised to bring about far-reaching effects in the fields of education, health, livelihood promotion, sustainable livelihood development, climate action, financial literacy, skill development and employment generation.

## TARGETING THE HARDCORE POOR PROGRAMME



This is a unique programme designed for the poorest of the poor. Grants (in the form of free assets, not cash)

are offered to destitute women. They start generating income from this asset and are consequently able to sustain their livelihoods. It is seen that within 24 months of this grant intervention, these hardcore poor beneficiaries start to graduate, uplift themselves from extreme poverty and get linked to mainstream society.

This programme follows a 360-degree approach. Besides free assets, consistent counselling and mentoring support is also extended. A weekly consumption stipend (considerable amount of cash) is also given to these women to meet their daily basic expenses until the assets begin to yield returns. Financial literacy is imparted so that they can make informed financial decisions. Education on socially relevant issues is also offered to increase their awareness and help them live better lives. Overall confidence building is done so that they do not fall in the poverty trap again. Over the years, it has been seen that there is a positive impact of this intervention in the lives of many. They earn reasonable monthly income, have a healthy life and are able to support their families.



Over the years, it has been seen that there is a positive impact of this intervention in the lives of many. They earn reasonable monthly income, have a healthy life and are able to support their families.

## HEALTH PROGRAMME



This programme aims to increase health awareness in order to reduce healthcare expenditure of underprivileged families. It gives special focus on children under 5 years, pregnant women, lactating mothers and adolescent girls regarding safe motherhood, child nutrition, personal hygiene and sanitation issues. Under this initiative, health volunteers are developed by selecting

interested women from the villages and providing them adequate training. These health volunteers called Swastha Sahayikas (SS), then work in the villages to impart health education through regular health forums. The programme also includes linkage and referral services, distribution of health kits, setting up of water treatment plants to provide safe drinking water, among others.



Under this initiative, health volunteers are developed by selecting interested women from the villages and providing them adequate training.

## EDUCATION PROGRAMME



This programme encourages a diverse age group of underprivileged children to begin and sustain academics in a congenial environment. A unique, low-cost, innovative model has been adopted to ensure that the not-so-privileged children are able to receive quality education. Education centres have been set up in rural areas. These aim to reach out to the non-school-going and dropout children aged 6 years and above

from economically constrained families, with special focus on the girl child. These free primary schools known as Bandhan Education Centres provide complimentary school kits and focus on classroom learning, attendance, and extra-curricular activities. Further, the programme has also set up low-cost formal schools, called Bandhan Academy, that provide holistic development for children, which include academics and extracurricular activities.



Free primary schools known as Bandhan Education Centres provide complimentary school kits and focus on classroom learning, attendance, and extra-curricular activities.



## EMPLOYING THE UNEMPLOYED PROGRAMME



This programme is aimed at addressing the issue of unemployment in India.

Vocational centres known as Bandhan Skill Development Centre (BSDC), are set up to provide training to unemployed youth. The youth can choose from an array of domains, such as

sales, hospitality, ITes-BPO, computerised accounting, refrigerator and air conditioner repair, etc. After successful completion of these skill development courses, candidates either explore entrepreneurial opportunities or get placed with reputed companies.



After successful completion of these skill development courses, candidates either explore entrepreneurial opportunities or get placed with reputed companies.

## FINANCIAL LITERACY PROGRAMME



This programme is aimed at deepening financial inclusion in rural communities. In the crusade

to ensure holistic development of people and communities, financial literacy and inclusion is the tool that assists them to move from sustenance to a sustainable growth path. Accordingly, this initiative pays special attention to ensuring that

the programme encourages participants to become financially aware and gain financial confidence. The objective is to increase awareness among rural and disadvantaged women about financial matters, empowering them to plan their personal economies. They are also taught to access varied banking services, including insurance and pension schemes.



In the crusade to ensure holistic development of people and communities, financial literacy and inclusion is the tool that assists them to move from sustenance to a sustainable growth path.

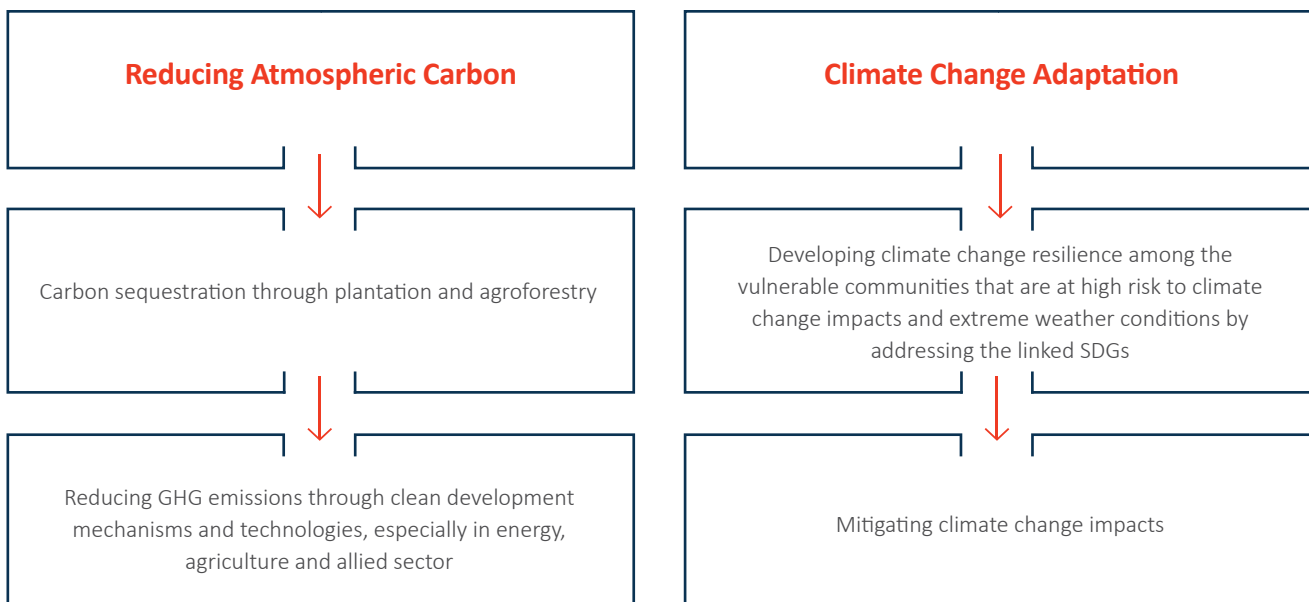
## CLIMATE ACTION PROGRAMME



The Goal 13 of the United Nation's Sustainable Development Goal (SDG) calls for urgent action to combat climate change and its impacts. It is also intrinsically linked to the rest of the 16 SDGs 2030 Agenda. To address the climate change, India has adopted the Paris Accord to limit the global temperature rise to well below 2 degrees Celsius.

It is a well-established fact that the climate change is linked to Green House Gas (GHG) emissions and reducing atmospheric carbon through emission reduction and carbon sequestration can help limit the rise of global temperature.

Your Bank through its Climate Action Programme is facilitating to limit the rise in global temperature through the following strategy:



### Reducing Atmospheric Carbon

The programme has collaborated with various Panchayat Raj Institutions (PRIs) to undertake plantations in the village commons. The Bank provided nearly 30,000 saplings for plantation across 26.11 acres of land and 15 km of roadside plantations in 6 states involving 21 PRIs during the year.

To support urban green spaces and creating livelihoods, the programme collaborated with New Town Kolkata Development Authority (NKDA), West Bengal to undertake plantations of nearly 2,500 saplings in nearly 2 acres of urban space.



The programme provided nearly 30,000 saplings for plantation across 26.11 acres of land and 15 km of roadside plantations in 6 states involving 21 PRIs during the year.

## SUSTAINABLE LIVELIHOODS PROGRAMME

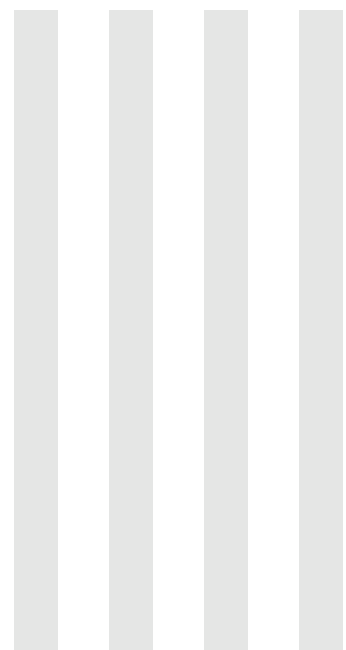
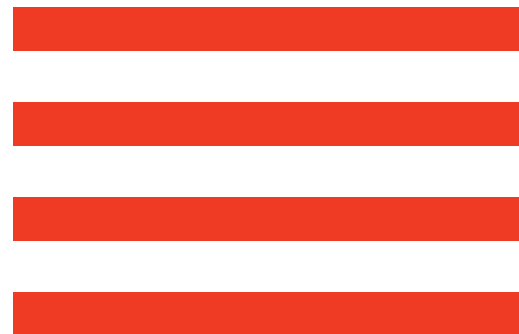


A programme was piloted for incubating young and talented entrepreneurs from economically weaker

sections. The aim is to help these entrepreneurs in setting up their own start-ups so that instead of becoming employment seekers they become employment givers.

Bandhan-Konnagar selected 51 bright entrepreneurs (including 17 females) out of 113 candidates to incubate their enterprises.

Of the 51 enterprises, 20 have been registered with MSME and 16 are DIC approved and 16 enterprises have also been linked to Financial Institutions for credit line.



# Board's Report

To  
The Members,

Your Board of Directors present the Eighth Annual Report on the business and operations of your Bank, together with the Audited Financial Statements for the Financial Year ('FY') ended March 31, 2022.

## Financial Performance of the Bank

The financial highlights for the FY under review, are presented below:

(Figures in ₹ crore)

Particulars	For the FY ended	
	March 31, 2022	March 31, 2021
<b>Deposits:</b>	<b>96,330.62</b>	<b>77,972.22</b>
- Savings Bank Deposits	34,616.86	29,260.32
- Current Account Deposits	5,462.32	4,566.99
- Term Deposits	56,251.44	44,144.91
<b>Advances (Net):</b>	<b>93,974.92</b>	<b>81,612.88</b>
- Cash Credits, Overdrafts and Loans repayable on demand	2,330.21	2,395.82
- Term Loans	91,644.71	79,217.06
<b>Total Assets/Liabilities</b>	<b>1,38,866.55</b>	<b>1,15,016.17</b>
Net Interest Income	8,714.02	7,563.35
Non-Interest Income	2,822.82	2,022.25
Less: Operating Expenses (excluding Depreciation)	3,413.40	2,713.81
<b>Profit before Depreciation, Provisions and Tax</b>	<b>8,123.44</b>	<b>6,871.79</b>
Less: Depreciation	110.04	103.06
Less: Provisions	7,884.78	3,820.07
<b>Profit Before Tax (PBT)</b>	<b>128.62</b>	<b>2,948.66</b>
Less: Provision for Tax	2.83	743.20
<b>Profit After Tax (PAT)</b>	<b>125.79</b>	<b>2,205.46</b>
<b>Balance in Profit &amp; Loss Account brought forward from previous year</b>	<b>6,171.00</b>	<b>4,758.71</b>
<b>Appropriations:</b>		
Transfer to Statutory Reserves	31.45	551.37
Transfer to Statutory Reserve u/s 36(1)(viii) of the Income-tax Act, 1961	42.45	74.37
Transfer to Capital Reserve	16.00	84.64
Transfer to Investment Reserve	25.24	-
Transfer to Investment Fluctuation Reserve	10.65	82.79
Dividend pertaining to previous year paid during the year	161.07	-
<b>Balance carried over to Balance Sheet</b>	<b>6,009.94</b>	<b>6,171.00</b>
<b>EPS (Basic) (in ₹)</b>	<b>0.78</b>	<b>13.70</b>
<b>EPS (Diluted) (in ₹)</b>	<b>0.78</b>	<b>13.69</b>

## State of Affairs of the Bank

Within six years of its operation, the balance sheet size of your Bank had crossed a landmark of ₹1 lakh crore and continued to grow further during the year under review. The Total Liabilities (including capital and reserves) of your Bank stood at ₹1,38,866.55 crore and the Total Advances (Net) at ₹93,974.92 crore whereas banking outlets increased to 5,639 as on March 31, 2022. During the FY under review, the number of banking outlets that have been added to the network is 329. Out of the total 5,639 banking outlets, 35 per cent. are in rural, 37 per cent.

in semi-urban, 18 per cent. in urban and 10 per cent. in metro locations. The number of customers has increased from 2.30 crore as on March 31, 2021 to 2.63 crore as on March 31, 2022. With the expanding network of banking outlets and customers, the total deposits grew further from ₹77,972.22 crore as on March 31, 2021 to ₹96,330.62 crore as on March 31, 2022 registering a climb of 23.55 per cent. The Current Account and Savings Account ('CASA') deposits have seen an increase of 18.48 per cent. from ₹33,827.31 crore as on March 31, 2021 to ₹40,079.18 crore as on March 31, 2022.

During the FY under review, the total income (net) of your Bank has increased by 20.36 per cent. to ₹11,536.84 crore as against the total income of ₹9,585.61 crore for FY 2020-21. However, during the FY, your Bank has made additional provisions on NPA accounts resulting from elevated risk observed in certain geographies and the potential impact of the COVID-19 pandemic on certain loan portfolios. These provisions held by the Bank are based on the information available at the time of approval of accounts and are in excess of the RBI prescribed norms. Due to this, the profit after tax ('PAT') for the financial year under review stood at ₹125.79 crore, a decline of 94.30 per cent. as compared to ₹2,205.46 crore for FY 2020-21. Consequently, Return on Average Equity ('ROAE') was 0.76 per cent. for FY 2021-22 as against 13.24 per cent. for FY 2020-21 and Return on Average Asset ('ROAA') was 0.11 per cent. for FY 2021-22 as against 2.13 per cent. for FY 2020-21. Correspondingly, basic earnings per share ('EPS') decreased from ₹13.70 to ₹0.78 whereas diluted EPS decreased from ₹13.69 to ₹0.78 as at the end of FY 2021-22 in comparison to FY 2020-21. However, due to various initiatives taken by the Government to support the economy and easing out of the impact of pandemic on the lives of customers, your Bank has seen the best ever quarterly performance during the quarter ended March 31, 2022 backed by robust all round operating performance and lower credit costs. Given the strong recovery and stable operating environment, your Bank is confident of further improving its performances during next fiscal as well.

Your Bank continues to focus on financial inclusion by providing various financial services to the underserved. The Reserve Bank of India ('RBI') has mandated Priority Sector Lending ('PSL') of a minimum 40 per cent. of advances for all banks. During FY 2021-22, your Bank's PSL was ₹56,397.10 crore as on March 31, 2022 as compared to ₹74,369.51 crore (net of IBPC of ₹2,124.13 crore) as on March 31, 2021. At the end of FY 2021-22, PSL as a proportion of the gross advances of ₹98,790.70 crore was 57 per cent.

### COVID-19 Pandemic

FY 2021-22 started with the second wave of COVID-19 pandemic, which was more severe and infectious, affecting lives of people and resulted in restriction in movements due to lockdowns in various parts of the country. This affected the economic activities considerably, especially the lower income population and businesses requiring physical movement. With the aggressive vaccination drive by the Government and various other measures to contain the spreading of infection, the impact of the pandemic started to recede in the second half of the FY. The Government of India ('GoI') and the Reserve Bank of India ('RBI') continued with its measures to minimize the adverse economic impact on business caused by this pandemic.

Your Bank had diligently abided by the advisories issued by the GoI, State Governments and various statutory and regulatory authorities, from time to time. While enforcing the social distancing protocols and keeping the safety of employees in mind, banking outlets and offices of the Bank operated in accordance with the guidelines/directions issued by various statutory, regulatory and local authorities.

Your Bank continued to leverage its technology wherein the employees were benefitted through availing work from home facilities. Your Bank managed to run its operations smoothly across all its banking outlets. At all times during the COVID-19 pandemic,

your Bank had managed to keep its services open to customers. Your Bank has engaged with its customers through digital channels and contact centres with the objective of catering to their banking needs, as well as enquiring about their well-being during these extraordinarily difficult times.

Your Bank continues to take multiple measures to ensure a safe environment for its employees and customers, such as:

- Regular sanitisation of the branches, ATMs, currency notes, temperature checks at premises.
- Maintaining social distancing norms through effective floor management.
- Touch-base with all existing customers and enquiring about their well-being.
- Adopting new digital initiatives from time to time.
- Community outreach initiatives.
- Vaccination drive for employees, through tie-ups with hospitals, based across regions and at Head Office.

Your Bank has implemented necessary packages rolled out by RBI for its different segments of customers to provide the financial assistance, which are enumerated hereinbelow under different heads.

### Emerging Entrepreneur Business ('EEB')

The EEB vertical of your Bank has been serving borrowers at the bottom of the pyramid with affordable and convenient loans to help them develop into entrepreneurs and transform their lives. Your Bank's EEB strategy is guided by its long-held philosophy of financial inclusion and economic empowerment of the disadvantaged sections of the society.

Your Bank offers a wide array of loans through Banking Units ('BU') under EEB vertical to benefit small business owners in need of financial assistance. It also helps in the growth of additional income generation avenues and offers enhanced opportunities to small entrepreneurs to achieve their business goals.

Each BU is linked to a bank branch for operational convenience. BUs are self-sufficient and empowered to open deposit accounts using TABs and also open loan accounts after necessary credit checks. The highlight of the BUs' operations is the TABs that are connected to the Core Banking System ('CBS') through cellular data. Your Bank's Relationship Officers ('RO') carry these TABs to their group meetings, and the entire instalment reconciliation for the customer happens through these TABs on real time basis. To ensure timely and effective support to the BUs in their day-to-day functioning, the Bank has a structure comprising Circles, Territories, Divisions, Areas and Banking Unit Catchments. A central operation team maintains oversight of the quality of the operations and adherence to prevalent guidelines at all times. Your Bank lays significant emphasis on processes and controls to help maintain uniform and consistent standards in transaction processing and service delivery, as well as compliance with regulatory and statutory guidelines.

During FY 2021-22, your Bank opened 287 new BUs pan-India with a focus on financial inclusion and to enhance portfolio quality by limiting the number of customers served by a BU. Your Bank's

commitment towards financial inclusion is also reflected in the fact that it offered loans to 162,581 new borrowers during FY 2021-22. The growth of 6.9 per cent. in the aggregated EEB asset portfolio from ₹58,346.34 crore to ₹62,399.08 crore during 2021-22, is another indicator of its commitment.

Your Bank now has EEB loans in 11 categories to cater better to the varied demands of the customers:

### EEB loan (Group loans)

1. **Suchana Loan:** Timely funds to start a new business or grow an existing one. Loan size is from ₹1,000 to ₹25,000. However, this product has since been discontinued.
2. **Srishti Loan:** Loan to scale up home-based business. Loan size is from ₹26,000 to ₹1,50,000.
3. **Subridhhi Loan:** Loan amount is up to 50 per cent. of the disbursement amount of running primary loan. Sanctioned to help customers fulfil their extra business requirement during their ongoing loan.
4. **Samadhaan Loan:** Loan from ₹5,000 to ₹15,000 to support existing EEB borrowers by providing liquidity support to their businesses during pandemic.
5. **Suraksha Loan:** Loan size is up to ₹15,000 and is sanctioned to help existing customers meet their emergency expenses, e.g.- medical, drinking water and sanitation.
6. **Sushiksha Loan:** Loan size is up to ₹10,000 and is sanctioned to help customers meet expenses towards the education of their children.

### Small Business and Agri Loans

1. **Sahayata Loan:** Loan to fund growing business needs of existing EEB customers. Loan amount is from ₹51,000 to ₹2,00,000.
2. **Samridhhi Loan:** Loan to fund growing business needs of existing EEB customers. Loan size is from ₹75,000 to ₹3,00,000. However, this product has since been discontinued.
3. **Micro Bazaar Loan:** With a loan size from ₹26,000 to ₹1,50,000, this product is for small entrepreneurs, who have an existing super-saver account with your Bank. This loan provides financial support to deposit customers for their working capital needs.
4. **Micro Home Loan:** Your Bank offers Micro Home Loan ranging from ₹1,00,000 to ₹10,00,000 to existing EEB borrowers for construction as well as renovation of their houses so that their dream of their own house does not remain unfulfilled.
5. **Two-wheeler Loan:** Your Bank offers two-wheeler loans ranging from ₹30,000 to ₹1,20,000 to existing EEB borrowers. It brings them a step closer to their aspirations.

### During the FY 2021-22, your Bank has taken various initiatives:

- As per COVID protocols to maintain social distancing norms during the COVID-19 pandemic and resulting restrictions, your Bank has split the groups to reduce the number of group members.

- Your Bank conducted awareness programmes to educate customers about the COVID-19 pandemic and needs of COVID Vaccination.
- Your Bank has also given them support to overcome the irregularity and distress caused by the pandemic and assured them that their Bank is always with them in any situation.
- Your Bank has initiated a vaccination drive for its employees and ensured that all employees are vaccinated.

Awareness about using digital solutions, like smartphone based transactions and use of credit/debit cards for online transactions is still a persistent issue to the customers of your Bank under the EEB vertical. To overcome these challenges, your Bank is giving training to make the customers aware about the benefits of digital payments and various other aspects, such as seeding bank accounts with mobile number and Aadhaar. Your Bank has also taken initiative by informing the customers to pay through online transactions.

During the pandemic and post pandemic restrictions, many of the customers of your Bank lost their livelihoods, which made them financially vulnerable. To strengthen the customers, your Bank came up with products specifically designed for these situations and ensured that the customers get the maximum financial assistance during the toughest time in their lives. In addition to lending to customers, your Bank is encouraging them to save in their savings bank accounts and to inculcate healthy financial habits, so that in any uncertain situation in the future, they remain financially stable.

Your Bank has been driving the transformation of customers at the ground level. Your Bank has already started migrating vintage and quality customers to individual loans from their existing group loans by laying out a strategy to increase the share of individual business loans in EEB overall portfolio and extending new product offerings, such as Sahayata Loan, Two-Wheeler Loan, Micro Home Loan as per their changing requirements.

### Branch Banking

Your Bank witnessed an overall retail deposit growth of 21 per cent. YoY to ₹74,441 crore during FY 2021-22, and the overall deposit growth of over 24 per cent. YoY to ₹96,331 crore. Your Bank also witnessed an overall CASA growth of 18.48 per cent. YoY to ₹40,079 crore.

The contribution from the Affluent Savings business segment, which consists of the flagship products, like, the Elite and Premium Savings, remained unmatched. This segment contributed to an overall Saving Accounts ('SA') growth of **33 per cent.** YoY.

The liabilities proposition of your Bank achieved significant breadth and scale which enabled the Bank to have a competitive edge and deliver the best in class customer experience, and the same is evident from the growth in its Liabilities franchise.

Moreover, to strengthen the current account ('CA') customer base, your Bank has launched 3 variants under its Current Account product offering viz., "**Biz-Deluxe**", which is designed to cater to the banking and financial needs of customers, like traders, distributors and wholesalers; "**Biz-Pro**" designed to cater to the self-employed professionals and "**Start-up**" for addressing the unique banking requirements of entrepreneurs.

Your Bank also introduced **Cash@POS** facility, which permits cash withdrawal at POS and **SoftPOS** services, which enables the merchant to accept digital payments using a smartphone.

A total of 42 branches were added during the FY, taking your Bank's footmark to 1,189 branches. Despite challenging circumstances during FY 2021-22, your Bank's branches remained open throughout the lockdown period and your Bank has also introduced offsite ATMs as a pilot project at five of its major locations, viz., Ahmedabad, Salt lake Sector-V, Urbana- Kasba, Shillong and Bhubaneswar, for providing prompt assistance to the customers.

During FY 2021-22, your Bank overcame all the challenging business conditions and offered customers expedient ways to transact, access their savings and current accounts, fixed deposits, make digital payments and grow their wealth.

### Commercial Banking

RBI announced the introduction of the '**COVID-19 Regulatory Package**' on March 27, 2020 in the wake of disruptions due to COVID-19 pandemic and consequent asset classification and provisioning norms. As part of the COVID-19 Regulatory Package, National Credit Guarantee Trust Company ('**NCGTC**') introduced operating guidelines on Emergency Credit Line Guarantee Scheme ('**ECLGS 1.0**') on June 02, 2020. RBI issued subsequent additions/modifications, clarifications and extensions in respect of the Regulatory Packages during FY 2021-22. The COVID-19 Regulatory Package was included in the Board approved policy of the Bank, with a suitable enabling clause to accommodate any further regulatory instructions on the COVID-19 Package.

NCGTC issued introduction of ECLGS 3.0, modification in ECLGS 2.0 along with extension of all three schemes (ECLGS 1.0, 2.0 & 3.0) until June 30, 2021, vide updated operating guidelines dated April 16, 2021. Further, introduction of ECLGS 4.0 and modifications in ECLGS 3.0 were communicated vide updated operating guidelines dated June 07, 2021, along with extension of all four schemes (ECLGS 1.0, 2.0, 3.0 & 4.0) till September 30, 2021. The last updated operating guidelines on ECLGS was issued by NCGTC on October 20, 2021, including continuation of existing schemes (ECLGS 1.0, 2.0, 3.0 & 4.0) and introduction of separate extension schemes under ECLGS 1.0, 2.0 & 3.0, valid till March 31, 2022. As per latest guidelines, utilisation/disbursement under select schemes/facilities stands extended until June 30, 2022.

The following are the brief details of various schemes under ECLGS, valid until March 31, 2022:

- **ECLGS 1.0** refers to the scheme for providing 100 per cent. guarantee to member lending institutions, extending eligible credit facility in the form of additional working capital term loan to its borrowers up to 20 per cent. of their total fund based credit outstanding (max. ₹50 crore) across all lending institutions, as on February 29, 2020. All borrower accounts classified as NPA or SMA-2 as on February 29, 2020 shall not be eligible. The tenor of loans shall be four years from the date of first disbursement. A Moratorium period of one year on the principal amount for the fund based portion shall be provided to borrowers under the scheme during which interest shall be payable. The principal shall be repaid in 36 instalments (three years) after the moratorium period is over.
- **ECLGS 1.0 (Extension)** refers to the scheme for providing additional support to existing borrowers of ECLGS 1.0 or new borrowers eligible under ECLGS 1.0 based on revised reference date of March 31, 2021. All borrower accounts classified as NPA or SMA-2 as on March 31, 2021 shall not be eligible. The funding can be in the form of additional working capital term loan facility upto 30 per cent. of their total credit outstanding (fund based only, net of support received under ECLGS 1.0) up to ₹50 crore as on February 29, 2020 or March 31, 2021, whichever is higher. The tenor of loans shall be five years from the date of first disbursement. Moratorium period of two years shall be provided to borrowers for the fund based portion. The principal shall be repaid in 36 instalments (three years) after the moratorium period is over.
- **ECLGS 2.0** refers to the scheme for providing 100 per cent. guarantee to member lending institutions, extending eligible credit facilities in the form of working capital term loan and/ or non-fund based facility or a mix of the two, to its borrowers in the 26 sectors identified by the Kamath Committee on Resolution Framework vide its report dated September 04, 2020 and the Healthcare sector, upto 20 per cent. of their total credit outstanding (fund based only) not exceeding ₹500 crore across all lending institutions, as on February 29, 2020. All borrower accounts classified as NPA or SMA-2 as on February 29, 2020 shall not be eligible. The tenor of facilities shall be five years from the date of first disbursement of fund based facility or first date of utilization of non-fund based facility, whichever is earlier. Moratorium period of one year on the principal amount for the fund based portion shall be provided to borrowers under the scheme during which interest shall be payable. The principal shall be repaid in 48 instalments (four years) after the moratorium period is over. To be eligible for guarantee cover of the sanctioned non-fund based facility, first utilization must happen on or before June 30, 2022.
- **ECLGS 2.0 (Extension)** refers to the scheme for providing additional support to existing borrowers of ECLGS 2.0 or new borrowers eligible under ECLGS 2.0 based on revised reference date of March 31, 2021. All borrower accounts classified as NPA or SMA-2 as on March 31, 2021 shall not be eligible. The funding can be in the form of additional working capital term loan facility and / or non-fund based facility or a mix of the two, upto 30 per cent. of their total credit outstanding (fund based only, net of support received under ECLGS 2.0) not exceeding ₹500 crore as on February 29, 2020 or March 31, 2021, whichever is higher. The tenor of facilities shall be six years from the date of first disbursement of fund based facility or first date of utilization of non-fund based facility, whichever is earlier. A Moratorium period of two years shall be provided to borrowers for the fund based portion. The principal shall be repaid in 48 instalments (four years) after the moratorium period is over. To be eligible for guarantee cover of the sanctioned non-fund based facility, first utilization must happen on or before June 30, 2022.
- **ECLGS 3.0** refers to the scheme for providing 100 per cent. guarantee to member lending institutions, extending eligible credit facility in the form of working capital term loan to its

borrowers in the Hospitality (hotels, restaurants, marriage halls, canteens, etc.), Travel & Tourism, Leisure & Sporting and Civil Aviation (scheduled and non-scheduled airlines, chartered flight operators, air ambulances, airports and ground handling units) sectors, upto 40 per cent. of their total credit outstanding (fund based only) across all lending institutions, subject to a cap of ₹200 crore per borrower. All borrower accounts classified as NPA or SMA-2 as on February 29, 2020 shall not be eligible. The tenor of facilities shall be six years from the date of first disbursement. A Moratorium period of two years on the principal amount for the fund based portion shall be provided to borrowers under the scheme during which interest shall be payable. The principal shall be repaid in 48 instalments (four years) after the moratorium period is over.

- **ECLGS 3.0 (Extension)** refers to the scheme for providing additional support to existing borrowers of ECLGS 3.0 or new borrowers eligible under ECLGS 3.0 based on revised reference date of March 31, 2021. All borrower accounts classified as NPA or SMA-2 as on March 31, 2021 shall not be eligible. The funding can be in the form of additional working capital term loan facility, upto incremental credit eligibility based on outstanding of February 29, 2020 or March 31, 2021, whichever is higher. The tenor of facilities shall be six years from the date of first disbursement. Moratorium period of two years shall be provided to borrowers for the fund based portion. The principal shall be repaid in 48 instalments (four years) after the moratorium period is over.
- **ECLGS 4.0** refers to the scheme for providing 100 per cent. guarantee to member lending institutions, extending eligible credit facility upto ₹2 Crore, in the form of fund based (term loan) or non-fund based (LC for import of capital goods) facility to existing hospitals/nursing homes/clinics/medical colleges/units engaged in manufacturing of liquid oxygen, oxygen cylinders, etc., for setting up on-site oxygen producing plants. All borrower accounts classified NPA as on February 29, 2020 shall not be eligible. The tenor of facilities shall be for a maximum of six years from the date of first disbursement of fund based facility or first date of utilization of non-fund based facility, whichever is earlier. Moratorium period of six months on the principal amount for the fund based portion shall be provided to borrowers under the scheme, during which interest shall be payable. The principal shall be repaid in 54 instalments (four and half years) after the moratorium period is over. Last date of disbursement under fund based facility and utilization of LC under non-fund facility shall be June 30, 2022.

RBI also issued **Resolution Framework 2.0** dated May 05, 2021 for resolution of COVID-19 pandemic related stress of Micro, Small and Medium Enterprises (**MSMEs**). Further, RBI issued subsequent instruction on the said framework on June 04, 2021. The framework is an extension of existing resolution framework introduced by RBI on August 06, 2020, in view of continued need to support viable MSME entities on the fallout of COVID-19 pandemic. As per the framework, eligible borrowers with aggregate exposure, including non-fund based facilities, of all lending institutions shall not exceed ₹50 Crore as on March 31, 2021. The borrower should be

classified as a MSME as on March 31, 2021 in terms of the Gazette Notification S.O. 2119 (E) dated June 26, 2020. The borrowing entity shall be GST-registered (other than exempted MSMEs as on March 31, 2021) on the date of implementation of restructuring. The borrower's account should be a 'standard asset' as on March 31, 2021, and not restructured in terms of earlier applicable MSME restructuring circulars issued by RBI.

In line with the Board-approved Credit and related Policies, your Bank extended support (ECLGS, Resolution Framework 2.0, etc.) to the deserving and eligible borrowers based on requests.

In order to ensure inclusive book growth along with effective portfolio monitoring, the SME Segment under Commercial Banking was further categorised into two groups, i.e., one with borrower exposures upto ₹5 Crore and the other with exposures above ₹5 Crore, each led by independent Heads.

### Small Enterprise Loan (SEL)

Small businesses regularly need support in the form of short-to-medium term funding. Small Enterprise Loan (**'SEL'**) vertical of your Bank empowers small entrepreneurs by extending them business loans so as to enable them grow their businesses.

The pandemic has been an extremely difficult time for small businesses, which impacted their cash flows owing to lockdowns, reduced business hours and market demand.

Your Bank ensured its team worked relentlessly and flexibly to serve the customers by working in line with their requirements and guiding them to overcome their challenges.

Together we learnt that hard times can be overcome if we collaborate, handhold and be empathetic towards our customers by understanding their needs. Your Bank understands SEL vertical is now more agile and raring to grow with positivity and hard work, with close customer connect and bringing on new products offering based on the market feedback we have received.

The following products are presently offered under SEL:

- **SEL Term Loans (₹1 lakh to ₹10 lakh)**  
These loans with tenure of one to four years are towards business requirements pertaining to working capital or asset creation for business or other short-term business requirements. These loans range from ₹1 lakh to ₹10 lakh.
- **SEL MAX Loan**  
Businesses can avail this loan for meeting requirements pertaining to working capital or asset creation for business or other short-term business requirements. The tenure of this loan is from one year to four years. This loan is from ₹10 lakh to ₹25 lakh.

### NBFC Lending

Your Bank considers Institutional Lending to Non-Banking Financial Companies (**'NBFCs'**)/Housing Finance Companies (**'HFCs'**) and NBFC-MFIs, primarily, for on-lending activities. The NBFC-MFI business includes lending to Microfinance Institutions (**'MFIs'**), Societies and Trusts engaged in microfinance activities. While most of these loans are extended as Term Loans, your Bank also has credit exposure through Direct Assignments and investment exposures through Pass Through Certificates (**'PTCs'**) and Non-Convertible Debentures (**'NCDs'**). The NBFC (including Housing



Finance Company) business primarily includes Term Loan product for on-lending purpose, and is also foraying into working capital loan, Direct Assignments and co-lending activities. The book-size was at ₹2,690.74 crores as on March 31, 2021, which has grown to ₹4,998.84 crores (including TLTRO of ₹238 crores) as on March 31, 2022. The Institutional book, comprising lending to NBFCs and MFIs, has grown by 86 per cent. Your Bank has expanded its reach while building Books through diversified asset class as well as geographies during the FY under review.

### Housing Finance

Your Bank offers loans for the purchase, construction, repairs and renovation of dwelling units. Loan against property ('LAP'), as well as loans against rent receivables, are also offered against self-occupied residential/commercial property. In line with your Bank's objective of increasing financial inclusion, Home Loans and LAP loans are offered to Salaried as well as Self-Employed customers, including New to Bank ('NTB') customers.

Post amalgamation of erstwhile GRUH Finance Limited with the Bank, your Bank has expanded its scope of housing activities and has, additionally, started offering home loan products from more than 160 bank branches across the nation. Your Bank continues to focus on the affordable housing segment and has tied-up with various Government projects as well as projects in the private sector in the Affordable Housing segment. Consequently, a majority of the housing loans are also eligible under the PSL category.

During the FY under review, your Bank had launched a special campaign "Jeet Hi Lenge Baazi Ab Hum" with a very competitive rate of interest and has received good response.

As on March 31, 2022, your Bank had a total Housing and LAP exposure of ₹23,560.12 crore, constituting 24 per cent. of the total assets.

### Retail Asset

With an objective to serve the financing needs of a larger population and to maximize the profits by diversifying the risk, your Bank has launched and strengthened several retail asset products during FY 2021-22. Customers can now avail various loans, like gold loans, personal loans, two-wheeler loans and car loans from the Bank.

- **Gold loan** aims at fulfilling urgent monetary needs with ease of access, simplified documentation process and quick turnaround time. Gold loans are given from a ticket size of ₹10,000 to ₹25,00,000.
- **Personal Loan:** Your Bank has revamped the product and changed the model of sourcing by a dedicated sales team, catering to existing customers and to start sourcing for New to Bank customers as well. The Personal Loan product has started channel partner sourcing from the year 2021 to extend distribution network in major markets to diversify and expand the portfolio. Personal loans are given for ticket size from ₹50,000 to ₹15,00,000 for tenure up to 5 years at a competitive rate of interest. Your Bank has been quickly ramping up this book during FY 2021-22.
- **Two Wheeler Loans:** Erstwhile Two Wheeler Loans were sourced by Bank Branches for existing customers only. Your Bank redesigned the product as per market standard with

introduction of dealer/ channel based distribution model. The objective of the program is to provide financing to existing as well as New to Bank customers for purchase of new Two Wheelers. Your Bank leveraged on the digital capabilities and using digital means, approves two wheeler loans in just 5 minutes for more than 90 per cent. of cases. The two wheeler loan caters to the customer's needs by giving loans starting from ₹5,000 to ₹5,00,000.

- **Car Loan** was launched by your Bank during the Q2 of FY 2021-22, to meet the customers' aspirations of owning a car. Your Bank designed various product schemes for loan amounts ranging from ₹50,000 to ₹1 crore, in order to cater to various customer profiles viz. salaried, self-employed as well as non-individual entities. With the help of its extensive manufacturer and dealer network, your Bank aims to provide the best deals to existing as well as new customers.

### Third Party Products

Your Bank currently distributes mutual funds, life insurance, general insurance, including health insurance products, and co-branded credit cards. The FY under review has been a year of transformation and emergence. Your Bank continues to have unabated focus on offering a robust and comprehensive retail health insurance solution based product proposition for the retail customers who bank with us. To strengthen the product suite being offered, your Bank has tied up with a leading Health Insurance player during the course of the year. In the life insurance business, your Bank has further enhanced the product proposition offering by adding a third partner for distributing retail insurance through its branches. In addition, your Bank has added Unit Linked Insurance Products ('ULIPs') in the product basket being offered for solicitation. In mutual funds distribution, your Bank has started the distribution of funds in the New Fund Offer ('NFO') stage with a vision of providing its customers additional flexibility while planning for investments. Your Bank continues to invest towards building a research and technology driven product distribution proposition, across all Third Party Products and continues to seek out opportunities to add new product suites to serve customers financial needs holistically.

The total mutual fund AUM managed under your Bank's code during FY 2021-22 was ₹527.07 crore, earning an income of ₹3.74 crore. A total of ₹166.04 crore and ₹439.60 crore of general and retail life insurance business, respectively, was garnered through the retail network during FY 2021-22, earning a fee income of ₹19.76 crore and ₹128.19 crore, respectively. During FY 2021-22, the life insurance business through the existing arrangement in all asset verticals amounted to ₹1,298.55 crore, earning an income of ₹61.50 crore. Your Bank has distributed the co-branded credit cards and earned ₹0.06 crore as commission during FY 2021- 22. Your Bank has also earned ₹0.32 crore as commission for distribution of Atal Pension Yojana, NPS Lite Swavalamban schemes of PFRDA and others during the FY 2021-22.

### Corporate Social Responsibility

Your Bank's core commitment to creating an inclusive growth is reflected in its Corporate Social Responsibility ('CSR') initiatives, which focuses on the empowerment of the marginalised sections of the society. To address its societal commitments, your Bank

has adopted a comprehensive CSR Policy that outlines the CSR programmes, in line with Schedule VII to the Companies Act, 2013 (the '**Companies Act**'). These programmes are being undertaken in the vicinity of your Bank's operational areas.

For the seamless implementation and monitoring of the CSR programme, your Bank has constituted the CSR Committee of the Board of Directors ('**CSRCB**'), in accordance with the provisions of Section 135 of the Companies Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ('**CSR Rules**'), as amended. The composition of the CSR Committee is given in the Report on Corporate Governance as well as Annual Report on CSR forming part of the Board's Report.

The marginalised communities residing in the vicinity of your Bank's operational areas are confronted with multidimensional and *inter alia*, vulnerabilities, at the core of which is the challenge to secure sustained livelihoods. Accordingly, the interventions of your Bank's CSR initiatives are appropriately designed to build their capabilities for securing sustainable livelihoods.

Your Bank continued to engage itself with the marginalised sections of the society for inclusive growth. Your Bank has contributed ₹78.43 crore towards 23 CSR programmes implemented through 10 Project Implementing Agencies ('**PIAs**'). The CSR programmes were spread across 671 project locations in 71 districts of 13 states in India, reaching out to 2,76,262 individuals during the FY under review, thereby taking the total outreach to 20,74,603 individuals.

In terms with the provisions of Rule 8 of the CSR Rules, your Bank appointed KPMG Assurance and Consulting Services LLP ('**KPMG**') to carry out an independent Impact Assessment of the CSR Programmes of your Bank. In terms with provisions of para no. 9.6 of the General Circular No. 14 /2021 dated August 25, 2021, issued by the Ministry of Corporate Affairs, the Impact Assessment Report by KPMG on the CSR programmes of your Bank, is available at the Bank's website <https://bandhanbank.com/beyond-banking>, and the programme wise summary of the same is mentioned in the subsequent sections.

The details of CSR activities/projects undertaken during the financial year are provided in the Annual Report on CSR forming part of the Board's Report as **Annex – 1**. During the year under review, the CSR Policy was suitably amended to align it with the recent amendments to the provisions relating to CSR under the Companies Act and CSR Rules, which was duly recommended by the CSR Committee and approved by the Board. The updated CSR Policy is available on your Bank's website at: [https://bandhanbank.com/pdfViewerJS/index.html#.../sites/default/files/2021-07/CSR-Policy-2021\\_1.pdf](https://bandhanbank.com/pdfViewerJS/index.html#.../sites/default/files/2021-07/CSR-Policy-2021_1.pdf)

Some of the key programmes of your Bank's CSR initiatives are:

### Targeting the Hardcore Poor Programme

During the FY under review, your Bank has contributed ₹27.88 crore (₹18.20 crore in FY 2020-21) towards Targeting the Hardcore Poor ('**THP**') programme of Bandhan Konnagar, an organization registered under the Societies of West Bengal Registration Act XXVI of 1961, Implementing Agency. The programme is designed for the ultra-poor women-headed households, providing them with a range of gainful micro-enterprises (in the form of farm, non-farm and mixed assets, non-cash), along with handholding

support and training on confidence building, enterprise skills, consumer interaction, marketing and financial skills. They are also provided with sustenance allowance to meet their daily needs till they start generating substantial income from the assets provided. In a period of 18 to 24 months, these ultra-poor women start graduating, uplifting themselves from extreme poverty<sup>1</sup> and get linked to mainstream society<sup>2</sup>.

During the FY under review, 27,600 ultra-poor women were provided farm-based, non-farm and mixed assets to sustain their livelihoods. These women belonged to 18 districts of Assam, Jharkhand, Madhya Pradesh, Odisha and West Bengal.

An Impact Assessment Study carried out by KPMG indicated that more than 29,000 women were alleviated from below poverty line to above the national poverty line (₹1,059.42 for rural and ₹1,286 for urban areas) with a significant increase in their business assets and household income, having a monthly income of at least ₹4,000 and average of ₹7,456 per month. Additionally, 29,487 women had improved savings habits and access to safe and secure shelter.

Further, a long term study done by the Nobel Laureate Dr. Abhijit Banerjee et.al.,<sup>3</sup> based on Randomised Control Trials ('**RCT**') method, suggests that in seven years after the assets were first distributed, livestock revenue, income from non-agricultural entrepreneurial activities and daily wage income was 286 per cent., 100 per cent. and 25 per cent., respectively, higher in the treatment group as compared to the control group mean, and it was not because of more working hours, but because the income per hour went up and they diversified their businesses and invested part of the gains from livestock into other activities.

The monthly consumption of those assigned to treatment increased by 25 per cent., as compared to the consumption of those assigned to control, which increased by 12 per cent., and the amount deposited in the savings account by the beneficiaries was more than double as compared to the control group. There was also an increase in formal borrowings.

The study highlights the positive effects across all categories of outcomes. Compared to non-beneficiaries, the beneficiaries' households of the programme have more assets, food security is higher, more earnings, and are financially better off. The results for the adult-level indexed variables of the study indicated that the individuals are healthier, happier, and less stressed. Furthermore, the effects (except for productive assets) almost always grows over time, suggesting that the programme may have put beneficiaries' household on a different trajectory.

### Health, Nutrition, Drinking Water and Sanitation

During the FY under review, your Bank has contributed ₹18.49 Crore (₹15.67 crore in FY 2020-21) towards seven health programmes of five PIAs, covering 35 districts in nine states of India. The health programmes of the PIAs supported by your Bank covered 88,019 beneficiaries during the year.

- 1 Poverty Line benchmarked according to the Suresh Tendulkar's Committee Poverty Lines per capita monthly expenditure, 2011-12, Niti Aayog, Government of India
- 2 India SDG Index Score for Goal 1 – No Poverty; Goal 2 – Zero Hunger and SGD 5 – Gender Equality
- 3 Abhijit Banerjee, Esther Duflo, Raghavendra Chattopadhyay and Jeremy Shaprio (2016). The Long Term Impacts of a "Graduation" Program: Evidence from West Bengal. Working Paper, September, 2016. J-PAL, MIT, Cambridge, Massachusetts. USA

## Health

Your Bank contributed towards creating health and hygiene-related awareness and behaviour change through a network of 4,518 village-level female health volunteers, known as “Swasthiya Sahayikas”, who reached out to 2,16,918 pregnant women and lactating mothers. The Swasthiya Sahayikas held 38,266 health awareness forums. These sessions were attended by 7,71,600 female participants belonging to the reproductive age group. The Swasthiya Sahayikas and the Health organisers made 14,81,310 home visits to follow-up on the health status of pregnant women, lactating mothers and children below five years, and have taken 2,278 women for institutional deliveries during ante-natal check-ups (**‘ANC’**) and other health check-ups.

The Swasthiya Sahayikas of the health programme inducted menstrual hygiene behaviour change communication amongst the women, especially, the adolescent girls and infant care behaviours to the pregnant women and lactating mothers. They provided sanitary pads during door-to-door visits and have also started to supply infant diapers, soaps, hand sanitizers, moisturisers, etc.

These efforts resulted in improving the institutional deliveries to 90.25 per cent., (compared to the national average of 78.90 per cent.<sup>4</sup>) and complete ANC to 91 per cent. (compared to the national average of 51.20 per cent.<sup>4</sup>).

An Impact Assessment study conducted by KPMG indicated that the programme contributed in the improvement by 2 per cent. to 10 per cent. for Institutional deliveries ranging between 94 per cent. to 98 per cent., improved by 4 per cent. for complete ANC ranging between 94 per cent. to 97 per cent., and an improvement by 10 per cent. to 21 per cent. for immunisation ranging between 98 per cent. to 99 per cent.

A study conducted by Grameen Foundation and Freedom from Hunger India Trust from 2015 to 2018<sup>5</sup>, concluded that the programme has a visible positive impact amongst the participants of the health awareness programme, on the level of awareness and health-related behavior, between baseline from lower than 10 per cent. to end-line with more than 90 per cent. of women know about Mother and Child Health (**‘MCH’**) and from 20 per cent. to 80 per cent. of adolescent girls managing menstrual complications.

## Healthcare

Apart from the public health programme, during the FY under review, 76,945 patients were provided treatment for various diseases, like cataracts, hypertension, diabetes, cough and cold, etc., in three districts of three states of India through the PIAs, taking the total to 2,47,602 patients being treated.

## Nutrition

During the FY under review, 2,75,922 children under the age of

five years were enrolled in the nutrition initiatives of the Bandhan Health Programme. Out of these, 2,100 children were identified with severe acute malnutrition (**‘SAM’**) and were supported for nutrition rehabilitation, whereas, 11,607 children under the age of five were found with moderate acute malnutrition (**‘MAM’**) and were provided with nutritional supplements, including support for a nutritional garden. 94 per cent. of the children over 24 months completed their primary immunization and 83.25 per cent. (National Average 54.90 per cent.<sup>4</sup>) of children from 0-6 months were exclusively breastfed.

To provide round the year nutrition support, 27,444 households were provided planting materials of fruits and vegetables for setting-up their nutrition gardens. These nutrition gardens helped families, especially, women and children, to consume pesticide-free fresh fruits and vegetables round the year. This initiative has helped in reducing the protein-energy malnutrition (**‘PEM’**) amongst the children who are less than five years of age and is evident from the fact that the wasting of children under-five has gone down to 9 per cent. (as against the national average of 35.7 per cent.<sup>4</sup>). The awareness regarding a balanced and adequate diet during pregnancy, coupled with the availability of fruits and vegetables from the nutrition garden, resulted in reducing the low birth weight incidences to a mere 2 per cent. of the live births, as compared to the national average of 18.2 per cent.<sup>4</sup> live births being under 2.5 kg.

An Impact Assessment Study conducted by KPMG estimated that there has been reduction in malnutrition among children below five years of age from 14 per cent. to 4 per cent.

## Drinking Water

During the FY under review, 62 community-level reverse osmosis water treatment plants were operational, which provided 29,577 kiloliters of purified safe drinking water to 33,749 households.

## Sanitation

Your Bank has contributed towards developing the community-led sanitation and school sanitation programme of two PIAs, covering three districts in three states of India. The initiatives helped in improving the sanitation infrastructure of 502 households, 19 government schools, which included separate toilets for Boys and Girls, using child-friendly engineering, RO drinking water stations, mid-day meal platform with shades, dishwashing stations, roof rainwater harvesting system, etc. The programme induced behaviour change amongst the school teachers and children through classroom sessions and demonstrations regarding sanitation and personal hygiene, including hand-washing using soaps after using toilets, before and after a meal, before holding infants, after arriving, after playing outdoors, after playing with animals, after coughing, sneezing or blowing nose, cleaning toilets, flushing toilets after use, using sanitary pads for menstrual hygiene, etc. The programme also supported monitoring of the operation and maintenance of the facilities created.

## Education

Your Bank’s education programme provides quality education to the children belonging to the marginalised sections of the society in your Bank’s catchment area(s). The education programme enables the children to improve their learning outcomes, especially in Science, Technology, English and Mathematics (**‘STEM’**) subjects and increase their retention and classroom engagement. The

4 International Institute for Population Sciences (IIPS) and ICF. 2017. National Family Health Survey (NFHS-4), 2015-16: India. Mumbai: IIPS. <http://rchiips.org/nfhs/NFHS-4Reports/India.pdf>

5 Alison Burgon Bardsley, Bobbi Gray, Cassie Chandler, and Sabina Rogers (2018). Maa Aur Shishu Swasthya (MASS) Mother and Child Health Program, 2015-2018. Final Project Report. December 2018. Grameen Foundation and Freedom from Hunger India Trust. [https://grameenfoundation.org/documents/MASS\\_Final\\_Evaluation\\_Report\\_2018\\_Final.pdf](https://grameenfoundation.org/documents/MASS_Final_Evaluation_Report_2018_Final.pdf)

programme also provides training to the teachers belonging to the communities, government schools and schools run by the various charitable trust, who are providing free education to transform their pedagogy, and integrated various teaching and learning tools in their lesson plans and track the comprehensive continuous assessment of each child.

Your Bank contributed ₹17.01 crore (₹14.80 crore in FY 2020-21) towards the education programme of three PIAs, benefiting 67,575 marginalised children in 33 districts of six states of India.

An Impact Assessment study conducted by KPMG indicated that according to the situational assessment conducted by Asian Institute for Sustainable Development ('AISD') in 2021, it was indicated that over 85 per cent. of the parents across the states applauded the good quality of education provided at Bandhan Education Centre ('BEC'). The respondents highlighted that there had been an improvement in the academic performance in English and Mathematics of their wards in formal schools due to the support provided at the BECs. The parents and guardians shared that the staff at BEC provided them with hand-holding support during the enrolment of their children in formal schools. The report further indicated that the prolonged closures due to the COVID-19 pandemic had affected the learning capabilities of the students.

### Support to Person with Disabilities

In line with the commitment to inclusive growth, your Bank has contributed ₹38.25 Lakh (₹38.85 Lakh in FY 2020-21) to the initiatives of three PIAs, who are dedicated to providing equal opportunities and a conducive environment to persons with disabilities ('PwD'). During the FY under review, the initiatives have supported 270 PwDs in three districts of three states of India taking the total to 1,332 PwDs supported through these initiatives.

### Skill Development

Your Bank's skill development initiatives provide market-linked and job-ready employable skills to the youths from marginalised sections of the society in various domains. This initiative not only provides on-job training and job placement facilitation in the organised sector but also a follow-up on the placements so that the youths are settled in their job post-training.

During the FY under review, your Bank contributed ₹4.79 core (₹4.89 crore in FY 2020-21) towards the skill development initiatives of two PIAs in 16 districts of six states of India. These PIAs operated 16 training centres in domains, like, Warehousing and Logistics, Retail and Customer Care, Sales and Marketing, ITeS and BPO, Refrigeration and Air Conditioning, Computer Accounting, Hardware and Networking, BFSI, Tailoring, Mason, Electrical, GDA (Nursing), Manual Metal Arc Welding, Fitter Fabrication, etc.

During the FY under review, 3,738 youths were trained, of which more than 75 per cent. were placed with net salary ranging from ₹8,000 to ₹15,000 plus other performance-based allowances and social security benefits, like, Provident Fund ('PF') and Employee State Insurance ('ESI').

An Impact Assessment study conducted by KPMG indicated that between 2016 to 2021, 11,478 youth were trained with a placement rate of over 68 per cent. These youth earned salaried income in organised sector, with average salary of ₹13,591.

### Water Conservation

The water conservation initiative aims at water security and drought-proofing to some of the high moisture stressed regions of India, thereby providing a safety net to agriculture and livestock-based livelihoods. The initiatives facilitate participatory watershed management by empowering the communities to participate in the planning and implementation of local water resource development. Measures, such as, building, reviving and maintaining water-harvesting structures, prioritisation and judicious use of water for every community member, crop planning and water-efficient farming, use of drought-resistant varieties, cultivation of high-value crop requiring less water, etc., creates a multiplier effect in drought-proofing and climate change adaptation measures and higher income generation. The programme has supported the construction of 23 water harvesting structures with a storage capacity of over 120,000 kiloliters of water in two states, which not only provided drinking water to over 1,500 families but also supported participatory irrigation of various crops and helped in generating an income of more than ₹123 Lakh.

### Afforestation

Your Bank's afforestation initiatives have contributed towards the project on establishing "Bio-shield" to save the mangroves in the Bharuch district of Gujarat. Mangrove plantation of 67,540 saplings, carried out in 20 Hectares in a stretch of 1 kilometer of coastline, was done along with plantation of other medical plant species and fodder species, sequestering over 4,400 tonnes of CO<sub>2</sub> annually. The fodder bank was created to offset the biotic pressure from the mangrove area. The project created 4,629 person-days of employment and benefited 9,123 beneficiaries with additional income generating avenues from fodder and medicinal plants harvesting.

### Dividend

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'), the Board of Directors of your Bank has adopted a Dividend Distribution Policy that, *inter-alia*, balances the objectives of appropriately rewarding shareholders and retaining capital to maintain a healthy capital adequacy ratio. In addition to the Dividend Distribution Policy, the dividend payout ratio of the Bank is guided by the Circulars on dividend issued by RBI, from time to time. The Policy is available on the Bank's website at [https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/Dividend\\_Distribution\\_Policy.pdf](https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/Dividend_Distribution_Policy.pdf)

In order to conserve capital, the Board of Directors has not proposed any dividend (Previous Year ₹1 per share) for the financial year ended March 31, 2022.

### Transfer to Reserves

In line with the RBI regulations, your Bank has transferred an amount of ₹31.45 crore to the statutory reserve during the financial year ended March 31, 2022.

### Issuance of Equity Shares & Capital Adequacy Ratio

During the FY under review, your Bank has allotted 1,66,666 equity shares of ₹10 each fully paid-up pursuant to exercise of stock options by the eligible Employees of your Bank, aggregating to ₹16,66,660.

Post allotment of aforesaid equity shares, the issued, subscribed and paid-up share capital of your Bank stood at ₹16,10,76,58,670, comprising 1,61,07,65,867 equity shares of ₹10 each fully paid-up as on March 31, 2022.

Your Bank has not issued any equity shares with differential voting rights during the FY under review.

The authorised share capital of the Bank was ₹32,00,00,00,000, comprising 3,20,00,00,000 equity shares of ₹10 each, as on March 31, 2022.

Your Bank's capital adequacy ratio ('CAR'), calculated in line with the RBI Circular on Capital Adequacy Framework, stood at 20.10 per cent. as on March 31, 2022, well above the minimum regulatory requirements of 10.875 per cent., out of which Tier 1 CAR was 18.89 per cent. and Tier 2 CAR was 1.21 per cent.

### Performance and Financial Position of the Subsidiaries, Associates or Joint Venture

Your Bank did not have any subsidiary, associate or joint venture company during the FY 2021-22. Accordingly, no statement is required to be reported in Form AOC-1.

### Awards and Recognitions

Over the years, your Bank has received multiple prestigious awards from respected institutions. During the FY under review, your Bank has been bestowed with the 'Best Growth Performance-Banks' award by Dun & Bradstreet as part of Dun & Bradstreet's Corporate Awards for India's Top 500 Companies 2021.

### Rating of Various Debt Instruments

Details of rating of various debt instruments of the Bank as on March 31, 2022 are as under:

Instruments	Rating	Rating Agency	Amount (₹ in Cr.)
Term Loan from Banks	[ICRA]AA(Negative)	ICRA	80
Certificate of Deposit	[ICRA]A1+	ICRA	6,000 <sup>(1)</sup>
	CRISIL A1+	CRISIL	
Non-Convertible Debentures <sup>(3)</sup>	[ICRA]AA(Negative)	ICRA	2,052.50 <sup>(2)</sup>
	CRISIL AA/Negative	CRISIL	
Fixed Deposits Programme <sup>(3)</sup>	FAAA / Negative	CRISIL	1,600

(1) rating of ICRA is for ₹3000 crore only

(2) rating of ICRA is for ₹196.40 crore only

(3) transferred from erstwhile Gruh Finance Limited pursuant to the effectiveness of the Scheme of Amalgamation.

During the FY 2021-22, your Bank has fully repaid the Subordinated Tier II Non-Convertible Debentures amounting to ₹160 crore listed on BSE Limited on its maturity, to the Debenture holder. Accordingly, ICRA Ltd and CARE Ratings Ltd have withdrawn its rating of Subordinated Tier II Non-Convertible Debentures. CRISIL Ratings Ltd has also withdrawn Subordinated Debt amounting to ₹35 crore, as there was no outstanding amount due against the Subordinated Debt.

### Board of Directors

The composition of the Board of Directors of the Bank ('Board')

is governed by the provisions of the Companies Act, the Banking Regulation Act, 1949 (the 'BR Act'), the SEBI LODR, other applicable laws and the Articles of Association of your Bank. At the end of March 31, 2022, the Board of your Bank had twelve Directors, out of which nine were Independent Directors, two were Non-Executive Non-Independent Directors, including one Nominee Director of Caladium Investment Pte. Ltd, and the Managing Director and CEO.

### Appointments

#### Ms. Divya Krishnan (DIN: 09276201)

The Board of Directors of the Bank, at its meeting held on May 11, 2022, on the basis of the recommendations of the Nomination and Remuneration Committee of the Bank ('NRC'), has approved the appointment of Ms. Divya Krishnan (DIN: 09276201) as an Additional Non-Executive Non-Independent Director [Nominee of Bandhan Financial Holdings Limited ('BFHL' or 'NOFHC'), promoter of the Bank] on the Board of the Bank, with effect from May 11, 2022, in place of Mr. Ranodeb Roy (DIN: 00328764), erstwhile Non-executive Non-Independent Director of the Bank. Ms. Krishnan shall hold office of additional director up to the date of the ensuing Annual General Meeting ('AGM') or upto three months from the date of her appointment, whichever is earlier. Further, the NRC and the Board have recommended the appointment of Ms. Divya Krishnan as a Non-executive Non-Independent (Nominee) Director of the Bank, liable to retire by rotation, to the Shareholders for their approval at the ensuing AGM.

Ms. Divya Krishnan is a finance and investment banking professional and currently a visiting faculty at Ashoka University. Ms. Krishnan was formerly a Chief Investment Officer ('CIO') and Head of Investment at SBI Mutual Fund. Prior to becoming CIO, Ms. Krishnan worked as a fund manager at SBI Funds. Post her voluntary exit from SBI in 2001, Ms. Krishnan has served as a consultant to a number of leading non-profits and NGOs. She worked closely with non-profit institutions, catalysing growth through impactful programs.

#### Mr. Philip Mathew (DIN: 09638394)

Pursuant to the recommendations of the NRC, the Board approved the appointment of Mr. Philip Mathew (DIN: 09638394) as an Additional Director (Independent) of the Bank, effective June 15, 2022, after ascertaining his fit and proper status and independence from the management of your Bank. Pursuant to the provisions of Section 161 of the Companies Act, read with Regulation 17(1C) of the SEBI LODR, he will continue to hold office as an Additional Director of the Bank, up to the date of the ensuing AGM or upto three months from the date of his appointment, whichever is earlier. Your Bank has received a notice in writing from a member proposing his candidature as Director on the Board of the Bank. Further, the NRC and the Board have also recommended his appointment as an Independent Director, not liable to retire by rotation, to the Shareholders at the ensuing AGM, for a period of three years, effective June 15, 2022.

Mr. Mathew, a HR practitioner, has almost 30 years of work experience. He left HDFC Bank as the Chief People Officer in 2018 after his association of around 16 years. During his tenure at HDFC Bank, he was involved in various HR related initiatives such as successful transition to a cloud-based enterprise-wide HR application, amongst the first to adopt the new governance and risk

management standards set by Compensation Guidelines by RBI, recognition as 'Best Employer' in the BT Survey in 2016, etc. His experience as a HR practitioner spans across organisations involved in manufacturing and financial services. His career journey has been through the entire landscape of HR with significant depth. He was Plant HR In charge at Rallis India Ltd and Marico Industries Ltd, Project Lead for roll-out of new PMS at ANZ Grindlays Bank, a brief corporate stint at Colgate-Palmolive before becoming Head HR at Sharekhan.com and thereafter, moved to HDFC Bank in 2002.

#### **Dr. Aparajita Mitra (DIN: 09484337)**

Pursuant to the recommendations of the NRC, the Board approved the appointment of Dr. Aparajita Mitra (DIN: 09484337) as an Additional Director (Independent) of the Bank, effective July 13, 2022, after ascertaining her fit and proper status and independence from the management of your Bank. Pursuant to the provisions of Section 161 of the Companies Act, read with Regulation 17(1C) of the SEBI LODR, she will continue to hold office as an Additional Director of the Bank, up to the date of the ensuing AGM or upto three months from the date of her appointment, whichever is earlier. Your Bank has received a notice in writing from a member proposing her candidature as Director on the Board of the Bank. Further, the NRC and the Board have also recommended her appointment as an Independent Director, not liable to retire by rotation, to the Shareholders at the ensuing AGM, for a period of three years, effective July 13, 2022.

Dr. Aparajita Mitra, a Doctorate in Agriculture (Dept. of Plant Molecular and cellular Biology, Bose Institute), has extensive experience and expertise of more than three decades in the field of agricultural sciences. She has done extensive research and published articles in the field of commercial micropropagation of Horticulture/tree and medicinal species, DNA extraction and sequencing, DNA fingerprinting (plants), gel electrophoresis, protein and isozyme analysis, etc. Dr. Mitra is a recipient of the CSIR Fellowship and the 'Women Scientist Award' from the Department of Science and Technology, Government of India, 2005 for the project "Identification of Disease Resistant Genetic Markers in Bamboo Spp." She has also guided various postgraduate students from well-known universities on their projects in the domain of Plant Tissue culture part. She has been associated with various organizations.

#### **Re-appointments**

##### **Dr. Holger Dirk Michaelis (DIN: 07205838)**

In terms of the provisions of Section 152 of the Companies Act, Dr. Holger Dirk Michaelis, Nominee Director of Caladium Investment Pte. Ltd. on the Board of the Bank, being longest in office, shall retire at ensuing AGM and being eligible, has offered himself for re-appointment.

##### **Mr. Narayan Vasudeo Prabhutendulkar (DIN: 00869913) and Mr. Vijay Nautamlal Bhatt (DIN: 00751001)**

Mr. Narayan Vasudeo Prabhutendulkar and Mr. Vijay Nautamlal Bhatt were appointed as Independent Directors of the Bank, effective May 08, 2020, for a period of three years each and their respective current terms are expiring on May 07, 2023. Accordingly, considering the outcome of their performance evaluation, notices received under Section 160 of the Companies Act from member(s) proposing their candidature for the office of Directors and the

recommendations of the NRC, the Board, at its meeting held on June 15, 2022, has approved their re-appointment as Independent Directors of the Bank, not liable to retire by rotation, for the second term of five years each, effective May 08, 2023, subject to the approval of Shareholders of the Bank, by way of special resolutions, at the ensuing AGM.

The resolution(s) in respect of appointments and re-appointments of the Directors, as aforesaid, have been included in the Notice convening the 8th AGM of the Bank. Brief profiles of these Directors, together with other requisite disclosures/details, have been annexed to the said Notice. None of the Directors as proposed for appointment / re-appointment will cross the age of 75 years during the continuation of their tenure on the Board of the Bank.

#### **Shareholders approved appointments/ re-appointments**

During the FY under review, the following appointments/re-appointments were approved by the Shareholders at the 7th AGM of the Bank held on August 06, 2021:

- Appointment of Mr. Suhail Chander (DIN: 06941577) as an Independent Director of the Bank, not liable to retire by rotation, for a period of three years, effective March 19, 2021.
- Appointment of Mr. Subrata Dutta Gupta (DIN: 08767943) as an Independent Director of the Bank, not liable to retire by rotation, for a period of three years, effective March 19, 2021.
- Dr. Holger Dirk Michaelis (DIN: 07205838), Nominee Director of Caladium Investment Pte. Ltd., being longest in office and liable to retire by rotation, retired at the 7<sup>th</sup> AGM of the Bank, and who, being eligible, had offered himself for re-appointment, was duly re-appointed.
- Re-appointment of Dr. A. S. Ramasastry (DIN: 06916673) as an Independent Director of the Bank, not liable to retire by rotation, for the second term of five years, effective August 08, 2021.
- Re-appointment of Dr. Anup Kumar Sinha (DIN: 08249893) as an Independent Director and Non-Executive Chairman of the Bank, not liable to retire by rotation, for the second term from January 07, 2022 up to July 04, 2026, i.e., up to the date of his attaining the age of 75 years. RBI approved tenure as Non-Executive Chairman is upto January 06, 2025.
- Re-appointment of Mr. Santanu Mukherjee (DIN: 07716452) as an Independent Director of the Bank, not liable to retire by rotation, for the second term of five years, effective January 07, 2022.
- Re-appointment of Mr. Chandra Shekhar Ghosh (DIN: 00342477), MD & CEO of the Bank, for a period of three years, effective July 10, 2021, not liable to retire by rotation.

#### **Cessations**

During the FY under review, none of the Directors on the Board of the Bank ceased to hold office.

The Board of Directors of the Bank, at its meeting held on May 11, 2022, has taken on record, the cessation of Mr. Ranodeb Roy (DIN:

00328764) as Non-executive Non-Independent Director of the Bank, pursuant to withdrawal of his nomination by NOFHC from the Board of the Bank. Accordingly, Mr. Ranodeb Roy ceases to be a Non-Executive Non-Independent Director of the Bank, with effect from May 11, 2022.

Further, Mr. Snehomoy Bhattacharya, Independent Director of the Bank, completed his second term of four years as an Independent Director on the Board of the Bank on July 08, 2022. Accordingly, Mr. Bhattacharya ceased to be the Director of the Bank effective July 09, 2022.

Necessary disclosures in this regard have been made to the Stock Exchanges, RBI and the Ministry of Corporate Affairs. The Board places on record its sincere appreciation for the contributions made by Mr. Roy and Mr. Bhattacharya during their tenure as Directors of the Bank.

### Key Managerial Personnel

Mr. Chandra Shekhar Ghosh, MD & CEO; Mr. Sunil Samdani, Chief Financial Officer; and Mr. Indranil Banerjee, Company Secretary of the Bank are the Key Managerial Personnel of the Bank, as per the provisions of the Companies Act and rules made thereunder. Further, during the FY under review, the Board, at its meeting held on June 25, 2021, while approving the re-appointment of Mr. Ghosh as the MD & CEO of the Bank, had also approved his re-appointment as Key Managerial Personnel of the Bank, for a period of three years, effective July 10, 2021, pursuant to the provisions of Section 203 of the Companies Act.

### Meetings of the Board and Board Committees

The Board met fourteen times during the FY 2021- 22, on April 12, 2021; May 06, 2021; May 08, 2021; June 25, 2021; July 30, 2021; September 29, 2021; October 26, 2021; October 29, 2021; January 13, 2022; January 21, 2022; February 11, 2022; February 19, 2022; February 24, 2022; and February 25, 2022. The details of the Board meetings held during the FY, attendance of Directors at the meetings, and other details have been provided separately in the Report on Corporate Governance forming part of the Board's Report, enclosed as **Annex 4**.

Your Bank currently has the following nine Board Committees:

1. Audit Committee;
2. Nomination & Remuneration Committee;
3. Stakeholders' Relationship Committee;
4. Risk Management Committee;
5. IT Strategy Committee;
6. Customer Service Committee;
7. Corporate Social Responsibility Committee;
8. Committee of Directors;
9. Special Committee for Monitoring High Value Frauds.

Additionally, meeting(s) of Independent Directors, without the attendance of non-independent directors and members of management, were also held during the FY under review.

The details with respect to the composition, terms of reference, numbers of meetings held, attendance of members, etc., of these Board Committees are provided in the Report on Corporate Governance forming part of the Board's Report.

### Declaration from Independent Directors

The Bank has received necessary declarations from all the Independent Directors under Section 149(7) of the Companies Act and Regulation 25(8) of the SEBI LODR that they meet the criteria of independence laid down under Section 149(6) of the Companies Act, read with allied rules, and Regulation 16(1)(b) of the SEBI LODR, respectively. The Board has reviewed the disclosures of independence submitted by the Independent Directors and is of the opinion that the Independent Directors of the Bank fulfil the conditions specified in the Companies Act and SEBI LODR and are independent of the management. In the opinion of the Board, all the Independent Directors possess requisite expertise, experience, integrity and proficiency as required under the applicable laws and policies of the Bank.

### Familiarisation Programmes for Independent Directors

The details of the familiarisation programme(s) for the Independent Directors of the Bank are disclosed in the Report on Corporate Governance forming part of the Board's Report.

### Board Evaluation

Pursuant to recommendation of the NRC, the Board has framed the 'Performance Evaluation Policy for the Board, Committees, Non-Independent / Whole Time Directors and Independent Directors' (the '**Board PE Policy**'), in accordance with the relevant provisions of the Companies Act, the SEBI LODR and SEBI Guidance Note on Board Evaluation. In terms of the Board PE Policy, performance evaluation of the Board and its Committees, Chairman and individual Directors are done on various parameters. Parameters for the Board include various aspects, such as, structure, meetings, appointments, agenda, discussions, roles and responsibilities, evaluation of risks, strategy, governance and compliance, conflict of interest, etc.

Parameters for Board Committees include various aspects, such as, mandate and composition, effectiveness, meetings, agenda, minutes, discussion and dissent, independence, etc.

Parameters for the Directors include various aspects, such as, knowledge and competency, integrity, functioning, commitment, contribution, attendance, initiative, teamwork, communication, corporate governance, updates, etc., and in case of Independent Directors, additional parameters include fulfilment of the independence criteria and their independence from the management.

The evaluation process has been carried out electronically. The Board of Directors has done the evaluation of Independent Directors, excluding the Independent Director being evaluated. Similarly, Independent Directors have done the evaluation of the Board as a whole, Non-Executive Chairman and Non-Independent Directors, including the MD & CEO. The respective Chairmen of Board Committees have done performance evaluation of their respective Committees. Thereafter, the report on performance evaluation of Directors, excluding NRC members, and Chairman was submitted to the NRC, whereas the report on performance evaluation of the Board as a whole, Board Committees and Directors who were NRC members was submitted to the Board for necessary action. The

NRC, after considering the performance evaluation report of Directors, excluding NRC members, made its recommendations to the Board for continuation / re-appointment of Directors. Thereafter, the Board considered the recommendations of the NRC, and report on the performance evaluation of the NRC members, the Board as a whole and the Board Committees. The Board evaluation has provided some valuable inputs for optimising the roles and responsibilities, quality, quantity and timeliness of flow of information between the Bank's management and the Board.

The Board of Directors of the Bank is satisfied with the outcome of the performance evaluation process. They were of the view that the Directors have been discharging their roles and responsibilities as expected by the Board and as required under the applicable regulatory provisions. The Board continues to be duly constituted representing various expertise, skill sets, knowledge and qualification required for the banking business. There was no observation during the performance evaluation of the previous years; and so is the case with the current year.

### Appointment of Directors

Appointment of Directors on the Board is guided by the provisions of the BR Act and the guidelines/ circulars issued by the RBI, from time to time, the Companies Act and the SEBI LODR. In view of these provisions, your Bank has adopted a 'Policy on Appointment and Fit & Proper Criteria for Directors'. In terms of this Policy, while appointing directors, the NRC / Board considers fit and proper criteria, various skill sets, professional knowledge, practical experience, integrity, gender diversity and additionally, status of independence in case of Independent Directors. The details of the same have been included in the Report on Corporate Governance forming part of the Board's Report. The Policy on Appointment and Fit & Proper Criteria for Directors was reviewed and suitably amended, by the Board on the recommendations of the NRC, to align it with the regulatory/ statutory changes. The updated Policy is available on the Bank's website at: <https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-03/Policy-on-Appointment-and-Fit-and-Proper-Criteria-for-Directors.pdf>.

### Remuneration Policy

Your Bank has formulated and adopted a comprehensive 'Compensation Policy' for its Directors, Key Managerial Personnel and Employees, in terms of Section 178 of the Companies Act, read with the relevant Rules made thereunder, Regulation 19 of the SEBI LODR and the Guidelines /Circulars issued by the RBI, in this regard, from time to time. The details of the same have been included in the Report on Corporate Governance forming part of the Board's Report. The Compensation Policy was suitably amended, by the Board on the recommendations of the NRC, to include the provision of payment of fixed remuneration to the Non-Executive Directors excluding the Chairman of your Bank, in terms of the RBI Circular dated April 26, 2021. The updated Compensation Policy of your Bank is available on the Bank's website at: [https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-02/Compensation\\_Policy\\_2022.pdf](https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-02/Compensation_Policy_2022.pdf).

### Employees Remuneration

As on March 31, 2022, your Bank had 60,211 employees. The

statement containing particulars of employees as required under Section 197(12) of the Companies Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are appended separately as **Annex – 2(a)** and forms part of the Board's report. The ratio of the remuneration of each Director to the median remuneration of the employees of your Bank and other details in terms of Section 197(12) of the Companies Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of the Board's report as **Annex – 2(b)**.

### Employee Stock Options

Your Bank has instituted Employees Stock Option Scheme ('ESOP'), i.e., Bandhan Bank Employee Stock Option Plan Series 1 ('ESOP Scheme') to enable its employees to participate in your Bank's future growth and financial success. Your Bank provides its employees with a platform for participating in important decision making and instilling long-term commitment towards the future growth of the Bank by way of rewarding them through stock options. ESOP Scheme of your Bank is in compliance with the provisions of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('SEBI SBEBSE') and no change has been made therein during the financial year under review. The ESOP Scheme is administrated by the NRC. In terms of the ESOP Scheme, the Options would vest not earlier than one year and not later than four years from the date of grant as decided by the NRC /Board. The Options granted shall be equally vested over four years. The exercise period shall be a maximum of five years from the date of the respective vesting of Options. Since your Bank has been allotting fresh equity shares upon exercise of Options, the source of the shares is of primary issuance.

In terms of the Compensation Policy of your Bank and the Shareholders' approved ESOP Scheme, fresh grants have been made during the financial year under review to the eligible employees. Except the MD & CEO, none of the Directors was issued the stock options during the financial year under review.

The information pertaining to the ESOP Scheme as prescribed under SEBI SBEBSE is available on the website of the Bank at <https://bandhanbank.com/annual-reports>.

Further, as required under SEBI SBEBSE, a certificate from the Secretarial Auditor of the Bank certifying that your Bank has implemented the ESOP Scheme in accordance with the applicable provisions of the SEBI SBEBSE and resolution(s) passed by Shareholders, will be made available electronically at the AGM.

### Deposits

Being a banking company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Companies Act, are not applicable to your Bank. The details of the deposits received and accepted by your Bank, as a banking company, are enumerated in the Financial Statements for the FY ended March 31, 2022, forming part of this Annual Report.

### Internal Financial Controls, Audit and Compliance

Your Bank has an Internal Audit Department ('IAD') and a



Compliance Department ('CD'), which independently carry out evaluation of the adequacy of all internal controls. These departments ensure that operating and business units adhere to the laid down internal processes and procedures as well as to the regulatory/statutory and legal requirements.

The Compliance Function is one of the key elements in your Bank's corporate governance structure. The compliance starts from the top, and the Board and Senior Management play an important role in driving the compliance culture. Your Bank remains committed to adhere to the highest standards of compliance vis-à-vis regulatory prescriptions and internal guidelines. Your Bank has a robust Compliance Policy, outlining the compliance philosophy, and roles and responsibilities of the CD.

The CD assists the Board and Senior Management in managing the compliance risk of your Bank. The CD ensures that overall business of your Bank is conducted in strict adherence to the guidelines issued by RBI and other regulators, various statutory provisions, standards and codes prescribed by FEDAI, FIMMDA, etc. by evaluating the products / processes, guiding business departments on the various regulatory guidelines with a special emphasis on better understanding of the perspective. It closely works with operational risk and internal audit functions and monitors various activities of your Bank with more emphasis on active risk management.

As the focal point of contact with RBI and other regulatory entities, the CD evaluates the adequacy of internal controls and examines any systemic correction that is required, based on its analysis and interpretation of regulatory guidelines and deviations observed during monitoring and testing. Your Bank has a robust Anti Money Laundering ('AML') framework and tools to manage the AML risk. It periodically apprises the Audit Committee of the Board ('ACB'), the Board and the Senior Management on compliance levels, based on the changes in the external regulatory environment. The CD submits the compliance report to the ACB at regular intervals providing the compliance status with the laws/rules and regulations applicable to the Bank.

The IAD independently carries out audit of various functions in the Bank, primarily to assess the effectiveness of internal control processes and compliance with regulatory guidelines. The Bank has put in place extensive preventive and detective controls including segregation of duty, dual controls, monitoring processes, checking of audit trails, supervisory reviews, etc., to mitigate the various risks emanating from banking business. IAD further ensures independent checks and balances, and adherence to laid down policies and procedures of your Bank and also recommends improvements in operational processes and systems proactively.

To maintain the independence of these departments, the performance evaluation of the Chief Compliance Officer ('CCO') and the Chief Audit Executive ('CAE') is carried out by the ACB.

Considering the internal financial controls, audit and compliance systems of the Bank and the work performed by the auditors, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management under the supervision of the ACB, the Board of Directors is of the opinion that the internal financial controls established and maintained by the Bank are adequate.

## Related Party Transactions

There were no materially significant transactions with related parties during the FY 2021-22, which could lead to a potential conflict of interest between your Bank and these parties. Prior omnibus approval is obtained from the ACB for the related party transactions, which are of repetitive nature as well as for the normal banking transactions which cannot be foreseen. The quarterly update on the details of transactions with the related parties, pursuant to the omnibus approval, are placed before the ACB. The Related Party Transactions that were entered, during the FY under review, were on an arm's length basis and were in the ordinary course of business, pursuant to the approval of the ACB. Further, there are no Related Party Transactions required to be reported in Form AOC-2. However, necessary disclosure as required under the Accounting Standards (AS 18) read with RBI's Master Direction No.: RBI/DOR/2021-22/83DOR.ACC.REC.No.45/21.04.018/2021-22 dated August 30, 2021, as may be updated from time to time, has been made in the note no. 18.11 to the annual financial statements for the FY 2021-22. Your Bank has a Policy on dealing with Related Party Transactions, which was suitably amended, by the Board on the recommendations of the ACB, to align it with the changes made in the SEBI LODR. The updated Policy is available on the Bank's website: [https://bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2022-04/Related\\_Party\\_Transaction\\_Policy\\_0.pdf](https://bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2022-04/Related_Party_Transaction_Policy_0.pdf).

## Particulars of Loans, Guarantees or Investments

In terms of the provisions of Section 186(11) of the Companies Act, the provisions of Section 186 of the Companies Act, except sub-section (1) thereof, do not apply to any loan made, any guarantee given, security provided, or any investment made by a banking company in the ordinary course of its business. However, the particulars of investments made by the Bank are disclosed in the Financial Statements for the FY 2021-22, forming part of this Annual Report, as per the applicable provisions of the BR Act.

## Whistle Blower Policy/Vigil Mechanism

Your Bank has adopted the Board approved 'Policy on Vigilance and Whistle Blower Mechanism', as required under Section 177 of the Companies Act, Regulation 22 of the SEBI LODR and applicable circulars issued by the RBI. This Policy aims to provide an avenue to raise concerns on Ethical, Legal or Regulatory violations and promptly addressing them while assuring the confidentiality and protection of the Whistle Blower against any form of retaliation. Your Bank is committed to conduct all its business operations and transactions by maintaining highest ethical, moral and legal standards. Your Bank encourages its employees, all stakeholders and members of general public, who have concerns about suspected misconduct, to come forward and express these concerns without fear of retaliation or unfair treatment.

This Policy aims at putting in place a detailed Protected Disclosure Mechanism based on RBI directions ('Protected Disclosures Scheme for Private Sector and Foreign Banks') and in compliance with the provisions of Whistle Blowing / Vigil Mechanism under the Companies Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014, and the SEBI LODR.

### Significant and Material Orders passed by Regulators or Courts or Tribunals

During FY 2021-22, no significant or material orders were passed by any Regulators or Courts or Tribunals against your Bank impacting its going concern status and operations in future. However, during the FY 2021-22, the Reserve Bank of India, vide its order dated July 06, 2021, in exercise of the powers conferred under Section 47A(l)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949, had imposed a penalty of ₹1 Crore on the Bank, on account of contravention of directions contained in Circulars on “Lending to Non-Banking Financial Companies (NBFCs)” and “Bank Finance to Non-Banking Financial Companies (NBFCs)”. Your Bank has enhanced its review and monitoring mechanism to avoid such incidents in future.

### Statutory Auditors and their Report

In terms of the ‘Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)’ dated April 27, 2021 (‘RBI Guidelines’) issued by RBI, banks shall appoint the Statutory Auditors for a continuous period of three years, subject to the firms satisfying the eligibility norms each year and the approval of RBI on an annual basis. Further, in terms of the RBI Guidelines and the Bank’s Policy for Appointment of Statutory Auditors, your Bank is required to appoint two statutory Auditors. Accordingly, the Members of the Bank at the 7th AGM held on August 06, 2021 had approved the appointment of M. M. Nissim & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 107122W/W100672), as the Joint Statutory Auditors of the Bank for a period of three years, to hold office from the conclusion of the 7th AGM until the conclusion of the 10th AGM of the Bank to be held in 2024. M. M. Nissim & Co. LLP is holding the office of Statutory Auditors along with Deloitte Haskins & Sells, Chartered Accountants (ICAI Firm Registration Number 117365W), who will hold office till the conclusion of 8th AGM.

Therefore, the Bank is required to appoint one more audit firm to act as a Joint Statutory Auditor of the Bank in place of retiring auditors, Deloitte Haskins & Sells. Accordingly, on the basis of recommendation of the ACB, the Board of Directors has recommended the appointment of M/s. Singhi & Co., Chartered Accountants (ICAI Firm Registration No. 302049E), as Joint Statutory Auditors of the Bank, for a period of three years to hold office from the conclusion of the 8th AGM until the conclusion of the 11th AGM of the Bank, for the approval of the shareholders at the ensuing AGM, subject to approval of RBI on an annual basis. Approval of RBI has already been received for appointment of M M Nissim & Co. LLP, Chartered Accountants (FRN 107122W/W100672) and M/s. Singhi & Co, Chartered Accountants (FRN 302049E) as the Joint Statutory Auditors of the Bank for the year 2022-23 for their second year and first year, respectively.

The Report, given by the Joint Statutory Auditors on the financial statements of the Bank for the financial year ended March 31, 2022, forms part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. Also, no offence of fraud was reported by the Joint Statutory Auditors of the Bank under Section 143(12) of the Companies Act.

### Secretarial Auditor and its Report

Pursuant to the provisions of Section 204 of the Companies Act and Regulation 24A(1) of the SEBI LODR, the Board has appointed CS Anjan Kumar Roy, Practising Company Secretary (FCS No.: F5684, C.P. No.: 4557), as the Secretarial Auditor to conduct Secretarial Audit of the Bank for FY 2021-22. Accordingly, the Secretarial Audit Report for FY 2021-22 is enclosed to the Board’s Report as **Annex – 3**. There are no qualifications, reservations, adverse remarks or disclaimers in the Secretarial Audit Report. However, the Secretarial Auditor has made an observation in its report that “The Reserve Bank of India, vide its order dated July 06, 2021, has imposed a penalty of ₹1 crore on the Bank, in exercise of its powers conferred under section 47A(1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949, on account of contravention of the directions contained in circulars on ‘Lending to Non-Banking Financial Companies (NBFCs)’ and ‘Bank Finance to NBFCs.’” This has also been mentioned under the para ‘Significant and Material Orders passed by Regulators or Courts or Tribunals’. Further, no offence or fraud was reported by the Secretarial Auditor of the Bank under Section 143(12) of the Companies Act.

### Cost Records

In terms of the provisions of Section 148(1) of the Companies Act, read with Rule 3 of the Companies (Cost Records and Audit) Rules, 2014, your Bank is not required to maintain cost records and accordingly, is not required to undergo cost audit.

### Corporate Governance

Corporate Governance is based on the principles of conducting business with integrity, fairness and being transparent in all transactions, making necessary disclosures. Decisions are made in compliance with the laws of the land, with full accountability and responsibility towards the stakeholders, and a commitment to conducting all business in an ethical manner. Your Bank is committed to achieving the highest standards of Corporate Governance and adhering to the Corporate Governance requirements set by the regulators. A separate section on Corporate Governance standards followed by your Bank and the relevant disclosures, as stipulated under the SEBI LODR, the Companies Act and rules made thereunder, is enclosed to the Board’s Report as **Annex - 4**.

A Certificate from CS Anjan Kumar Roy, Practising Company Secretary (C.P. No. 4557), confirming compliance by your Bank to the conditions of Corporate Governance as stipulated under SEBI LODR, is annexed to the Report on Corporate Governance, which forms part of the Board’s Report.

### Annual Return

Pursuant to the provisions of Section 92(3) read with Section 134(3)(a) of the Companies Act, the draft Annual Return of the Bank, in Form No. MGT-7, as on March 31, 2022, is available on your Bank’s website at <https://bandhanbank.com/annual-reports>. Further, the final Annual Return of the Bank, as on March 31, 2022, will be available on your Bank’s website at the said link, upon filing of the same with the Registrar of Companies under Section 92(4) of the Companies Act.

### Management Discussion and Analysis

The Management Discussion and Analysis Report for the FY 2021-22, as prescribed under the SEBI LODR, forms part of the Board’s Report, and is enclosed as **Annex – 5**.

## Business Responsibility Report

In terms of the provisions of SEBI LODR, a Business Responsibility Report describing the initiatives taken by your Bank from an environmental, social and governance perspective, forms part of the Board's Report, and is enclosed as **Annex – 6**.

## Integrated Reporting

Your Bank has prepared an Integrated Report based on the principles enunciated by the International Integrated Reporting Council, which has been hosted on the website of your Bank and can be accessed at <https://www.bandhanbank.com/annual-reports>. The report provides information including financial and non-financial parameters, which would enable the members to make well informed decisions and have a better understanding of your Bank's performance. It also deals with various aspects such as organisational strategy, governance framework, performance and prospects of value creation, based on the six forms of capital viz. financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital.

## Compliance with Secretarial Standards

The Board of Directors affirms that your Bank has complied with the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India, viz., **SS-1** relating to Meetings of the Board and its Committees; and **SS-2** relating to General Meetings.

## Information under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Bank has adopted zero tolerance towards any action on the part of any of its employees, which may fall under the ambit of 'sexual harassment' at workplace and is fully committed to uphold and maintain the dignity of every woman constituent associated with your Bank. It takes all necessary measures to ensure a harassment free workplace and has instituted an Internal Committee for redressal of complaints and to prevent/prohibit sexual harassment, in compliance with the guidelines enumerated in the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. At the beginning of the FY under review, three complaints were pending and during the FY, 13 complaints were received, out of which 14 complaints had been closed during the FY. Two complaints were pending at the end of the FY, which have since been closed.

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

In our endeavour to achieve aggressive goals to reduce carbon footprints, the conservation of energy has been integrated with the vision of the organisation and its operations. Your Bank has made it mandatory to use BEE Standard Energy Efficient equipment and promote Energy Efficient Building Design ('ECBC') in the upcoming projects. Some of the steps undertaken by your Bank towards conservation of energy are as under:

- Smart building systems to achieve the highest level of efficiency;
- At banking outlets, the focus is on insulation on walls and roof, optimum window wall ratio, premises shape and orientation, and re-engineering and retrofit of equipment;

- Tracking of energy consumptions at all levels and comparing with the best international benchmarks;
- Incorporation of smart meters for energy use monitoring and engagement with key stakeholders, at regular intervals, to drive energy conservation in the organisation culture;
- Inclusion of the latest technologies in air-conditioning and inductive equipment in terms of variable drives and improved IKW (Consumption per Ton) in HVAC;
- **Lighting:** Incorporation of 100 per cent. LED for lighting, daylight harvesting, timed illumination of signage through central monitoring system. Natural daylight utilization is encouraged in your Bank buildings;
- **Daily operations and usage** - Conservation through basic hygiene practices on energy usage through occupancy sensors, zoning of electrical circuits and master switches for premises;
- **Water Conservation:** Ground water recharge facilities through rain water harvesting in upcoming projects, volume flow controls at each sink point, water recycling through STPs.

The details on the Information Technology used by your Bank in its operations have been provided under the section on 'Information Technology at the Bank' in this Report.

The foreign exchange earnings of the Bank was ₹62.38 lakh (including the net gains arising in all exchanges/derivatives transactions) whereas the foreign exchange outgo was of ₹ 599.26 lakh during the Financial Year 2021-22.

## Human Resource Management

Amidst the tumultuous pandemic phase, your Bank has focused in rapidly adapting the new normal to ensure business continuity in these uncertain times. It has been consistently focused towards adapting Digitization, new e-learning modules across genre and specifically emphasized on its expansion of Branches and Verticals for better penetration across the Country reaching out to every prospective customer. It has set an exemplary example of "Human Empathy" providing COVID-CARE support and work from home facilities for its fellow employees.

During FY 2021-22, your Bank has increased the manpower strength by 22 per cent. from 49,445 in FY2020-21 to 60,211. Your Bank has Pan India network of 1,189 Retail Bank Branches, 4,252 Banking Units and 198 Home Loan Centers. Since inception of your Bank, the manpower has increased by 224 per cent. and your Bank has added 124 per cent. new branches since 2015.

Your Bank understands human motivation and dedicated efforts to achieve the desired goal. Your Bank is intended towards creating a workplace of Resilience, where employees can Re-learn and Re-imagine to excel and overcome this phase of turmoil. To provide a platform towards learning and self-growth, your Bank has promoted an aligned architecture as:

- Your Bank has adapted to digital connectivity to connect with talents across the globe with the online mode of interview via MS Team to restrain physical interaction in this pandemic era.

- Competency based grade promotion process to nurture talent and to elevate employee motivation. 14,003 employees promoted during FY 2021-22.
- Succession planning for roles across the Bank. 5,115 employees identified for role elevation during FY 2021-22 in the Bank based on Competency analysis.
- Adaptation towards Digitization for an enhanced employee experience. Introduction of LOS process in Retail Assets, portals like Bandhan Express has also been improvised.
- Revamping the Retail Asset Model, on-boarding more than 1,100 manpower during FY 2021-22 across regions compared to 60 manpower during FY 2020-21. Your Bank proposed 48 Retail Asset centers across the Country to be made Operational.
- Conducting both offline and online mode of Campus Hire creating an energetic talent base. During FY 2021-22, your Bank has covered almost 56 Campus across country hiring 389 Fresh talent recruits across Tiers.
- To nurture and empower the next generation of bankers, your Bank has partnered with Bandhan School of Development Management (**'BSDM'**), who has obtained affiliation of Maulana Abdul Kalam Azad University of Technology (**'MAKAUT'**) – West Bengal, to offer a Post Graduate Diploma in Banking and Finance. Over 9 Batches Conducted and 603 participants placed across 19 states. Batch X, XI comprising 106 students to be on-boarded by July' 2022. Batch XII comprising 69 students have been initiated in February, 2022.
- Your Bank continued extending empathetic support towards staff, providing HOMECARE facilities towards COVID-19 affected employees. Your Bank has extended support towards 2,146 staffs during FY 2021-22. Besides, it also provided in house COVID vaccination for employees based across regions and at Head Office.
- Empaneled with Organizations like Gallup for a focused emphasis on Employee Survey to further improvise employee experience with your Bank.

Over the journey of more than 6 years, your Bank has strengthened its workforce by 3.2X resulting in an exciting blend of the old and new, in a culture of values-driven growth, professionalism, and ethical governance. A committed and dedicated workforce is the fundamental base towards strengthening the Bandhan Bank approach towards resilience. Our Human Resources Management strategy is focused in emphasizing a supportive, engaging & collaborative work environment, remaining customer-centric, performance driven and absolutely future ready.

### **Risk Management**

Your Bank is in the business of managing the risks inherent to the financial services industry as it aims to create maximum value for shareholders, clients, employees and communities. The ability to manage risk is a core competency of a bank, and is supported by strong risk conduct and risk-aware culture. Your Bank's view of risks is dynamic, reflecting the pace of change in the financial services industry.

### **Integrated Risk Management Framework**

Your Bank operates an Integrated Risk Management Framework, which is centered on the embedding of a strong risk culture. The framework ensures that the tools and capability are in place to facilitate risk management and decision-making across the organisation. Risk appetite, supported by a robust set of principles, policies and practices, defines the levels of tolerance for a variety of risks and provides a structured approach to risk-taking within agreed boundaries.

All Bank colleagues share ownership of the way the risk is managed, working together to make sure business activities and policies are consistent with risk appetite. The methodology for setting, governing and embedding risk appetite has been further enhanced with the introduction of Long Term Risk Appetite with the aim of increasing alignment with strategic planning and external threat assessments.

### **Risk Appetite**

Risk appetite defines the levels and types of risk that are acceptable, within risk capacity, in order to achieve strategic objectives and business plans. It links the goals and priorities to risk management in a way that guides and empowers staff to serve customers well and achieve financial targets.

The risk appetite framework, which is approved annually by the Board, bolsters effective risk management by promoting sound risk-taking through a structured approach, within agreed boundaries. It also ensures that emerging risks and risk-taking activities, which would be out of appetite, are identified, assessed, escalated and addressed in a timely manner.

Your Bank's risk profile is a holistic representation of all risks that it holds at a point in time, in the form of a dashboard. Your Bank monitors its risk profile, and the Board quarterly reviews reports and analysis concerning its risk profile.

### **Risk Culture**

In your Bank, risk culture is at the centre of both the risk management framework and risk management practice. The target culture across is one in which risk is part of the way employees work and think. The desired risk culture behaviours are aligned to your Bank's core values, therefore, forming an effective basis for risk culture since these are used for performance management, recruitment and development.

The Board and Senior Management sets the "tone at the top" by supporting a strong culture, defined by the Bank's expectations, that guides how employees conduct themselves, work with colleagues, and make decisions. Employees are strongly encouraged and expected to speak up as and when they see something that could cause harm to any stakeholder of the Bank, risking its reputation. This is because risk management is everyone's responsibility, all employees are expected to challenge risk decisions when appropriate and to escalate their concerns when they have not been addressed appropriately. Your Bank has a well-defined Whistle Blower Policy in place.

### **Conduct Risk**

Conduct risk is the risk of inappropriate, unethical, or unlawful behaviour on the part of employees or individuals acting on behalf of the Bank or from deliberate or unintentional business actions or

business practices that may be detrimental in the interest of the Bank, its customer or market. Your Bank has, since its inception, considered conduct risk as a very important parameter and critical for robust Internal Control Environment. The Risk Management Committee of the Board ('RMCB') reviews the conduct risk components as part of your Bank's risk culture.

### Risk Identification and Measurement

In your Bank, the risk identification and measurement within the risk management process comprise:

- Regular assessment of the overall risk profile, incorporating market developments and trends, as well as external and internal factors.
- Monitoring of the risks associated with lending and credit exposures.
- Assessment of trading and non-trading portfolios.
- Review of potential risks in new business activities and processes.
- Analysis of potential risks in any complex and unusual business transactions.

### Risk Treatment and Mitigation

Risk treatment and mitigation is an important aspect of ensuring that risk profile remains within risk appetite. Your Bank's risk mitigation strategies are discussed and agreed with the businesses.

When evaluating possible strategies, costs and benefits, residual risks (risks that are retained) and secondary risks (those that are due to risk mitigation actions) are considered.

### Stress Testing

Stress testing is a key risk management tool and a fundamental component of your Bank's approach to capital management. It is used to quantify and evaluate the potential impact of specified changes to risk factors on the financial strength of the Bank, including its capital.

Your Bank's Stress testing includes Scenario testing, which examines the impact of a hypothetical future state to define changes in risk factors as also Sensitivity testing, which examines the impact of an incremental change to one or more risk factors. These are reviewed and agreed by senior management through senior committees, including the Executive Risk Committees, the Board Risk Committee (i.e., RMCB) and the Board.

Your Bank has also started to carry out Reverse stress testing, in order to identify circumstances that may lead to specific, defined outcomes.

### Internal Capital Adequacy Assessment Process ('ICAAP')

The examination of capital requirements under normal economic and adverse market conditions enables your Bank to determine whether its projected business performance meets internal and regulatory capital requirements. The examination of capital requirements under adverse economic and market conditions is assessed through stress testing. Your Bank carries out an internal assessment of material risks annually to enable an evaluation of the amount, type and distribution of capital required to cover these risks. This is referred to as the ICAAP. The ICAAP consists of a point-in-time assessment of exposures and risks at the end of the FY, together with a forward-looking stress capital assessment. The ICAAP is approved by the Board and submitted to the RBI.

### Risk Management Framework

Your Bank's Risk Management Framework sets forth the core principles on how the Bank seeks to manage and govern its risk. Many Bank policies and documents anchor to the risk management framework's core principles.

The Board of Directors has the overall responsibility for your Bank's Risk Management, including culture and governance framework. The RMCB assists the Board in discharging these responsibilities, effectively. The RMCB annually reviews and approves the risk management framework.

Your Bank's utmost priority is to strengthen by building the right risk and control infrastructure. Your Bank continues to enhance its risk management programmes, including the non-financial risk management, in accordance with Industry's best practices and regulatory guidelines. The Board assesses management's performance, provides credible challenges, and holds management accountable for maintaining an effective risk management programme and for adhering to risk management expectations.

The RMCB also oversees the Risk Management Department ('RMD') and the performance of the Chief Risk Officer ('CRO'), who reports functionally to the RMCB and administratively to the MD & CEO.

In addition, the CRO has the authority to escalate risks and issues directly to the RMCB.

### Major Risks and Emerging Risks

An important component of your Bank's risk management approach is to ensure that Major risks and emerging risks, as they evolve, are identified, managed, and incorporated into its existing risk management assessment, measurement, monitoring and escalation processes. These practices ensure that a forward-looking risk assessment is maintained by management in the course of business development and as part of the execution of ongoing risk oversight responsibilities. Senior management and the Board discuss top and emerging risks on a regular basis.

### Operational Risk

Operational risk is the risk resulting from inadequate or failed internal processes, people and systems, or external events.

Your Bank is committed to providing uninterrupted service to its customers and therefore, to ensure business resilience and continuity of the various operational units, a Business Continuity Management Framework has been put in place with the objective to recover critical activities and systems within defined timelines; the safety of people and its assets; communicate with stakeholders during an emergency; manage reputation risk, etc.

Your Bank has also initiated model-based approach for measurement of Operational Risk VaR.

Your Bank has also in place, robust Fraud Risk, Outsourcing Risk and Legal Risk Frameworks within its Operational Risk Management.

### Regulatory Risk

Your Bank recognizes the increased importance of regulatory risk. It keeps a close watch on the developments in the regulatory environment and analyses the expected impact of new regulatory

guidelines on your Bank's businesses and strategy. Your Bank also reviews the trend of regulatory observations for identifying the pattern of observations, major risk areas and emerging risk to keep the risk under control. Your Bank has done a comprehensive analysis of the Regulator's supervisory observations over the years to increase the robustness of its regulatory compliance.

### Information Security and Cyber Risks

Information security and cyber risks remain as major risks, not only for the financial services sector, but for other industries worldwide. Your Bank is also subject to heightened risks in the form of cyber-attacks, data breaches, cyber extortion and similar compromises, due to the increase in size and scale in nature of operations as also clients' use of personal devices as the Bank has little or no control over the safety of these devices. As the volume and sophistication of cyber-attacks continue to increase, the resulting implications could include business interruptions, service disruptions, financial loss, theft of intellectual property and confidential information, litigation, enhanced regulatory attention and penalties, and reputational damage.

Your Bank has not experienced any material loss relating to these or other types of cyber-attacks. Cybersecurity risk is a priority for your Bank, and we continue to develop and enhance our controls, processes and systems in order to protect our networks, computers, software and data from attack, damage or unauthorised access. Your Bank is also proactively involved in industry cybersecurity efforts and working with other parties, including our third-party service providers and governmental agencies, to continue to enhance defences and improve resiliency to cybersecurity threats.

Your Bank has set-up its own independent 24x7 C-SOC (Cyber Security Operations Centre) for a state-of-art centralized and consolidated cybersecurity incident prevention, security event monitoring, detection and response capabilities to take into account proactive monitoring and management capabilities with sophisticated tools for detection, quick response and backed by data and tools for sound analytics.

### Credit Risk

Your Bank defines credit risk as the risk of loss associated with a borrower or counterparty default (failure to meet obligations in accordance with agreed upon terms). Credit risk exists with many of our assets and exposures, such as, debt security holdings and loans.

Your Bank balances the risk and return by setting certain objectives, e.g., ensuring credit quality is not compromised for growth; mitigating credit risk in transactions, relationships and portfolios; using our credit risk rating and scoring systems or other approved credit risk assessment or rating methodologies, policies and tools; pricing appropriately for the credit risk taken; detecting and preventing inappropriate credit risk through effective systems and controls; applying consistent credit risk exposure measurements; ongoing credit risk monitoring and administration; and avoiding activities that are inconsistent with our values, code of conduct or policies.

### Climate-related Financial Risks

Climate-related financial risks refer to the potential risks that may arise from climate change or from efforts to mitigate climate

change, their related impacts and their economic and financial consequences. These risks are, typically, classified as physical and transition risks. Physical impacts include the potential economic costs and financial losses resulting from the increasing severity and frequency of extreme climate-change related events, and longer-term progressive shifts in the climate whereas transition impacts relate to the process of adjusting to a low-carbon economy. Your Bank has identified the Physical Risk in the Bank's certain portion of its advance book, which is prone to natural calamities, such as, flood and cyclone. Your Bank is presently having provision in its Credit Policy to support green financing and considering proposals from such segments to encourage green financing. Your Bank's Liability Risks arising from people, businesses seeking compensation for losses suffered from physical, or transition risks, e.g., floods, pollution, etc., is minimal as your Bank's major loan exposure is into retail and micro finance segment and limited portfolio is under large segment.

### Market Risk

Market risk is the risk of possible economic loss from adverse changes in market risk factors, such as, interest rates, credit spreads, foreign exchange rates, equity and commodity prices, and the risk of possible loss due to counterparty exposure. This applies to implied volatility risk, basis risk, and market liquidity risk. Value-at-risk ('VaR') is a statistical risk measure used to estimate the potential loss from adverse moves in the financial markets. Your Bank uses VaR metrics complemented with sensitivity analysis and stress testing in measuring and monitoring market risk. Treasury Mid-office, under the Risk Management function, aggregates and monitors all exposures to ensure risk measures are within its established risk appetite.

### Asset/Liability Management

Asset/Liability Management involves evaluating, monitoring and managing interest rate risk, market risk, liquidity and funding. Interest rate risk, which potentially can have a significant earnings impact, arises because assets and liabilities may mature or reprice at different times, assets and liabilities may reprice at the same time but by different amounts, short-term and long-term market interest rates may change by different amounts, the remaining maturity of various assets or liabilities may shorten or lengthen as interest rates or interest rates may also have a direct or indirect effect on loan demand, collateral values, credit losses, mortgage origination volume, etc. Your Bank assesses interest rate risk by comparing outcomes under various net interest income simulations using many interest rate scenarios that differ in the direction of interest rate changes, the degree of change over time, the speed of change and the projected shape of the yield curve. The objective of effective liquidity management is to ensure that the Bank can meet customer loan requests, customer deposit maturities/withdrawals and other cash commitments efficiently under both normal operating conditions and under periods of Bank-specific and/or market stress. To achieve this objective, the Board establishes liquidity guidelines that require sufficient asset-based liquidity to cover potential funding requirements and to avoid over-dependence on volatile, less reliable funding markets. Your Bank has always maintained healthy Liquidity ratios; Liquidity Coverage Ratio ('LCR'), much above the regulatory minimum LCR requirement by having significant HQLA ('High Quality Liquid

**Assets**) as also the Net Stable Funding Ratio (**'NSFR'**), which is measured as the proportion of long-term assets that are funded by stable sources.

### Strategic Risk

Strategic risk is the risk that the enterprise or particular business areas will make inappropriate strategic choices, or will be unable to successfully implement selected strategies or achieve the expected. Your Bank is monitoring the strategic risk by tracking the continuous validity of the assumptions made in forming the strategic plan and their alignment with the macro-economic environment as also the status of your Bank's strategy plans vis-à-vis achievements. Your Bank has conducted a mid-term risk review of its five-year strategic plan during the year under review and the Board has directed for the required directional changes.

### Business Risk

Business risk is the possibility a company will have lower than anticipated profits or experience a loss rather than taking a profit. Your Bank has a robust Business Risk Management Framework in place, which cascades the Bank's risk appetite statement into actionable metrics, including various financial indicators, as well as the Bank's competitive position in the industry, which helps the Board to monitor the same.

### Reputational Risk

Your Bank's reputation is rooted in the perception of its stakeholders, and the trust and loyalty they place in us is core to our purpose as a financial services organization. Your Bank is fully aware of the importance of reputational risk, and has put reputation as one of the anchors (along with earning, capital and liquidity) for finalising its risk appetite and has a Reputation Risk Dashboard as part of Enterprise Risk Dashboard, which is reviewed by the Board at quarterly intervals. Your Bank's Reputational Risk Management Framework consists of integrated parameters, which may influence various stakeholders. Your Bank has started measuring the idiosyncratic risks related to stock price movement, as also social as well as traditional media sentiments, complaints, regulatory action, etc.

### Information Technology at the Bank

Information Technology has been a pivotal role player in the promising journey of your Bank. Few major initiatives taken during the FY 2021-22 are mentioned below:

- Application portfolio rationalization to enter banking enterprise landscape is underway.
- Started migrating data and functionalities from old Core Banking Solution (**'CBS'**) to modern high scalable and reliable Core Banking Platform.
- Migration of Aadhaar number to a secured Aadhaar vault.
- Migration of Home Loan application from existing legacy system to modern resilient architecture.
- ISO 20022 based domain model standardization for all Banking APIs through a scalable and resilient API Gateway.
- In process of introducing assisted intelligence, while detecting early warning, using Artificial Intelligence (**'AI'**).
- Replacing a series of applications, including Card Management Systems, Treasury System, Cash Management

Solution, etc., to a modern, scalable, high available and resilient solution.

### IT Infra related enhancements:

- Your Bank has set up its own Data Center (**'DC'**) and Disaster Recovery (**'DR'**) Center and Near DR (**'NDR'**) site with state-of-the-art technology to ensure Zero Data loss of sensitive banking information.
- Built resilient back-up and replication technology to have data backup in Primary DC as well as in DR site.
- Setting-up high performance, advanced, state-of-the-art technology for Server/Storage/Network/Virtualization for smooth transformation to a new CBS.
- The security of the DC has been strengthened by deploying the controlling solutions, like, Database Access Monitoring (**'DAM'**), Mobile Device Management (**'MDM'**).
- In order to facilitate uninterrupted support and service, advanced Work from Home (**'WFH'**) solution has been implemented.
- Privileged Access Management (**'PIM'**) has been implemented to ensure that administrators have only the necessary levels of access to execute their jobs. This enabled secured access and better control on user management.
- ID Access Management (**'IDAM'**) has been implemented to provide a common platform for access and identity management information to help employees to use common passwords for all applications which will be used under IDAM solution.
- Your Bank has set-up a Network Operating Centre (**'NOC'**) in its premises to manage and monitor the Branch and DC links.

### Material Changes and Commitment Affecting Financial Position of the Bank

There were no material changes and commitments, affecting the financial position of the Bank, which has occurred between the end of the FY of the Bank, i.e., March 31, 2022, to which the financial statements relate, and the date of this Board's Report.

### Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, the Directors hereby confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the Bank's state of affairs as on March 31, 2022, and of its profit for the FY ended on that date;
- iii. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

- iv. We have prepared the annual accounts on a going concern basis;
- v. We have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and are operating effectively; and
- vi. We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **Acknowledgements and Appreciations**

The Board of Directors of your Bank extends its gratitude for the invaluable support and guidance received from the Reserve Bank of India, other government and regulatory authorities, and financial institutions. The Board also thanks the correspondent banks for their cooperation and help. The Board acknowledges the support of its shareholders, and also places on record its sincere thanks to its valued clients and customers for their patronage.

The Board also expresses its deep sense of appreciation to all the employees for displaying their strong work ethics, excellence at work, professionalism, teamwork, commitment and initiative, which has led to the Bank making good progress in today's challenging environment. Further, the Board extends its special thanks for the unmatched efforts put in by the employees of the Bank, during these testing times caused due to the ongoing COVID-19 pandemic, to provide uninterrupted services to the customers and is deeply grateful and has immense respect for everyone who risked their life and safety to fight this pandemic, and deeply regrets the loss of life. Your Board will continue to strive for improvements as your Bank continues on its unique journey towards financial inclusion.

For and on behalf of the Board of Directors  
**Bandhan Bank Limited**

**Anup Kumar Sinha**

Place: Kolkata  
Date: July 13, 2022

Non-Executive (Independent) Chairman  
(DIN: 08249893)



## Annex - 1

## Annual Report on Corporate Social Responsibility ('CSR') activities for the financial year ended March 31, 2022

### 1. A Brief Outline on CSR Policy:

**Approach** – Bandhan Bank limited (the 'Bank') is aware of its Corporate, Social and Environmental responsibilities and recognises that a good Corporate Social Responsibility ('CSR') policy leads to a better trusteeship of all stakeholders. The CSR of the Bank is not just philanthropy, but it is a strong commitment to contribute to social and environmental growth and prosperity and is pivotal to its business sustainability.

**Purpose** – The purpose of the Bank's CSR philosophy is to develop the community in which the Bank operates and make a sustainable improvement in the lives of economically, physically and socially challenged people living at the lower end of the society and initiate or support programmes that are aimed at creating conditions for better livelihoods in these communities. The Bank shall also support measures that are aimed at preserving and enhancing the environment and natural resources. The CSR policy shall act as a mechanism for regulating the CSR activities of the Bank and adhere to laws and regulations in force and adopt best practices.

**Vision** – Aligned with the vision of the Bank, the CSR initiatives of the Bank shall continue to enhance value creation, improve the quality of life and inclusion of those who are not adequately and effectively serviced by the formal financial sector into the mainstream of the society and draw them into the cycle of growth by providing products and services and forming partnerships and alliances for the fulfilment of its role in the society as a responsible corporate.

**CSR Programmes** – The focus area of the CSR programmes of the Bank shall be the local areas served by the Bank and based on the prioritised needs of the local communities. The Bank may undertake any or all of the activities in the subject or the areas as mentioned in the Schedule VII of the Companies Act, 2013 (the 'Act'), including the following:

- a. **Healthcare:** Preventive Health, Nutrition and Food Security, Sanitation and Safe Drinking Water
- b. **Education:** Financial and Digital Literacy, Skill Development and Sustainable Livelihoods for underprivileged children, women, youths and persons with disabilities
- c. **Reducing Inequalities and promoting gender equality:** Women empowerment, empowering persons with disabilities and such measures that reduce inequalities faced by socially and economically backward groups
- d. **Environment protection:** Natural Resource Management and conservation, and Climate Change mitigation and adaptations
- e. **Rural area and Slum Area Development:** Improving infrastructure and living conditions, and sustainable agriculture.
- f. **Disaster Management and relief operations**

### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Subrata Dutta Gupta	Chairperson, Independent Director	2	2
2	Mr. Chandra Shekhar Ghosh	Member, Managing Director & CEO	2	2
3	Mr. Ranodeb Roy*	Member, Non-Executive Non-Independent Director	2	2
4	Mr. Vijay N Bhatt	Member, Independent Director	2	2

\*Mr. Ranodeb Roy ceased to be a member of the Committee effective May 11, 2022.

### 3. Web-link where the Composition of the CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Bank:

SN	Details of CSR	Web-link
1	Composition of CSR Committee	<a href="https://www.bandhanbank.com/corporate-governance">https://www.bandhanbank.com/corporate-governance</a>
2	CSR Policy	<a href="https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021_1.pdf">https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021_1.pdf</a>
3	CSR Projects	<a href="https://www.bandhanbank.com/beyond-banking">https://www.bandhanbank.com/beyond-banking</a>

**4. Details of the Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):**

The executive summary of the CSR programmes Impact Assessment is provided in the Board's Report. The detailed Impact Assessment Report is available at the Bank's website <https://www.bandhanbank.com/beyond-banking>.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the amount required for set off for the financial year, if any:**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set off for the financial year, if any (in ₹)
1	2018-19	2,17,00,000	0
2	2019-20	3,84,00,000	0
3	2020-21	0	0
	<b>Total</b>	<b>6,01,00,000</b>	<b>0</b>

**6. Average net profit of the Bank as per Section 135(5):**

Sl. No.	Financial Year	Net Profit Before Tax u/s 198 (in ₹)
1	2018-19	30,13,05,39,107
2	2019-20	40,53,41,87,208
3	2020-21	29,48,65,48,204
	<b>Average</b>	<b>33,38,37,58,173</b>

**7. Total CSR obligation for the financial year**

Sl. No.	Heads	Amount (₹)
(a)	Two per cent of the average net profit of the Bank as per Section 135(5)	66,76,75,163
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	0
(c)	Amount required to be set off for the financial year, if any	0
(d)	<b>Total CSR obligation for the financial year (7a+7b-7c).</b>	<b>66,76,75,163</b>

**8. Details of CSR spending during the financial year:**

**a. CSR amount spent or unspent for the financial year:**

	Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
		Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per the second proviso to Section 135(5)		
		Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
	66,56,83,550	19,91,613	April 30, 2022	NA	Nil	NA
<b>Total</b>	<b>66,56,83,550</b>	<b>19,91,613</b>			<b>Nil</b>	

## b. Details of CSR amount spent against ongoing projects for the financial year:

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/No)	5 Location of the project		6 Project duration	7 Amount allocated for the project for current financial year (in ₹)	8 Amount spent in the current Financial Year (in ₹)	9 Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (in ₹)	10 Mode of Implementation - Direct (Yes/ No)	11 Mode of Implementation - Through Implementing Agency	
				State	Districts						Name	Registration Number
1	Targeting The Hard Core Poor Programme	(i); (ii) & (iii)	Yes	1. Assam	(i) Goalpara (ii) Kamrup (iii) Golaghat (iv) Sivsagar (v) Dibrugarh (vi) Jorhat	3 Years	24,67,00,851	24,67,00,851	0	No	Bandhan Konnagar	CSR00001463
				2. Jharkhand	(i) Ranchi							
				3. Odisha	(i) Bhadrak (ii) Balasore							
				4. Tripura	(i) North Tripura (ii) Unakoti							
				5. West Bengal	(i) Birbhum (ii) Dakshin Dinajpur (iii) North 24 Parganas (iv) Purba Medinipur (v) Purulia (vi) Uttar Dinajpur							
2	Bandhan Education Programme	(ii)	Yes	1. Assam	(i) Barpeta (ii) Cachar (iii) Darang (iv) Morigaon (v) Nagaon (vi) Udalguri (vii) Hailakandi	4 Years	12,70,29,268	12,70,29,268	0	No	Bandhan Konnagar	CSR00001463

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project for current financial year (in ₹)	Amount spent in the current Financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (in ₹)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	CSR Registration Number
				State	Districts						Name	
				2. Bihar	(i) Begusarai (ii) Bhojpur (iii) Jehanabad (iv) Jamui (v) Katihar (vi) Kishanganj (vii) Lakhisarai (viii) Nawada (ix) Patna (x) Sheikhpura							
				3. Jharkhand	(i) Bokaro (ii) Pakur (iii) Ramgarh (iv) Ranchi (v) Sahibganj							
				4. Tripura	(i) Sipahijala (ii) West Tripura (iii) Khowai (iv) Gomati							
				5. West Bengal	(i) Alipurduar (ii) Birbhum (iii) Cooch Behar (iv) Darjeeling (v) Howrah (vi) Malda (vii) Murshidabad (viii) Nadia (ix) North 24 Parganas (x) Purba Bardhaman (xi) South 24 Parganas (xii) Uttar Dinajpur							

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/No)	5 Location of the project		6 Project duration	7 Amount allocated for the project for current financial year (in ₹)	8 Amount spent in the current Financial Year (in ₹)	9 Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (in ₹)	10 Mode of Implementation - Direct (Yes/ No)	11 Mode of Implementation - Through Implementing Agency	
				State	Districts						Name	CSR Registration Number
3	Bandhan Health Programme	(i)	Yes	1. Assam	(i) Bangaigaon (ii) Dhubri (iii) Kokrajhar (iv) Nalbari	3 Years	13,87,90,646	13,87,90,646	0	No	Bandhan Konnagar	CSR00001463
				2. Bihar	(i) Begusarai (ii) Bhagalpur (iii) Kathar (iv) Patna (v) Samastipur (vi) Vaishali							
				3. Jharkhand	(i) Deoghar (ii) East Singhbhum (iii) Pakur (iv) Ramgarh							
				4. Odisha	(i) Balasore (ii) Bhadrak							
				5. West Bengal	(i) Alipurduar (ii) Bankura (iii) Birbhum (iv) Cooch Behar (v) Howrah (vi) Jalpaiguri (vii) Malda (viii) Murshidabad (ix) Nadia (x) North 24 Parganas (xi) Purba Medinipur (xii) Purulia (xiii) South 24 Parganas							

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/ No)	5 Location of the project		6 Project duration	7 Amount allocated for the project for current financial year (in ₹)	8 Amount spent in the current Financial Year (in ₹)	9 Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (in ₹)	10 Mode of Implementation - Direct (Yes/ No)	11 Mode of Implementation - Through Implementing Agency	
				State	Districts						Name	CSR Registration Number
4	Bandhan Financial Literacy Programme	(ii)	Yes	1. Assam	(i) Sivsagar (ii) Dibrugarh (iii) Dhubri (iv) Kokrajhar (v) Nalbari (vi) Charaideo (vii) Tinsukia	2 Years	2,90,70,483	2,70,78,870	19,91,613	No	Bandhan Konnagar	CSR00001463
				2. West Bengal	(i) Birbhum							
5	Bandhan Climate Action Programme	(iv)	Yes	1. West Bengal		4 Years	24,03,086	24,03,086		No	Bandhan Konnagar	CSR00001463
6	Bandhan Sustainable Livelihood Programme	(ii)	Yes	1. West Bengal	(i) North 24 Parganas	2 Years	11,63,834	11,63,834		No	Bandhan Konnagar	CSR00001463
	<b>Total</b>						<b>54,51,58,168</b>	<b>54,31,66,555</b>	<b>19,91,613</b>			

## c. Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Employing the Unemployed Programme	(ii)	Yes	1. Assam 2. Bihar 3. Madhya Pradesh 4. Odisha 5. West Bengal	(i) Kamrup (i) Patna (i) Indore (i) Khordha (i) Bardhaman (ii) Darjeeling (iii) Hooghly (iv) Malda (v) Murshidabad (vi) Nadia (vii) North 24 Parganas (viii) South 24 Parganas	4,58,83,907	No	Bandhan Konnagar	CSR00001463
2	Emergency Assistance to Support COVID-19 Response	(i) & (xii)	Yes	All India	Multiple Districts	7,20,63,297	No	Bandhan Konnagar	CSR00001463
	<b>Total</b>					<b>11,79,47,204</b>			

## d. Amount spent on Administrative Overheads:

NIL

## e. Amount spent on Impact Assessment, if applicable:

₹45,69,790

## f. Total amount spent for the Financial Year (8b+8c+8d+8e):

₹66,56,83,550

## g. Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of the average net profit of the Bank as per section 135(5)	66,76,75,163
(ii)	Total amount spent for the Financial Year	66,56,83,550
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	The amount available for set off in succeeding financial years [(iii)-(iv)]	0

## 9. Details of Unspent CSR amount for the preceding financial years:

### a. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2018-19	-	-	-	-	-	-
2.	2019-20	6,07,30,000*	5,21,11,061	-	-	-	86,18,939
3.	2020-21	10,27,62,598	10,27,62,598	-	-	-	-
	<b>Total</b>	<b>16,34,92,598</b>	<b>15,48,73,659</b>	-	-	-	<b>86,18,939</b>

\*The unspent CSR amount as of March 31, 2020, pertains to the ongoing projects of the preceding financial years of the erstwhile GRUH Finance Limited before the amalgamation with the Bank during FY 2019-20. The said amount was transferred to an Unspent CSR Account on April 30, 2020 and was utilised as per the details provided below.

### b. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
1	2018-19/SCT/3	Educating Out of School children of Sarkhej & Vejalpur areas of Ahmedabad, Gujarat	2018-19	4 Years	26,02,000	7,43,285	25,69,940	Completed
2	2019-20/SCT/4	Samerth Taleem Kendra, Ahmedabad, Gujarat	2019-20	2 Years	13,34,300	2,23,158	13,34,300	Completed
3	2019-20/SCT/5	Development of Water Harvesting Structures at Rapar Block, Kutch District, Gujarat	2019-20	2 Years	24,91,000	4,23,499	23,65,505	Completed
4	2017-18/YU/1	Transforming Sanitation of five schools of Pune, Maharashtra	2017-18	4 Years	30,88,000	-	29,00,000	Completed
5	2018-19/YU/2	School Sanitation and Smart Classroom, Karnataka	2018-19	3 Years	50,00,000	-	50,00,000	Completed
6	2018-19/YU/3	School Sanitation and Smart Classroom, Rajasthan	2018-19	3 Years	50,00,000	-	50,00,000	Completed
7	2019-20/ACF/3	Employability through Skill Initiative Project (ESIP), Chandrapur, Maharashtra	2019-20	3 Years	46,37,260	9,60,679	44,94,340	Completed
8	2019-20/ACF/4	Employability through Skill Initiative Project (ESIP), Bhatapara, Chhattisgarh	2019-20	3 Years	40,59,660	-	40,59,660	Completed
9	2019-20/ACF/5	Employability through Skill Initiative Project (ESIP), Chhindwara, Madhya Pradesh	2019-20	3 Years	47,20,440	-	47,20,440	Completed
10	2019-20/BPA/1	Maintenance & Expansion of Eye Hospital at Bareja run by BPA, Gujarat	2019-20	4 Years	67,50,000	22,50,000	67,50,000	Completed



1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
11	2019-20/BPA/2	Day care Centre with disability, Mandor, Jodhpur, Rajasthan	2019-20	3 Years	19,79,000	3,08,343	19,79,000	Completed
12	2018-19/GVK/2	MMU in villages of Indore district – Madhya Pradesh	2018-19	4 Years	1,32,40,500	11,57,625	1,32,40,500	Completed
13	2017-18/Hi/1	MMU at Jaipur for three years starting from December, 2017, Rajasthan	2017-18	4 Years	68,21,000	-	68,21,000	Completed
14	2019-20/Hi/2	MMU at Ahmedabad for three years starting from April, 2019, Gujarat	2019-20	4 Years	90,40,000	29,58,708	76,93,971	Ongoing
15	2019-20/ESO/1	Gyan Shala Middle School Programme for Slum Children of Ahmedabad, Gujarat	2019-20	4 Years	1,35,00,000	21,43,140	1,06,11,569	Ongoing
16	2019-20/NAB/2	"Sammilit Pathshala", Bavla for 2019-20, Gujarat	2019-20	2 Years	15,31,200	-	15,31,200	Completed
17	2019-20/SII/2	Education & Rehabilitation of deaf & blind children in Ujjain	2019-20	4 Years	78,92,343	36,07,916	73,66,973	Ongoing
18	2018-19/VCD/2	Establishing Bio-shield at Tankari Village, Jambusar, Bharuch, Gujarat	2018-19	4 Years	34,23,000	10,45,005	33,78,659	Completed
19	2019-20/SF/2	Skill Training to 100 women at Hosur in Tamil Nadu	2019-20	2 Years	14,25,500	-	14,25,500	Completed
20	2019-20/NBMT/1	"UttamAngreji" Education Programme	2019-20	3 Years	43,32,000	-	9,37,000	Completed
21	2019-20/JV/1	'Driverben' Driving Skill Training to women, Ahmedabad, Gujarat	2019-20	2 Years	17,20,000	-	16,97,135	Completed
22	2020-21/BK/1	Targeting the Hard-Core Poor Programme	2020-21	3 Years	21,41,00,000	3,20,97,642	21,41,00,000	Completed
23	2020-21/BK/1	Bandhan Education Programme	2020-21	4 Years	18,10,00,000	4,02,03,677	18,10,00,000	Completed
24	2020-21/BK/1	Bandhan Health Programme	2020-21	3 Years	17,31,00,000	2,94,15,709	17,31,00,000	Completed
25	2020-21/BK/1	Employing the Unemployed Programme	2020-21	2 Years	4,00,00,000	10,45,570	4,00,00,000	Completed
<b>Total</b>					<b>71,27,87,203</b>	<b>11,85,83,956</b>	<b>70,40,76,692</b>	

**10. In case of creation or acquisition of a capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:**

No capital assets were created or acquired on the balance sheet of the Bank through CSR spending.

**11. Specify the reason(s), if the Bank has failed to spend two per cent of the average net profit as per Section 135(5):**

The Board approved an amount of ₹66,76,75,163 towards the CSR expenditure, as prescribed under the provision of Sections 135(5) and (6) of the Companies Act, 2013 for the FY 2021-22. The amount included contribution towards the "Ongoing Projects" that are beyond a period of one year. Accordingly, an amount of ₹19,91,613 has been transferred to the 'Bandhan Bank Limited Unspent Corporate Social Responsibility Account FY 2021-22' for its utilisation towards 'ongoing projects' as per the provisions of Sections 135(5) and (6) of the Companies Act, 2013.

**Chandra Shekhar Ghosh**  
Managing Director & Chief Executive Officer  
(DIN: 00342477)

**Subrata Dutta Gupta**  
Chairman  
Corporate Social Responsibility Committee  
(DIN: 08767943)

Place: Kolkata  
Date : June 15, 2022

**Anup Kumar Sinha**  
Non-Executive (Independent) Chairman  
(DIN: 08249893)

## Annex - 2(a)

## Details of Employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year 2021-22

Sr. No.	Name of the Employee	Designation	Remuneration received during FY 2021-22 (Amt. in ₹)	Nature of employment, whether contractual or otherwise	Qualifications and experience	Date of joining the Bank	Age (in years)	Last employment before joining the Bank
<b>A. Employees in service for the whole year (top ten employees drawing emoluments more than ₹1,02,00,000 per annum)</b>								
1	Chandra Shekhar Ghosh	Managing Director & CEO	4,35,87,172	Regular	M.Sc. in Statistics with more than 33 years of experience	From the incorporation of the Bank	61	Bandhan Financial Services Limited
2	Arvind Singla	Head-Operations & Technology	1,66,92,840	Regular	MBA with more than 27 years of experience in banking Industry and IT Sector	February 01, 2021	50	Citi Bank
3	Sanjeev Nanyani	Head-Business	1,55,82,008	Regular	MCA with 35 years of experience	July 18, 2019	58	State Bank of India
4	Sunil Samdani	Chief Financial Officer	1,50,57,834	Regular	CA with 24 years of experience	March 14, 2015	46	Karvy Financial Services Limited
5	Santanu Banerjee	Head-Human Resources	1,31,59,268	Regular	MBA with 26 years of experience	September 03, 2014	52	Axis Bank Limited
6	Siddhartha Sanyal	Chief Economist and Head Research	1,13,97,008	Regular	M.A in Economics with 22 years of experience	July 19, 2019	47	Barclays Bank PLC.
7	Suresh Srinivasan Iyer	Head-Housing Finance	1,07,48,893	Regular	MBA with 24 years of experience	October 17, 2019	46	Erstwhile GRUH Finance Limited
8	Ronti Kar	Chief Information Officer	1,05,75,004	Regular	Master in Computer Science & Engineering with 28 years of experience	December 01, 2009	53	Cognizant Technology Solutions
9	Biswajit Das	Chief Risk Officer	1,04,68,841	Regular	MBA with 30 years of experience	January 27, 2016	53	ICICI Bank Limited
10	Nand Kumar Singh	Head- Banking Operations & Customer Services	1,02,39,472	Regular	BA, PGDPM, CAIB, 26 Years of Experience	November 03, 2014	52	Axis Bank Limited
<b>B. Employees in service for part of the year (drawing emoluments more than ₹8,50,000 per month)</b>								
1	Kamal Batra	Head-Assets	1,16,23,342	Regular	B. Tech, PGDM with more than 25 years of experience in the field of Banking and Finance	July 14, 2021	50	IndusInd Bank Limited
2	Kumar Ashish*	Head-Emerging Entrepreneurs Business	1,14,13,708	Regular	MBA with more than 27 years of experience in the field of Banking and Finance	September 01, 2020	50	Airtel Money Limited
3	Rahul Dhanesh Parikh*	Chief Marketing & Digital Officer	1,02,44,173	Regular	Engineering & MMS with more than 21 years of experience in Financial Industry	September 24, 2020	45	Bajaj Capital Limited
4	Deepankar Bose*	Head-Corporate Centre	88,44,491	Regular	M.A in Economics with 39 years of experience in banking industry	March 22, 2018	62	State Bank of India

\* relieved from the services of the Bank during the FY 2021-22.

**Notes:**

- Remuneration shown above includes basic salary, allowances, performance bonus, leave encashment, cash allowances in lieu of perquisites and taxable value of perquisites including perquisites on exercise of ESOPs, if availed, as computed as per Income-tax rules but excludes gratuity, PF settlement, superannuation settlement, and superannuation perquisite.
- All appointments are terminable by one / three months' notice as the case may be on either side.
- None of the employees listed above hold 2 per cent. or more of the paid-up share capital of the Bank as at March 31, 2022.
- None of the employees listed above is a relative of any Director of the Bank.

Place: Kolkata

Date: June 15, 2022

For and on behalf of the Board of Directors  
**Bandhan Bank Limited**

**Anup Kumar Sinha**  
Non-Executive (Independent) Chairman  
(DIN: 08249893)

## Annex - 2(b)

### Disclosure on remuneration as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for FY 2021-22

#### 1. Ratio of remuneration of each Director to the median employees' remuneration for the financial year 2021-22

Name	Designation	Ratio
Dr. Anup Kumar Sinha	Non-Executive (Independent) Chairman	11:1
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	136:1

Note:

- Fixed pay has been considered for the computation of ratio. Fixed pay includes basic, allowances and employer contribution of Provident Fund.
- In case of Non-Executive Chairman, fixed remuneration of ₹24 lakh per annum as approved by RBI and sitting fees paid for attending Board and Independent Directors' meetings during FY 2021-22 has been considered.
- For the calculation of median, all employees of the Bank excluding advisors have been considered.
- Other than Non-Executive Chairman, the Non-Executive Directors including Independent Directors were paid sitting fees for attending Board and Committee meetings during FY 2021-22.

#### 2. Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the financial year 2021-22

Designation	Percentage Increase
Chairman	Nil
Managing Director & CEO	9.36
CFO	21
CS	30

##### **Non-executive/Independent Directors:**

Neither there has been any change in the fixed remuneration of the Chairman nor there has been any change in the sitting fees for Non-Executive Directors for attending the Board and Committee meetings during FY 2021-22.

#### 3. Percentage increase in the median remuneration of employees in the financial year 2021-22

Percentage increase in the median remuneration of employees in the financial year 2021-22 was 15 per cent.

#### 4. The number of permanent employees on the rolls of the Bank

As on March 31, 2022, the number of permanent employees on the rolls of the Bank was 60,211.

#### 5. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average percentage increase for Managerial Personnel was 15.00 per cent. Average percentage increase in Managerial Remuneration is higher from the previous FY, due to consideration of promotion increment during FY 2021-22.

The average percentage increase for Non-Managerial Staff was 9.00 per cent.

#### 6. Affirmation that the remuneration is as per the remuneration policy of the Bank: Yes

For and on behalf of the Board of Directors  
**Bandhan Bank Limited**

**Anup Kumar Sinha**

Non-Executive (Independent) Chairman  
(DIN: 08249893)

Place: Kolkata

Date: June 15, 2022

## Annex - 3

## Secretarial Audit Report

For the financial year ended March 31, 2022

[Pursuant to Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

To  
The Members  
Bandhan Bank Limited  
DN-32, Sector V, Salt Lake  
Kolkata-700091

1. We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bandhan Bank Limited** having CIN: L67190WB2014PLC204622 (hereinafter referred as **"the Bank"**) during the financial year ended March 31, 2022 (hereinafter referred as **"review period"**). Secretarial Audit was conducted on test check basis, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon:
2. On the basis of aforesaid verification of the secretarial compliance and on the basis of secretarial audit of the Bank's books, papers, minute books, forms and returns filed, and other records maintained by the Bank, as provided to us during the said audit and also based on the information provided by the Bank, its officers, agents, and authorized representatives during the conduct of the aforesaid secretarial audit, we hereby report that in our opinion and to the best of our understanding, the Bank has, during the audit period covering the financial year ended on March 31, 2022, complied with the statutory provisions listed hereunder and also the Bank has adequate Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
3. We further report that compliance with applicable laws is the responsibility of the Bank and our report constitutes an independent opinion. Our report is neither an assurance for future viability of the Bank nor a confirmation of efficient management by the Bank.
4. (I) We have examined the secretarial compliance on test check basis of the books, papers, minutes books, forms and returns filed and other records maintained by the Bank for the review period, according to the provisions of the following laws, rules and regulations, to the extent applicable on the Bank during the review period:
  - (i) The Companies Act, 2013 (**"the Act"**) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 (**"SCRA"**) and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**"SEBI Act"**) viz.:-
    - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended;
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
    - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;
    - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended;
    - e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
    - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
    - h) The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
    - i) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
    - j) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;-Not Applicable for review period
    - k) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018.-Not Applicable for review period

(II) We have also examined the compliance on test check basis of the books, papers, minute books, forms, and returns filed and other records maintained by the Bank for the review period, according to the provisions of the following Acts and Rules mentioned hereunder specifically applicable to the Bank and as per information and representation provided by the officers of the Bank;

- a) Reserve Bank of India Act, 1934;
- b) The Banking Regulation Act, 1949 and notifications and circulars issued by the Reserve Bank of India from time to time;
- c) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- d) The Bankers' Books Evidence Act, 1891;
- e) Recovery of Debts Due to Banks and Financial Institutions Act, 1993;
- f) Credit Information Companies (Regulation) Act, 2005;
- g) Prevention of Money Laundering Act, 2002;
- h) The Deposit Insurance & Credit Guarantee Corporation Act, 1961;
- i) The Deposit Insurance & Credit Guarantee Corporation General Regulations, 1961;
- j) Industrial Disputes (Banking and Insurance Companies) Act, 1949; and
- k) Information Technology Act, 2000

5. We have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Companies Act, 2013.

6. That on the basis of the audit as referred above, to the best of our knowledge, understanding and belief, we are of the view that during the review period the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above in Paragraph 4(I), Paragraph 4(II) and Paragraph 5 of this report, subject to the following observation:

The Reserve Bank of India vide its order dated July 06, 2021 has imposed a penalty of ₹1 crore on the Bank, in exercise of its powers conferred under section 47A(1)(c) read with section 46(4)(i) of the Banking Regulation Act, 1949, on account of contravention of the directions contained in circulars on 'Lending to Non-Banking Financial Companies(NBFCs)' and 'Bank Finance to NBFCs'.

7. We have checked the standard listing agreement entered by the Bank with National Stock Exchange of India Limited and BSE Limited, the Stock Exchanges in India and also with the provisions of Securities and Exchange Board of India (Listing

Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable during the review period and to the best of our understanding, we are of the view that the Bank has adequately complied with the secretarial functions and board processes to comply with the applicable provision thereof, during the afore said review period:

8. We further report that,

- a) The Board of Directors of the Bank is duly constituted with proper balance of Executive Director, Non-Executive Directors, and Independent Directors including Woman Director. The changes in the composition of the Board of Directors that took place during the review period were carried out in compliance with the applicable provisions of the Act.
- b) Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) Majority decision is carried through and recorded as part of the minutes.

9. We further report that, there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, such as laws related to taxation, local laws applicable to the area of operation of business and other laws generally applicable to the Bank.

10. We further report that during the review period:

- a) the listed Non-Convertible Debentures (hereinafter referred as 'NCDs') aggregating to ₹160 Crore, which were issued and allotted on September 02, 2014, matured on September 02, 2021. Accordingly, the Bank duly paid the principal amount along with interest on the said NCDs to the eligible Debentureholder on September 02, 2021 and hence the NCDs stand redeemed.
- b) the Bank has allotted 1,66,666 equity shares of face value of ₹10/- each, pursuant to exercise of stock options by the eligible employees of the Bank.

11. This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this Report.

For, **ANJAN KUMAR ROY & CO.**  
Company Secretaries

**ANJAN KUMAR ROY**  
Proprietor  
FCS No. 5684  
CP. No. 4557

Place : Kolkata  
Date : June 15, 2022

UDIN: F005684D000480411  
Peer Review Certificate No. 869/2020

## Annexure A

(To the Secretarial Audit Report of Bandhan Bank Limited for the financial year ended March 31, 2022)

To  
The Members  
Bandhan Bank Limited  
DN-32, Sector V, Salt Lake  
Kolkata-700091

Our Secretarial Audit Report for the financial year ended March 31, 2022 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is limited to expressing an opinion on existence of adequate board process and compliance management system, commensurate to the size of the Bank, based on the secretarial records as shown to us during the said audit and also based on the information furnished to us by the officers and agents of the Bank during the said audit.
2. We have followed the audit practices and processes as were appropriate, to the best of our understanding, to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to check as to whether correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Bank.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc. and we have relied on such representation, in forming our opinion.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of compliance procedures on test basis. We would not be liable for any business decision or any consequences arising thereof, made on the basis of our report.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Bank.

For, **ANJAN KUMAR ROY & CO.**  
Company Secretaries

**ANJAN KUMAR ROY**  
Proprietor  
FCS No. 5684  
CP. No. 4557

UDIN: F005684D000480411  
Peer Review Certificate No. 869/2020

Place : Kolkata  
Date : June 15, 2022

# Report on Corporate Governance

[Report on Corporate Governance pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI LODR') and the Companies Act, 2013 (the 'Companies Act'), for the financial year ended March 31, 2022, forming part of the report of the Board of Directors]

## Bank's Philosophy on Corporate Governance

Your Bank believes in adopting and adhering to the best standards of corporate governance. It unswervingly benchmarks itself of such practices. The Bank understands and respects its fiduciary role and responsibilities towards its stakeholders and strives hard to meet their expectations. The Bank's philosophy on corporate governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its engagements with its stakeholders. It acknowledges that the best Board practices, transparent disclosures and shareholder empowerment are necessary for creating shareholder value. The philosophy on corporate governance is an important tool for the protection of interests of stakeholders and maximisation of their long-term values.

Your Bank is in compliance with the extant corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI LODR.

## Board of Directors

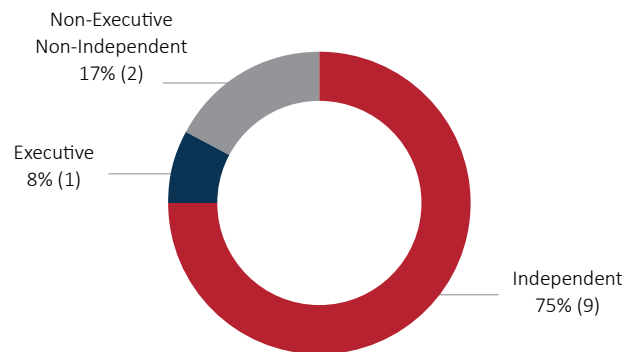
Your Bank entrusts its Board of Directors (the 'Board') with the ultimate responsibility of the management, affairs, directions and performance of the Bank and is vested with the requisite powers, authorities and duties. The Corporate Governance philosophy of your Bank establishes that the Board's independence is essential to bring objectivity and transparency in the management and the dealings of the Bank.

The composition of the Board of the Bank is governed by the provisions of the Companies Act and rules made thereunder, the Banking Regulation Act, 1949 (the 'BR Act') and the guidelines/circulars issued by the Reserve Bank of India ('RBI') in this regard, provisions of SEBI LODR, the Articles of Association ('AOA') of the Bank, other applicable laws and the best corporate governance practices.

## Composition of the Board and Tenure on the Board

As on March 31, 2022, the Board of your Bank comprised of twelve Directors, of whom nine were Independent Directors including Non-Executive (Independent) Chairman and one Woman Independent Director, two Non-executive Non-Independent Directors including one Nominee Director of Caladium Investment Pte. Ltd. (equity investor) and one Managing Director & CEO.

## Board Composition



During the financial year under review, there has been no change in the composition of the Board of the Bank. However, subsequently, based on the recommendations of the Nomination and Remuneration Committee of the Board ('NRC'), Ms. Divya Krishnan (DIN: 09276201) has been appointed as an Additional Non-Executive Non-Independent Director (nominee of the NOFHC) of the Bank, in place of Mr. Ranodeb Roy (DIN: 00328764), Non-Executive Non-Independent Director of the Bank, effective May 11, 2022. Accordingly, Mr. Ranodeb Roy ceased to be a Director of the Bank, effective May 11, 2022.

Further, based on the recommendations of the NRC, the Board has approved the appointments of Mr. Philip Mathew (DIN: 09638394) as an Additional Director (Independent), effective June 15, 2022 and Dr. Aparajita Mitra (DIN: 09484337) as an Additional Director (Independent), effective July 13, 2022.

The appointments of Ms. Divya Krishnan as a Non-Executive Non-Independent Director (nominee of the NOFHC), and Mr. Philip Mathew and Dr. Aparajita Mitra as Independent Directors, for a term of three consecutive years each, are subject to approval of Shareholders at the ensuing Annual General Meeting ('AGM') of the Bank.

Further, Mr. Snehomoy Bhattacharya (DIN: 02422012), Independent Director, on completion of his second term of four years as an Independent Director on July 08, 2022, ceased to be a director on the Board of the Bank, effective July 09, 2022.



The profiles of the Directors are available on the website of the Bank, at <https://bandhanbank.com/corporate-governance>.

The composition of the Board of the Bank represents various skill sets, special knowledge, practical experience, qualification, professionalism and diversity as required under applicable laws and as required for banking business. The Board has been reviewing its strength and composition, from time to time, to ensure that it remains aligned with the statutory provisions as well as the business requirements of the Bank.

The average tenure of the Board Members in years as on March 31, 2022 is as follows:

Name of the Director(s)	Original Date of Appointment	Completed Tenure (in years) as on March 31, 2022	Retirement Date / Term Ending Date	Average Tenure (in years)
<b>Executive Director</b>				
Mr. Chandra Shekhar Ghosh <sup>1</sup>	July 10, 2015	6 years 9 months	July 09, 2024	6 years 9 months
<b>Non-Executive Non-Independent Directors</b>				
Mr. Ranodeb Roy	July 26, 2016	5 years 8 months	Retire by rotation	5 years 11 months
Dr. Holger Dirk Michaelis	February 12, 2016	6 years 2 months	Retire by rotation	
<b>Independent Directors</b>				
Dr. Anup Kumar Sinha <sup>2</sup>	January 07, 2019	3 years 3 months	July 04, 2026	3 years 8 months
Dr. Allamraju Subramanya Ramasastry <sup>3</sup>	August 08, 2018	3 years 8 months	August 07, 2026	
Mr. Narayan Vasudeo Prabhutendulkar	May 08, 2020	1 year 11 months	May 07, 2023	
Mr. Santanu Mukherjee <sup>4</sup>	January 07, 2019	3 years 3 months	January 06, 2027	
Mr. Snehomoy Bhattacharya	July 09, 2015	6 years 9 months	July 08, 2022	
Mr. Subrata Dutta Gupta	March 19, 2021	1 year	March 18, 2024	
Mr. Suhail Chander	March 19, 2021	1 year	March 18, 2024	
Ms. T. S. Raji Gain	August 06, 2015	6 years 8 months	August 05, 2022	
Mr. Vijay Nautamlal Bhatt	May 08, 2020	1 year 11 months	May 07, 2023	

<sup>1</sup>Re-appointed as MD & CEO for a period of three years effective July 10, 2021

<sup>2</sup>Re-appointed as an Independent Director and as Non-Executive Chairman effective January 07, 2022 upto July 04, 2026, however the RBI approved tenure as Non-Executive Chairman is for a period of three years effective January 07, 2022

<sup>3</sup>Re-appointed as an Independent Director for a period of five years effective August 08, 2021

<sup>4</sup>Re-appointed as an Independent Director for a period of five years effective January 07, 2022.

### Separation of office of Chairman and the MD & CEO

In terms of the provisions of the BR Act, your Bank has separate offices for the Chairman and the Managing Director & CEO. Your Bank has a Non-Executive (Independent) Chairman and a Managing Director & CEO, the appointment of both approved by RBI pursuant to the provisions of the BR Act. The Chairman provides overall direction and guidance to the Board whereas the Managing Director & CEO of the Bank is responsible for the overall management of the Bank.

The operational and functional heads assist the Managing Director & CEO in the operation, execution and functioning of the Bank.

### Responsibilities of the Board

The responsibilities of the Board, *inter alia*, include overseeing the functioning of the Bank, monitoring legal, statutory compliance, reviewing the efficacy of internal control systems and processes and management of risk associated with the business of the Bank, based on the information provided to it. The Board is also responsible for approving the strategic direction, plans and priorities for the Bank, monitoring corporate performance against strategic business plans, reviewing and approving the Bank's financial and operating results periodically, overseeing the Bank's corporate governance framework and supervising the succession planning process for its Directors and Senior Management.

Accordingly, the Board deliberates on matters, such as, business strategy, risk, financial results, succession planning, compliance, customer service, information technology and human resources as covered under the seven critical themes prescribed by RBI and such other matters as may be deemed appropriate. The Board spends considerable time perusing the information provided to them, which facilitates informed decision-making and effective participation at its meetings, leading to higher board effectiveness. The Board oversees the actions and results of the management to ensure that the long-term objectives of enhancing the shareholders' value is achieved. The Board has the discretion to engage the services of external expert(s)/advisor(s), as may be deemed appropriate, from time to time.

The Members of the Board have complete freedom to express their opinion and arrive at the decisions after detailed deliberations.

### Board Meetings and Agenda

The Board plays an important role in ensuring sound Corporate Governance practices, providing strategic direction and functioning of the Bank. Notice and agenda papers are circulated to the Directors, in advance, before each meeting of the Board and Committees for facilitating meaningful and focused discussions at the meetings. All information, as applicable and specified in Regulation 17(7) read with Part A of Schedule II to the SEBI LODR are regularly placed before the Board. The Board also periodically reviews the compliance reports with regard to the laws applicable to the Bank. In case of exigency(ies)

or urgency(ies) of matters, proposals are approved through circulation which is submitted in the next meeting of the Board for noting as required under Section 175 of the Companies Act and forms part of the minutes of such meeting.

The Board meets at least once in a quarter and at least four times a year to review and approve the quarterly/annual financial results and matters relating to the business operations of the Bank. Apart from the above, Board meetings are also convened, as and when required, by giving due notice to the Directors. The emphasis of the Bank has been to have all the Directors physically present for all the Meetings of the Board and Committees, however, to facilitate Directors travelling / residing abroad or at other locations to participate in the meetings, video-conferencing facilities are also provided, in terms of the provisions of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014. Accordingly, the Bank has also conducted its Board and Committee Meetings through video conferencing ('VC') during the financial year. The intervening period between any two consecutive Board meetings is well within the maximum gap of 120 days as specified in Regulation 17(2) of the SEBI LODR and Section 173(1) of the Companies Act.

The Board met fourteen times during FY 2021-22. The details of the Board meetings held during the financial year ended March 31, 2022 are as under:

Sl. No.	Date	Through VC - Location	No. of Directors Present/No. of Directors on the Board
1	April 12, 2021	Kolkata	11/12
2	May 06, 2021	Kolkata	11/12
3	May 08, 2021	Kolkata	11/12
4	June 25, 2021	Kolkata	12/12
5	July 30, 2021	Kolkata	12/12
6	September 29, 2021	Kolkata	12/12
7	October 26, 2021	Kolkata	11/12
8	October 29, 2021	Kolkata	11/12
9	January 13, 2022	Kolkata	12/12
10	January 21, 2022	Kolkata	12/12
11	February 11, 2022	Kolkata	12/12
12	February 19, 2022	Kolkata	12/12
13	February 24, 2022	Siliguri	12/12
14	February 25, 2022	Siliguri	11/12

### Board attendance and Directorships

The names and categories of the Directors on the Board, their attendance at Board Meetings and the last Annual General Meeting ('AGM') held during the financial year under review, directorship in other public companies including names of listed entities and Chairmanship / Membership of the Committees of such public limited companies at the end of March 31, 2022 are given hereinbelow:

Sl. No.	Name and DIN of the Directors	Category	Attendance during FY 2021-22				Number of Directorship in other Public Companies		Number of Committee positions held in other Public Companies	
			No. of Board Meetings Held		AGM held on August 06, 2021	Chairman	Member*	Chairman	Member*	
			Attended	%						
1.	Dr. Anup Kumar Sinha (Chairman) [DIN: 08249893]	Independent	14	14	100	Yes	-	-	-	-
2.	Mr. Chandra Shekhar Ghosh (Managing Director & CEO) [DIN: 00342477]	Executive	14	14	100	Yes	-	-	-	-
3.	Dr. A. S. Ramasastri [DIN: 06916673]	Independent	14	14	100	Yes	-	1	-	-
4.	Dr. Holger Dirk Michaelis [DIN: 07205838]	Nominee Director (Non-Executive)	14	14	100	Yes	-	-	-	-
5.	Mr. Narayan Vasudeo Prabhutendulkar <sup>1</sup> [DIN: 00869913]	Independent	14	14	100	Yes	-	1	-	1
6.	Mr. Ranodeb Roy [DIN:00328764]	Non-Executive Non-Independent	14	14	100	Yes	-	1	-	-
7.	Mr. Santanu Mukherjee <sup>2</sup> [DIN: 07716452]	Independent	14	14	100	Yes	-	4	2	4
8.	Mr. Snehomoy Bhattacharya <sup>3</sup> [DIN: 02422012]	Independent	14	8	57	Yes	-	-	-	-

Sl. No.	Name and DIN of the Directors	Category	Attendance during FY 2021-22				Number of Directorship in other Public Companies		Number of Committee positions held in other Public Companies	
			No. of Board Meetings Held		AGM held on August 06, 2021	Chairman	Member*	Chairman	Member*	
			Held	Attended						%
9.	Mr. Suhail Chander [DIN: 06941577]	Independent	14	14	100	Yes	-	1	-	1
10.	Mr. Subrata Dutta Gupta [DIN: 08767943]	Independent	14	14	100	Yes	-	-	-	-
11.	Ms. T. S. Raji Gain [DIN: 07256149]	Independent	14	14	100	Yes	-	-	-	-
12.	Mr. Vijay Nautamlal Bhatt [DIN: 00751001]	Independent	14	14	100	Yes	-	1	1	2

\* Membership includes chairmanship.

1. Mr. NVP Tendulkar is holding directorship in another listed entity as an Independent Director, i.e., in Centrum Capital Limited.

2. Mr. Santanu Mukherjee is holding directorship in other two listed entities as an Independent Director, i.e., in Seven Life Sciences Limited and Sumedha Fiscal Services Limited.

3. Mr. Snehomoy Bhattacharya could not attend six Board Meetings due to health issues.

**Note:**

- Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Companies Act.
- None of the Directors is a member of more than ten committees or chairperson of more than five committees across all the public companies in which he / she is a Director.
- For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee of the Board and Stakeholders' Relationship Committee of the Board has been considered as per Regulation 26(1)(b) of the SEBI LODR. Necessary disclosures regarding Committee positions in other public companies, as on March 31, 2022, have been made by the Directors.

None of the Directors is related to each other. Neither of the Directors on the Board holds directorships in more than ten public companies nor any of the Independent Directors serves as an independent director in more than seven listed entities. All Directors of the Bank hold directorship in compliance with Regulation 17A of the SEBI LODR.

### Skills / Expertise / Competence of Board of Directors

Being a Banking Company, your Bank is regulated by the provisions of the BR Act, besides the SEBI LODR and the Companies Act. In terms of Section 10A(2)(a) of the BR Act and the Bank's 'Policy on Appointment and Fit & Proper Criteria for Directors', the members of the Board of Directors shall consist of persons, who shall have special knowledge or practical experience in respect of one or more of the following matters, namely; accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, small-scale industry, information technology, cyber security, payment and settlement systems, human resources, risk management, business management, marketing, fin-tech or any other matter the special knowledge of, and practical experience, which would, in the opinion of RBI, be useful to the banking company and as may be deemed appropriate for the Bank's business from time to time. The Board of Directors of the Bank is guided by the above, as and when any new Directors are appointed on the Board. The brief profiles of all the members of the Board is available on the website of the Bank at <https://bandhanbank.com/corporate-governance>.

The details of the core skills/expertise/competence possessed by the existing Directors of the Bank is given as under, along with their shareholding in the Bank as at the end of March 31, 2022. None of the Directors is holding shares of the Bank as a beneficial owner for any other persons.

Name of the Director(s)	Date of Appointment (A)/ Re-appointment (R)	Special Knowledge/ Experience	Number of equity shares @
Dr. Anup Kumar Sinha	January 07, 2019 (A) January 07, 2022 (R)	Economics   Agriculture	-
Mr. Chandra Shekhar Ghosh	July 10, 2015 (A) / July 10, 2018 (R) / July 10, 2021 (R)	Financial Services (Micro Finance Sector)   Medium & Small-Scale Industry   Banking   Finance   Business Management	16,24,436
Dr. A.S. Ramasastry	August 08, 2018 (A) August 08, 2021 (R)	Information Technology   Payment & Settlement Systems   Finance	-
Dr. Holger Dirk Michaelis	February 12, 2016 (A) / August 06, 2021 (R)	Risk Management   Finance   Economics	-
Mr. NVP Tendulkar	May 08, 2020 (A)	Accountancy   Finance   Information Technology   Law	-
Mr. Ranodeb Roy	July 26, 2016 (A) / August 21, 2020 (R)	Banking   Finance	-

Name of the Director(s)	Date of Appointment (A)/ Re-appointment (R)	Special Knowledge/ Experience	Number of equity shares @
Mr. Santanu Mukherjee	January 07, 2019 (A) January 07, 2022 (R)	Banking   Treasury Operations   Risk Management   Finance	-
Mr. Snehomoy Bhattacharya	July 09, 2015 (A) / July 09, 2018 (R)	Banking   Human Resource   Law	-
Mr. Subrata Dutta Gupta	March 19, 2021 (A)	Mortgage finance   Housing   Economics	-
Mr. Suhail Chander	March 19, 2021 (A)	Banking Operations including Trade Finance, Retail and Wholesale Banking, Strategy   Risk Management   Finance   Accountancy	-
Ms. T S Raji Gain	August 06, 2015 (A) / August 06, 2018 (R)	Agriculture   Rural Economy	-
Mr. Vijay N Bhatt	May 08, 2020 (A)	Audit   Accountancy   Assurance   Finance   Law	-

A stands for Appointment and R stands for Re-appointments

@The Bank has not issued any convertible instruments.

### Independent Directors

At the end of March 31, 2022, the Board consisted of the following nine Independent Directors, in accordance with the provisions of the Companies Act, the BR Act and the SEBI LODR:

Sl. No.	Name of the Directors	Date of Appointment (A) /Re-appointment (R)
1.	Mr. Santanu Mukherejee (Lead Independent Director)	January 07, 2022 (R)
2.	Dr. Anup Kumar Sinha	January 07, 2022 (R)
3.	Dr. Allamraju Subramanya Ramasastry	August 08, 2021 (R)
4.	Mr. Narayan Vasudeo Prabhutendulkar	May 08, 2020 (A)
5.	Mr. Snehomoy Bhattacharya	July 09, 2018 (R)
6.	Mr. Subrata Dutta Gupta	March 19, 2021 (A)
7.	Mr. Suhail Chander	March 19, 2021 (A)
8.	Ms. Thekedathumadam Subramani Raji Gain	August 06, 2018 (R)
9.	Mr. Vijay Nautamlal Bhatt	May 08, 2020 (A)

### Meeting of Independent Directors

During the financial year under review, the Independent Directors met twice without the presence of management, i.e., on June 07, 2021 for performance evaluation of the Board, Chairman and Non-Independent Directors, and on December 28, 2021 to assess the quality, quantity and timeliness of the flow of information between the management and the Board and other governance related matters. Further, in accordance with Regulation 25(4) of the SEBI LODR and Clause VII of Schedule IV to the Companies Act, the Independent Directors met exclusively on May 19, 2022, without the presence of the Managing Director & CEO, Non-Executive Non-Independent Directors or management, to review the performance of Non-Independent Directors and the Board as a whole for the Financial Year 2021-22. The Independent Directors also reviewed the performance of the Non-Executive Chairman of the Bank.

### Independence of Directors

All Independent Directors have given necessary declarations of independence under Section 149(7) of the Companies Act and Regulation 25(8) of the SEBI LODR and have also confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act and Regulation 16(1)(b) of

the SEBI LODR and that they are independent of the Management. A formal letter of appointment has been addressed to the Independent Directors at the time of their appointment(s). The terms and conditions of appointment of Independent Directors is available on the website of the Bank at <https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Terms-condition-appointment-Independent-Directors.pdf>.

### Independent Director Databank Registration

In terms of Rule 6(3) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, Independent Directors of the Bank have confirmed that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs ('Institute') as well as renewed the registration wherever required. Further, the Independent Directors, who were required to pass an online proficiency self-assessment test conducted by the Institute, have appeared for and passed such test.

### Familiarisation Programme

The 'Policy on Appointment and Fit & Proper Criteria for Directors' sets out the familiarisation programme for Non- Executive Directors ('NEDs') of the Bank. In order to familiarise the Bank's NEDs, including Independent Directors, with the functioning of the Bank and their roles, responsibilities, etc., the newly appointed Directors are provided with a comprehensive Induction Kit, including the business, operations and financials of the Bank, history of the Bank, organisational structure, composition and

roles of the Board and Committees, core management team of the Bank, rights, responsibilities and liabilities as an Independent Director, copies of the applicable policies and Codes of the Bank, along with the Memorandum of Association ('MOA') & Articles of Association ('AOA'). The Bank also nominates the Directors to attend relevant external programs at reputed forums and/ or internally provide deep-dives/ presentations on subjects relevant from Bank's perspective, as may be necessary from time to time. The details of the familiarisation programmes conducted for the Independent Directors of the Bank are available on the website of the Bank at <https://bandhanbank.com/familiarisation-programmes>.

### Performance Evaluation Criteria for Independent Directors

The performance evaluation of Independent Directors is conducted in terms of the provisions of 'Performance Evaluation Policy for the Board, Committees, Non-independent / Whole Time Directors and Independent Directors' (the 'Board PE Policy') as recommended by the NRC and approved by the Board, pursuant to the relevant provisions of the Companies Act, the SEBI LODR and SEBI Guidance Note on Board Evaluation. In terms of the Board PE Policy, an indicative list of factors on which evaluation of the Independent Directors was carried out includes participation, commitment, contribution, competency, attendance, initiative, teamwork, communication, compliance, corporate governance, fulfilment of the independence criteria and their independence from the Management. Further details of the evaluation on Independent Directors is provided in the Board's Report.

### Policy on Appointment of Directors

Your Bank has in place a 'Policy on Appointment and Fit & Proper Criteria for Directors'. This Policy lays down the criteria for identification of persons who are qualified and 'fit and proper' to become Directors on the Board, such as, academic qualifications, special knowledge or practical experience, competence, track record, integrity, etc., which shall be considered by the NRC while recommending appointment / re-appointment of a Director. The Policy is available on the website of the Bank at <https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-03/Policy-on-Appointment-and-Fit-and-Proper-Criteria-for-Directors.pdf>. The Policy on appointment of Director(s) is guided by the provisions of the BR Act and the rules framed thereunder, the Companies Act and the SEBI LODR and the circulars or guidelines issued by RBI, from time to time, in this regard. While appointing a Director on its Board, your Bank follows the direction of RBI with regard to 'fit and proper' criteria as applicable to private sector banks and obtains the 'Declaration and Undertaking' from the candidate and executes a Deed of Covenants, which includes the requirement for Directors to discharge their duties and responsibilities to the best of their abilities, individually and collectively. The NRC ascertains the fit and proper status of the candidate for the office of director, fulfilment of criteria of independence as prescribed under the Companies Act and SEBI LODR in case of independent directors, and thereafter, recommends to the Board for approval. The Board also ensures that the Directors have the requisite skill sets, practical experience, special knowledge required for the banking business and as prescribed under Section 10A(2)(a) of the BR

Act. The Board is duly constituted including gender diversity. The appointment of the Chairman and/or the Managing Director on the Board is made with the prior approval of RBI. The Board also takes into account the outcome of performance evaluation while considering the re-appointment/continuation of appointment of Independent Directors.

The NRC evaluates whether the members of the Board, excluding NRC members, adhere to the 'fit and proper' criteria as prescribed by RBI and the adherence to the 'fit and proper' criteria by the members of the NRC is evaluated by the Board of Directors annually, in addition to evaluation of fit and proper status at the time of appointment / re-appointment of Directors.

### Remuneration Policy

The Bank has formulated and adopted a Compensation Policy for Directors, Key Managerial Personnel and Employees of the Bank, in terms of Section 178 of the Companies Act, read with the relevant Rules made thereunder, Regulation 19 of the SEBI LODR and the Guidelines or Circulars issued by RBI, in this regard, from time to time. The Bank's Compensation Policy is aligned to its business strategy, market dynamics, internal characteristics and complexities within the Bank. The Bank's remuneration framework aims to attract, motivate and retain people with the requisite skill, experience and ability to deliver the Bank's strategy; create an alignment and balance between the rewards and risk exposure of shareholders and interests of employees; promote responsible growth and create long term sustainable shareholder value consistent with strategic goals and appropriate risk management; reinforce behaviour consistent with the Bank's values, principles and objectives and support appropriate conduct and meritocratic culture through differentiated performance rewards. The Compensation Policy of the Bank is available on the website of the Bank at [https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-02/Compensation\\_Policy\\_2022.pdf](https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-02/Compensation_Policy_2022.pdf).

RBI, vide its circular no. RBI/2019-20/89 DOR.Appt. BC.No.23/29.67.001/2019-20 dated November 04, 2019, has issued guidelines on 'Compensation of Whole-time Directors/ Chief Executive Officers/Material Risk takers and Control function staff' for implementation by private sector banks and foreign banks from April 01, 2020. The Bank's Compensation Policy is in line with this RBI circular. In terms of the Compensation Policy, the total compensation shall be a prudent mix of fixed pay (including basic salary, fixed allowances, retirals and perquisites) and performance-based variable pay (comprising cash bonuses and share-linked instruments, which includes employee stock options and cash linked stock appreciation rights) whereas variable pay shall not exceed three times the annual fixed pay for Managing Director & CEO. Annual increments for the senior management are recommended by the NRC and approved by the Board. The annual increment for the Managing Director & CEO is recommended by the NRC and the Board for the approval of RBI and the Members. The Board of Directors, on the recommendation of the NRC and on the basis of the evaluation process considering the criteria, such as, the performance of the Bank as well as that of the Managing Director & CEO, recommends to RBI for approval of the variable pay payable to the Managing Director & CEO for the financial year. The remuneration of the Managing Director & CEO is subject to prior approval of RBI and the approval of Members.

### Non-Executive Directors' Compensation and Disclosures

In terms of the provisions of the Companies Act, the SEBI LODR and the Compensation Policy of the Bank, the Non-Executive Directors ('NED'), including Independent Directors, of the Bank are paid sitting fees of ₹90,000 per meeting for attending the meetings of the Board, ₹75,000 per meeting for attending meetings of the Audit Committee of the Board and the Risk Management Committee of the Board, and ₹60,000 per meeting for attending meetings of other Committees of the Board, subject to applicable taxes, and reimbursement of expenses for participation in such meetings. Additionally, pursuant to the RBI Circular dated April 26, 2021, the Compensation Policy of the Bank provides for payment of compensation in the form of a fixed remuneration commensurate with an individual director's

responsibilities and demands on time and which are considered sufficient to attract qualified competent individuals, provided such fixed remuneration for a NED, other than the Chairperson of the Board, shall not exceed ₹20 lakh per annum. In addition to sitting fees, the Non-Executive Chairman of the Bank is also paid fixed remuneration with prior approval of RBI pursuant to the provisions of the BR Act and approval of the Members of the Bank. Details of sitting fees paid to the NEDs and the remuneration to Non-Executive Chairman are given hereinafter. During the financial year under review, there was no increase in the fixed remuneration of the Non-Executive Chairman of the Bank. The Compensation Policy of the Bank is available on its website and the link for the same has been provided above. No stock options were/are granted to any of the NEDs of the Bank.

### Remuneration to Directors

Details of the total remuneration paid to all the Directors of your Bank for the financial year ended March 31, 2022 are as follows:

#### a. Non-Executive Directors

(Amt. in ₹)				
Sl. No.	Name of the Directors	Salary	Sitting fees	Total
1.	Dr. Anup Kumar Sinha*	24,00,000	13,80,000	37,80,000
2.	Dr. Allamraju Subramanya Ramasastry	-	23,55,000	23,55,000
3.	Dr. Holger Dirk Michaelis	-	12,60,000	12,60,000
4.	Mr. Narayan Vasudeo Prabhutendulkar	-	21,60,000	21,60,000
5.	Mr. Ranodeb Roy	-	24,45,000	24,45,000
6.	Mr. Santanu Mukherjee	-	34,80,000	34,80,000
7.	Mr. Snehomoy Bhattacharya	-	14,40,000	14,40,000
8.	Mr. Suhail Chander	-	32,25,000	32,25,000
9.	Mr. Subrata Dutta Gupta	-	26,55,000	26,55,000
10.	Ms. Thekedathumadam Subramani Raji Gain	-	16,20,000	16,20,000
11.	Mr. Vijay Nautamlal Bhatt	-	24,45,000	24,45,000

\*In addition to the sitting fees for attending meetings of the Board and Committees, the Non-Executive Chairman is also paid fixed (consolidated) remuneration of ₹24 lakh per annum and traveling and official expenses for performing his duty, as approved by RBI and the Shareholders.

During the financial year under review, apart from the aforesaid, there was no pecuniary relationship or significant/material transactions of the Non- Executive Directors *vis-à-vis* the Bank (except banking transactions in the ordinary course of business and at an arm's length basis).

#### b. Managing Director & CEO

(Amt. in ₹)						
Sl. No.	Name	Salary	Perquisite and Allowances	Contribution to Provident Fund	Variable Pay / Bonus(es)	Total
1.	Mr. Chandra Shekhar Ghosh	3,27,75,000 <sup>1</sup>	56,42,323 <sup>2</sup>	23,83,548	27,86,301	4,35,87,172

<sup>1</sup> Since the approval of RBI for the revision in remuneration of the MD&CEO effective August 18, 2020 received during FY 2021-22, the salary amount include arrears for previous FY.

<sup>2</sup> Perquisite value on exercise of 50,000 stock options exercised during FY 2021-22

- As approved by RBI and the Shareholders at 7<sup>th</sup> AGM, Mr. Chandra Shekhar Ghosh has been re-appointed as MD & CEO, for a period of three years, from July 10, 2021.
- On the basis of the recommendations of the NRC and the Board, Shareholders, at the 7<sup>th</sup> AGM of the Bank, approved the revision in total remuneration of the MD & CEO w.e.f. August 18, 2020. Further, the approval of RBI was also received for remuneration of MD&CEO for FY 2020-21 including the fixed pay and variable pay. Furthermore, on the basis of the recommendations of the NRC and the Board, RBI has approved the fixed pay of the MD & CEO for FY 2021-22, whereas approval of RBI for variable pay including only non-cash component for FY 2021-22 is awaited. The proposal for remuneration of the MD & CEO for FY 2021-22 will also be placed for the approval of Shareholders at the ensuing AGM of the Bank.
- In terms of the approval of RBI, Mr. Ghosh was granted 1,70,809 stock options during FY 2020-21 in terms of the provision of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and ESOP Scheme of the Bank. These options

would vest not earlier than one year and not later than four years from the date of grant as decided by the NRC and shall be equally vested over four years with a gap of one year between each vesting. The said stock options were not issued at any discount. Mr. Ghosh has exercised 50,000 stock options during FY 2021-22.

- d. The notice period applicable to him is three months. No severance fees is required to be paid to Mr. Ghosh.
- e. For the overall performance assessment of the MD & CEO, a Balanced Score Card ('**BSC**') is used. The BSC is a performance evaluation technique that takes into consideration a number of financial and non-financial performance indicators aligned to the long-term strategy of the organisation. The performance goals are organised to address four perspectives, viz., financial, customer, internal process and people, the latter three being drivers of future performance. In the BSC, the Bank has considered financial performance measures, asset quality, the cost to income ratio, adherence to anchor wise risk appetite, compliance management and other strategic initiatives with longer horizons. As per the RBI guidelines dated November 4, 2019, the performance based variable pay is subject to in year adjustment, malus or clawback.
- f. Further details regarding the compensation of the MD & CEO as well as other disclosures as required to be made as given in the Appendix 3 of RBI Guidelines on compensation of the WTD/CEO/Material Risk Takers and Control Function Staff dated November 04, 2019 is made available as notes to the Financial Statement forming part of this Annual Report.
- g. No sitting fee was paid to Mr. Ghosh for attending meetings of the Board and Board Committees held during FY 2021-22.

### Board Committees

The Board has also been conducting its businesses through various Committees constituted to deal with specific matters as may be delegated by the Board and as mandated under the relevant provisions of the Companies Act, the SEBI LODR, the BR Act, Guidelines and Circulars issued by RBI, in this regard, from time to time, and the AOA of the Bank.

The Agenda for the meetings of the Committees is finalised in consultation with the respective Chairmen of the concerned Committees. The Committees ensure that any feedback or observations made by them during the course of the meetings forms part of the Action Taken Report ('**ATR**') for their review and discussion at the subsequent meetings. The Chairmen of the Committees brief the Board on the key decisions taken at its meetings. In case of business exigency(ies) or urgency(ies) of matters, proposals are approved through circulation by the Committees in the form of 'Resolution(s) by Circulation' which are subsequently submitted in the forthcoming meeting for its noting as required under the Companies Act.

All the recommendations made by the Committees of the Board, which are mandatorily required to be constituted by the Bank under the Companies Act, and the SEBI LODR, were accepted by the Board.

The Board has constituted the following Committees to oversee specific areas:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Risk Management Committee
4. Information Technology (IT) Strategy Committee
5. Customer Service Committee
6. Corporate Social Responsibility (CSR) Committee
7. Special Committee for Monitoring High Value Frauds
8. Stakeholders' Relationship Committee
9. Committee of Directors

### Audit Committee

#### Qualified and Independent Audit Committee

Your Bank has a qualified and independent Audit Committee of the Board ('**ACB**') with the powers and roles that are in accordance with Section 177 of the Companies Act and Rules made thereunder, Regulation 18 of the SEBI LODR, Circulars issued by RBI in this regard, from time to time, which acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board of Directors and oversees the financial reporting process, internal control and compliance matters of the Bank.

The ACB provides direction to the audit function and monitors the quality of internal and statutory audits. Its responsibilities, *inter alia*, include examining the financial statements and auditors' reports and overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, recommending appointment, terms of appointment, and reviewing and monitoring the internal audit of the Bank.

#### Meetings of the Audit Committee

As on March 31, 2022, the ACB comprised four Directors including three independent Directors and one Non-Executive Non-Independent Director, and was chaired by Mr. Vijay Nautamlal Bhatt, who is a Chartered Accountant. During FY 2021-22, the Committee met eleven times on April 12, 2021, May 07, 2021, June 14 & 24, 2021, July 29, 2021, September 21, 2021, October 28, 2021, January 20 & 28, 2022, February 18, 2022 and March 29, 2022, and the gap between any two consecutive meetings did not exceed one hundred and twenty days.

In terms of the SEBI LODR, Mr. Indranil Banerjee, the Company Secretary and Compliance Officer of the Bank, acts as the Secretary to the ACB. He also acts as the Compliance Officer to ensure compliance and effective implementation of the Bank's Code of Conduct for Prevention of Insider Trading ('**PIT Code**') and submitting the reports on the matter relating to the PIT Code to the ACB/Board at regular intervals.

Further, the last AGM of the Bank was held on August 06, 2021, which was attended by Mr. Vijay Nautamlal Bhatt, Chairman of the ACB.

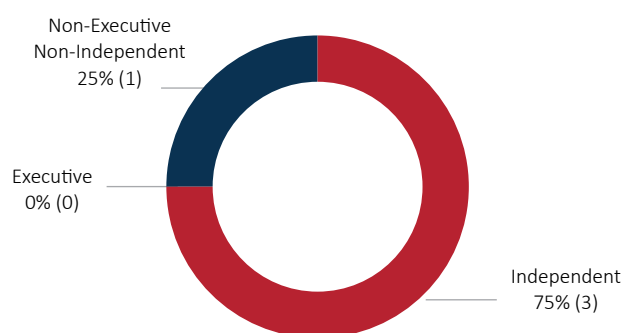
### Composition (as on March 31, 2022) and attendance - ACB

Name of Member	Category	Number of Meetings during the FY 2021-22 (Eleven meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Vijay Nautamlal Bhatt, Chairman	Independent	11	11	100	8,25,000
Mr. Ranodeb Roy <sup>(1)</sup>	Non-Executive Non-Independent	7	7	100	5,25,000
Mr. Santanu Mukherjee	Independent	11	11	100	8,25,000
Mr. Suhail Chander	Independent	11	11	100	8,25,000

1. Appointed as Member of the ACB effective June 25, 2021

**Note:** Post March 31, 2022, Mr. Ranodeb Roy ceased to be a member of the ACB effective May 11, 2022, whereas Ms. Divya Krishnan, Non-Executive Non-Independent Director was appointed as a Member of the ACB effective June 19, 2022.

### ACB Composition - (as on date)



### Terms of reference

Terms of reference of the ACB is given below:-

- Oversight of the Bank's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Bank;
- Approval of payment of statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, as amended;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board of Director for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modifications of transactions of the Bank with related parties (Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions);
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Bank, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Reviewing with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with the internal auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;



17. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To review the functioning of the whistle blower mechanism;
20. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;
21. Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or by any other regulatory authority;
22. Reviewing of (1) management discussion and analysis of financial condition and results of operations; (2) the status of long-term (more than one year) or recurring Related Party Transactions, on an annual basis; (3) management letters/ letters of internal control weaknesses issued by the statutory auditors; (4) internal audit reports relating to internal control weaknesses; (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and (6) statement of deviations including (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended; (b) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7) of the Securities and Exchange Board of India (Listing Obligations

and Disclosure Requirements) Regulations, 2015; and

23. Consider and comment on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Bank and its shareholders.

### Nomination & Remuneration Committee

Your Bank has a Nomination & Remuneration Committee of the Board ('NRC') with the powers and the roles that are in accordance with Section 178 of the Companies Act and Rules made thereunder, Regulation 19 of SEBI LODR and the Circulars issued by RBI in this regard, from time to time, which, *inter alia*, deals with the matters relating to appointments on the Board and Senior Management, performance appraisal and compensation related matters of the Bank.

The NRC evaluates fit and proper criteria of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board for their appointment and removal, and specifies the manner for effective evaluation of the performance of the Board, its Committees and individual directors. The NRC formulates the criteria for determining qualifications, positive attributes and independence of a director and recommends to the Board, a policy relating to the remuneration for the directors, key managerial personnel and other employees of the Bank. Criteria for performance evaluation for Independent Directors are provided in the Board's Report.

### Meetings of the Nomination & Remuneration Committee

As on March 31, 2022, the NRC comprised four Directors including three Independent Directors and one Non-Executive Non-Independent Director, and was chaired by Mr. Suhail Chander, an Independent Director. During FY 2021-22, the NRC met five times, i.e., on April 12, 2021, June 19, 2021, September 28, 2021, January 19, 2022 and February 14, 2022.

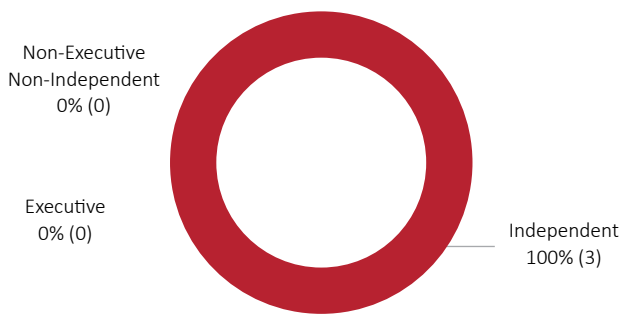
The last AGM of the Bank was held on August 06, 2021, which was attended by Mr. Suhail Chander, Chairman of the NRC.

### Composition (as on March 31, 2022) and attendance - NRC

Name of Member	Category	Number of Meetings during FY 2021-22 (five meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Suhail Chander, Chairman	Independent	5	5	100	3,00,000
Dr. Allamraju Subramanya Ramasastry	Independent	5	5	100	3,00,000
Mr. Ranodeb Roy	Non-Executive Non-Independent	5	5	100	3,00,000
Mr. Snehomoy Bhattacharya	Independent	5	4	80	2,40,000

**Note:** Post March 31, 2022, Mr. Ranodeb Roy and Mr. Snehomoy Bhattacharya ceased to be members of the NRC effective May 11, 2022 and July 09, 2022, respectively, whereas Mr. Philip Mathew, Independent Director was appointed as a Member of the NRC effective June 19, 2022.

### NRC Composition - (as on date)



#### Terms of reference

Terms of reference of the NRC is given below:-

1. Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board of Directors a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
2. Evaluating the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying appropriate candidates, the Committee may:
  - a. consider candidates from a wide range of backgrounds, having due regard to diversity;
  - b. consider the time commitments of the candidates; and
  - c. use the services of an external agencies, if required
3. Formulating of criteria for evaluation of the performance of the Independent Directors and the Board of Directors;
4. Devising a policy on Board of Directors' diversity;
5. Identifying persons who qualify to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and specifying the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
6. Determining whether to extend or continue the term of appointment of an Independent Director, on the basis of the report of performance evaluation of Independent Directors;
7. Analysing, monitoring and reviewing various human resource and compensation matters;
8. Determining the Bank's policy on remuneration and any compensation payment, for the Chief Executive Officer (CEO), the Executive Directors, key managerial personnel including pension rights and determination of remuneration packages of such personnel;
9. Determining compensation levels payable to senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting

of a fixed and variable component and in accordance with the remuneration policy approved by the Board of Directors;

10. Reviewing and approving compensation strategy from time to time in the context of the prevailing market in accordance with applicable laws;
11. To report on the systems and on the amount of the annual remuneration of Directors and senior management;
12. Framing suitable policies and systems to ensure that there is no violation by an employee of any applicable laws in India or overseas, including:
  - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003; Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
13. Performing such other activities as may be delegated by the Board of Directors and/or specified/provided under the Companies Act, 2013 together with the rules framed thereunder, as amended and to the extent notified, or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, or by any other regulatory authority;
14. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and decide their 'fit & proper' status;
15. To oversee the framing, review and implementation of compensation policy of the Bank and recommend to the Board the overall remuneration philosophy and policy including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based remuneration to employees;
16. To review the HR strategy and policy including the conduct and ethics of the employees and Directors of the Bank and review any fundamental change in the organisational structure, which could have wide ranging and high risk implications;
17. To review and recommend to the Board, the succession policy at the level of Managing Director & CEO, other Whole-time Directors (**WTDs**), senior management one level below the Board and key roles;
18. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

#### Risk Management Committee

The Risk Management Committee of the Board ('**RMCB**') has been formed pursuant to the guidelines of RBI on Risk Management Systems and in compliance with Regulation 21 of the SEBI LODR. The functions of the RMCB, *inter alia*, is to review the Bank's risk management framework and policies pertaining to credit, market, liquidity, operational and cybersecurity risks.

The Bank has laid down a procedure to inform the RMCB and the Board, on a periodic basis, about the identified risks and the steps

taken to mitigate and minimise the same. The Bank has already identified and assessed the major elements of risks, which may adversely affect the various divisions of the Bank. The RMCB reviews the identified risks, including assessment of the said risks and procedures, which are being implemented for monitoring, mitigating and minimising the said risks.

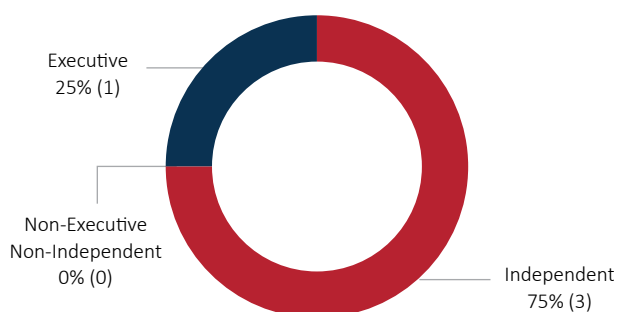
### Meetings of the Risk Management Committee

As on March 31, 2022, the RMCB comprised four Directors including three Independent Directors and was chaired by Mr. Santanu Mukherjee, Independent Director. During FY 2021-22, RMCB met five times, i.e., on June 18, 2021, August 26, 2021, November 29, 2021, February 14 & 15, 2022. The RMCB meets on a quarterly basis.

### Composition (as on March 31, 2022) and attendance - RMCB

Name of Member	Category	Number of Meetings during FY 2021-22 (five meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Santanu Mukherjee, Chairman	Independent	5	5	100	3,75,000
Dr. Allamraju Subramanya Ramasastry	Independent	5	5	100	3,75,000
Mr. Chandra Shekhar Ghosh	Executive	5	5	100	NA
Mr. Subrata Dutta Gupta	Independent	5	5	100	3,75,000

### RMCB Composition - (as on date)



### Terms of reference

Terms of reference of the RMCB is given below:-

- To oversee risk management function and obtain assurance from the respective committees and Risk Department that the risk faced by the Bank including cyber security related risks have been properly identified and are being appropriately managed;
- To define the risk appetite of the Bank within overall parameters set by the Board in terms of business strategy and growth;
- To ensure effectiveness in the conduct of the overall risk governance;
- To approve risk limits at the Bank-wide level for various portfolios such as product, industry, geography, risk types, etc.;
- To approve risk management and measurement policy/policies, framework, guidelines and procedures before submission to the Board which shall include:
  - A framework for identification of internal and external risks specifically faced by the Bank, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
  - Measures for risk mitigation including systems and processes for internal control of identified risks;
  - Business continuity plan;
- To ensure effectiveness and performance of risk rating system and associated processes and controls through pre-approval validation, periodical review or as a part of annual validation exercise;
- To oversee allocation and maintenance of sufficient resources (including IT support) for risk identification, measurement, monitoring and reporting;
- To approve risk capital computation and place it to the Board for approval;
- To reinforce the culture and awareness of risk management throughout the organisation;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken; and
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

### Corporate Social Responsibility Committee

Your Bank has a Corporate Social Responsibility ('CSR') Committee of the Board with the powers and the role that is in accordance with Section 135 of the Companies Act. The function of the CSR Committee includes a review of CSR initiatives, undertaken by the Bank for inclusive growth, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the Bank, and the amount of expenditure to be incurred on such activities. It also makes recommendations to the Board with respect to the CSR initiatives, annual action plan, policies and practices of the Bank, monitor the conformity of CSR activities, implementation and compliance with the CSR Policy, and reviews and implements,

if required, any other matter relating to CSR initiatives as recommended/suggested by any statutory or regulatory body.

The CSR Policy of the Bank, duly aligned with the amendments made to Section 135 of the Companies Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, is available on the Bank's website at [https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021\\_1.pdf](https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021_1.pdf).

The Report on CSR activities, including the details of the CSR programme and activities carried out by the Bank during FY 2021-

22, is enclosed as **Annex – 1** to the Board's Report and is forming part of this Annual Report.

### Meetings of the Corporate Social Responsibility Committee of the Board ('CSRCB')

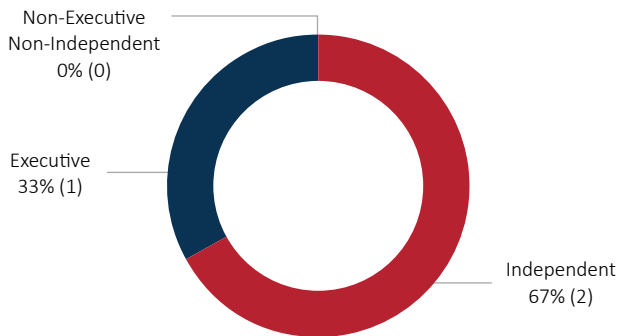
As on March 31, 2022, the CSR Committee comprised four Directors, including two Independent Directors and was chaired by Mr. Subrata Dutta Gupta, Independent Director. During FY 2021-22, CSR Committee met twice, i.e., on May 27, 2021 and December 08, 2021.

### Composition (as on March 31, 2022) and attendance - CSRCB

Name of Member	Category	Number of Meetings during FY 2021-22 (two meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Subrata Dutta Gupta, Chairman	Independent	2	2	100	1,20,000
Mr. Chandra Shekhar Ghosh	Executive	2	2	100	NA
Mr. Ranodeb Roy	Non-Executive Non- Independent	2	2	100	1,20,000
Mr. Vijay Nautamlal Bhatt	Independent	2	2	100	1,20,000

**Note:** Post March 31, 2022, Mr. Ranodeb Roy ceased to be a member of the CSRCB effective May 11, 2022.

### CSRCB Composition - (as on date)



### Terms of reference

Terms of reference of the CSRCB is given below:-

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Bank as per the Companies Act, 2013
- Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
- Identifying and appointing the corporate social responsibility team of the Bank including corporate social responsibility manager, wherever required;
- Delegating responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Bank and the distribution of the same to various corporate social responsibility programmes undertaken by the Bank;
- To monitor the CSR policy of the Bank from time to time; and
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

### Information Technology (IT) Strategy Committee

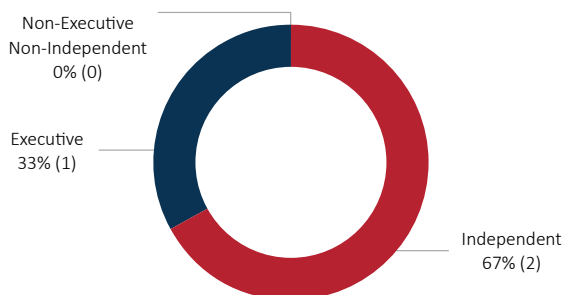
The IT Strategy Committee of the Board ('ITSCB'), constituted pursuant to guidelines/circulars issued by RBI, deals with the information technology, information security, cybersecurity, etc., aspects of the Bank. It reviews and recommends the strategy and policy for IT related-matters to the Board, ensures that IT strategy is aligned with the business strategy, reviews IT risks, ensures proper balance of IT investments for sustaining the Bank's growth, oversees the aggregate funding of IT at the Bank-level, ascertains if the management has adequate resources to ensure proper administration of IT risks and reviews the contribution of IT.

### Meetings of the IT Strategy Committee

As on March 31, 2022, the ITSCB comprised three Directors, including two Independent Directors and was chaired by Dr. Allamraju Subramanya Ramasastry, Independent Director. During FY2021-22, ITSCB met five times, i.e., on May 27, 2021, August 21, 2021, November 26, 2021, February 16, 2022 and March 30, 2022. ITSCB meets on a quarterly basis.

### Composition (as on March 31, 2022) and attendance - ITSCB

Name of Member	Category	Number of Meetings during FY 2021-22 (five meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Dr. Allamraju Subramanya Ramasastry, Chairman	Independent	5	5	100	3,00,000
Mr. Chandra Shekhar Ghosh	Executive	5	5	100	NA
Mr. Narayan Vasudeo Prabhutendulkar	Independent	5	5	100	3,00,000

**ITSCB Composition - (as on date)****Terms of reference**

Terms of reference of the ITSCB is given below:-

- To approve IT Strategy and policy documents;
- To ensure whether management has put an effective strategic planning in place;
- To ratify whether the business strategy is indeed aligned with IT strategy;
- To ensure whether the IT organisational structure complements the business model and its direction;
- To ascertain whether management has implemented processes and practices which ensure that IT delivers value to the business;
- To ensure that the IT investments represent a balance of risk & benefits and that the budgets are acceptable;
- To monitor the methods that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- To ensure proper balance of IT investments for sustaining Bank's growth;
- To be aware of the exposures towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks;
- To assess senior management's performance in implementing IT strategies;
- To issue high-level policy guidance (e.g. related to risk, funding or sourcing tasks);

- To confirm whether the IT or business architecture is designed to derive the maximum business value from IT;
- To oversee the aggregate funding of IT at Bank-level and ascertaining if management has resources to ensure the proper management of IT risks;
- To review IT performance measurement and contribution of IT to business (i.e. delivering the promised value);
- The progress of achievement of digital transactions would be subsequently monitored by the IT Strategy Committee in all its meetings; i.e. it would be a permanent agenda for IT Strategy Committee; and
- To review & monitor the mechanism of the digital transactions as follows:
  - Progress on implementation of new Digital Products;
  - Number of Digital Transactions on existing digital channels;
  - Increasing the number of Digital Transactions in existing digital channels.

**Customer Service Committee**

The functions of the Customer Service Committee of the Board ('CSCB'), constituted pursuant to the Master Circular on Customer Service in Banks issued by RBI, *inter alia*, include reviewing customer service initiatives, overseeing the functioning of grievance redressal mechanism for customers, evolving innovative measures for enhancing the quality of customer service and improving the overall satisfaction level of customers of the Bank.

Enhanced disclosures on complaints received by the Bank from customers and from the Offices of Banking Ombudsman ('OBOs') and grievance redress as prescribed under Circular dated January 27, 2021 on Strengthening of Grievance Redress Mechanism in Banks issued by RBI, is made available as part of notes to Financial Statement forming part of this Annual Report.

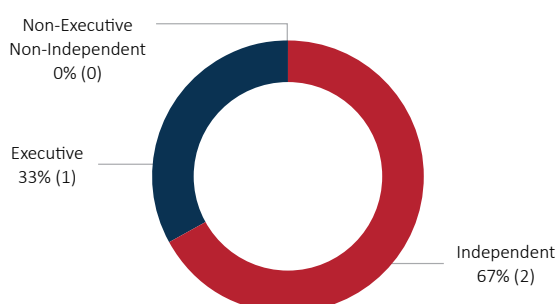
**Meetings of the Customer Service Committee**

As on March 31, 2022, the CSCB comprised three Directors, including two Independent Directors and one Executive Director, and was chaired by Mr. Narayan Vasudeo Prabhatdulkar, Independent Director. During FY 2021- 22, CSCB met four times, i.e., on May 31, 2021, September 23, 2021, December 08, 2021 and March 16, 2022. CSCB meets on a quarterly basis.

**Composition (as on March 31, 2022) and attendance - CSCB**

Name of Member	Category	Number of Meetings during FY 2021-22 (four meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Narayan Vasudeo Prabhatdulkar, Chairman	Independent	4	4	100	2,40,000
Mr. Chandra Shekhar Ghosh	Executive	4	4	100	NA
Mr. Ranodeb Roy <sup>(1)</sup>	Non-Executive Non-Independent	1	1	100	60,000
Mr. Santanu Mukherjee	Independent	4	4	100	2,40,000

1. Ceased to be Member of the CSCB effective July 30, 2021

**CSCB Composition - (as on date)****Terms of reference**

Terms of reference of the CSCB is given below:-

- To formulate a comprehensive deposit policy;
- To monitor product approval process with a view to suitability and appropriateness;
- To conduct annual survey of depositor satisfaction;
- To conduct triennial audit of such services;
- To review Regulatory guidelines issued from time to time and formulate policy for their implementation;

6. To set up a grievance redressal mechanism for the Bank to handle customer complaints;
7. To monitor and follow up complaints / grievances escalated to be resolved by Banking Ombudsmen of the various States;
8. To implement awards under the Banking Ombudsman Scheme;
9. To address issues of systemic deficiencies, if any, brought out by the awards;
10. To monitor awards remaining unimplemented for more than three months with the reasons (for a report to the Board) for such delays in implementation and for initiating necessary remedial action;
11. To review customer service / customer care aspects in the Bank and submit a detailed memorandum in this regard to the Board of Directors, once every six months and initiate prompt corrective action wherever service quality / skill gaps have been noticed;

12. To oversee and review / modify the initiatives taken by Customer Service Committee of the branches and other departments; and
13. To address any other issues having a bearing on the quality of customer service rendered, such as examining reports on no. and nature of complaints received and status of resolution thereof, etc.

### Special Committee for Monitoring High Value Frauds

The Special Committee for Monitoring High Value Frauds ('SCMHVF') was constituted as per Master Directions on Frauds issued by RBI for commercial banks. The Committee is required to meet and review as and when a fraud involving an amount of ₹1 crore and above comes to light.

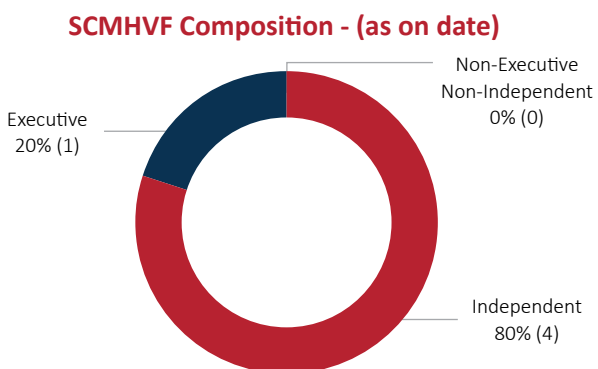
### Meetings of the Special Committee for Monitoring High Value Frauds

As on March 31, 2022, the SCMHVF comprised five Directors, including four Independent Directors and the Managing Director & CEO, and was chaired by Mr. Suhail Chander, Independent Director. During FY 2021-22, the SCMHVF met twice, i.e., on May 20, 2021 and August 31, 2021.

### Composition (as on March 31, 2022) and attendance - SCMHVF

Name of Member	Category	Number of Meetings during FY 2021-22 (two meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Suhail Chander, Chairman	Independent	2	2	100	1,20,000
Mr. Chandra Shekhar Ghosh	Executive	2	2	100	NA
Mr. Snehomoy Bhattacharya	Independent	2	2	100	1,20,000
Mr. Subrata Dutta Gupta	Independent	2	2	100	1,20,000
Mr. Vijay Nautamlal Bhatt	Independent	2	2	100	1,20,000

**Note:** Post March 31, 2022, Mr. Snehomoy Bhattacharya ceased to be a member of the SCMHVF effective July 09, 2022, whereas Mr. Philip Mathew, Independent Director was appointed as member of the SCMHVF effective June 19, 2022



### Terms of reference

Terms of reference of the SCMHVF is given below:-

1. To identify the systematic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same;
2. To identify the reasons for delay in detection, and/or reporting to top management of the Bank and RBI, if any;

3. To monitor progress of investigation by law enforcing agencies and recovery position;
4. To ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;
5. To review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls; and
6. To put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

### Stakeholders Relationship Committee

The Bank has a Stakeholders Relationship Committee of the Board ('SRCB'), constituted in accordance with the provisions of Section 178(5) of the Companies Act and Regulation 20 of the SEBI LODR, to specifically look into various matters relating to Shareholders, including the transfer and transmission of shares, issue of share certificates (including the issue of renewed or duplicate share certificates), claims of unclaimed dividend and shares lying in the suspense account as well as with IEPF Authority, non-receipt of Annual Report and so on. Additionally, the Committee also looks into other issues, such as, the status of dematerialisation/ re-materialisation of shares as well as systems and procedures followed to track investor complaints and suggests measures for improvement, from time to time, and the matters related to unsecured debentures issued by the Bank.

### Meetings of the Stakeholders Relationship Committee

As on March 31, 2022, the SRCB comprised four Directors, including three Independent Directors and was chaired by Mr. NVP Tendulkar, Independent Director. During FY 2021-22, the SRCB met four times, i.e., on May 20, 2021, August 30, 2021, November 30, 2021 and February 10, 2022. The SRCB meets on a quarterly basis.

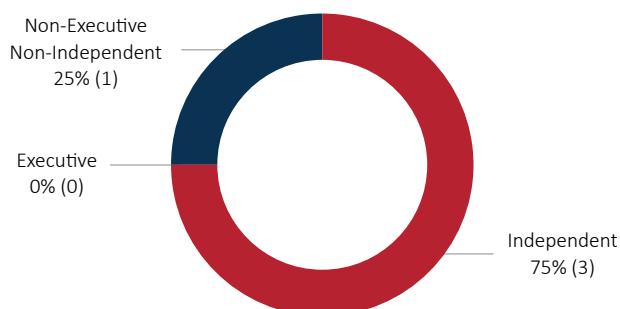
The last AGM of the Bank was held on August 06, 2021, which was attended by Mr. NVP Tendulkar, Chairman of the SRCB. Mr. Indranil Banerjee is the Company Secretary and Compliance Officer of the Bank in terms of the SEBI LODR.

### Composition (as on March 31, 2022) and attendance - SRCB

Name of Member	Category	Number of Meetings during FY 2021-22 (four meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Narayan Vasudeo Prabhutendulkar, Chairman	Independent	4	4	100	2,40,000
Mr. Ranodeb Roy	Non-Executive Non-Independent	4	3	75	1,80,000
Mr. Snehomoy Bhattacharya	Independent	4	4	100	2,40,000
Ms. T. S. Raji Gain	Independent	4	4	100	2,40,000

**Note:** Post March 31, 2022, Mr. Ranodeb Roy and Mr. Snehomoy Bhattacharya ceased to be members of the SRCB effective May 11, 2022 and July 09, 2022, respectively, whereas Ms. Divya Krishnan, Non-Executive Non-Independent Director and Mr. Philip Mathew, Independent Director were appointed as Members of the SRCB effective June 19, 2022.

### SRCB Composition - (as on date)



### Terms of reference

Terms of reference of the SRCB is given below:-

- Review the mechanism adopted for redressing the grievance of shareholders, debenture holders and deposit holders and other security holders and the status of such redressal;
- Considering and resolving the grievances of the security holders of the Bank including complaints related to transfer/transmission of shares, non-receipt of the annual report, non-receipt of declared dividends, general meetings, etc.;
- Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Issuing duplicate certificates and new certificates on split/consolidation/renewal;
- Dematerialisation / rematerialisation of shares;
- Transfer / transmission of shares and their redressal;
- Monitoring and supervision of the Registrar and Transfer Agent (RTA) and review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the RTA;
- Review of the activities of the services provided to the security holders relating to the various services rendered by the Secretarial Department, Investor Services Department, various initiatives taken to inter-alia to reduce quantum of unclaimed dividends, status of claims received, ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the Bank and process for unclaimed shares, uploading of data relating to unclaimed dividends on the website of Investor Education & Protection Fund and the Bank;
- Review the Action Taken Report in respect of recommendations made by the Committee;
- Review the status of the litigation(s) filed by/ against the security holders of the Bank;
- Review the mechanism adopted to review, monitor and report transactions relating to securities which may be suspicious from a money-laundering perspective;
- The Committee shall perform such other functions as may be required under the relevant provisions of the Companies Act, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to Corporate Governance, as amended from time to time; and
- Review of measures taken for effective exercise of voting rights by shareholders.

### Status of Shareholders' Complaints as on March 31, 2022

Particulars	Total
Number of Shareholders' complaints pending at the beginning of the year	Nil
Number of Shareholders' complaints received during the year	424
Number of Shareholders' complaints disposed of during the year	424
Number of Shareholders' complaints unresolved at the end of the year	Nil

There was no investor complaint pending against the Bank as on March 31, 2022 on SCORES, the web-based complaint redressal system of SEBI.

Pursuant to the authorisation by the Board and/or the SRCB, the Company Secretary is authorised to approve Transmission/ Sub-division/Consolidation/Renewal/Replacement/Issue of Duplicate Share Certificate(s)/Deletion of Name(s) and Dematerialisation/Rematerialisation of shares of the Bank. A summary of transfer/transmission, etc., of securities of the Bank so approved by the Company Secretary is placed at the SRCB meeting. A certificate from a Practising Company Secretary is obtained on a yearly basis, as per the provisions of Regulations 40(9) & (10) of SEBI LODR, relating to compliance with the formalities of share transfer and the same is also filed with the Stock Exchanges.

However, as an on-going measure to enhance ease of dealing in securities market by investors, SEBI has issued various circulars during recent times. One of such circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated the listed entities to issue securities in dematerialized form only, while processing specified service requests made by the physical security holders. The Circulars specify the manner in which such requests are required to be entertained by the listed entities and the manner in which the dematerialization of securities are required to be completed. The Bank encourages the shareholders to hold the shares in dematerialized mode

and necessary details with regard to these are provided on the website of the Bank.

Further, in compliance with Regulations 7(2) & 7(3) of SEBI LODR, a Compliance Certificate is filed with the Stock Exchanges where the shares of the Bank are listed. The said certificate is duly signed by both the Company Secretary & Compliance Officer of the Bank and the authorised representative of the Share Transfer Agent, on a yearly basis, certifying that all activities relating to share transfer facility of the Bank are maintained by KFin Technologies Limited, Registrar and Share Transfer Agent ('RTA') of the Bank.

### Committee of Directors

The Committee of Directors ('COD') was constituted by the Board to consider and sanction loan proposals exceeding ₹50 crore in case of Non-Banking Financial Company Non-Micro Finance Institutions (NBFC Non-MFIs) and exceeding ₹200 crore for NBFC MFIs, within the prudential limits, and to handle any other issue as may be decided by the Board of Directors, from time to time, including borrowing of funds for the Bank.

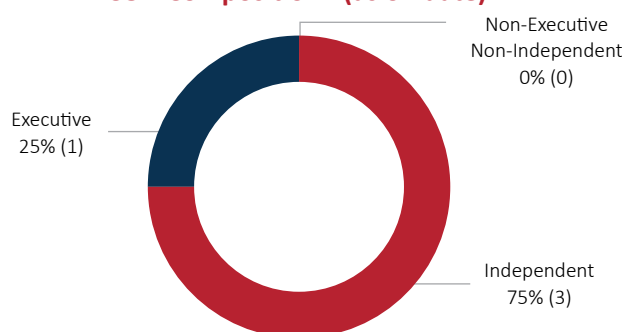
### Meetings of the Committee of Directors

As on March 31, 2022, the COD comprised four Directors, including three independent Directors and was chaired by the Managing Director & CEO. During FY 2021-22, the COD met eleven times, i.e., on April 23, 2021, June 24, 2021, August 24, 2021, September 23, 2021, November 26, 2021, December 24, 2021, January 10, 2022, February 10 and 28, 2022, and March 10 and 24, 2022.

### Composition (as on March 31, 2022) and attendance - COD

Name of Member	Category	Number of Meetings during FY 2021-22 (eleven meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Chandra Shekhar Ghosh, Chairman	Executive	11	11	100	NA
Mr. Santanu Mukherjee	Independent	11	11	100	6,60,000
Mr. Suhail Chander	Independent	11	10	91	6,00,000
Mr. Subrata Dutta Gupta	Independent	11	11	100	6,60,000

### COD Composition - (as on date)



### Annual General Meetings

(Details of Annual General Meetings for the previous three financial year are as under)

Sl. No.	Particulars of meeting	Location	Date & Time	Special Resolutions passed, if any
1.	5 <sup>th</sup> Annual General Meeting	Mini Auditorium, Biswa Bangla Convention Centre, DG Block (Newtown), Action Area I, New Town, West Bengal 700 156	June 28, 2019 at 11:00 A.M.	Three special resolutions were passed
2.	6 <sup>th</sup> Annual General Meeting	DN-32, Sector V, Salt Lake, Kolkata – 700091 (through VC)	August 21, 2020 at 11:00 A.M.	Two special resolutions were passed
3.	7 <sup>th</sup> Annual General Meeting	14 <sup>th</sup> Floor, Adventz Infinity@5, BN-5, Sector V, Salt Lake City, Kolkata – 700091 (through VC)	August 06, 2021 at 11:00 A.M.	Three special resolutions were passed



### Postal Ballot

During the financial year under review, no resolution, whether ordinary or special, was passed by the members of the Bank through Postal Ballot. Further, no special resolution is proposed to be conducted through Postal Ballot. None of the businesses proposed to be transacted at the ensuing AGM of the Bank require passing a resolution through Postal Ballot.

### Other Disclosures

#### Management Discussion & Analysis Report

The Management Discussion & Analysis Report, giving an overview of the industry, the Bank's business and its financials, is provided separately as **Annex - 5** to the Board's Report and forms part of this Annual Report.

#### Disclosure on Material Subsidiary

The Bank does not have a subsidiary, at present. Therefore, requirement to formulate a policy for determining 'material' subsidiary is not applicable to the Bank.

#### Commodity Price Risks, Foreign Exchange Risks and Hedging Activities

Your Bank has not taken any position in commodity. The Bank has no foreign currency liability, neither in foreign currency bonds nor bilateral or syndicated loans. Your Bank has a Board approved Market Risk Policy which defines a risk control framework for undertaking any foreign exchange risk. Vide Market Risk Policy, the Board of your Bank has defined an overall Net Overnight Open Position (NOOP) Limit, Stop Loss Limit, Aggregate Gap Limit (AGL), Value at Risk (VaR) Limit to control the foreign exchange risk within its risk control framework.

#### Accounting Treatment

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and in compliance with the requirements prescribed under the Third Schedule (Form A and Form B) of the BR Act. The accounting and reporting policies of your Bank used in the preparation of the financial statements conform to Generally Accepted Accounting Principles in India ('Indian GAAP'), the guidelines issued by RBI, from time to time, the accounting standards notified under Section 133 and other relevant provisions of the Companies Act, read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, as amended from time to time, to the extent applicable, and practices generally prevalent in the banking industry in India.

#### Indian Accounting Standard (IND AS) implementation

RBI had issued a circular in February 2016 requiring banks to implement the Indian Accounting Standards ('Ind AS') and prepare Ind AS financial statements with effect from April 01, 2018.

In line with RBI guidelines on Ind AS implementation, your Bank has formed a Steering Committee comprising members from the concerned functional areas. As advised by RBI, your Bank has also submitted Proforma Ind AS financial statements every quarter starting from the quarter ended June 30, 2018 to RBI.

However, RBI in its press release issued on March 22, 2019 has deferred the applicability of Ind AS till further notice for Scheduled Commercial Banks.

Your Bank has made a diagnostic study to identify the gaps, process and system changes required to implement Ind AS and is in the process of implementing necessary changes in its IT system and other processes. The Bank is regularly holding workshops and training for its staff.

#### Related Party Transactions

There were no materially significant transactions with related parties during the financial year 2021-22, which could lead to a potential conflict of interest between the Bank and these parties. Related Party Transactions that were entered into during the financial year 2021-22 were on an arm's length basis and were in the ordinary course of the Bank's business. Weblink for your Bank's Policy on dealing with Related Party Transactions is [https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-04/Related\\_Party\\_Transaction\\_Policy\\_0.pdf](https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-04/Related_Party_Transaction_Policy_0.pdf). Further details are provided in the Board's Report.

#### Penalties and Strictures for last three financial years

With regard to the matters related to the capital market, there was no non-compliance neither penalties nor strictures imposed on your Bank by the Stock Exchanges and/ or SEBI and/ or any other statutory authorities during the last three financial years.

#### Whistle Blower Policy & Vigil Mechanism

The Bank has adopted the Board approved 'Policy on Vigilance and Whistle Blower Mechanism', as required under Section 177 of the Companies Act, Regulation 22 of SEBI LODR and applicable circulars issued by RBI, in this regard. The said Policy provides for adequate safeguards against the victimisation of the Directors and employees who avail this mechanism and ensures that the personnel gets direct access to the Chairman of the ACB as prescribed under the Companies Act and SEBI LODR. None of the Bank's personnel has been denied access to the ACB. The said Policy is available on the Bank's website at [https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-03/Annexure%20B-%20Revised%20Vigilance%20Policy%20Whistle%20Blower%20Mechanism\\_.pdf](https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-03/Annexure%20B-%20Revised%20Vigilance%20Policy%20Whistle%20Blower%20Mechanism_.pdf).

#### Code of Conduct

Your Bank has adopted a Code of Conduct for Directors and also a Code of Conduct for its senior management which are approved by the Board. The Code of Conduct for senior management attempts to set forth the guiding principles on which your Bank shall operate and, conduct its daily business with its multitudinous stakeholders, viz., shareholders, customers, employees, regulators. This Code is available on the Bank's website at <https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Code-Conduct-for-Senior-Management.pdf>. The Code of Conduct for Directors also contains a reference to the duties of the Independent Directors as laid down in Schedule IV to the Companies Act. This Code is also available on the Bank's website at <https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Code-Conduct-for-Directors.pdf>. As required under Regulation 26(3) of SEBI LODR, all Directors and senior management personnel have affirmed compliance with the Code of Conduct, as approved and adopted by the Board, for the financial year ended March 31, 2022.

Declaration, as required under Para D of Schedule V to the SEBI LODR, with respect to the financial year ended March 31, 2022,

duly signed by the Managing Director & CEO, is annexed to this Report.

### Policy for the Preservation of Documents

In accordance with Regulation 9 of the SEBI LODR, your Bank has framed a policy for the preservation of documents, which has been approved by the Board of Directors of the Bank. This Policy is intended to guide your Bank and its officers on the maintenance of any documents, their preservation and disposal. The said policy can be accessed on the Bank's website at <https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Policy-Preservation-of-Documents.pdf>.

### Policy for Determination of Materiality of Events/ Information and Archival Policy

In accordance with Regulation 30 of the SEBI LODR, your Bank has framed a policy for Determination of Materiality of Events/ Information, which provides guidance to the Board, management and staff on the assessment of the materiality of events, which will have bearing on the performance/operations of your Bank. The Policy has been reviewed and amended by the Board, during the financial year under review, primarily, to align its provisions with the recent SEBI LODR amendments. The Policy is available on the Bank's website at [https://bandhanbank.com/sites/default/files/2021-11/Determination\\_of\\_Material\\_Event\\_Information.pdf](https://bandhanbank.com/sites/default/files/2021-11/Determination_of_Material_Event_Information.pdf). Further, your Bank has a Board approved Archival Policy in line with the requirements of SEBI LODR to ensure that information relating to your Bank is adequately disclosed on its website as required by law. The policy has been uploaded on the Bank's website at <https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Archival-Policy.pdf>.

### Code of Conduct for Prevention of Insider Trading

Your Bank has adopted a Code of Conduct for Prevention of Insider Trading in the securities of the Bank ('PIT Code') in line with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The PIT Code, *inter-alia*, prohibits trading in the securities of your Bank by insiders while in possession of any Unpublished Price Sensitive Information ('UPSI') in relation to the Bank. Your Bank has also adopted a Board approved Code of Practices and Procedure for Fair Disclosure of UPSI, which is available on the website of the Bank at <https://bandhanbank.com/corporate-governance#retabthree>. The Board reviews the PIT Code on an annual basis and whenever required. The PIT Code has been reviewed during the financial year under review, primarily, to align it with the recent amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and has been duly approved by the Board. The Company Secretary of your Bank acts as the 'Compliance Officer' in terms of the PIT Code and is responsible for implementation and overseeing compliance with the PIT Code across the Bank. The cases of violations observed during the financial year were submitted to the Disciplinary Committee of the Bank and accordingly, the intimation, with regard to the action taken by your Bank along with the details of the penal amount remitted to the Investor Protection and Education Fund maintained by SEBI, were submitted to the Stock Exchanges from time to time. Your Bank has also undertaken various initiatives during the financial year to spread awareness amongst the employees of your Bank about the provisions of the PIT Code. Your Bank has automated the process for submission of declarations

and disclosures by designated persons through Structured Digital Database (SDD). The report on the compliance with the PIT Code is being submitted to the ACB/Board periodically.

### Dividend Distribution Policy

Your Bank has adopted the Dividend Distribution Policy to determine the distribution of dividends in accordance with the provisions of applicable laws. The details of the same are provided in the Board's Report of this Annual Report.

### Directors and Officers Insurance (D & O Policy)

Your Bank has in place a Directors and Officers Liability Policy (D & O Policy) for all its Directors, with the quantum and risks determined by its Board of Directors. The Policy covers management liability, company securities, investigation cost, Non-Executive Directors' protection, investigation, extradition, outside directorship, bodily injury and property damage defence costs, assets and liberty, etc.

### Complaints pertaining to Sexual Harassment

The details of complaints filed and disposed of during the financial year as well as pending cases pertaining to sexual harassment are provided in the Board's Report of this Annual Report.

### Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI LODR

During the financial year under review, your Bank has not raised any funds through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI LODR.

### Compliance with Mandatory Requirements

Your Bank has complied with all the applicable mandatory requirements of Corporate Governance as prescribed under the SEBI LODR.

### Tentative period of Board Meetings for the financial year ending March 31, 2023

The tentative period of the meetings of the Board of Directors for the consideration of quarterly financial results for the financial year ending March 31, 2023 are as follows:

Quarter	Tentative period of Board Meetings
First quarter ending on June 30, 2022	Within 45 days from the end of quarter
Second quarter ending on September 30, 2022	Within 45 days from the end of quarter
Third quarter ending on December 31, 2022	Within 45 days from the end of quarter
Fourth quarter ending on March 31, 2023	Within 60 days from the end of quarter

### Compliance with Non-Mandatory Requirements

#### a) The Board

The expenses pertaining to the office of the Non-Executive Chairman is maintained by the Bank along with the reimbursement of all the expenses incurred by the Chairman while performing his duties.

#### b) Shareholder Rights

Your Bank publishes its financial results every quarter on its website at [www.bandhanbank.com](http://www.bandhanbank.com), which is accessible to the public at large. The same is also available on the

websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited ('NSE'). Along with the quarterly results, detailed earnings updates are also hosted on the website of the Bank. Further, a quarterly investors'/ analysts' conference call is made to discuss the financial results and performance of the Bank, the audio recording of which are hosted on the website of the Bank. The Bank's results for each quarter is published in English newspaper having nationwide circulation and in Bengali newspaper (viz., Financial Express and Bartaman), whereas the financial highlights are also published in English as well as Bengali newspaper (viz. Economic Times, Mint, Business Standard, Business Line, Hindu Ananda Bazar Patrika, Ei Samay, Aajkaal, Dainik Statesman, Arthik Lipi, etc.). In view of the foregoing and the fact that the financial results of the Bank are available in the public domain and easily accessible, the half-yearly results of the Bank are not sent to shareholders individually.

**c) Modified Opinion(s) in Audit Report**

The Independent Audit Report issued by the Joint Statutory Auditors of your Bank on the financial statement for the financial year ended March 31, 2022, is with unmodified audit opinion. The Bank continues to adopt the best practices to ensure a regime of unqualified financial statements.

**d) Separate posts of Chairperson and the Managing Director or the Chief Executive Officer**

Your Bank has separate office for the Non-Executive Chairman and the Managing Director & CEO. The Non-Executive Chairman of your Bank is not related to any directors of your Bank including the MD&CEO.

**e) Reporting of Internal Auditor**

The Reporting of the Chief Audit Executive of the Bank is guided by the extant RBI Circular.

**Means of Communication**

The Board of your Bank has been approving the quarterly financial results well within the stipulated time of 45 days from the end of respective quarters and the audited annual financial results for the quarter and year ending on March 31 within 60 days from the end of the financial year. The financial results are promptly submitted to the stock exchanges and are published in English and Bengali (regional language) newspapers (viz., Financial Express and Bartaman), within 48 hours of the conclusion of the respective Board meetings at which such financial results are approved. The financial results, as well as press release, are simultaneously hosted on the Bank's website accessible at [www.bandhanbank.com](http://www.bandhanbank.com). The website also displays all official news releases by your Bank along with the earnings updates and presentations made to investors and analysts.

**Corporate Policies**

Sl. No.	Name of the Policy	Brief Description	Web link
1	Policy on Appointment and Fit & Proper Criteria for Directors	Your Bank has adopted the policy for appointment of Directors on the Board considering their fit and proper criteria including special knowledge or practical experience required for banking business.	<a href="https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-03/Policy-on-Appointment-and-Fit-and-Proper-Criteria-for-Directors.pdf">https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-03/Policy-on-Appointment-and-Fit-and-Proper-Criteria-for-Directors.pdf</a>
2	Policy on Vigilance and Whistle Blower Mechanism	Your Bank has adopted a whistle blower mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud.	<a href="https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-03/Annexure%20B-%20%20Revised%20Vigilance%20Policy%20%20Whistle%20Blower%20Mechanism_.pdf">https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-03/Annexure%20B-%20%20Revised%20Vigilance%20Policy%20%20Whistle%20Blower%20Mechanism_.pdf</a>
3	Policy on dealing with Related Party Transaction	The Policy regulates all transactions between the Bank and its related parties.	<a href="https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-04/Related_Party_Transaction_Policy_0.pdf">https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-04/Related_Party_Transaction_Policy_0.pdf</a>
4	Policy for Determination of Materiality	This Policy applies to disclosures of material information/events for your Bank.	<a href="https://bandhanbank.com/sites/default/files/2021-11/Determination_of_Material_Event_Information.pdf">https://bandhanbank.com/sites/default/files/2021-11/Determination_of_Material_Event_Information.pdf</a>
5	Dividend Distribution Policy	Your Bank has adopted the Dividend Distribution Policy to determine the distribution of dividends in accordance with the provisions of Circulars issued by RBI, from time to time, and applicable laws.	<a href="https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/Dividend_Distribution_Policy.pdf">https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/Dividend_Distribution_Policy.pdf</a>
6	CSR Policy	The Policy outlines your Bank's strategy to bring about a positive impact on society through programs relating to skill development, poverty alleviation, education, healthcare, sanitation, water conservation, afforestation.	<a href="https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021_1.pdf">https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021_1.pdf</a>

Sl. No.	Name of the Policy	Brief Description	Web link
7	Compensation Policy	This Policy formulates the criteria for determining the remuneration of the directors, KMP, senior management and other employees.	<a href="https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-02/Compensation_Policy_2022.pdf">https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-02/Compensation_Policy_2022.pdf</a>
8	Policy on Preservation of Documents	The Policy formulates categories of documents to be preserved as per regulatory requirements.	<a href="https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Policy-Preservation-of-Documents.pdf">https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Policy-Preservation-of-Documents.pdf</a>
9	Archival Policy	The Policy deals with the retention and archival of corporate records of your Bank.	<a href="https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Archival-Policy.pdf">https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Archival-Policy.pdf</a>

The Board has been reviewing the above policies, from time to time, to align with the regulatory and business requirements.

### General Shareholder Information:

1)	Corporate Identity Number ('CIN') Address for Correspondence	L67190WB2014PLC204622 <b>Registered Office:</b> DN-32, Sector- V, Salt Lake, Kolkata- 700 091 <b>Head Office:</b> Floors 12-14, Adventz Infinity@5, BN 5, Sector V, Salt Lake City, Kolkata- 700 091 <b>Contact:</b> Mr. Indranil Banerjee, Company Secretary & Compliance Officer (Nodal Officer for IEPF related matters) <b>Phone Number:</b> 033 6609 0909 <b>E-mail ID:</b> investors@bandhanbank.com <b>Website:</b> www.bandhanbank.com
2)	Date, Time and Venue of the Annual General Meeting ('AGM')	8 <sup>th</sup> AGM of the Bank will be held on <b>Wednesday, August 10, 2022, at 11:00 A.M.</b> Since the AGM will be conducted through VC / OAVM pursuant to the MCA General Circular Nos. 02/2022 dated May 05, 2022 read with General Circular No. 20/2020 dated May 05, 2020, as such, there is no requirement to arrange a venue for the 8 <sup>th</sup> AGM of the Bank. For details, please refer to the Notice of the 8 <sup>th</sup> AGM.
3)	AGM Webcast link	<a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a>
4)	Financial Year	April 01, 2021 to March 31, 2022
5)	Date of Book Closure	Thursday, August 04, 2022 to Wednesday, August 10, 2022 (both days inclusive)
6)	Dividend Payment Date	No dividend has been recommended by the Board for FY 2021-22
7)	Listing on Stock Exchanges	i) National Stock Exchange of India Limited ('NSE') Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 ii) BSE Limited ('BSE') Phiroze Jeejabhoy Towers, Dalal Street, Fort, Mumbai – 400 001  The Bank has duly paid the Annual Listing Fees to NSE & BSE for the financial year 2022-23. During the financial year under review, the equity shares of the Bank were not suspended from trading on the said Stock Exchanges, where the shares of the Bank are listed or by any Regulatory / Statutory Authority.
8)	Stock Code	NSE Symbol – BANDHANBNK BSE Scrip Code – 541153
9)	Registrars & Share Transfer Agent (both Physical & Demat Segments) (Equity & Debentures)	<b>KFin Technologies Limited</b> <i>(formerly, known as KFin Technologies Private Limited)</i> Selenium Tower B, Plot No 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Hyderabad – 500 032, Telangana <b>E-mail ID:</b> einward.ris@kfintech.com <b>Website:</b> www.kfintech.com <b>Toll free number:</b> 1800-309-4001 <b>Name of the Contact Person: Mr. S.V. Raju / Mr. Vijayananda Banerjee</b> <i>(Deputy Vice President, Corporate Registry)</i>  Shareholders are requested to note that our RTA, has launched a mobile application - KPRISM and a website <a href="https://kprism.kfintech.com/">https://kprism.kfintech.com/</a> for our investors. Now, shareholders can download the mobile app and access his/her portfolio(s) serviced by Kfin. Check Dividend status, request for annual reports, change of address, change / update Bank mandate, download standard forms, etc. The android mobile application can be downloaded from Play Store Application by searching for "KPRISM".

## 10) Share Transfer System

The Bank's shares which are in dematerialised (demat) mode are transferable through the depository system.

With regard to shares held in physical mode, SEBI vide amendment to Regulation 40(1) of the SEBI LODR, with effect from April 01, 2019, mandated that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. Further, vide amendment dated January 24, 2022 to Regulation 40(1) of the SEBI LODR, SEBI has mandated that transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. Moreover, SEBI vide Circular dated January 25, 2022, has mandated that the listed companies shall henceforth issue the securities in dematerialized form only while processing certain service request as explained in subsequent section of this report.

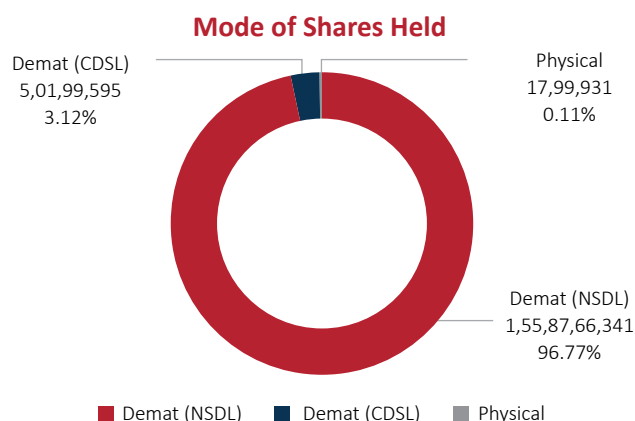
In view of the above, Shareholders holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic mode are effected through the depositories with no involvement of the Bank. Further, the Bank has also sent individual letter to the Shareholders holding shares in physical form to update their KYC, bank details and nomination details with the RTA/the Bank. The Bank has also implemented the process to issue 'letter of confirmation' pursuant to receipt of duly filled in form ISR-4 by the shareholders holding shares in physical mode.

Therefore, shareholders, holding shares in physical mode, are requested to get in touch with any Depository Participant registered with SEBI to open a Demat Account or may also visit website of depositories, viz., National Securities Depository Limited ('NSDL'), viz., <https://nsdl.co.in/services/demat.php> or Central Depository Services (India) Limited ('CDSL'), viz., <https://www.cdslindia.com/investors/open-demat.html>, for further understanding of the dematerialisation procedure.

## 11) Dematerialisation of Shares and Liquidity

The shares of your Bank are available for trading in the dematerialized form under both the Depository Systems in India - NSDL and CDSL. The annual custodian fees for the financial year 2022-23 have been paid to NSDL and CDSL. Trading in your Bank's shares can now be done only in the dematerialised form.

As on March 31, 2022, 160,89,65,936 Shares representing 99.89 per cent. of the total Share Capital of the Bank were held in dematerialised form. The International Securities Identification Number ('ISIN') of the Bank, as allotted by NSDL and CDSL, is **INE545U01014**.



## 12) Outstanding ADRs/GDRs/ Warrants or Any Convertible Instruments, Conversion Date and Likely Impact on Equity

Not applicable

13) Reconciliation of Share Capital Audit	<p>Reconciliation of Share Capital Audit in terms of Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 read with SEBI circular D&amp;CC/FITTC/CC/CIR/-16/2002 dated December 31, 2002, as amended, has been carried out by Company Secretary in Practice on quarterly basis, who reports on the reconciliation of total issued and listed capital with that of total share capital admitted/held in dematerialized form with NSDL and CDSL and those held in physical form. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.</p> <p>The quarterly Reports in this regard have been submitted to Stock Exchanges, viz., BSE and NSE, and were placed before the Board of Directors of the Bank for its review.</p>
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### Shareholders holding 1% and above as on March 31, 2022

Sl. No.	Name of Holder	No. of Shares	% of Total Holdings
1	Bandhan Financial Holdings Limited <sup>1</sup>	64,41,15,857	39.99
2	Housing Development Finance Corporation Limited	14,51,12,778	9.01
3	Caladium Investment Pte. Ltd.	12,54,44,201	7.79
4	Life Insurance Corporation of India	5,94,55,863	3.69
5	Fidelity Investment Trust Fidelity Series Emerging Markets Opportunities Fund	2,97,52,232	1.85
6	Stichting Depository APG Emerging Markets Equity Pool	2,74,85,473	1.71
7	Camas Investments Pte. Ltd.	2,24,23,184	1.39

1. Five Individuals held six equity shares as nominees of the Promoter, Bandhan Financial Holdings Limited ('BFHL'), and they are neither the promoters nor form part of the promoter group of the Bank. However, post March 31, 2022, these five individuals have transferred the said six equity shares to the beneficial owner of these shares i.e. BFHL. Consequently, these five individuals ceased to be the nominees of BFHL.

### Distribution Schedule as on March 31, 2022

Equity shares held	No. of Shareholders*	% of Shareholders	No. of Shares	% of Total Holdings
1- 5,000	4,42,031	94.40	2,91,95,083	1.81
5,001 – 10,000	12,026	2.57	89,55,814	0.56
10,001 – 20,000	7,046	1.50	1,00,61,900	0.62
20,001 – 30,000	2,347	0.50	59,47,889	0.37
30,001 – 40,000	1,299	0.28	46,17,303	0.29
40,001 – 50,000	726	0.16	33,43,492	0.21
50,001 – 1,00,000	1,279	0.27	89,45,239	0.56
1,00,001 and above	1,504	0.32	153,96,99,147	95.59
<b>Total</b>	<b>4,68,258</b>	<b>100.00</b>	<b>161,07,65,867</b>	<b>100.00</b>

\*Number of shareholders on the basis of folios

### Top 10 Shareholders as on March 31, 2022

Sl. No.	Name of Holder	No. of Shares	% of Total Holdings
1	Bandhan Financial Holdings Limited <sup>1</sup>	64,41,15,857	39.99
2	Housing Development Finance Corporation Limited	14,51,12,778	9.01
3	Caladium Investment Pte. Ltd.	12,54,44,201	7.79
4	Life Insurance Corporation of India	5,94,55,863	3.69
5	Fidelity Investment Trust Fidelity Series Emerging Markets Opportunities Fund	2,97,52,232	1.85
6	Stichting Depository APG Emerging Markets Equity Pool	2,74,85,473	1.71
7	Camas Investments Pte. Ltd.	2,24,23,184	1.39
8	Touchstone Strategic Trust- Touchstone Sands Capital Emerging Markets Growth Fund	1,16,95,459	0.73
9	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	1,09,48,092	0.68
10	International Finance Corporation	1,05,38,086	0.65

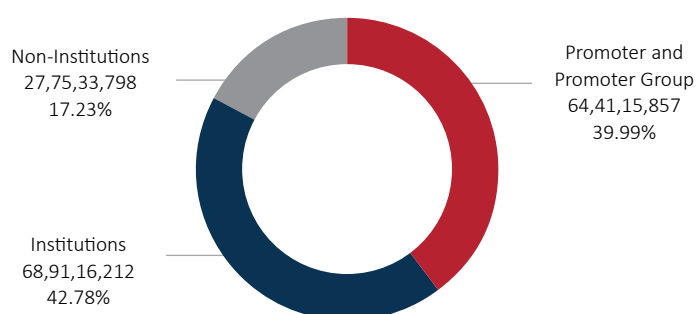
1. Five Individuals held six equity shares as nominees of the Promoter, Bandhan Financial Holdings Limited ('BFHL'), and they are neither the promoters nor form part of the promoter group of the Bank. However, post March 31, 2022, these five individuals have transferred the said six equity shares to the beneficial owner of these shares i.e. BFHL. Consequently, these five individuals ceased to be the nominees of BFHL.

**Categories of Shareholders as on March 31, 2022**

Sl. No.	Category of Shareholder	No. of Shares	% of Total Holdings
<b>(A)</b>	<b>Promoter and Promoter Group</b>		
(a)	Bandhan Financial Holdings Limited (Promoter)	64,41,15,857 <sup>(1)</sup>	39.99
(b)	Bandhan Financial Services Limited (Promoter)	0	0
(c)	Financial Inclusion Trust (Promoter)	0	0
(d)	North East Financial Inclusion Trust (Promoter)	0	0
(e)	Bandhan Konnagar (Promoter Group)	0	0
	<b>Sub-Total</b>	<b>64,41,15,857</b>	<b>39.99</b>
<b>(B)</b>	<b>Public Shareholding</b>		
<b>(1)</b>	<b>Institutions</b>		
(a)	Mutual Funds /UTI	6,75,71,156	4.19
(b)	Financial Institutions /Banks	18,227	0
(c)	Foreign Portfolio Investors	55,26,22,646	34.31
(d)	Qualified Institutional Buyer	6,30,12,493	3.91
(e)	Alternative Investment Fund	58,91,690	0.37
<b>(2)</b>	<b>Non-Institutions</b>		
(a)	Bodies Corporate	15,63,34,062	9.71
(b)	Individuals	9,92,98,579	6.16
(c)	Clearing Members	21,58,302	0.13
(d)	Foreign Nationals	757	0
(e)	H U F	23,09,931	0.14
(f)	I E P F	7,70,630	0.05
(g)	NBFC	17,000	0
(h)	Non Resident Indians ('NRI')	40,54,876	0.25
(i)	NRI Non-Repatriable	22,86,078	0.14
(j)	Trusts	1,03,03,583	0.64
	<b>Sub-Total</b>	<b>96,66,50,010</b>	<b>60.01</b>
	<b>GRAND TOTAL (A+B)</b>	<b>1,61,07,65,867</b>	<b>100</b>

1. Five Individuals held six equity shares as nominees of the Promoter, Bandhan Financial Holdings Limited ('BFHL'), and they are neither the promoters nor form part of the promoter group of the Bank. However, post March 31, 2022, these five individuals have transferred the said six equity shares to the beneficial owner of these shares i.e. BFHL. Consequently, these five individuals ceased to be the nominees of BFHL.

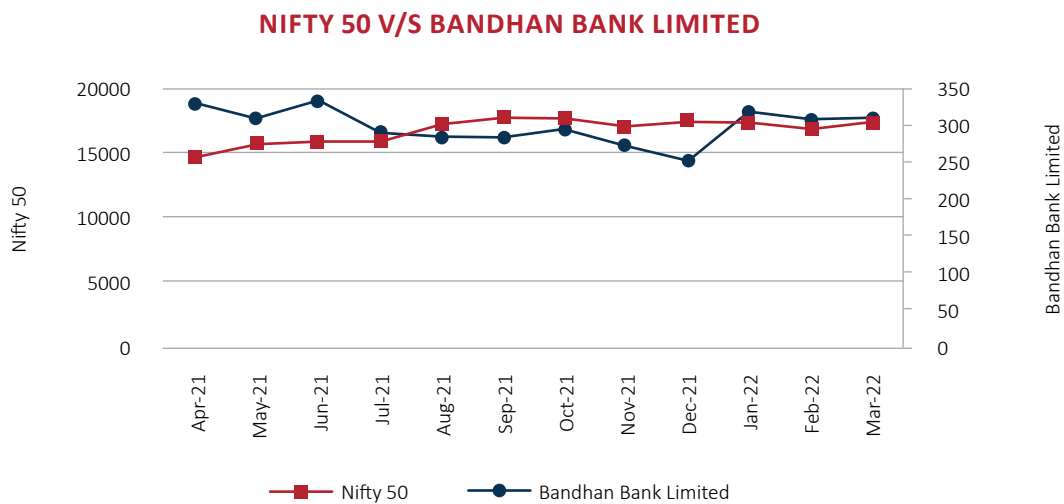
2. Equity Shares held by the Promoters are neither under pledge nor under lock-in.

**Category-wise Shareholding**

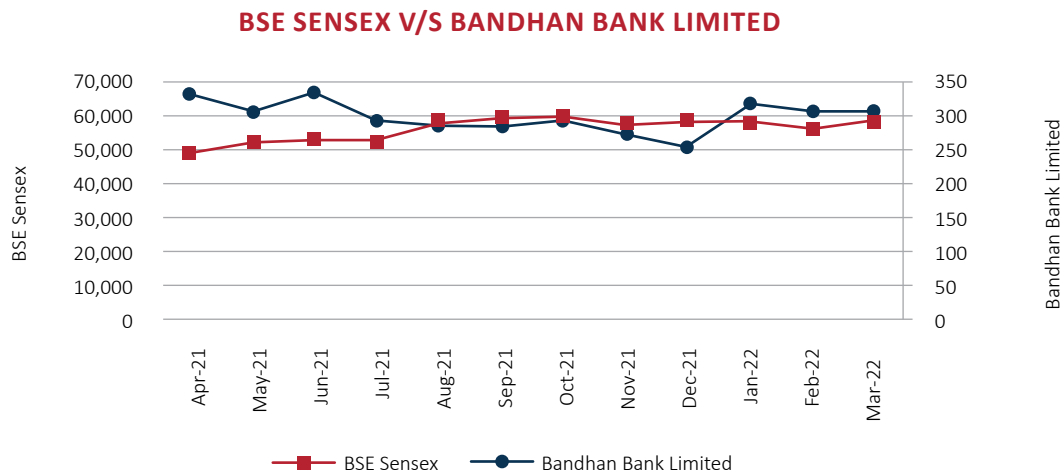
### Market Price Data: High and Low during each month in the financial year 2021-22

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-21	364.80	301.70	14,24,63,069	364.85	301.85	89,72,903
May-21	330.00	278.70	23,07,52,779	329.35	278.60	1,12,48,755
Jun-21	354.35	300.00	13,37,09,528	354.10	300.00	65,50,708
Jul-21	332.40	290.55	10,08,26,930	332.30	290.70	63,36,463
Aug-21	310.95	259.25	14,43,49,015	310.70	259.40	99,15,897
Sep-21	301.35	274.45	8,65,50,212	300.95	274.50	52,14,149
Oct-21	348.30	279.20	19,23,45,409	348.15	279.30	1,22,91,780
Nov-21	318.90	266.85	19,26,12,891	318.85	266.80	81,96,322
Dec-21	289.00	229.55	13,46,92,490	289.00	229.65	62,62,974
Jan-22	327.50	249.20	22,85,23,690	327.35	249.30	1,06,75,564
Feb-22	331.75	287.50	11,47,29,919	331.60	287.65	48,06,247
Mar-22	313.50	249.00	23,86,67,666	313.30	249.00	91,41,117

### Performance of the Bank's Equity Shares as compared with NSE Nifty Index during the FY 2021-22

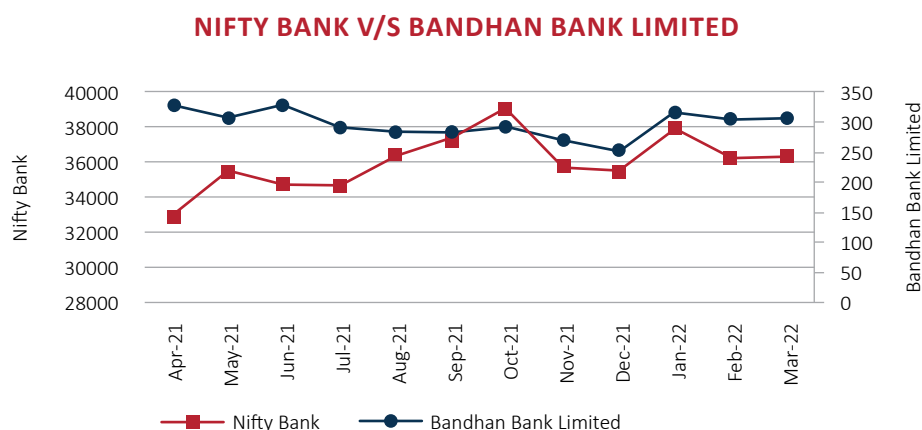


### Performance of the Bank's Equity Shares as compared with S&P BSE SENSEX during the FY 2021-22





## Performance of the Bank's Equity Shares as compared with Nifty Bank Index during the FY 2021-22



### Debenture Trustee

The SEBI LODR requires companies, which have listed their debt securities, to disclose the names of their debenture trustees with contact details in their Annual Report. Your Bank was having Non-Convertible Debentures ('NCD'), listed on the BSE, which were redeemed on September 02, 2021. Therefore, the Bank was not having any listed debt securities as on March 31, 2022. However, the details of Debenture Trustee for unlisted NCDs are as under:

#### IDBI Trusteeship Services Limited

Asain Building, Ground Floor, 17 R. Kamani Marg, Ballard Estate, Mumbai, Maharashtra 400 001, India  
 Contact: 022-40807000, +91 7208822299, +91 85915855821, 022-66311776  
 Email: itsl@idbitrustee.com  
 Website: <https://idbitrustee.com>

### Plant Locations

Being in the banking business, your Bank does not have any plant. However, your Bank has 4,450 Banking Units and 1,189 Branches as on March 31, 2022. The total number of ATMs as on March 31, 2022 was 471. The locations of the banking outlets are displayed on your Bank's website.

### Rating of Various Debt Instruments (As on March 31, 2022)

Details of rating of various debt instruments of your Bank for the financial year 2021-22 has been provided in the Board's Report forming part of this Annual Report.

### CEO and CFO Certification

The Managing Director & CEO and the CFO of the Bank give annual certification on financial reporting and internal controls to the ACB / Board in terms of Regulation 17(8) of SEBI LODR. The quarterly certificates for all the quarters on financial results were also placed before the ACB / Board in terms of Regulation 33(2) of SEBI LODR.

### Secretarial Audit Report

The Bank has obtained a Secretarial Audit Report, in Form MR-3, in terms of Section 204 of the Companies Act and Regulation 24A(1) of the SEBI LODR, from CS Anjan Kumar Roy, Practicing Company Secretary (C.P. No.: 4557). The details of the same have been provided in the Board's Report, which forms part of this Annual Report.

### Annual Secretarial Compliance Report

The Bank has obtained an Annual Secretarial Compliance Report, in the format prescribed by SEBI, in terms of Regulation 24A(2) of the SEBI LODR, read with the SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019, from CS Anjan Kumar Roy, Practicing Company Secretary (C.P. No.: 4557). The said Report has been duly filed with the Stock Exchanges and has been uploaded at the website of the Bank at [www.bandhanbank.com](http://www.bandhanbank.com).

### Compliance Certificate

A Certificate from CS Anjan Kumar Roy, Practicing Company Secretary (C.P. No.: 4557), regarding compliance with the conditions of Corporate Governance, as stipulated in SEBI LODR, is annexed to this Report and forms part of the Annual Report.

The Certificate from the Practicing Company Secretary will be sent to the Stock Exchanges along with the Annual Report of the Bank.

### Certificate on Directors status

None of the Directors of the Bank has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs ('MCA') or any such statutory authority. A Certificate to this effect from CS Anjan Kumar Roy, Practicing Company Secretary (C.P. No.: 4557) is annexed to this Report and forms part of the Annual Report.

### Directors E-KYC

The MCA, vide amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014, has mandated KYC of all the Directors through the e-form DIR-3 KYC. All Directors of the Bank have complied with the aforesaid requirement.

### Other Useful Information for Shareholders

#### 1) Unpaid/Unclaimed Dividends

Pursuant to provisions of Sections 124 and 125 of the Companies Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), wherein any dividend declared by the Bank, which remains unclaimed or unpaid for a period of seven years from the date of transfer to Unpaid Dividend Account of the Bank, is liable to be transferred to the Investor Education and Protection Fund ('IEPF').

Further, all the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall also be transferred to the IEPF Authority. However, the said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

Your Bank was incorporated on December 23, 2014. Since inception, your Bank has declared dividend in its 4<sup>th</sup>, 5<sup>th</sup> and 7<sup>th</sup> AGMs held in 2018, 2019 and 2021, respectively. Hence, your Bank is not required to transfer any unclaimed dividend amount to IEPF Authority. However, GRUH Finance Limited ('GRUH') amalgamated into and with your Bank with effect from October 17, 2019 and in light of the aforesaid provisions, the equity shares issued by your Bank as against the equity shares held by the shareholders of erstwhile GRUH and unclaimed dividend pertaining to such equity shares not claimed for seven consecutive years was required to be transferred to IEPF during FY 2021-22. Accordingly, such equity shares, in respect of which dividend has not been claimed for seven consecutive years or more from the date of transfer to unpaid dividend account, have been transferred to the demat account of the IEPF Authority. Further, the dividend that remained unclaimed for seven years, has also been transferred to IEPF during FY 2021-22.

The details of unclaimed dividends and shares transferred to IEPF Authority during FY 2021-22 are as follows:

Relevant Financial Year	Amount of unclaimed dividend transferred (amt. in ₹)	Number of shares transferred
2013-14	21,40,701	13,416

The concerned shareholder who has a claim on the above dividends/ shares may claim the same from IEPF Authority by following the below-mentioned steps:

1. By making an application in web based Form IEPF-5 available at <http://iepf.gov.in/IEPF/corporates.html> along with applicable fees; and
2. Sending the physical copy of such application duly signed by all the joint holders {as per registered specimen signature(s)} along with all the relevant documents enumerated in the aforesaid web based Form IEPF-5 to the Bank at its registered office or to the RTA for verification of their claim;
3. Shareholders may scan the whole set of documents and send the same to the Bank by email at [companysecretary@bandhanbank.com](mailto:companysecretary@bandhanbank.com) to enable quick processing.

In terms of the provisions of the IEPF Rules, your Bank is required to submit the e-verification report to the IEPF Authority within 30 days from the date of filing of web-based e-form IEPF-5. Accordingly, shareholders are requested to submit the original documents complete in all respect pertaining to the claim made through e-form IEPF-5 to the Bank or its RTA, at the address provided herein below, well before the prescribed timeline of 30 days, so as to enable us to file the e-verification report within 30 days of filing of such e-form

IEPF- 5 by them. Upon submission of e-verification report by your Bank, the IEPF Authority shall verify the documents as submitted by such shareholder and accordingly may approve/ reject such claim. In case, the aforesaid documents are not received within the timeline as specified above or incomplete documents are received, your Bank would be bound to file e-verification report for rejection of such claim.

In the interest of the shareholders, your Bank has sent reminders to the shareholders to claim their dividends/ equity shares, three months before the due date for transfer to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are available on the Bank's website under the investor relations section at [https://bandhanbank.com/sites/default/files/2022-04/SE\\_IntimationLetter\\_NewspaperPublication25042022.pdf](https://bandhanbank.com/sites/default/files/2022-04/SE_IntimationLetter_NewspaperPublication25042022.pdf).

The following tables gives information relating to unclaimed dividends and the dates by which they can be claimed by the shareholders from the Bank:

**a. For shareholders of the Bank:**

Financial Year	Date of Declaration of Dividend	Last date for claiming Dividend
2017-18	July 19, 2018	August 19, 2025
2018-19	June 28, 2019	July 29, 2026
2019-20	No dividend declared	Not Applicable
2020-21	August 06, 2021	September 06, 2028

**b. For shareholders of erstwhile GRUH which has merged with the Bank:**

Financial Year	Date of Declaration of Dividend	Last date for claiming Dividend
2014-2015	June 26, 2015	July 27, 2022
2015-2016	June 22, 2016	July 21, 2023
2016-2017	June 15, 2017	July 13, 2024
2017-2018	May 30, 2018	June 27, 2025
2018-2019	July 19, 2019	August 20, 2026

**2) Payment of Dividend through Electronic mode**

In terms of Regulation 12 and Schedule I of SEBI LODR, every listed entity is required to mandatorily make all payments to shareholders, including Dividend, through any RBI approved electronic mode of payments, viz., Direct Credit, Real Time Gross Settlement (RTGS), National Electronic Fund Transfer (NEFT), Electronic Clearing Service (ECS), National Automated Clearing House (NACH), etc. Your Bank would be entitled to use the bank account details of the shareholders available with the Depository Participant to facilitate payment through electronic mode.

Therefore, the Shareholders holding shares in demat mode are requested to update with their respective Depository Participants, core banking account number which is currently operative/active, including 9 digits MICR Code and 11 digits IFSC Code, E-Mail ID and Mobile No(s). Updation of E-mail IDs and Mobile No(s). will enable sending communication relating to the credit of dividend, uncashed dividend, etc.

### 3) Information to Physical Shareholders

#### Compulsory Furnishing of Documents/Details:

As an on-going measure to enhance the ease of doing business for investors in the securities market, the SEBI, vide its Circular dated November 03, 2021, read with Circular dated December 14, 2021, with subject 'Common and Simplified Norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination' ('SEBI Circular'), has mandated the following:

- Furnishing of PAN, KYC details and Nomination by holders of physical securities;
- Compulsory linking of PAN and AADHAAR by all holders of physical securities; and
- Freezing of folios without valid PAN, KYC details and Nomination.

#### Actionable:

Subject Matter	Action to be taken by Physical Shareholders		
Compulsory Linking of PAN with AADHAAR by March 31, 2023	Shareholders are requested to link their PAN with their AADHAAR number before March 31, 2023 or any other date, as may be specified by SEBI or any other regulatory authorities, so as to have valid PAN and avoid freezing of their folio.		
Compulsory furnishing of the following:	In case any of these information/documents are not provided earlier, the holders of physical shares of the Bank are required to furnish the same to the Bank's RTA, KFin Technologies Limited, in the manner as provided herein below:		
	Details to be provided	Documents required	Form for furnishing details
• PAN	Valid PAN	Self-certified copy of PAN duly linked with AADHAAR	
• Contact details (Postal address with PIN, Mobile number, E-mail address)	Contact Details: (i) Postal Address with PIN; (ii) Mobile Number; (iii) E-mail Address Demat Account details, if available	In case of change in address, self-certified copy of the Postal address proof as per point no. C (3) of Form ISR-1. It is compulsory to provide Mobile number and E-mail ID. Client Master List ('CML') of your Demat Account, provided by the Depository Participant.	<b>Form No. ISR - 1</b>
• Bank account details (bank name and branch, bank account number, IFS code); and	Bank Account Details: (i) Name of Bank & Branch; (ii) Account Number; (iii) IFS Code	<ul style="list-style-type: none"> <li>• Self-certified copy of Bank passbook; or</li> <li>• Bank Statement attested by Bank, in original; or</li> <li>• Original cancelled cheque leaf, bearing the name of the shareholder printed on it</li> </ul>	
• Specimen signature	Specimen Signature <i>[for shareholder whose specimen signature is not available with the RTA or who wish to update their existing signature in the records of the RTA]</i>	Banker's attestation of the signature of the holder(s); along with: <ul style="list-style-type: none"> <li>• Original cancelled cheque, bearing the name of the shareholder printed on it; or</li> <li>• Self-certified copy of Bank Passbook; or</li> <li>• Bank Statement attested by the bank</li> </ul>	<b>Form No. ISR - 2</b>
	Nomination details <i>[for shareholders who have not registered any nominee]</i>	Original copy of Nomination Form as provided in the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014	<b>Form No. SH-13</b>
	Change in Nomination <i>[for shareholders who have registered nominee(s), but, they wish to change/alter the same]</i>	Original copy of Variation of Nomination Form as provided in the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014	<b>Form No. SH-14</b>
• Nomination	Declaration to opt-out nomination <i>[for shareholders who have not registered any nominee and who do not wish to have any nominee]</i>	In case the holder does not wish to nominate any person, then the 'Declaration to Opt-out', shall be furnished in original	<b>Form No. ISR - 3</b>
	Cancellation of nomination <i>[for shareholders who have registered nominee(s), but, who no longer wish to have any nominee]</i>	<ul style="list-style-type: none"> <li>• Original copy of Cancellation of Nomination Form as provided in the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014; and</li> <li>• Form for 'Declaration to Opt out' is also required to be submitted</li> </ul>	<b>Form No. SH-14</b> <b>Form No. ISR - 3</b>

**Issue of Securities in DEMAT Form Only:**

As an ongoing measure to enhance the ease of dealing in securities market by the investors, the SEBI, vide its Circular dated January 25, 2022, has mandated that the listed companies shall henceforth issue the securities in dematerialized form only while processing the following service request:

Nature/Details of Request	Required Form
Issue of duplicate securities certificate	<b>ISR – 4</b> <i>(along with relevant documents)</i>
Claim from Unclaimed Suspense Account	
Renewal / Exchange of securities certificate	
Endorsement	
Sub-division / Splitting of securities certificate	
Consolidation of securities certificates/folios	
Transmission	
Transposition	

**Note:**

- SEBI has mandated that request for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository;
- Similarly, transmission or transposition of securities held in physical or dematerialized form and other service requests, as aforesaid, shall be effected only in dematerialized form.

**4) Total fees for all services paid by your Bank to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part**

Your Bank did not have any subsidiary as on March 31, 2022. The fees paid to Deloitte Haskins & Sells and M. M. Nissim & Co. LLP, Chartered Accountants, Joint Statutory Auditors of the Bank for FY 2021-22 is as under:

Nature of Services	Amt. in ₹ Crores
Audit Fees	0.97
Certification and Other Fees to Auditors	0.62
Tax Audit Fees	0.09
Others	0.30
<b>TOTAL</b>	<b>1.98</b>

At the 7th AGM of the Bank, the Shareholders while approving the remuneration of the Joint Statutory Auditors have given the power to the ACB / Board to alter and vary the terms and conditions of appointment and remuneration, including allocation of overall audit fees between the Joint Statutory Auditors depending upon their respective scope of work and/or by reason of necessity on account of conditions as may be stipulated by the RBI and / or any other authority, in such manner and to such extent as may be mutually agreed between the Bank and the said joint Statutory Auditors. Further, it was also mentioned that the remuneration paid to the Statutory Auditors will be disclosed in the Report on Corporate Governance as well as the Annual Financial Statements of the Bank.

Accordingly, the fees paid to the Joint Statutory Auditors have been reviewed and approved by the Audit Committee of the Board of the Bank under the power given by the Shareholders and disclosed hereinabove as well as notes to the annual financial statement forming part of this Annual Report.

**5) Equity Shares in the Suspense Account**

In terms of Regulation 39(4) read with Schedule VI of the SEBI LODR, the details of Equity shares lying in the suspense account are given below, which includes the equity shares issued by the Bank pursuant to the amalgamation of GRUH with the Bank against shares lying in the suspense account of erstwhile GRUH in terms of share exchange ratio:

Particulars	No. of cases	No. of shares
Aggregate number of shareholders and the outstanding shares as on April 01, 2021	290	4,17,915
Shareholders who approached the Bank for transfer of shares during the financial year	2	3,976
Shareholders to whom shares were transferred during the financial year	2	3,976
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Companies Act	0	0
Aggregate number of shareholders and the outstanding shares as on March 31, 2022	288	4,13,939

The voting rights on the equity shares lying in the suspense account as on March 31, 2022 shall remain frozen until the rightful owner claims such shares.

#### 6) Green Initiative in Corporate Governance

In furtherance of the 'Green Initiative in Corporate Governance' initiated by the MCA, the Bank once again requests all the shareholders, holding shares in dematerialised form and who have not yet registered their e-mail address, to register their e-mail address with the Bank for receiving notice/documents including Annual Report in electronic mode through their concerned Depository Participants. Shareholders who hold shares in physical form and who have not yet registered their e-mail address are requested to register their e-mail address with KFin Technologies Limited, RTA of the Bank.

For and on behalf of the Board of Directors  
**Bandhan Bank Limited**

**Anup Kumar Sinha**

Non-Executive (Independent) Chairman  
(DIN: 08249893)

Place: Kolkata

Date: July 13, 2022

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#### **Declaration as prescribed under Para D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

I confirm that for the financial year ended March 31, 2022, the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the provisions of the Bank's Code of Conduct for Board of Directors and Senior Management, respectively.

**Chandra Shekhar Ghosh**  
Managing Director & CEO  
(DIN: 00342477)

Place: Kolkata

Date: June 15, 2022

## CERTIFICATE ON CORPORATE GOVERNANCE

[Pursuant to Clause E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Members  
Bandhan Bank Limited  
DN-32, Sector-V, Salt Lake  
Kolkata – 700091

- A.** We have conducted an audit of compliance of corporate governance norms and procedures by **Bandhan Bank Limited** (CIN: L67190WB2014PLC204622), having its registered office at DN-32, Sector-V, Salt Lake, Kolkata – 700091 (here in after referred as **“the Bank”**) during the Financial Year ended March 31, 2022 pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with other applicable provisions of law during the aforesaid period.
- B.** That our audit is an independent audit of compliance of corporate governance norms and procedures as maintained by the Bank. That compliance of corporate governance norms and procedures is the responsibility of the Bank. That our audit is neither an opinion on financial statements of the Bank nor on future viability of the Bank or on effective management of the Bank.
- C.** In our opinion and to the best of our understanding, based on the records, documents, books and other information examined by us during the aforesaid audit, we confirm that the Bank has complied with the corporate governance norms and procedures, as referred above and to the extent applicable to the Bank, during the aforesaid period under scrutiny.

For, **ANJAN KUMAR ROY & CO.**  
Company Secretaries

**ANJAN KUMAR ROY**  
Proprietor  
FCS No. 5684  
CP. No. 4557

UDIN: F005684D000480422

Peer Review Certificate No. 869/2020

Place : Kolkata  
Date : June 15, 2022

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V, Para C, Clause (10)-(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Members  
Bandhan Bank Limited  
DN-32, Sector-V, Salt Lake  
Kolkata-700091

We have examined the relevant registers, records, forms, returns and disclosures from the Directors of **Bandhan Bank Limited** having CIN: L67190WB2014PLC204622 and having registered office at DN-32, Sector-V, Salt Lake, Kolkata – 700091 (here in after referred to as '**the Bank**'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V, Para-C, Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verification [including Directors Identification Number (hereinafter referred to as '**DIN**') status at the portal [www.mca.gov.in](http://www.mca.gov.in)] as considered necessary and explanations furnished to us by the Bank and its officers, we certify that none of the Directors on the Board of the Bank, as stated below for the Financial Year ended on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority.

Sl.No.	Name of Director	DIN	Date of appointment in the Bank
1	Dr. Anup Kumar Sinha	08249893	January 07, 2019
2	Mr. Chandra Shekhar Ghosh	00342477	December 23, 2014
3	Mr. Vijay Nautamlal Bhatt	00751001	May 08, 2020
4	Mr. Narayan Vasudeo Prabhutendulkar	00869913	May 08, 2020
5	Mr. Snehomoy Bhattacharya	02422012	July 09, 2015
6	Dr. Allamraju Subramanya Ramasastrri	06916673	August 08, 2018
7	Mr. Suhail Chander	06941577	March 19, 2021
8	Mrs. Thekedathumadam Subramani Raji Gain	07256149	August 06, 2015
9	Mr. Santanu Mukherjee	07716452	January 07, 2019
10	Mr. Subrata Dutta Gupta	08767943	March 19, 2021
11	Dr. Holger Dirk Michaelis	07205838	February 12, 2016
12	Mr. Ranodeb Roy*	00328764	July 26, 2016

\*Ceased to be the director of the Bank with effect from May 11, 2022

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

For, **ANJAN KUMAR ROY & CO.**  
Company Secretaries

**ANJAN KUMAR ROY**  
Proprietor  
FCS No. 5684  
CP. No. 4557

Place : Kolkata  
Date : June 15, 2022

UDIN: F005684D000480433  
Peer Review Certificate No. 869/2020

# Management Discussion & Analysis Report

## A. Global and Indian Economic Scenario

### 1. Global Economy – Turbulent Times

- a. Before the impact of COVID-19 pandemic could ease, the global economy faces another set of threats – geo-political conflicts involving one of the major powers, surge in commodity prices and high inflation in a number of advanced and emerging economies. Financial markets and crude oil prices are experiencing high volatility with the latter jumping to a 14-year high. According to the global composite purchasing managers' index ('PMI'), supply chain pressures are mounting leading to slowed output growth.
- b. International Monetary Fund ('IMF') projected moderation in the world's growth at 3.6 per cent. in 2022 from 6.1 per cent. in 2021. It is further expected to slow down to 3.6 per cent. in 2023, which is conditionally estimated on factors such as improved global health outcomes, and higher vaccination rates. The uncertainty about the trajectory of the pandemic and geopolitical tensions remain major challenges for near future.<sup>1</sup>
- c. The world is experiencing immediate shock, which is expected to persist for relatively longer period emanating from recent developments i.e. the pandemic, war, inflation, etc. Supply chain disruptions leading to global inflationary pressure on Food and Energy prices may increase financial stress and reduce global confidence. Subsequently, sanctions are hurting consumers directly and hence, the growth is expected to be impacted.
- d. As per the World Bank estimates, not all countries in the Asia Pacific region are equipped to sustain the above shocks and hence growth prospects in 2022 for the region have been revised to 5 per cent. from previously 5.4 per cent. which could further go down to 4 per cent. if situations worsen and national policies aren't robust enough to handle the current scenario.<sup>2</sup>
- e. To attain full economic recovery, international cooperation is most important among the economies. Policymakers who respond to the situation at hand with the inclusion of sound health policies to end access disparities, climate policies, fiscal, monetary and external policies as pivot are expected to fare better than the others.

### 2. Indian Economy –

- a. India's real gross domestic product ('GDP') grew at 8.7 per cent. during FY2021-22, according to National Statistical Office ('NSO'), Growth during the quarter ended March 31, 2022 was at 4.1 per cent., a four

quarter low, reflecting impact of Omicron wave on manufacturing and contact intensive services. As per Monetary Policy Committee ('MPC') of Reserve Bank of India ('RBI'), the growth projected for FY2022-23 is 7.2 per cent. with first quarter at 16.2 per cent.; second quarter at 6.2 per cent.; third quarter at 4.1 per cent. and fourth quarter at 4.0 per cent. Economic activity has experienced turbulence due to successive COVID-19 waves followed by geopolitical situations in the continent.<sup>3</sup>

- b. In the sectoral growth analysis, agriculture remains unperturbed during national lockdown and had growth in the last two financial years, continues to show similar growth of 3.0 per cent. during FY2021-22. Manufacturing grew at 9.9 per cent. in the same period against previous year contraction of 0.6 per cent. Contact intensive sectors are on the path to normalcy, thus trade, hotels and transport showed growth of 11.1 per cent. during FY2021-22<sup>4</sup>, which had experienced highest contraction during the pandemic.
- c. Consumer Price Index ('CPI') inflation stood at 6.9 per cent. in March 2022. RBI, in its Monetary Policy Committee meeting of June 2022, revised the CPI inflation projection to 6.7 per cent. for FY2022-23 with 7.5 per cent., 7.4 per cent., 6.2 per cent. and 5.8 per cent. during first, second, third and fourth quarter, respectively, of FY2022-23.<sup>5</sup> Inflation outlook faces risks due to lingering war and sanctions, elevated oil and commodity prices, prolonged supply chain disruptions, accentuated global financial market volatility in major economies and renewed waves of COVID-19 across countries. Wholesale Price Index ('WPI') stood at 14.6 per cent. in March 2022.
- d. Owing to higher expenditure and lower receipt during the pandemic, India's fiscal deficit was 9.2 per cent. of GDP during FY2020-21. It improved to 6.7 per cent. during FY2021-22 owing to higher tax realisation. The tax receipts during the fiscal were ₹18.2 trillion against revised estimate ('RE') of ₹17.7 trillion. Fiscal deficit is expected to further fall to 6.4 per cent. for FY2022-23 budget estimate ('BE').<sup>6</sup>
- e. Exports during FY2021-22 was US\$ 417.8 billion but was outpaced by the imports at US\$ 610.2 billion for the same period, leading to trade deficit of US\$ 192.4

1 <https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022>

2 <https://openknowledge.worldbank.org/bitstream/handle/10986/37097/9781464818585.pdf>

3 <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPR0804223897C8D9006C4981AEB943DEDD6F98.PDF>

4 <https://economictimes.indiatimes.com/news/economy/indicators/gdp-grows-by-8-7-in-fy22-q4-gdp-slows-to-4-1/articleshow/91914997.cms?from=mdr>

5 <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR3336416D60D22514022BC8C197A992D837C.PDF>

6 <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPR0804223897C8D9006C4981AEB943DEDD6F98.PDF>



billion. As per preliminary data released by Ministry of Commerce and Industry ('MoCI'), share of petroleum imports in India's total imports was 26 per cent. during FY2021-22, of which the value of inbound shipments nearly doubled up (94 per cent.) as compared to a year earlier due to rise in global crude oil prices.<sup>7,8</sup>

- f. In MPC meeting in April 2022, RBI kept the repo rate under the liquidity adjustment facility ('LAF') unchanged at 4.0 per cent. The central bank maintained the accommodative stance though focused at withdrawal of accommodation to support growth. The decisions are on the expected lines of the market to achieve targeted inflation level of 4.0 per cent. within +2.0 per cent. band along with focus on growth.<sup>9</sup>
- g. However, in the unscheduled MPC meeting in May 2022, the repo rate was raised by 40 basis points ('bps') to 4.40 per cent., taking into account high geopolitical uncertainty, global price dynamics, and supply chain disruptions. In June 2022 meeting, MPC further raised the policy rate by 50 bps to 4.90 per cent. and withdrew the accommodative stance of monetary policy.
- h. Money supply (M3) and bank credit by commercial banks rose (Y-o-Y) by 8.7 per cent. and 9.6 per cent., respectively, as at end-March, 2022. India's foreign exchange reserves increased by US\$ 30.3 billion to US\$ 607.3 billion in FY2021-22.<sup>10</sup>

## B. Indian Banking Sector : Key Developments

1. Non-food bank credit registered a growth of 9.7 per cent. in March 2022 as compared to 4.5 per cent. in March 2021. Credit growth to services sector accelerated to 8.9 per cent. in March 2022 as compared to 3.0 per cent. a year ago, mainly due to significant improvement in credit growth to NBFCs and robust credit offtake in 'trade' and 'transport operators'. Personal loans segment continued to expand at a robust rate and grew by 12.4 per cent. in March 2022 from 10.7 per cent. in March 2021.<sup>11</sup>

Sector	Growth	
	March 2022	March 2021
Agriculture & allied activities	9.9%	10.5%
Industries	7.1%	0.4%
i. Micro and small	21.5%	3.9%
ii. Medium	71.4%	34.5%
iii. Large	0.9%	-2.5%
Services	8.9%	3.0%

7 <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPR0804223897C8D9006C4981AEBA943DEDD6F98.PDF>

8 [https://www.business-standard.com/article/economy-policy/trade-deficit-widens-to-192-billion-in-fy22-imports-at-record-high-122040500051\\_1.html#:~:text=India's%20merchandise%20import%20in%20March,March%202022%20was%20%2418.69%20billion.](https://www.business-standard.com/article/economy-policy/trade-deficit-widens-to-192-billion-in-fy22-imports-at-record-high-122040500051_1.html#:~:text=India's%20merchandise%20import%20in%20March,March%202022%20was%20%2418.69%20billion.)

9 [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=51683](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51683)

10 [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=53537](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53537)

11 <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR133E2F1C2701A644D628D37620D83817605.PDF>

2. As per latest data from Microfinance Institutions Network ('MFIN'), total gross loan portfolio ('GLP') of microfinance industry stood at ₹2.85 lakh crore and served 5.8 crore unique borrowers as on March 31, 2022. It showed an increase of 10 per cent. (Y-o-Y) over ₹2.59 lakh crore as on March 31, 2021. Banks, NBFC-MFI and Small Finance Bank ('SFB') contribute 40 per cent., 35 per cent. and 17 per cent. of the total microfinance GLP, respectively. Regionally, East, Northeast and South account for 64.3 per cent. of the total portfolio. Tamil Nadu stood as largest state followed by Bihar and West Bengal.<sup>12</sup>
3. Throughout the pandemic, Indian Banking Sector remained resilient aided by policy initiatives from the RBI and the Government. Initiatives like moratorium, restructuring and higher capital & liquidity buffers helped both, demand and supply of the credit, to remain afloat. Though the measures had sunset clause, its impact on bank's balance sheets can only be tracked at a later stage.
4. As per Financial Stability Report by RBI, the gross non-performing asset ('GNPA') ratio of Scheduled Commercial Banks ('SCBs') improved to six year low of 5.9 per cent. in March 2022 from 7.4 per cent. in March 2021. The provisioning coverage ratio ('PCR') improved to 70.9 per cent. in March 2022 from 67.6 per cent. in previous year and Write-off ratio declined for the second successive year to 20.0 per cent. in FY2021-22. Stress test indicates that GNPA ratio of all SCBs may improve from 5.9 per cent. in March 2022 to 5.3 per cent. by March 2023 under the baseline scenario driven by higher expected bank credit growth and declining trend in the stock of GNPA's. The outlook for the global economy is negatively impacted by considerable uncertainty because of the geopolitical tension, front-loaded monetary policy normalisation by central banks in response to persistently high inflation and multiple waves of the COVID-19 pandemic. SCBs as well as non-banking financial institutions ('NBFCs') would, however, have sufficient capital, both at the aggregate and individual levels, even under stress conditions.<sup>13</sup>

## A. Advantage India:

While the Indian economy of late faced several headwinds triggered by the COVID-19 pandemic and enhanced geopolitical tension, the economy and the banking sector continue to enjoy several long-term structural strengths.

1. **Robust Demand** – Increase in the working population with rising income levels is poised to lead to higher demand of financial services. Housing and personal finances will remain key to such demand growth. The Indian fintech market is expected to grow significantly in the coming years. Investments, including infrastructure, remain the other key source of demand growth in the coming years.

12 [https://mfindexia.org/assets/upload\\_image/news/pdf/Micrometer%20Q4%20FY%2021-22%20Press%20Release-converted.pdf](https://mfindexia.org/assets/upload_image/news/pdf/Micrometer%20Q4%20FY%2021-22%20Press%20Release-converted.pdf)

13 <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR441FSRA6BCD500F0D74181AF17220A741E38E4.PDF>

2. **Innovation** – Internet and mobile penetration, along with extended financial services at ATM stations are widely deployed to improve operational efficiency. A large unbanked population offers large opportunity for innovation in banking practices.
3. **Policy Initiatives** – Setting up of National Asset Reconstruction Company Limited (**'NARCL'**), amendment of Banking Regulation Act to deal with NPAs, merger of banks to create a larger and robust entity, various government schemes (Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana and Capital Infusion Scheme) and focus on Financial Inclusion have taken banks and formal financial services to a larger section of the country.
4. **Central Bank Digital Currency ('CBDC')** - In the latest budget, its mention indicates the shift government is considering for transactions in future. Over time, CBDC may provide a safe, more robust entities, convenient alternative to physical cash. Depending on various design choices, it can also assume the complex form of a financial instrument.
5. **Open Banking Framework ('OBF')** - Adoption of OBF to allow authorised third parties to access customers' data, with the explicit consent of the latter. It would benefit into convenient access to financial data and services to consumers as well as cost optimization for financial institutions. On the other hand, concerns about data privacy and security, customer grievance redressal, cybersecurity and operational risks, compliance and regulatory risks need to be carefully addressed to develop a safe and secure ecosystem.
6. **Green Finance** - RBI is actively involved in researches on the areas like, impact on macroeconomic variable and green finance. A 'Sustainable Finance Group' (**'SFG'**) was set up in the RBI to coordinate with other national and international agencies on issues relating to climate change. The group would be instrumental in suggesting strategies and regulatory framework, which could be prescribed for banks and other regulated entities.

## B. Key Trends –

1. The growth in aggregate lending for SCBs moderated in from FY2020 to FY2022, at 7.3 per cent. while it grew at 11 per cent. in from FY2013 to FY2019:
  - a. The main driver for dip in lending growth from FY2020 to FY2022, has been Public Sector Banks, which grew at only 4.9 per cent. owing to high GNPA's and RBI restrictions. GNPA of PSBs stood at 7.6 per cent. as on March 2022.
  - b. The private banks from FY2020 to FY2022, grew at 11 per cent., i.e., half the growth from FY2013 to FY2019, at 21 per cent.
2. Credit market share of private banks increased from 34 per cent. on March 31, 2019 to 38 per cent. on March 31, 2022:

- a. Strong credit underwriting, risk management practices and faster turnaround time have been differentiating factors for several private banks to gain market share.
3. Differential credit growth in Rural & Semi-urban and Metropolitan & urban areas:
  - a. The credit growth has been faster in rural and semi-urban areas at 12.1 per cent. and 11.7 per cent., respectively, from FY2020 to FY2022 as compared to 10.9 per cent. and 5.1 per cent. in urban and metropolitan areas, respectively.
  - b. Economic slowdown and COVID-19 pandemic induced lockdown impacted the metropolitans more adversely while several rural activities including agriculture remained afloat; evidently from the GDP growth in agriculture during the lockdown period.
4. Retail Assets are leading the growth story of advances:
  - a. From FY2020 to FY2022, retail assets products grew at 16.1 per cent., out of which consumer durables led the growth at 27.5 per cent. followed by credit cards, personal vehicles and housing loans at 16.0 per cent., 14.6 per cent. and 14.0 per cent., respectively.
  - b. Engineering goods loan, commercial auto & auto components loans were muted (negative growth) during same period, owing to slowdown in economic as well as construction activities due to lockdown.
5. Deposits in SCBs grew at 10.4 per cent. during from FY2020 to FY2022. Growth in urban and metropolitan stood a notch higher than that in rural and semi-urban areas. Share of deposits in private sector banks showed an upward tick from 29 per cent. on March 31, 2019 to 31 per cent. on March 31, 2022:
  - a. Similar to growth in market share of advances, deposits market share also follows the suit.
  - b. Private sector banks have increased their reach in tier II and tier III cities and realized economies of scale. Increased urbanization, growth in economy and formalization has benefited private sector banks.

## C. Threats –

1. In recent years, the highly transmissible coronavirus posed considerable risks for global financial and commodity markets. A future variant of coronavirus could potentially be one risk, including possibility of the emergence of vaccine-resistant COVID-19 variants.
2. Supply chain disruptions have played a key role in disrupting global recovery of late. Shipping snarls along with a shortage of shipping containers, and a steep rebound in demand once pandemic-related restrictions were eased, have left producers scampering for

components and raw materials. While there are signs that supply shortages are easing with a drop in shipping costs and a rise in chip exports, experts expect the supply bottlenecks to continue weighing on growth, well into next year.

3. The raw material and input shortages, along with higher energy prices, have pushed inflation in the Eurozone and the United States to multi-decade highs. This has spooked global investors who fear that central banks would further raise interest rates to tame soaring prices.
4. Fintech captured the consumer's affinity towards digital technology early on and have forced the traditional players to rejig their business model.

#### D. Outlook –

1. According to RBI's latest forecast, India's real GDP will likely grow at 7.2 per cent. IMF revised its expectation for India to grow at 8.2 per cent. in FY2022-23 from its earlier estimates of 9.0 per cent.
2. The global economic scenario has been hit due to geopolitical conflict. Consequently, price rise created inflationary pressure across advanced and emerging economies. To curb this rising inflationary pressure, several central banks have stated their stance on tightening the monetary policy. Similarly, RBI's move to hike the interest rate by 90 bps to 4.90 per cent. during May-June, 2022 will increase the borrowing cost for industries and individuals, hence, the liquidity will be reduced from the economy resulting in slowing down of economic recovery rate post COVID-19 pandemic.
3. India's underlying economic fundamentals are strong and despite the short-term turbulence, the impact on the long-term outlook is expected to be marginal. The results of growth-enhancing policies and schemes (such as production-linked incentives and government's push towards self-reliance) and increased infrastructure spending shall lead to a stronger multiplier effect on jobs and income, higher productivity and more efficiency – all leading to accelerated economic growth. Furthermore, the emphasis on manufacturing in India, various government incentives such as lower taxes and rising services exports on the back of stronger digitization and technology transformation drive across the world is expected to aid in growth.
4. Also, several spill over effects of geopolitical conflicts could enhance India's status as a preferred alternate investment destination. Global in-house centres and multinationals, for instance, may prefer India over Eastern European markets (especially those that share border with Ukraine) to shift their current operations or open new facilities. On the health front, a large, vaccinated population will likely help contain the impact of subsequent COVID-19 waves, if any.

#### C. Strategy

Your Bank has clearly laid out its vision to be an affordable financial institution by providing simple, cost-effective and

innovative financial solutions in a courteous and responsible manner. It intends to create value for all stakeholders through a committed team, robust policies and superior systems and technology while continuing to be a bank for all.

The Bank's Vision 2025 lays down the following objectives –

1. Be a banker for the new Indian, through every step of their aspiration journey
2. Serve the needs of emerging India
3. Enable entrepreneurs to grow bigger
4. Be a value-based 'employer of choice' – to attract high-quality, motivated talent

In order to drive this vision of your Bank, the following would be the key focus areas in the coming years –

- Diversification of asset portfolio with modern underwriting and collection capabilities
- Strengthening people capabilities, including hiring of fresh talent, for growth
- Development of in-house technology, analytics and digital capabilities
- Consolidate Current and Savings Account ('CASA') by developing deeper customer engagement leveraging digital and analytics

Given the huge untapped opportunity in the financial services space in India, your Bank in the medium term will continue to expand its current geographic reach and increase its presence in the underbanked areas across the country. Your Bank will leverage its microcredit experience. Your Bank will also utilise the skills and expertise of erstwhile GRUH Finance to penetrate strongly into the affordable housing segment. The Small and Medium Enterprises ('SME') segment is expected to contribute strongly to the growth story with rising demand from the diverse business entities in the country. Your Bank will further strengthen its focus on various segments of retail loans.

As part of its strategy, your Bank has been a part of various social development programmes on enhancing education, health, poverty alleviation, livelihood promotion, market linkages, enterprise development, employment generation and financial literacy. Going forward, your Bank will continue to engage with the community through strategic interventions aimed at contributing to society.

Since its inception, your Bank has transformed with each milestone, to become better and stronger. As a universal Bank and in all its previous avatars, each transformation resulted in further broad-basing of services, growth and increased impact on people and communities. As the Bank is about to commence its eighth year of operations, your Bank continues to evolve focusing on serving the needs of emerging India and to be the banker for the new Indian, through every step of their aspiration journey.

Your Bank is committed to executing its strategy ensuring professional integrity, corporate governance and ethical standards, and all legal and regulatory compliance.

## D. Financial Performance of the Bank

The financial highlights for the financial year under review are presented below:

### Summary of Financial Performance

(₹ in crore)

Particulars	For the financial year ended	
	March 31, 2022	March 31, 2021
<b>Deposits:</b>	<b>96,330.62</b>	<b>77,972.22</b>
<b>Advances (Net):</b>	<b>93,974.92</b>	<b>81,612.88</b>
<b>Total Assets/Liabilities</b>	<b>1,38,866.55</b>	<b>1,15,016.17</b>
Net Interest Income	8,714.02	7,563.35
Non-Interest Income	2,822.82	2,022.25
Operating Expenses (excluding depreciation)	3,413.40	2,713.81
<b>Profit before Depreciation, Provisions and Tax</b>	<b>8,123.44</b>	<b>6,871.79</b>
Less: Depreciation	110.04	103.06
Less: Provisions	7,884.78	3,820.07
<b>Profit before Tax (PBT)</b>	<b>128.62</b>	<b>2,948.66</b>
Less: Provision for Tax	2.83	743.20
<b>Profit After Tax (PAT)</b>	<b>125.79</b>	<b>2,205.46</b>
<b>Balance in Profit &amp; Loss Account brought forward from previous year</b>	<b>6,171.00</b>	<b>4,758.71</b>
Less: Appropriations	286.86	793.17
<b>Balance carried over to Balance Sheet</b>	<b>6,009.94</b>	<b>6,171.00</b>
<b>EPS (Basic) (in ₹)</b>	<b>0.78</b>	<b>13.70</b>
<b>EPS (Diluted) (in ₹)</b>	<b>0.78</b>	<b>13.69</b>

The financial performance of your Bank during the financial year ended March 31, 2022, remained healthy with the Total Net Revenue (Net Interest Income Plus Other Income) rising by 20.36 per cent. to ₹11,536.84 crore from ₹9,585.61 crore in the previous financial year. Net Interest Income grew by 15.22 per cent. to ₹8,714.02 crore. The net interest margin ('NIM') was 8.2 per cent. during FY2021-22 against 7.8 per cent. during the FY2020-21.

Other Income grew by 39.61 per cent. to ₹2,822.82 crore. Major increase is due to processing fees and bad debts recovery. Income from treasury-related activities increased to ₹277 crore during FY2021-22 from ₹223 crore during FY2020-21, primarily due to profit from the sale of investments.

Operating (Non-Interest) Expenses increased to ₹3,523.44 crore from ₹2,816.89 crore during FY2021-22. Infrastructure and staffing expenses contributed to 25.08 per cent. of this increase. During the FY under review, your Bank has set up 42 new branches and 287 new Banking Units. Employee strength increased to 60,211 during FY2021-22 from 49,445 as on March 31, 2021. Staff expenses also went up due to annual wage revisions and there was a 21.77 per cent. increase in staff strength. Consequently, the Cost to Income Ratio increased slightly to 30.5 per cent. from 29.4 per cent. in FY2020-21.

The profit after tax ('PAT') for FY2021-22 stood at ₹125.79 crore, a decrease of 94.3 per cent. over the previous financial year due to higher provisioning. The Total Provisions and Contingencies (including tax provisions) was ₹7,887.61 crore as compared to ₹4,563.27 crore in FY2020-21. Consequently, the Return on Average Net Worth ('ROANW') was 0.76 per cent. in FY2021-22 against

13.24 per cent. in FY2020-21. Return on Average Asset ('ROAA') was 0.11 per cent. in FY2021-22 against 2.13 per cent. in FY2020-21. Your Bank's basic earnings per share ('EPS') decreased from ₹13.70 in FY2020-21 to ₹0.78 in FY2021-22 whereas diluted EPS decreased from ₹13.69 in FY2020-21 to ₹0.78 in FY2021-22.

However, reflecting on steady growth in the balance sheet, Total Liabilities (including capital and reserves) increased by 20.74 per cent. from ₹1,15,016.17 crore as on March 31, 2021 to ₹1,38,866.55 crore as on March 31, 2022 whereas Total Advances (Net) stood at ₹93,974.93 crore, a growth of 15.15 per cent. over FY2020-21. Total Business of your Bank increased to ₹1,95,669 crore (Gross Advances: ₹99,338 crore and Deposits: ₹96,331 crore as on March 31, 2022) from previous year of ₹1,65,015 crore (Gross Advances: ₹87,043 crore and Deposits: ₹77,972 crore) as on March 31, 2021. However, due to various initiatives taken by the Governments to support the economy and easing out of the impact of pandemic on the lives of customers, your Bank has seen best ever quarterly performance during the quarter ended March 31, 2022 backed by robust all round operating performance and lower credit costs.

#### Priority Sector Lending and Investment

RBI has mandated Priority Sector Lending ('PSL') of 40 per cent. of advances for all the banks. Your Bank continues to focus on financial inclusion by providing various financial services to the underserved. During FY 2021-22, your Bank's PSL was ₹56,397.10 crore as on March 31, 2022 as compared to ₹74,369.51 crore (net of IBPC of ₹2,124.13 crore) as on March 31, 2021. At the end of FY 2021-22, PSL as a proportion of the gross advances of ₹98,790.70 crore was 57 per cent.

**Key Ratios**

Particulars	FY 2021-22	FY 2020-21
Fee to total income	16.91%	14.41%
Cost to income	30.54%	29.39%
Earnings per share <sup>#</sup>	₹ 0.78	₹ 13.7
Book value per share	₹ 100.14	₹ 106.47
Return on average assets <sup>#</sup>	0.11%	2.13%
Return on average net worth <sup>#</sup>	0.76%	13.24%
Operating Profit to Average Total Assets	6.76%	6.63%
Net Interest Margin	8.17%	7.78%

<sup>#</sup>The Bank has made additional provisions against the existing NPA accounts resulting from elevated risk observed in certain geographies and potential impact of COVID-19 pandemic on certain loan portfolios.

**E. Business Segment-wise Performance****1. Emerging Entrepreneurs Business ('EEB')**

Your Bank now has EEB loans in the following 11 categories to cater to the varied demands of the customers in a desirable way:-

**EEB loan (Group loans)**

- Suchana Loan:** Timely funds to start a new business or grow an existing one. Loan size is from ₹1,000 to ₹25,000. However, this product has since been discontinued.
- Srishti Loan:** Loan to scale up home-based business. Loan size is from ₹26,000 to ₹1,50,000.
- Subridhhi Loan:** Loan amount upto 50 per cent. of the disbursement amount of running primary loan. It is sanctioned to help customers fulfil their extra business requirement during their ongoing loan.
- Samadhaan Loan:** Loan from ₹5,000 to ₹15,000 to support existing EEB borrowers by providing liquidity support to their businesses during pandemic.
- Suraksha Loan:** Loan size is up to ₹15,000 and is sanctioned to help existing customers meet their emergency expenses e.g., medical, drinking water and sanitation.
- Sushiksha Loan:** Loan size is up to ₹10,000 and is sanctioned to help customers meet expenses towards the education of their children.

Your Bank help enhancing banking abilities to achieve the dreams and achievements of borrowers at the bottom of the pyramid for their development and transformation.

During FY2021-22, your Bank opened 287 new Banking Units. The growth of 6.95 per cent. in the aggregated EEB asset portfolio from ₹58,346 crore to ₹62,399 crore during FY2021-22, is another indicator of its commitment.

**Small Business and Agri Loans (SBAL)**

- Sahayata Loan:** Loan to fund growing business needs of existing EEB customers. Loan size is from ₹51,000 to ₹2,00,000.

- Samridhhi Loan:** Loan to fund growing business needs of existing EEB customers. Loan size is from ₹75,000 to ₹3,00,000. However, this product has since been discontinued.
- Micro Bazaar Loan:** With a loan size from ₹26,000 to ₹1,50,000, this product is for small entrepreneurs, who have an existing super-saver account with your Bank. This loan provides financial support to deposit customers for their working capital needs.
- Micro Home Loan:** Your Bank offers Micro Home Loan ranging from ₹1,00,000 to ₹10,00,000 to existing EEB borrowers for construction as well as renovation of their houses so that their dream of own house doesn't remain unfulfilled.
- Two-wheeler Loan:** Your Bank offers two-wheeler loans ranging from ₹30,000 to ₹1,20,000 to existing EEB borrowers. It brings them a step closer to their aspirations.

Transforming lives of customer at ground level has been the driving force of your Bank. Migration of customers from existing group loans to individual loans to increase the share of individual business loans in EEB overall portfolio and extending new product offerings such as Sahayata Loan, Two Wheeler Loan, Micro Home Loan as per their changing requirements are some of the strategic objectives of your Bank.

**2. Commercial Banking  
Small Enterprise Loan ('SEL')**

SEL is a unique business loan product for small entrepreneurs. These are affordable loan products for meeting the credit needs of entities having income generating activities in the form of working capital or assets creation for business or short-term business requirements.

Your Bank has taken various initiatives over the last year to tap into this segment. These include enhancement of maximum limit of the loan amount from ₹10 lakh to ₹25 lakh and smoothening the file processing by delegation of the sanctioning power to regions, among others.

SEL has accounted for a total book size of ₹4,468 crore as on March 31, 2022 as against ₹3,095 crore as on March 31, 2021, registering a growth of 44 per cent. during FY2021-22.

**Small & Medium Enterprises Loan ('SME')**

The SME business under Commercial Banking focuses on secured loans with a ticket size of more than ₹10 lakh, which are extended to business entities (including SMEs & Mid-sized corporates) involved in manufacturing, trading and services through products designed to cater to their specific business needs.

The range of major products offered includes fund-based facilities such as cash-credit, term loans, overdrafts, demand loans and non-fund based facilities, such as, bank guarantees and inland letter of credit. Your Bank is at advanced stage of implementation of applications such as cash management and trade services to expand the service offering to its commercial clients.

The SME book was at ₹2,253 crore as on March 31, 2022 as against ₹1,504 crore as on March 31, 2021, registering a growth of about 50 per cent. during FY2021-22.

#### **Non-Banking Financial Company ('NBFC') and NBFC-Microfinance Institutions ('MFIs')**

The NBFC-MFI lending business vertical lends to Micro Finance Institutions, Societies and Trusts engaged in microfinance activities. While most of these loans are extended as Term Loans, your Bank also has credit exposure through Direct Assignments. Leveraging its rich experience in micro banking, your Bank has developed an internal credit rating model to assess the credit risk while lending to this segment.

The NBFC lending vertical lends to all NBFCs, other than MFIs/Society/Trust engaged in micro finance activities. This vertical primarily deals with Term Loan products for on-lending purposes.

The institutional book, comprising of lending to NBFCs and NBFC-MFIs increased by 86 per cent., from ₹2,691 crore as on March 31, 2021 to ₹4,999 crore (including TLTRO of ₹238 crore) as on March 31, 2022.

### **3. Retail Assets**

Retail Assets portfolio currently comprises Home Loan, Loan Against property ('LAP'), Gold Loan ('GL'), Personal Loan ('PL'), Two-Wheeler ('TW') Loan and Loan/Overdraft against Term Deposits. The Retail Assets book stood at ₹25,219 crore as on March 31, 2022.

Your Bank has expanded its scope of housing finance and has started offering home loan products from 35 additional bank branches as well during the year under review. Your Bank continues to focus on the affordable housing segment and has tied up with various Government projects as well as projects in the private sector in the affordable housing segment. Consequently, a majority of the housing loans are also eligible under the PSL category. As on March 31, 2022, your Bank is having a total Housing and LAP exposure of ₹23,560 crore constituting 24 per cent. of the total assets of your Bank.

During the financial year under review, the Gold Loan portfolio was strengthened and is being offered from 419 branches across the country. Book size grew from ₹394 crore to ₹503 crore, with 40,523 borrowers.

The financial year under review, also saw the reintroduction of PL with a new credit framework and PL attained a book size of ₹273 crore by registering a 200 per cent. growth over the previous year book of ₹91 crore. It indicates your Bank's commitment to diversification of its portfolio.

### **4. Liabilities**

In building its liability business, the strategic focus of your Bank has been on retail customers. During the year under review, your Bank set up 42 new bank branches. As a result, the branch distribution network went up to 1,189 branches during FY2021-22. The branch network covers various geographies to maintain an appropriate balance among rural (banked and unbanked), semi-urban, urban

and metropolitan regions, as well as to further diversify the presence across the country.

Your Bank's deposit book grew by 23.5 per cent. during FY2021-22. Retail deposits at 77.3 per cent. of the total deposits indicate that your Bank has been able to reduce its funding through bulk term deposits. Your Bank's CASA book remains strong at 41.6 per cent. at the end of the FY2021-22.

(₹ in crore)

Type of deposit	As at March 31	
	2022	2021
Total	96,331	77,972
Current account	5,462	4,567
Savings account	34,617	29,260
Term deposits	56,251	44,145
Retail term deposit	34,362	27,606
Bulk term deposit <sup>^</sup>	21,890	16,539

<sup>^</sup> Term deposit of ₹ 2 crore and above

### **5. Third Party Products**

Your Bank continues to have a keen focus on offering a robust and comprehensive solution-based product suite for its customers and is committed to generating the financial well-being of all. In this endeavour, Third Party Products play a key role in building a product and process proposition to holistically cater to the financial needs of its customers.

The total mutual fund AUM managed under your Bank's code during FY2021-22 was ₹527.07 crore earning an income of ₹3.74 crore. A total of ₹166.04 crore and ₹439.60 crore of general and retail life insurance business, respectively, was garnered through the retail network during FY2021-22 earning a fee income of ₹19.76 crore and ₹128.19 crore, respectively. During FY2021-22, the life insurance business through the existing arrangement in all asset verticals amounted to ₹1,298.55 crore earning an income of ₹61.50 crore. Your Bank has distributed the co-branded credit cards and earned ₹0.06 crore as commission during FY2021-22.

Your Bank has also earned ₹0.32 crore as commission for distribution of Atal Pension Yojana, National Pension System (NPS) Lite Swavalamban schemes of Pension Fund Regulatory and Development Authority (PFRDA) and Others during FY2021-22.

### **6. Merchant Acquiring Business**

During FY2021-22, your Bank installed 1,630 Electronic Draft Capture – Point of Sale (EDC- PoS) terminals, and transactions worth ₹5,374.19 crore were carried out on your Bank's installed terminals.

### **7. Digital Banking and Information Technology**

Digitalisation and innovation are two key strategic focus areas for your Bank to drive customer centricity, build productivity & efficiency and attain scalability. Your Bank's ability to cater to the 360-degree banking needs of its customers, through both hi-touch and hi-tech modes offering relevant products

& services using its robust and secure digital channels, is one of the key imperatives for its growth. Your Bank continues to invest in upgrading the technology stack and leveraging emerging technologies and data analytics to enhance customer experience, deliver better value and improve operational efficiency.

As the economy recovers post-pandemic, we are witnessing digital natives rise up the bell curve from the “Early adopters” to the “Early majority” stage, which is indicative of the accelerated digital adoption onto our platforms and, to ensure it stays relevant and preferred, your Bank is accelerating its Digital and IT transformation journey. During the financial year under review, your Bank has been focusing on a set of new initiatives to build a simple, smart, secure and seamless platform to bring convenience to its customers at just a few clicks. Some notable product innovations in the Bank’s digital platforms include video-based account opening, fastag, online mutual fund investment & insurance offering, digital banking feature and experience enhancement, improving payment experience, among others.

While your Bank had been working towards onboarding the best of the breed of applications as part of the IT transformation, and building the new architecture for agility, flexibility and scalability, it has started development of a completely new Internet and Mobile banking platforms to give an omnichannel experience to its users. The new platform will offer industry-best features, an easy-to-use and more engaging interface and the ability for the Bank to provide a personalised experience.

During FY2021-22, your Bank has registered significant uptick across all digital banking metrics. The number of customers adopting digital banking platforms of your Bank has grown by 77 per cent. over FY2020-21 customer base.

#### F. Internal Control Systems and their Adequacy

Your Bank has implemented robust internal controls across all processes and departments. These controls are driven through various well-defined policies and procedures, which are reviewed periodically. Your Bank has a procedure of testing the controls at regular intervals for their design and operational effectiveness to ascertain the reliability and authenticity of financial information.

Your Bank has an Internal Audit Department (**IAD**) and a Compliance department, which independently carry out the evaluation of the adequacy of all internal controls. These departments ensure that operation and business units adhere to laid down internal processes and procedures as well as to regulatory and legal requirements. The IAD also proactively recommends improvements in operational processes and service quality. Your Bank has put in place extensive internal controls including audit trails, appropriate segregation of front and back-office operations, post-transaction monitoring processes at the backend to mitigate operational risks. It further ensures independent checks and balances, and adherence to the laid down policies and procedures of your Bank that are in line with regulatory guidelines. Your Bank has adhered to the highest standards

of compliance and governance and has placed controls and appropriate structure to ensure this. To safeguard the independence, the performance evaluation of the Chief Compliance Officer (**CCO**) and the Chief Audit Executive (**CAE**) is carried out by the Audit Committee of the Board. It further reviews the effectiveness of controls and compliance with regulatory guidelines. The Board of Directors confirms that there are internal controls in place with reference to the Financial Statements and that such controls are operating effectively. Further details are provided under the ‘Internal Financial Controls, Audit and Compliance’ section of the Board’s Report.

#### G. Risks and Concerns

Your Bank is exposed to various risks by the very nature of its business. Your Bank has put in place a comprehensive Enterprise wide Integrated Risk Management Framework supported by detailed policies and processes for management of Credit Risk, Market Risk, Liquidity Risk, Operational Risk and various other risks. Please refer to the section ‘Risk Management’ of the Board’s Report for details.

#### H. Material Development in Human Resources

During the uncertain times that businesses have experienced in the last two years, your Bank has focused on rapidly transforming to adapt to the evolving environment. Your Bank continues to attract high quality talent to drive growth as well as further its transformation journey. Your Bank values people as its most precious assets and has dedicated efforts to achieve people centric goals. It has demonstrated high standard of empathy through COVID-CARE support for its fast growing employee base of over 60,000 workforce.

During FY2021-22, your Bank increased its workforce strength by **22 per cent.** or 10,766 employees taking the total to **60,211** employees as on March 31, 2022. Since inception, your Bank has increased its employee strength by **224 per cent.** to support growth ambitions and increase in distribution.

Your Bank is dedicated towards creating a workplace of **resilience**, where employees can **relearn** to excel and overcome this phase of turmoil and **reimagine** the future, for both themselves and the Bank. To provide an ideal platform towards learning and self-growth, your Bank has promoted an aligned architecture.

- Your Bank has reshaped the approach towards managing employee life cycle and there has been considerable amount of focus on digitalising to attract, on board and retain the talent.
- Your Bank executed grade promotion process to nurture talent and elevated 14,003 employees to the next grade during FY2021-22. This exercise was conducted digitally and this was a source of motivation for employees amid the pandemic.
- Your Bank has also created a Talent Funnel with the process of Role Elevation. This has further helped in formulating succession planning for roles across

the Bank. A competency based assessment process identified **5,115** employees for role elevation during FY2021-22.

- The Human Resource team in coordination with the business teams has adopted various Digital processes and platforms such as Bandhan Express, multiple LOS to improve employee experience and focus on higher productivity.
- Your Bank has revamped the Retail Assets business model and to support this, **1,100+** employees were on-boarded during FY2021-22 alone.
- Your Bank has always believed in hiring young talent and nurturing it. It has on-boarded a sizeable portion of fresh bankers from the Nextgen Bankers programme and also from various business schools across the nation.
- Your Bank continued providing homecare facilities towards COVID-19 affected employees, extending the facilities towards 2,146 staff members and associated families during FY2021-22. Your Bank also ran COVID-19 vaccination drives for employees based across regions and at its Head Office.
- Your Bank has appraised 40,000+ employees, amidst the disruption caused by the pandemic. Your Bank stood strong with all its employees at the time of need by ensuring all eligible employees receive their performance based variable payout and increments.
- Your Bank upgraded its learning management systems to a new-age learning experience platform, **Bandhan Bank EDGE (Engage Develop Grow Excel)**, for providing an enhanced and fulfilling learning experience to all its employees. Employees can hereby learn through byte-sized lesson modules at their own pace, on the web and mobile devices.

#### **Skilling for the Future & Talent Development**

Your Bank took a leap during the year under review in re-skilling & upskilling the workforce to prepare them for new challenges amidst challenging and ever-evolving operating environment. The number of training programme batches increased by 105 per cent. as compared to the previous year and participation increased by 77 per cent. Your Bank invested more than 1,60,000 man-hours in the upskilling and re-skilling of the workforce in classroom and virtual training. 3,483 training batches with over 90,000 participants in 100 programs saw us redefining the culture of governance, enablement, engagement and learning in the Bank. Your Bank also continued its focus on building talent and capability in specialised areas of IT, Risk, Audit, Operations & Compliance.

A total of 1,252 employees were nominated for external training programmes across premier and reputed institutes including NIBM, Moody's Analytics, IBA, CAB, Institute of Internal Auditors, among others.

#### **Culture of Ethics**

The Code of Conduct and Ethics (**'Code'**) articulates your Bank's commitment to conduct business in accordance with the highest ethical standards and in compliance with all applicable laws, rules and regulations. At Bandhan Bank, ethical behaviour is doing "what is right when no one is watching". Making it inseparable from honesty, integrity and good judgment, all employees follow the Code with a high degree of professional and ethical standards. Your Bank focused on sensitising and reiterating the Code and conducted focused training for 18,000 employees on Business Ethics and over 46,000 employees on AML KYC during the year under review.

In the journey of over six years, your Bank has strengthened its workforce by 3.2x resulting in an exciting blend of the energetic new and experienced old workforce focussed towards a culture of professionalism, value driven growth and ethical governance.

Human Resources has strategically focussed on a supportive and collaborative work environment, remaining customer-centric, performance driven and future ready.

#### **I. Disclosure of Accounting Treatment**

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and in compliance with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of your Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting standards notified under Section 133 and the relevant provisions of the Companies Act 2013, read together with the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, as amended, from time to time, to the extent applicable and practices generally prevalent in the banking industry in India.

For and on behalf of the Board of Directors  
**Bandhan Bank Limited**

**Anup Kumar Sinha**

Place: Kolkata  
Date: July 13, 2022

Non-Executive (Independent) Chairman  
(DIN: 08249893)



## Annex - 6

# Business Responsibility Report

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Securities and Exchange Board of India ('SEBI') has mandated the top 1,000 listed entities, based on their market capitalization, to include as a part of their annual reports, a Business Responsibility Report ('BRR') describing the initiatives taken by the listed entity from an environmental, social and governance perspective, in the format as specified by the SEBI from time to time.

Based on the business responsibility and sustainability indicators contained in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business ('NVGs') issued in 2011 by the Ministry of Corporate Affairs ('MCA'), SEBI vide Circular No. CIR/CFD/CMD/10/2015 dated November 04, 2015, specified the format for the BRR.

However, on August 11, 2020, MCA issued the 'Report of the Committee on BRR', prescribing a new format for the Business Responsibility and Sustainability Report ('BRSR') and made recommendations relating to its implementation.

On August 18, 2020, SEBI issued a consultation paper and proposed that the BRSR format, as recommended by the Committee on BRR constituted by MCA, should be made applicable to the top 1,000 listed entities by market capitalisation.

On March 25, 2021, SEBI in its press release of the Board meeting announced that the new format shall be applied voluntarily for the financial year 2021-22 and mandatorily from the financial year 2022-23, which was later incorporated in Regulation 34(2)(f) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') vide amendment dated May 05, 2021. The format for BRSR was prescribed by SEBI vide circular dated May 10, 2021.

Therefore, in terms of Regulation 34(2)(f) of the SEBI LODR, the Environmental, Social and Governance ('ESG') related disclosures of the Bank are based on the existing version of the BRR format for the FY 2021-22.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identification Number (CIN) of the Company	L67190WB2014PLC204622
2.	Name of the Company	Bandhan Bank Limited
3.	Registered Address	DN-32, Sector – V, Salt Lake City, Kolkata – 700 091
4.	Website	www.bandhanbank.com
5.	Email ID	investors@bandhanbank.com
6.	Financial Year Reported	April 1, 2021 to March 31, 2022
7.	Sector(s) that the Company is engaged in ( <i>industrial activity code-wise</i> )	Code: 64191 <i>Bandhan Bank is a Banking Company governed by the Banking Regulation Act, 1949</i>
8.	List three key products/services that the Company manufactures/ provides ( <i>as in the balance sheet</i> )	1. Treasury 2. Retail Banking 3. Wholesale Banking
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of international locations ( <i>Provide details of major 5</i> )	None
	(b) Number of National locations	As of March 31, 2022, the Bank has a network of 1,189 branches, 4,450 banking units and 471 ATMs in 34 States and Union Territories in India.
10.	Markets served by the Company – Local/State/National/International	National (pan India)

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up capital (₹ in lakhs)	1,61,076.59
2.	Total turnover (₹ in lakhs)	16,69,394.28
3.	Total profit after tax (₹ in lakhs)	12,579.40
4.	Total spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (PAT) (%)	CSR Spends – ₹78,42,67,506 (62%)
5.	List of activities in which expenditure in 4 above has been incurred	1. Targeting the Hardcore Poor 2. Bandhan Education Programme 3. Bandhan Health Programme 4. Employing the Unemployed (Skill Development) 5. Bandhan Financial Literacy Programme 6. Sustainable Livelihoods Programme 7. Climate Action Programme 8. Afforestation 9. Water Conservation 10. Emergency Assistance for COVID-19

## SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ companies?	The Bank does not have any subsidiary company.
2.	Does the subsidiary company/ companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Other than the Bank, no other entity (e.g. suppliers, distributors, etc.) participate in the BR initiatives of the Bank.
3.	Do any other entity/ entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	

## SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

### 1. Details of Director/ Directors responsible for BR

a.	Details of the Director/ Directors responsible for the implementation of the BR policies	
	DIN	00342477
	Name	Chandra Shekhar Ghosh
	Designation	Managing Director & CEO
b.	Details of the BR Head	
	DIN (if applicable)	00342477
	Name	Chandra Shekhar Ghosh
	Designation	Managing Director & CEO
	Telephone number	91-33-6609 0909
	E-mail ID	investors@bandhanbank.com

### 2. Principle-wise (as per NVGs) BR Policy/policies

#### (a) Details of Compliance (Reply in Y/N)

Sl. No.	Questions	P1 <sup>1</sup>	P2 <sup>2</sup>	P3 <sup>3</sup>	P4 <sup>4</sup>	P5 <sup>5</sup>	P6 <sup>6</sup>	P7 <sup>7</sup>	P8 <sup>8</sup>	P9 <sup>9</sup>
1.	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Weblinks of the Policies are mentioned below.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have an in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out any Independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

- Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
- Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- Businesses should promote the wellbeing of all employees
- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- Businesses should respect and promote human rights
- Businesses should respect, protect, and make efforts to restore the environment
- Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- Businesses should support inclusive growth and equitable development
- Businesses should engage with and provide value to their customers and consumers in a responsible manner

## Weblinks of the Policies:

### List of Relevant Code / Policies Governing the above-mentioned Principles

1. Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
  - a. Code of Conduct (Directors and Senior Management)
    - <https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Code-Conduct-for-Directors.pdf>
    - <https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Code-Conduct-for-Senior-Management.pdf>
  - b. Human Resource Policy – Code of Conduct for Employees (available on intranet)
  - c. Policy on Vigilance and Whistle Blower mechanism
    - <https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-03/Annexure%20B-%20%20Revised%20Vigilance%20Policy%20%20Whistle%20Blower%20Mechanism>
  - d. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
    - <https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Final-Fair-disclosure-CCIT.pdf>
  - e. Policy on Dealing with Related Party Transaction
    - [https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-04/Related\\_Party\\_Transaction\\_Policy\\_0.pdf](https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-04/Related_Party_Transaction_Policy_0.pdf)
2. Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
  - a. Credit Policy (available with relevant departments)
3. Principle 3: Businesses should promote the well-being of all employees
  - a. Human Resource Policy (available on intranet)
4. Principle 4: Businesses should respect the interests of, and be responsive toward all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
  - a. Human Resource Policy (available on intranet)
  - b. CSR Policy
    - [https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021\\_1.pdf](https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021_1.pdf)
5. Principle 5: Businesses should respect and promote human rights
  - a. Human Resource Policy (available on intranet)
6. Principle 6: Businesses should respect, protect, and make efforts to restore the environment
  - a. CSR Policy
    - [https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021\\_1.pdf](https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021_1.pdf)
7. Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
  - a. External Communication Policy (available with relevant department)
8. Principle 8: Businesses should support inclusive growth and equitable development
  - a. CSR Policy
    - [https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021\\_1.pdf](https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021_1.pdf)
9. Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner
  - a. Grievance Redressal Policy
    - [https://bandhanbank.com/sites/default/files/2022-02/Grievance\\_Redressal\\_Policy\\_22.pdf](https://bandhanbank.com/sites/default/files/2022-02/Grievance_Redressal_Policy_22.pdf)
  - b. Customer Compensation Policy
    - [https://bandhanbank.com/sites/default/files/2022-02/Customer\\_Compensation\\_Policy\\_22.pdf](https://bandhanbank.com/sites/default/files/2022-02/Customer_Compensation_Policy_22.pdf)
  - c. Policy for General Management of Branches and DSC
    - <https://www.bandhanbank.com/sites/default/files/2020-12/Doorstep-Banking-Policy-Final-wef12102020%5B1%5D.pdf>
  - d. Deposit Policy
    - [https://bandhanbank.com/sites/default/files/2022-01/Deposit%20Policy\\_17122.pdf](https://bandhanbank.com/sites/default/files/2022-01/Deposit%20Policy_17122.pdf)
  - e. Customer Protection Policy – Limiting Liability of Customers in Unauthorised Electronic Banking Transaction
    - [https://www.bandhanbank.com/sites/default/files/2022-06/Policy\\_on\\_Customer\\_Protection\\_Version\\_3\\_0.pdf](https://www.bandhanbank.com/sites/default/files/2022-06/Policy_on_Customer_Protection_Version_3_0.pdf)

In addition to the above-mentioned policies, the Bank has various internal processes and framework that relates to the subject areas of the nine principles of NVR/BRR.

**(b) If the answer to S. No. 1 against any principle is 'No', please explain why: (tick up to 2 options)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles.									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.									
3.	The Company does not have financial or manpower resources available for the task.									Not Applicable
4.	It is planned to be done within the next six months									
5.	It is planned to be done within the next year.									
6.	Any other reason (please specify)									

**3. Governance related to BR**

a.	Indicate the frequency with which the Board of Directors, Annually Committee of the Board or CEO assess the BR performance of the Company Within 3 months, 3-6 months, Annually, More than 1 year	
b.	Does the Company publish a BR or a sustainability report? What is the hyperlink for viewing this report? How frequently it is published?	Business Responsibility Report Frequency: Annual Hyperlink: <a href="https://bandhanbank.com/annual-reports">https://bandhanbank.com/annual-reports</a>

**SECTION E: PRINCIPLE-WISE PERFORMANCE**
**Principle 1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

Principle No.	Description	Response																																		
1.1	Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/ Suppliers / Contractors/ NGOs / Others?	The Policy related to ethics, bribery and corruption applies to all relevant stakeholders whom the Bank has dealings with, including groups, Vendors, NGOs and others.																																		
1.2	How many stakeholder complaints have been received in the past financial year and what percentage were satisfactorily resolved by the management? So, provide details thereof, in about 50 words or so.	<p>During the FY 2021-22, the Bank has received the following complaints/ cases from various stakeholders:</p> <table border="1"> <thead> <tr> <th rowspan="2">Stakeholders</th> <th rowspan="2">Complaints/ cases</th> <th colspan="2">Resolved</th> </tr> <tr> <th>(No.)</th> <th>(%)</th> </tr> </thead> <tbody> <tr> <td>Shareholders</td> <td>424</td> <td>424</td> <td>100%</td> </tr> <tr> <td>Employees</td> <td>203</td> <td>175</td> <td>86.21%</td> </tr> <tr> <td>Vendors</td> <td>0</td> <td>N.A</td> <td>N.A.</td> </tr> <tr> <td>Customers</td> <td>36,483*</td> <td>35,981</td> <td>98.62%</td> </tr> <tr> <td>Communities</td> <td>0</td> <td>N.A</td> <td>N.A.</td> </tr> <tr> <td>Regulatory Authority</td> <td>0</td> <td>N.A</td> <td>N.A.</td> </tr> <tr> <td>Media</td> <td>0</td> <td>N.A</td> <td>N.A.</td> </tr> </tbody> </table>	Stakeholders	Complaints/ cases	Resolved		(No.)	(%)	Shareholders	424	424	100%	Employees	203	175	86.21%	Vendors	0	N.A	N.A.	Customers	36,483*	35,981	98.62%	Communities	0	N.A	N.A.	Regulatory Authority	0	N.A	N.A.	Media	0	N.A	N.A.
Stakeholders	Complaints/ cases	Resolved																																		
		(No.)	(%)																																	
Shareholders	424	424	100%																																	
Employees	203	175	86.21%																																	
Vendors	0	N.A	N.A.																																	
Customers	36,483*	35,981	98.62%																																	
Communities	0	N.A	N.A.																																	
Regulatory Authority	0	N.A	N.A.																																	
Media	0	N.A	N.A.																																	

The complaints / cases include all operational and other grievances.

\*includes 537 complaints / cases pending at the beginning of the year.

## P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle No.	Description	Response
2.1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities	The Bank has several products and services that are specifically targeted toward the marginalised sections of the society and attempts to address and cater to the social concerns, risks and opportunities. The details of the products and services are given on the Bank's website some of which are mentioned below: <ol style="list-style-type: none"> <li>1. Suchana Loan</li> <li>2. Suraksha Loan</li> <li>3. Micro Home loan</li> </ol>
2.2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): <ol style="list-style-type: none"> <li>(a) Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?</li> <li>(b) Reduction during usage by customers (energy, water) has been achieved since the previous year?</li> </ol>	<ol style="list-style-type: none"> <li>a. The resource use optimisation does not apply to the above-mentioned products.</li> <li>b. The products are more geared towards providing innovative and suitable financial solutions to the marginalised sections of society.</li> <li>c. 72 per cent. of the banking units are in the rural and semi-urban areas belonging to tier 3 to tier 6 locations. Majority of the Bank's customers belong to EEB, indicating a high focus on providing banking services to marginalised groups and addressing the various social concern in the banking sector.</li> <li>d. There is no high usage of energy and water consumption. Therefore, a reduction in usage of consumption is not applicable.</li> </ol>
2.3	Does the Company have procedures in place for sustainable sourcing (including transportation)? <ol style="list-style-type: none"> <li>(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.</li> </ol>	Not Applicable
2.4	Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? <ol style="list-style-type: none"> <li>(a) If yes, what steps have been taken to improve the capacity and capability of local and small vendors?</li> </ol>	The Bank does not procure any raw materials for processing. Therefore, the procurement of goods and services from local and small producers is not applicable. However, the Bank has been providing the services to its EEB customer through the local Branches and Banking Units ('BUs') that cater to small and marginalised communities in the localities of the BU's catchment area, including generating large numbers of employment both directly and indirectly.
2.5	Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Not Applicable

**P3 – Businesses should promote the well-being of all employees.**

Principle No.	Description	Response
3.1	Total number of employees (as of March 31, 2022)	60,211
3.2	Total number of employees hired on a temporary/ contractual/ casual basis	0
3.3	Total number of permanent women employees	5,818
3.4	Total number of permanent employees with disabilities.	NIL
3.5	Employee association that is recognized by the Management?	None
3.6	Percentage of your permanent employees that are members of this recognized employee association.	N.A
3.7	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, and sexual harassment in the last financial year and pending, as of the end of the financial year.	
i	Child labour/forced labour/involuntary labour	No. of complaints filed during the financial year: NIL No. of complaints pending as of the end of the financial year: NIL
ii	Sexual harassments complaints	No. of complaints filed during the financial year: 13 No. of complaints pending as of the end of the financial year: 2
iii	Discriminatory employment	No. of complaints filed during the financial year: NIL No. of complaints pending as of the end of the financial year: NIL
3.8	What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?	
i	Permanent employees	92%
ii	Permanent women employees	88%
iii	Casual/ Temporary/ Contractual Employees	N.A.
iv	Employees with disabilities	N.A.

**P4 – Businesses should respect the interests of, and be responsive toward all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

Principle No.	Description	Response
4.1	Has the company mapped its internal and external stakeholders? Yes/No	Yes
4.2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders	Yes
4.3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	The Bank operates through its 5,639 banking outlets as of March 31, 2022, to cater to the financial needs of 26.3 million customers, including a large number of the disadvantaged, vulnerable and marginalized stakeholders who remain underbanked. The Bank through its CSR initiatives and banking operations is reaching out to the vulnerable and marginalised stakeholders.

**P5 – Businesses should respect and promote human rights.**

Principle No.	Description	Response
5.1	Does the policy of the Company on Human Rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs /Others?	The Human Rights related provisions extend to all the relevant stakeholders that the Bank has dealings with, including its groups, affiliates, vendors and NGOs.
5.2	How many stakeholder complaints have been received in the past financial year and what per cent was satisfactorily resolved by the management?	The Bank complies with human rights. The Bank hires solely based on merit and doesn't discriminate against any applicant based on race, colour, religion, age, gender or any other basis prohibited by the law. The principle for people-related issues is enshrined in the HR Policy of the Bank. Also as of March 31, 2022, the Bank has not received any stakeholder complaints on human rights.

**P6 – Businesses should respect, protect, and make efforts to restore the environment.**

Principle No.	Description	Response
6.1	Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others?	The environment protection related provisions like saving energy, water, paper and waste management extend to all the relevant stakeholders that the Bank has dealings with, including its groups, affiliates, vendors and NGOs.
6.2	Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlinks for the webpage etc.	The Bank through its CSR Policy has been addressing climate change and global warming-related issues, including the afforestation of mangrove plantations in Gujarat. For details, please refer to <a href="http://www.bandhanbank.com">www.bandhanbank.com</a>
6.3	Does the Company identify and assess potential environmental risks? Y/N	The Bank identifies environmental risks. For details refer to the Integrated Report of the Bank.
6.4	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report filed?	The Bank has taken several measures for CDM including offices being on the premises of the sustainable building, energy-efficient lighting and environmentally friendly cooling systems.
6.5	Has the company had any project related to clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlinks for the web page etc.	The Bank through its CSR initiatives has promoted the use of Solar Energy for lighting rural households and provided solar lanterns to the beneficiaries of the Targeting the Hardcore Poor ('THP') programme. The CSR initiatives are covered in the Annual Report and at the web link <a href="https://bandhanbank.com/beyond-banking">https://bandhanbank.com/beyond-banking</a> .
6.6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Not Applicable
6.7	The number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as of the end of the Financial Year.	Not Applicable

**P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

Principle No.	Description	Response
7.1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with	<ol style="list-style-type: none"> <li>1. IBA (Indian Bankers Association)</li> <li>2. CII (Confederation of Indian Industries)</li> <li>3. BCC&amp;I (Bengal Chambers of Commerce &amp; Industries)</li> </ol>
7.2	Have you advocated/lobbied through the above associations for the advancement or improvement of the public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	The Bank was not involved in any advocacy through the above-mentioned associations.

### P8 – Businesses should support inclusive growth and equitable development.

Principle No.	Description	Response
8.1	Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.	<ol style="list-style-type: none"> <li>1. Targeting the Hardcore Poor</li> <li>2. Health, Nutrition, Drinking Water and Sanitation</li> <li>3. Education</li> <li>4. Support for Person with Disability</li> <li>5. Skill Development</li> <li>6. Water Conservation</li> <li>7. Afforestation</li> </ol>
8.2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	
8.3	Have you done any impact assessment of your initiative?	
8.4	What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken	Refer to Principle 8 detailed section below
8.5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	

### P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Principle No.	Description	Response
9.1	What percentage of customer complaints/consumer cases are pending as of the end of the financial year.	During the FY 2021-22, opening complaints /cases were 537 and received during the year was 35,946 of which 1.38 per cent. (i.e., 502) were pending as at the end of the financial year.
9.2	Does the Company display product information on the product label, over and above what is mandated as per local laws.  Yes/No/N.A./Remarks (additional information)	The product and services information is available on the Bank's Website and is also displayed on Branch and BU notice boards.
9.3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as of the end of the financial year. If so, provide details thereof, in about 50 words or so.	NIL
9.4	Did your company carry out any consumer survey/consumer satisfaction trends?	NIL

## PRINCIPLES TO ASSESS COMPLIANCE WITH ENVIRONMENTAL, SOCIAL AND GOVERNANCE NORMS

### PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Your Bank's values revolve around its business ethics, consumer focus and corporate responsibility towards society at large. The values of your Bank are Cost-Effective and Simple, Respect for all, Exemplary Governance, Accountability, Professionalism and Discipline, Transparency and Integrity, Effective Teamwork and Commitment to maintaining the highest level of customer satisfaction and Customer Centricism.

Good governance and ethical conduct are rooted within your Bank's practices and thus helped nurture long-lasting relationships with all its employees, customers and partners. Also, the best banking practices are ensured by the Board of Directors and Committees involved in managing stakeholder priorities and concerns. Its robust framework ensures that all daily operations are conducted in a transparent and accountable manner. The Policy on Vigilance and Whistle Blower Mechanism enables employees to stand up and speak out freely against any unethical practice observed within the work environment. The policy is also extended to the Bank's customers.



Your Bank's Policy initiates steps to ensure that no financial or other inducements are offered or accepted by or on behalf of the Bank. All employees are encouraged to raise concerns about any actual or suspected cases of bribery and corruption at the earliest possible stage to mitigate the risk of damaging the reputation of the Bank. It also helps to identify and address appropriately any potential conflicts of interest instantly, monitor and investigate instances of alleged corruption and takes action against any individual(s) involved in corruption, provide advice, information and periodical training on ethics to all our employees at all levels and locations round the year.

Your Bank follows the "The Banking Codes and Standards Board of India", which covers aspects like good & fair banking practices, transparency in services & products, high operating standards, cordial relationships with consumers and measures which build the confidence of the consumer in the banking system.

A detailed description of your Bank's corporate governance standards can be found in the 'Report on Corporate Governance' section of the annual report.

### The principle wise initiatives of the Bank as per Annexure-II of BRR are provided below:

Principle No.	Principle-wise index	Bank's Initiatives
1.1	Businesses should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across the value chain. Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders.	The Bank's governance related structure, procedures and practices that ensure ethical conduct at all levels are included in the relevant policies as mentioned above.  The Bank believes in transparent communication and access to information that may impact relevant stakeholders. The details are included in the corporate governance section on the Bank's website <a href="https://bandhanbank.com/corporate-governance">https://bandhanbank.com/corporate-governance</a>
1.2	Businesses should not engage in practices that are abusive, corrupt, or anti-competition.	The Bank upholds the highest integrity and standards of ethical practices in all its dealings. The Bank through its various code of conduct policies promotes a 'zero tolerance' towards bribery and corrupt practices.
1.3	Businesses should truthfully discharge their responsibility for financial and other mandatory disclosures.	The Bank is regulated by the RBI under the Banking Regulation Act, 1949 and provides regular updates to RBI as per the regulatory requirements. Additionally, the Bank also files the disclosures as mandated by the Companies Act, 2013 and the regulations of SEBI. The Bank ensures that all its disclosures are truthfully disclosed in accordance with the provisions of such regulations. The regulatory disclosures are covered in the Annual Report of the Bank and also at the weblink <a href="https://bandhanbank.com/regulatory-disclosures">https://bandhanbank.com/regulatory-disclosures</a>
1.4	Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document.	The status of the adoption of the Guidelines is provided in this Business Responsibility Report.
1.5	Businesses should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines.	The Bank has put in place the necessary framework that helps in avoiding the complicity with the actions of any third party that violates any of the principles of the NVF/BRR.

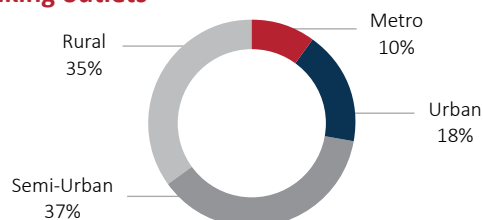
### PRINCIPLE 2: PRODUCTS AND SERVICES DESIGNED WITH ENVIRONMENTAL AND SOCIAL OPPORTUNITIES

Your Bank believes that it is the responsibility of the organisation to provide products and services that satisfactorily meet customer requirements. Your Bank's products and services have been designed in a manner to fulfil customer expectations, and additionally, drive socio-economic development by making a positive impact on society. Further, the focus is also on creating value for its customers, especially from marginalised and rural sections of society. Your Bank focuses on financial inclusion in the underbanked areas of society.

The branch network has been distributed over different types of locations, to maintain an appropriate balance among rural (banked and unbanked), semi-urban, urban and metropolitan regions. The table below provides the details of the distribution of the branches at different locations.

#### Banking Outlet percentage as of March 31, 2022

##### Banking outlets



Area	Branches	Banking Units	Total
Metro	207	323	530
Urban	339	685	1,024
Semi Urban	273	1,818	2,091
Rural	370	1,624	1,994
<b>Total</b>	<b>1,189</b>	<b>4,450</b>	<b>5,639</b>

### mBandhan App

The focus of your Bank is in line with the government’s mission of mobile-first transactions. mBandhan, the mobile banking application, is designed to meet the daily banking needs of our customers. The application provides members banking transactions for its customers.

The details of Products and Services are available in the Annual Report and on the website the Bank also at :

<https://bandhanbank.com/personal>

<https://bandhanbank.com/business-banking>

<https://bandhanbank.com/nri-banking>

### The principle wise initiatives of the Bank as per Annexure-II of BRR are provided below:

Principle No.	Principle-wise index:	Bank’s Initiatives
2.1	Businesses should assure safety and optimal resource use over the life-cycle of the product – from design to disposal - and ensure that everyone connected with it- designers, producers, value chain members, customers and recyclers are aware of their responsibilities.	The Bank does not have any products and services that have any safety and resource concerns.  To mitigate any financial risk associated with the products and services of the Bank, it has placed an adequate risk mitigation framework.
2.2	Businesses should raise the consumer’s awareness of their rights through education, product labelling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.	The Bank has a robust corporate communication framework for raising consumer awareness. The details of the customer education programme are given in the Customer Welfare Section of the BRR.
2.3	In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource-efficient and sustainable.	Not Applicable
2.4	Businesses should regularly review and improve upon the process of new technology development, deployment and commercialisation, incorporating social, ethical, and environmental considerations.	The Bank regularly reviews the processes and integration of new technologies through its management committees.
2.5	Businesses should recognize and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.	The Bank recognises and respects the rights of the owners of IPR and does not promote piracy and plagiarism.
2.6	Businesses should recognize that over-consumption results in unsustainable exploitation of our planet’s resources, and should therefore promote sustainable consumption, including recycling of resources	Not Applicable

### PRINCIPLE 3: EMPLOYEE WELLBEING

Apart from structural and process integration, your Bank has a strong cultural integration plan involving the synthesis of people into one ‘culture’. Over and above this, your Bank has also introduced HR practices that help to strengthen the bonding amongst the employees to achieve organizational objectives.

The principle wise initiatives of the Bank as per Annexure-II of BRR are provided below:

Principle No.	Principle-wise index	Bank’s Initiatives
3.1	Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms.	1. The Bank respects the rights of the employees and does not restrict them from participating in any legitimate association.  2. The Bank has an HR portal for addressing any grievances of the employees.
3.2	Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation	1. The Bank is an equal opportunity employer and does not restrict employment based on gender, caste, creed, race, religion, disability or sexual orientation.  2. It actively promotes diversity and inclusion through its various HR initiatives.

Principle No.	Principle-wise index	Bank's Initiatives
3.3	Businesses should not use child labour, forced labour or any form of involuntary labour, paid or unpaid.	The Bank strictly prohibits any form of child labour, forced labour or any form of involuntary labour whether paid or unpaid.
3.4	Businesses should take cognizance of the work-life balance of its employees, especially that of women.	<ol style="list-style-type: none"> <li>The Bank promotes a decent work-life balance, especially for women and has robust maternity leave and maternity benefit options for women.</li> <li>During the COVID-19 pandemic, the Bank proactively adopted work from home and alternate day working options.</li> </ol>
3.5	Businesses should provide facilities for the well-being of its employees including those with special needs. They should ensure timely payment of fair living wages to meet the basic needs and economic security of the employees.	<ol style="list-style-type: none"> <li>The Bank practices timely payment of salaries to all staff and provides mandatory social securities, like PF, gratuity and medical insurance.</li> <li>The Staff and asset loan provides a high subsidy rate and long repayment duration to encourage employees to build their asset base.</li> </ol>
3.6	Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Businesses should communicate this provision to their employees and train them on a regular basis.	<ol style="list-style-type: none"> <li>The Bank provides safe, hygienic, secured workplace facilities to all employees.</li> <li>The SOP on operational security provides detailed guidelines for such facilities and employees are trained to access the same.</li> <li>SOP on Emergency Action Procedure provides steps to be taken during an event of an emergency and the employees are trained to handle such emergencies.</li> </ol>
3.7	Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions.	<ol style="list-style-type: none"> <li>The Bank has a dedicated learning and development wing that provides ample learning opportunities to all employees.</li> <li>The Bank also has a dedicated learning management system that provides online training to all employees at their own time and pace.</li> <li>The performance appraisal system of the Bank provides career development opportunities and feedback for continuous improvement.</li> </ol>
3.8	Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.	<ol style="list-style-type: none"> <li>The Bank has zero tolerance against any form of harassment.</li> <li>The Bank has implemented an internal POSH Committee to look into any complaints related to sexual harassment.</li> </ol>

#### PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

As a Bank that has a growing footprint all across India, your Bank recognises the importance of interacting with both internal and external stakeholders regularly to discuss topics of mutual and public interest. Constant feedback received from your Bank's stakeholder groups helps your Bank in making informed decisions towards driving its business strategy, integrating external perspective into developing innovative and sustainable products and services and mitigating potential risks.

The details of the engagement process and frequency for each of the groups have been outlined in the table below:

Key Stakeholders	Method of Engagement	Frequency of Engagement	Topic of Discussion	Relationship Manager
Investors and Shareholders	Emails, letters, investor grievance cell, media, the Bank's website, Annual Report	Annually, quarterly and on a need basis, i.e., during events that take place concerning shareholders e.g. General Meetings, etc.	Financial results, shareholder returns and dividends, issues related to shares and dividend pay-outs. Post the quarterly results, a conference call is held wherein the senior leadership team participates and the call is open to all investors and analysts. The transcript of the call is also made available on the Bank's website.	Investor relations team

Key Stakeholders	Method of Engagement	Frequency of Engagement	Topic of Discussion	Relationship Manager
Customers and Clients	One-on-one interactions, customer satisfaction surveys, customer grievance cell, customer meets, the standing committee of the customer, customer helplines / toll-free numbers, media, the Bank's website	On-going and need-based	Customer service quality, investment returns, product features and benefits, technology interface for a banking experience	Relationship managers, Branch staff, Customer Service Quality team, Operation team, Business team. Several tele-calling & personal one to one contacts on Banking Services.
Employees	Induction Programme, e-mails, town halls, skip-level meetings, leadership meetings, employee engagement initiatives, employee grievance cell, intranet.	On-going and need-based	The Bank's policies and procedures, employee welfare issues, performance appraisal and rewards, training and career development, workplace health, safety and security, community development and employee volunteering	Human resources team
Government and Regulatory Bodies	The Bank's regulatory filings, compliance statements, meetings, letters, emails	As per regulatory requirements and need based	License request and renewal, compliance with regulatory and statutory requirements, participation in Government, financial sector plans and programmes	Cross-functional team
Suppliers and Business Associates	Meetings, emails, letters	On-going and need-based	Product/Service/Technology quality and support, contract commercial and technical terms and conditions.	Respective departments dealing with suppliers and business associates, Commercial and procurements team
Media	Advertising, media interactions /interviews / responses, meetings, emails	On-going and need-based	Marketing and advertising agenda, information disclosure through media.	Marketing team, Corporate communications team

## PRINCIPLE 5: HUMAN RIGHTS

Your Bank respects the human rights of all its employees, customers, etc., upholding the dignity of every individual. As mandated by the Fair Practice code, your Bank offers its products and services without any discrimination. It does not employ child labour. Further, the statutory compliance of all contractors on minimum wages is reviewed and monitored.

Principle No.	Principle-wise index	Bank's Initiatives
5.1	Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of the International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature.	The Bank is well aware of the Human Rights content of the Constitution of India and related laws, and do not undermine its adherences among its stakeholders.
5.2	Businesses should integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.	The Bank's grievance redressal mechanism provides access to all employees to access and lodge complaints related to human rights, including any discrimination on the ground of caste, class, creed, race, etc.

Principle No.	Principle-wise index	Bank's Initiatives
5.3	Businesses should recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups.	The Bank has adopted a Customer Grievance Redressal System and all relevant stakeholders have access to lodge any complaint of any human rights violations.  The Bank takes utmost care in training all its employees to uphold the dignity of all its stakeholders, especially vulnerable and marginalised groups.
5.4	Businesses should, within their sphere of influence, promote the awareness and realization of human rights across their value chain.	The Bank maintains a high touch model to promote awareness and realization of human rights across its network.
5.5	Businesses should not be complicit with human rights abuses by a third party.	The outsourcing policy of the Bank prohibits any kind of human rights violation by any third party.

### PRINCIPLE 6: ENVIRONMENT PROTECTION

As a conscientious Bank, your Bank understands its responsibility to operate in an environmentally sustainable way by developing, promoting and utilising eco-friendly and resource-efficient services. Your Bank has incorporated environment-friendly features into its infrastructure. Some of the energy-efficient and environment-friendly technologies are illustrated below:

Digital Banking	<ul style="list-style-type: none"> <li>• Conversion of statements into e-statements;</li> <li>• Numerous other administration focus on paperless exchanges;</li> <li>• Done away with ATM slip generation</li> </ul>
Energy Saving Initiatives	<ul style="list-style-type: none"> <li>• Five Star rated and energy efficient ACs and Diesel Gensets</li> <li>• Replacement with LED lights in the office</li> </ul>
IT Initiatives	<ul style="list-style-type: none"> <li>• Automated server and desktop shutdown to reduce consumption of energy;</li> <li>• Video conferencing, video chatting to reduce contributory emissions as a result of air travel.</li> </ul>

None of the Banking offices violates any biodiversity or environmental protection act of the country.

Apart from the above initiatives, your Bank has actively contributed to environmental development projects through its CSR initiatives for the conservation of water and carbon sequestration. The details of the projects are given below:

#### a) Water Conservation

The water conservation initiative aims at water security and drought-proofing in some of the high moisture stressed regions of India, thereby providing a safety net to agriculture and livestock-based livelihoods. The initiatives facilitate participatory watershed management by empowering the communities to participate in the planning and implementation of local water resource development. Measures such as building, reviving and maintaining water-harvesting structures, prioritisation and judicious use of water for every community member, crop planning and water-efficient farming, use of drought-resistant varieties, cultivation of high-value crop requiring less water, etc., creates a multiplier effect in drought-proofing and climate change adaptation measures and higher income generation.

The programme has supported the construction of 23 water harvesting structures with a storage capacity of over 120,000 kilolitres of water in two states to date. The water harvesting structures not only provided drinking water to over 1,500 families but also supported participatory irrigation of various crops and helped in generating an income of more than ₹123 Lakh.

#### b) Afforestation

Your Bank has supported the afforestation initiatives and has contributed to the project of establishing a "Bio-shield" to save the mangroves in the Bharuch district of Gujarat. Mangrove plantation of 67,540 saplings was carried out in 20 hectares in a stretch of 1 kilometer of coastline was done along with plantation of other medical plant species and fodder species, sequestering over 4,400 tonnes of CO<sub>2</sub> annually to date. The fodder bank was created to offset the biotic pressure from the mangrove area. The project created 4,629 person-days of employment and benefited 9,123 beneficiaries with additional income generating avenues from fodder and medicinal plant harvesting.

### PRINCIPLE 7: POLICY ADVOCACY

Bandhan Bank has not lobbied through any associations or taken any public policy positions.

### PRINCIPLE 8: INCLUSIVE GROWTH

The Corporate Social Responsibility ('CSR') policy of your Bank articulates its goal to positively contribute toward the economic, environmental and social well-being of the marginalised communities through its CSR programme. The Bank has contributed ₹78.43 Crore towards 23 CSR programmes implemented through 10 Project Implementing Agencies ('PIAs'). These CSR programmes were spread across 671 project locations in 71 districts of 13 states in India. The CSR initiatives reached out to 2,76,262 beneficiaries during the financial year, thereby taking the total beneficiaries to 20,74,603 individuals.

The details of CSR programmes undertaken during the financial year are provided in the Annual Report on CSR forming part of the Board's Report as **Annex – 1**. The CSR Policy as recommended by the CSR Committee and approved by the Board is available on the Bank's website: <https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021.pdf>

Some of the key programmes of the Bank's CSR initiatives are:

#### a) Targeting the Hardcore Poor (THP)

Targeting the Hardcore Poor is the flagship programme of Bandhan. The programme is designed for ultra-poor women-headed households. Through this programme, the beneficiaries are provided with a range of gainful micro-enterprises (in form of the farm, non-farm and mixed assets, non-cash) along with handholding support and training on confidence building, enterprise skills, consumer interaction, marketing and financial skills. They are also provided with a sustenance allowance to meet their daily needs until they start generating substantial income from the assets provided. In a period of 18-24 months, these ultra-poor women start graduating, uplifting themselves from extreme poverty<sup>1</sup> and getting linked to mainstream society<sup>2</sup>.

During the financial year under review, your Bank has contributed ₹27.88 Crore (₹18.20 Crore in FY 2020-21) towards the Targeting the Hardcore Poor ('THP') programme of Bandhan Konnagar, an organization registered under the Societies of West Bengal Registration Act XXVI of 1961, Implementing Agency. The funds were utilised towards alleviating 27,600 ultra-poor women, who were provided assets to start their own petty businesses in farm, non-farm and mixed sectors to build their livelihoods. These ultra-poor women belonged to 18 districts of Assam, Jharkhand, Madhya Pradesh, Odisha and West Bengal.

Your Bank appointed KPMG Assurance and Consulting Services LLP ('KPMG') to carry out an independent Impact Assessment of the CSR Programmes of your Bank. This Impact Assessment Study carried out by KPMG indicated that during the period 2016-2022, more than 29,000 women were alleviated from extreme poverty to above the national poverty line (₹1,059.42 for rural and ₹1,286 for urban areas)<sup>1</sup> with a significant increase in their income (at least an income of above ₹4,000 and average of ₹7,456 per month) and business assets and household assets. Additionally, these women had improved regular savings habits and access to safe and secure shelter.

A long term study was done by the Nobel Laureate Dr. Abhijit Banerjee *et.al*<sup>3</sup>, based on Randomised Control Trials ('RCT') method, suggests that in seven years after the asset was first

distributed, livestock revenue, income from non-agricultural entrepreneurial activities and daily wage income was 286 per cent., 100 per cent. and 25 per cent., respectively, higher in the treatment group as compared to the control group mean, and it was not because of more working hours, but because the income per hour went up and they diversified their businesses and invested part of the gains from livestock into other activities.

The monthly consumption of those assigned to treatment increased by 25 per cent., as compared to the consumption of those assigned to the control, which increased by 12 per cent. and the amount deposited in the savings account by the beneficiaries was more than double as compared to the control group. There was also an increase in formal borrowings.

The study highlights the positive effects across all categories of outcomes. Compared to non-beneficiaries, the beneficiaries' households of the programme have more assets, food security is higher, earning more, and are financially better off. The results for the adult-level indexed variables of the study indicated that the individuals are healthier, happier, and less stressed. Furthermore, the effects (except for productive assets) almost always grows over time, suggesting that the programme may have put beneficiaries' household on a different trajectory.

#### b) Health, Nutrition, Drinking Water and Sanitation

During the financial year under review, your Bank has contributed ₹18.49 Crore (₹15.67 Crore in FY 2020-21) towards seven health programmes of five PIAs covering 35 districts in nine states of India. The health programmes of the PIAs supported by your Bank covered 88,019 beneficiaries during the year.

##### Health

Your Bank contributed towards creating health and hygiene-related awareness and behaviour change through a network of 4,518 village-level female health volunteers known as "*Swasthiya Sahayikas*" who reached out to 2,16,918 pregnant women and lactating mothers. The *Swasthiya Sahayikas* held 38,266 health awareness forums. These sessions were attended by 7,71,600 female participants belonging to the reproductive age group. The *Swasthiya Sahayikas* made 14,81,310 home visits to follow up on the health status of pregnant women, lactating mothers and children below five years and have taken 2,278 women for institutional deliveries during ante-natal check-ups ('ANC') and other health check-ups.

The *Swasthiya Sahayikas* of the health programme inducted menstrual hygiene, behaviour change communication amongst the women especially the adolescent girls and infant care behaviours to the pregnant women and lactating mothers. They provided sanitary pads during door-to-door visits and have also started to supply infant diapers, soaps, hand sanitisers, moisturisers, etc.

These efforts resulted in improving the institutional deliveries to 90.25 per cent., (compared to the national

1 Poverty Line benchmarked accordingly to the Suresh Tendulkar Committee Poverty Lines per capita monthly expenditure, 2011-12, Niti Aayog, Government of India  
2 India SDG Index Score for Goal 1 – No Poverty; Goal 2 – Zero Hunger and SGD 5 – Gender Equality  
3 Abhijit Banerjee, Esther Duflo, Raghavendra Chattopadhyay and Jeremy Shaprio. 2016. The Long Term Impacts of a "Graduation" Program: Evidence from West Bengal. Working Paper, September, 2016. J-PAL, MIT, Cambridge, Massachusetts. USA.

average of 78.90 per cent.<sup>4</sup>) and complete ANC to 91 per cent. (compared to the national average of 51.20 per cent.<sup>4</sup>).

An Impact Assessment study conducted by KPMG indicated that the programme contributed in the improvement by 2 per cent. to 10 per cent. for Institutional deliveries ranging between 94 per cent. to 98 per cent., improved by 4 per cent. for complete ANC ranging between 94 per cent. to 97 per cent., and an improvement by 10 per cent. to 21 per cent. for immunisation ranging between 98 per cent. to 99 per cent.

A study conducted by Grameen Foundation and Freedom from Hunger India Trust from 2015 to 2018<sup>5</sup>, concluded that the programme has a visible positive impact amongst the participants of the health awareness programme on the level of awareness and health-related behaviour between baseline from lower than 10 per cent. to end-line with more than 90 per cent. of women know about Mother and Child Health ('MCH') and from 20 per cent. to 80 per cent. of adolescent girls managing menstrual complications.

#### Healthcare

During the financial year under review, 76,945 patients were provided treatment for various diseases like cataract, hypertension, diabetes, cough & cold, etc., in three districts of three states of India through PIAs, taking the total to 2,47,602 patients being treated.

#### Nutrition

During the financial year under review, 2,75,922 children, under the age of five years, were surveyed in the nutrition initiatives, of which 2,100 children were identified with severe acute malnutrition ('SAM') and were supported for nutrition rehabilitation, whereas, 11,607 children under the age of five were found with moderate acute malnutrition ('MAM') and were provided with nutritional supplements including support for nutritional gardens.

94 per cent. of the children over 24 months completed their primary immunisation and 83.25 per cent. (National Average 54.90 per cent.<sup>4</sup>) of children from 0- 6 months were exclusively breastfed.

To provide round the year nutritional support, 27,444 households were provided planting materials of fruits and vegetables for setting up their nutrition gardens. These nutrition gardens helped families, especially women and children to consume pesticide-free fresh fruits and vegetables round the year. This initiative has helped in reducing the protein-energy malnutrition ('PEM') amongst

the children who are less than five years of age and is evident from the fact the wasting of children under five has gone down to 9 per cent. (as against the national average of 35.7 per cent.<sup>4</sup>). The awareness regarding a balanced and adequate diet during pregnancy coupled with the availability of fruits and vegetables from the nutrition garden resulted in reducing the low birth weight incidences to a mere 2 per cent. of the live births as compared to the national average of 18.2 per cent.<sup>4</sup> live births being under 2.5 kilogram.

A study conducted by KPMG estimated that there has been a reduction in malnutrition among children below five years of age from 14 per cent. to 4 per cent.

#### Drinking Water

During the financial year under review, 62 community-level reverse osmosis water treatment plants were operational, which provided 29,577 kiloliters of purified safe drinking water to 33,749 households.

#### Sanitation

Your Bank has contributed towards developing the community-led sanitation and school sanitation programme of two PIAs covering three districts in three states of India. The initiatives helped in improving the sanitation infrastructure of 502 households, and 19 government schools, which included separate toilets for Boys and Girls using child-friendly engineering, RO drinking water stations, mid-day meal platform with shades, dishwashing stations, roof rainwater harvesting system, etc. The programme induced behaviour change amongst the school teachers and children through classroom sessions and demonstrations regarding sanitation and personal hygiene including hand-washing using soaps after using toilets, before and after a meal, before holding infants, after arriving, after playing outdoors, after playing with animals, after coughing, sneezing or blowing your nose, cleaning toilets, flushing toilets after use, using sanitary pads for menstrual hygiene, etc. The programme also supported monitoring of the operation and maintenance of the facilities created.

### c) Education

Your Bank's supported education programmes provide quality education to the children belonging to the marginalised section of the society in your Bank's catchment area(s). The education programme enables the children to improve their learning outcomes, especially in Science, Technology, English and Mathematics ('STEM') subjects and increase their retention and classroom engagement. The programme also provides training to the teachers belonging to the communities, government schools and schools run by the various charitable trust who are providing free education to transform their pedagogy and integrated various teaching and learning tools in their lesson plans and track the comprehensive continuous assessment of each child.

For inclusive learning, your Bank has also contributed to "Sammilit Pathshala" for providing education to children with special needs with other children. For creating a better learning environment, the programme also contributed to the creation of school education facilities including, setting

4 International Institute for Population Sciences (IIPS) and ICF. 2017. National Family Health Survey (NFHS-4), 2015-16: India. Mumbai: IIPS. <http://rchiips.org/nfhs/NFHS-4Reports/India.pdf>

4 Abhijit Banerjee, Esther Duflo, Raghavendra Chattopadhyay and Jeremy Shaprio, 2016. The long term impacts of a "Graduation" Programme Evidence from West Bengal. Working Paper, September, 2016, J-PAL, MIT, Cambridge, Massachusetts, USA.

5 Alison Burgon Bardsley, Bobbi Gray, Cassie Chandler, and Sabina Rogers (2018). Maa Aur Shishu Swasthya (MASS) Mother and Child Health Program, 2015-2018. Final Project Report. December 2018. Grameen Foundation and Freedom from Hunger India Trust. [https://grameenfoundation.org/documents/MASS\\_Final\\_Evaluation\\_Report\\_2018\\_Final.pdf](https://grameenfoundation.org/documents/MASS_Final_Evaluation_Report_2018_Final.pdf)

up computer labs, smart classrooms, furniture and fixtures, building as a learning aid ('BALA') paintings, etc.

Your Bank contributed ₹17.01 Crore (₹14.80 Crore in FY 2020-21) towards the education programme of three PIAs benefiting 67,575 marginalised children. The cumulative geographical outreach of the programme spread across 33 districts of six states of India.

An Impact Assessment study conducted by KPMG indicated that according to the situational assessment conducted by Asian Institute for Sustainable Development (AISD) in 2021, it was indicated that over 85 per cent. of the parents across the states applauded the good quality of education provided at Bandhan Education Centre ('BEC'). The respondents highlighted that there had been an improvement in the academic performance in English and Mathematics of their wards in formal schools due to the support provided at the BECs. The parents and guardians shared that the staff at BEC provided them with hand-holding support during the enrolment of their children in formal schools. The report further indicated that the prolonged closures due to the COVID-19 pandemic had affected the learning capabilities of the students.

#### **d) Support for Person with Disabilities**

In line with the commitment to inclusive growth, your Bank has contributed ₹38.25 Lakh (₹38.85 Lakh in FY 2020-21) to the initiatives of three PIAs who are dedicated to providing equal opportunities and a conducive environment to persons with disabilities ('PwD'). During the financial year under review, the initiatives have supported 270 PwDs in three districts of three states of India taking the total to 1,332 PwDs supported through these initiatives.

#### **e) Skill Development**

Your Bank's skill development initiative provides market-linked and job-ready employable skills to the youths from marginalised sections of the society in various domains. This initiative not only provides on-job training, and job placement facilitation in the organised sector but also a follow-up of the placements so that the youths are settled in their jobs post-training.

During the financial year under review, your Bank contributed ₹4.79 core (₹4.89 crore in FY 2020-21) towards the skill development initiatives of two PIAs in 16 districts of six states of India. These PIAs operated 16 training centres in domains, like, Warehousing and Logistics, Retail and Customer Care, Sales and Marketing, ITeS and BPO, Refrigeration and Air Conditioning, Computer Accounting, Hardware and Networking, BFSI, Tailoring, Mason, Electrical, GDA (Nursing), Manual Metal Arc Welding, Fitter Fabrication, etc.

During the financial year, 3,738 youth were trained, of which more than 75 per cent. were placed with a net salary ranging from ₹8,000 to ₹15,000 plus other performance-based allowances and social security benefits like Provident Fund ('PF') and Employee State Insurance ('ESI').

An Impact Assessment Study conducted by KPMG indicated that between 2016 to 2021, 11,478 youth were trained with

a placement rate of over 68 per cent. These youths earned salaried income in the organised sector with an average salary of ₹13,591.

#### **PRINCIPLE 9: CUSTOMER WELFARE**

Finance and banking are all about trust. In this light, customer service takes the center stage in this business. The current scenario of competitive banking presents new challenges and complexities with the emerging trend of digitization of services and the adoption of online transaction modes by consumers. Your Bank understands that in the banking industry, where technology continues to evolve the way we handle personal and business finances, quality customer care includes keeping pace with both live and digital options to ensure seamless and hassle-free service to customers. Amidst strong market competition, your Bank continuously strives to improve its relationship with customers. By constantly listening to our customers and improving and embracing new technology, your Bank aims to improve the customer management system and bring about a positive experience in the entire customer service journey.

##### **Grievance Redressal Mechanisms**

Your Bank follows the principle of 'First Contact Resolution', i.e., all efforts are made to resolve the grievance to the satisfaction of the complainant at the point of the first contact. Complaints may be received by the Bank from its customers at all levels- Branches, Banking Units, Housing Finance Centers, Cluster Offices, Regional Offices, Zonal Offices and Head offices as well as other customer contact points such as the Phone Banking Center, Bandhan Bank website, Customer Care mail IDs. Issues raised by customers on social media platforms like Facebook, Twitter, LinkedIn, etc., are also treated as complaints, wherever applicable.

Both Your Bank's toll-free numbers and toll-paid numbers are enabled with an IVR option in the main menu for ease of reporting fraudulent activity. On selection of the requisite option the calls land to a trained Phone banking agent with adequate knowledge to handle complaints related to Unauthorised Electronic Banking Transactions. The agents have the authority to block or freeze accounts as required.

A complaint redressal mechanism as given below is put in place by the Bank for resolving customer complaints expeditiously, to bring about transparency and to assist in creating a positive image of the Bank amongst its customers.

Channels for receiving grievances, the turnaround time for resolution and escalation matrix are as below:

**Level 1 - Branch/Phone Banking Centre/Housing Finance Centre/Banking Unit:** Complaints received at this level will be resolved within 7 working days. In case of dependency on other departments or in case of issues that need retrieval of old records, the resolution time would be 10 working days.

**Level 2 – Cluster Office:** If the customer is not satisfied with the resolution provided, he may escalate the matter to the Cluster Head or the Bank's Nodal Officers to the Banking Ombudsman of the concerned area. The Cluster Head will look into the matter and resolve the complaint within 10 working days from the receipt of the complaint.



**Level 3 – Head Office:** If the customer is not satisfied with the resolution provided, he/she may escalate the matter to the Head-Banking Operations & Customer Service at Head Office, who would look into the matter and arrange to resolve the same within 15 working days of receipt of the complaint.

It is made known to the customer that in case he/she is not satisfied by the resolution provided by the Bank, then he/she may approach the Banking Ombudsman. Nineteen Officers of the Bank across the country have been identified as Nodal Officers to the Banking Ombudsmen.

#### **Ensuring Customer Privacy**

Personal information and financial transactions are entirely confidential. As an organisation, Bandhan Bank takes issues of customer confidentiality very seriously. The Bank is constantly making employees aware of Information Security which includes protecting information and information systems from unauthorised access, use, and disclosure in addition to developing new technological innovations to ensure the absolute protection of all customers' data.

Further, the Bank actively monitors the usage of its information/ phone numbers/ contact details, similar-looking URLs, etc. being wrongly put out on search engines by fraudsters to fool the gullible public/customers.

#### **Customer Education Initiatives**

As a part of the customer education initiative to prevent fraud, regular SMS / emails are being sent to customers advising them to use strong passwords and biometric access to secure phones and applications and not to share any payment credentials like OTP, CVV, password or any confidential details with anyone. Customers are also alerted against downloading and clicking on fictitious links and to immediately report to Customer Care or to visit the Bandhan Bank branch in case of fraudulent access or transaction through internet and mobile banking. Our awareness programs (Financial Literacy Camps) help educate our customers and citizens against online banking frauds. The information on features of Digital Banking and their safe usage have been disseminated through multiple communication channels/touchpoints like branch promotion, website content creation, etc., to increase awareness among customers.

For and on behalf of the Board of Directors  
**Bandhan Bank Limited**

**Anup Kumar Sinha**

Non-Executive (Independent) Chairman  
(DIN: 08249893)

Place: Kolkata  
Date: June 15, 2022

# **Financial Statements**

# Independent Auditor's Report

## To the Members of BANDHAN BANK LIMITED

### Report on the Audit of the Financial Statements Opinion

We have audited the accompanying financial statements of **BANDHAN BANK LIMITED** ("the Bank"), which comprise the Balance Sheet as at March 31, 2022, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949, Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2021, ("Accounting Standards") as applicable to banks and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2022, its profit and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under

section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	Auditor's Response
1	<p><b>Identification of Non-Performing Advances and Provisioning for Advances</b></p> <p>(Refer Schedule 9 read with Note 18.6 to the financial statements)</p> <p>Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank has gross advances amounting to ₹ 98,790 crores and the gross NPA ratio of Bank is 6.46% as at March 31, 2022.</p> <p>The Reserve Bank of India's (RBI) guidelines on income recognition, asset classification and provisioning ('IRAC norms') and guidelines relating to Resolution Framework for covid-19 related stress (herein after referred as "Relevant RBI guidelines") prescribes the norms for identification and classification of NPAs and the minimum provision required for such assets.</p>	<p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances. In particular:</p> <ul style="list-style-type: none"> <li>We have evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines which includes evaluating the governance process and tested controls over calculations of provision on non-performing advances, basis of provisioning in accordance with the Board approved policy;</li> <li>We have analysed and understood key IT systems/ applications used and tested the design and implementation as well as operational effectiveness of relevant controls in relation to income recognition, asset classification, viz., standard, sub-standard, doubtful and loss with reference to relevant RBI guidelines and provisioning pertaining to advances;</li> <li>We test checked advances to examine the validity of the recorded amounts, underlying loan documentation and statement of accounts, indicators of impairment, impairment provision for NPAs, and compliance with IRAC norms which includes selection of borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRACP norms and Bank policy.</li> </ul>

Sl. No.	Key Audit Matter	Auditor's Response
	<p>The Bank is required to have Board approved policy as per IRACP guidelines for NPA identification and provision.</p> <p>The Bank is also required to apply its judgement to determine the identification and provisioning for NPAs by applying quantitative as well as qualitative factors. The provision on NPA is estimated based on ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI and approved policy of the Bank in this regard.</p> <p>Additionally, the Bank carries provision on advances that are not classified as NPAs including advances to certain sectors and identified advances or group advances that can potentially slip into NPA.</p> <p>Since the identification of NPAs and provisioning for advances is significant to the overall audit due to reasons stated above as well as stakeholder and regulatory focus, we have ascertained this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Selected samples of performing loans and assessed independently as to whether those should be classified as NPA;</li> <li>• For samples selected examined the security valuation, financial statements and other qualitative information of the borrowers, wherever applicable;</li> <li>• Considered the accounts reported by the Bank and other Banks as Special Mention Accounts ("SMA") in RBI's Central Repository of Information on Large Credits (CRILC) to identify stress;</li> <li>• For selected samples assessed independently accounts that can potentially be classified as NPA;</li> <li>• We obtained an understanding of implementation of the Regulatory Package and checked that the Bank's board approved policy is in line with the Resolution Framework which includes MSME restructuring circular and Resolution Framework for Covid-19 related stress. On sample basis, tested that restructuring was carried out in accordance with the Resolution Framework and re-computed the provision made in accordance with the Resolution Framework.</li> <li>• We have evaluated the adequacy of the additional provisions as prepared by the Management and checked consistency of various inputs and assumptions used by the Management to determine adequacy of the additional provisions.</li> <li>• Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.</li> </ul>
<b>2</b>	<p><b>Key Information technology (IT) systems used in financial reporting process:</b></p> <p>As a Scheduled Commercial Bank that operates on core banking solution ("CBS") across its branches and asset centres, the reliability and security of IT systems plays a key role in the business operations. The Bank has a complex IT architecture to support its day-to-day business operations. High volume of transactions is processed and recorded on single or multiple applications.</p> <p>Accordingly, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.</p> <p>The IT infrastructure is critical for smooth functioning of the Bank's business operations as well as for timely and accurate financial accounting and reporting.</p> <p>Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high-level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.</p>	<p>We involved our IT specialists to obtain an understanding of the Bank's IT related control environment. Furthermore, we conducted an assessment and identified key IT applications, databases and operating systems that are relevant for our audit. For the key IT systems used to prepare accounting and financial information, our areas of audit focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the Bank's IT control environment and key changes during the audit period that may be relevant to the audit;</li> <li>• We tested the design, implementation and operating effectiveness of the Bank's General IT controls over the key IT systems that are critical to financial reporting. This included evaluation of Bank's controls to evaluate segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified access of all users being rectified during the period of audit;</li> <li>• We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or formed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Bank's Board of Directors is responsible for the preparation of the other information. The other information comprises the Chairman's Statement, the Directors Report including annexures to the Directors report and Corporate Governance Report included in the Annual Report, but does not include the financial statement and our auditors report thereon and the Pillar III Disclosures under New Capital Adequacy Framework (Basel III Disclosures). The other information is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and Basel III Disclosures and accordingly will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 (Revised) 'The Auditor's responsibilities Relating to Other Information'.

### Management's Responsibility for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards and other accounting principles generally accepted in India and the circulars, guidelines and the directions issued by the Reserve Bank of India, from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the financial reporting process of Bank.

### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable

that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

The financial statements as at and for the year ended March 31, 2021, have been audited by the Deloitte Haskins & Sells, Chartered Accountants, one of the joint auditors of the Bank, whose report dated May 08, 2021 expressed an unmodified opinion on those financial statements. Accordingly, we, M M Nissim & Co LLP, Chartered Accountants do not express any opinion on the figures reported in the financial statements as at and for the year ended March 31, 2021.

Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act and Section 30(3) of the Banking Regulation Act, 1949, based on our Audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and found them to be satisfactory.
  - b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the bank.
  - c) As explained in the paragraph 2 below, the financial accounting system of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches.

- d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
- e) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- f) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act as applicable to the Banks.
- g) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- h) With respect to the adequacy of the internal financial controls with reference to financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls with reference to financial statements.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the entity being a banking company, section 197 of the Act related to the managerial remuneration is not applicable by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.
- j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2021, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Schedule 18.16 to the financial statements;
  - ii. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank;
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including

foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries – Refer schedule 18.32 to the financial statements.

- (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Bank from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Bank shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries – Refer schedule 18.32 to the financial statements.
- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.

- v. The Bank has not declared any dividend during the year and has not proposed final dividend for the year.

2. We report that during the course of our audit we have visited and performed select relevant procedures at 37 branches and 60 Banking Units (BU). Since the Bank considers its key operations to be automated, with the key applications largely integrated to the Core Banking System, it does not require its branches/banking units to submit any financial returns. Accordingly, our audit is carried out centrally at Head Office and Central Processing Units based on the records and data required for the purpose of Audit being made available to us.

**For Deloitte Haskins & Sells**

Chartered Accountants  
(Firm Registration No. 117365W)  
G. K. Subramaniam  
Partner  
Membership No. 109839  
UDIN: 22109839AIXBLV8224  
Place: Bengaluru  
Date: May 13, 2022

**For M M Nissim & Co LLP**

Chartered Accountants  
(Firm Registration No. 107122W / W100672)  
Sanjay Khemani  
Partner  
Membership No. 044577  
UDIN: 22044577AIXMFU3791  
Place: Mumbai  
Date: May 13, 2022

# Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(h) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

## Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Bandhan Bank Limited** (the “Bank”) as of March 31, 2022 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The Bank’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the Bank’s internal financial controls over financial reporting of the Bank based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit

of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A Bank’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



## Opinion

In our opinion, to the best of our information and according to the explanations given to us the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were

operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### For Deloitte Haskins & Sells

Chartered Accountants  
(Firm Registration No. 117365W)  
G. K. Subramaniam  
Partner  
Membership No. 109839  
UDIN: 22109839AIXBLV8224  
Place: Bengaluru  
Date: May 13, 2022

### For M M Nissim & Co LLP

Chartered Accountants  
(Firm Registration No. 107122W / W100672)  
Sanjay Khemani  
Partner  
Membership No. 044577  
UDIN: 22044577AIXMFU3791  
Place: Mumbai  
Date: May 13, 2022

# Balance Sheet

as at March 31, 2022

(₹ in '000)

Particulars	Schedule	As at March 31 2022	As at March 31 2021
<b>Capital &amp; Liabilities</b>			
Capital	1	1,61,07,659	1,61,05,992
Reserves & Surplus	2	15,77,03,848	15,79,75,845
Deposits	3	96,33,06,131	77,97,22,248
Borrowings	4	19,92,12,280	16,96,03,572
Other liabilities and provisions	5	5,23,35,536	2,67,54,092
<b>Total</b>		<b>1,38,86,65,454</b>	<b>1,15,01,61,749</b>
<b>Assets</b>			
Cash and balances with Reserve Bank of India	6	4,94,25,645	3,33,53,864
Balance with Banks and Money at call and short notice	7	4,37,87,883	2,89,29,337
Investments	8	29,07,87,101	25,15,53,875
Advances	9	93,97,49,267	81,61,28,759
Fixed Assets	10	58,78,851	48,67,122
Other Assets	11	5,90,36,707	1,53,28,792
<b>Total</b>		<b>1,38,86,65,454</b>	<b>1,15,01,61,749</b>
Contingent liabilities	12	12,40,55,253	1,34,19,063
Bills for collection		-	-
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm Registration Number :  
117365W

**For M M NISSIM & CO LLP**  
Chartered Accountants  
Firm Registration Number :  
107122W / W100672

**G. K. Subramaniam**  
Partner  
Membership Number : 109839  
Place : Bengaluru  
Date : May 13, 2022

**Sanjay Khemani**  
Partner  
Membership Number : 044577  
Place : Mumbai  
Date : May 13, 2022

For and on behalf of Board of Directors  
**For Bandhan Bank Limited**

**Sunil Samdani**  
Chief Financial Officer  
Mumbai

**Vijay Nautamlal Bhatt**  
ACB Chairman & Independent Director  
Mumbai  
DIN: 00751001

**Chandra Shekhar Ghosh**  
Managing Director & CEO  
Mumbai  
DIN: 00342477

**Indranil Banerjee**  
Company Secretary  
Mumbai

**Subrata Dutta Gupta**  
Independent Director  
Mumbai  
DIN: 08767943

**Anup Kumar Sinha**  
Chairman & Independent Director  
Mumbai  
DIN: 08249893

# Profit and Loss Account

For the year ended March 31, 2022

(₹ in '000)

Particulars	Schedule	Year ended March 31 2022	Year ended March 31 2021
<b>I. Income</b>			
Interest Earned	13	13,87,11,202	12,52,42,119
Other Income	14	2,82,28,226	2,02,22,539
<b>Total</b>		<b>16,69,39,428</b>	<b>14,54,64,658</b>
<b>II. Expenditure</b>			
Interest Expended	15	5,15,71,016	4,96,08,563
Operating Expenses	16	3,52,34,377	2,81,68,850
Provisions & Contingencies	18.1	7,88,76,095	4,56,32,675
<b>Total</b>		<b>16,56,81,488</b>	<b>12,34,10,088</b>
<b>III. Net Profit for the year (I-II)</b>		<b>12,57,940</b>	<b>2,20,54,570</b>
Balance in Profit & Loss Account brought forward from previous year		6,17,10,030	4,75,87,096
<b>IV. Amount available for appropriations</b>		<b>6,29,67,970</b>	<b>6,96,41,666</b>
<b>V. Appropriation</b>			
Transfer to Statutory Reserves		3,14,485	55,13,642
Transfer to Statutory Reserve u/s 36(1)(viii) of Income Tax Act 1961		4,24,522	7,43,688
Transfer to Capital Reserve		1,59,996	8,46,398
Transfer to Investment Reserve		2,52,391	-
Transfer to Investment Fluctuation Reserve		1,06,546	8,27,908
Dividend Paid		16,10,674	-
Balance carried over to Balance Sheet		6,00,99,356	6,17,10,030
<b>Total</b>		<b>6,29,67,970</b>	<b>6,96,41,666</b>
<b>VI. Earnings per Share</b>			
Basic (₹)		0.78	13.70
Diluted (₹)		0.78	13.69
Face value per share (₹)		10	10
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Profit & Loss Account.

As per our report of even date

For and on behalf of Board of Directors  
For Bandhan Bank Limited

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm Registration Number :  
117365W

**For M M NISSIM & CO LLP**  
Chartered Accountants  
Firm Registration Number :  
107122W / W100672

**Sunil Samdani**  
Chief Financial Officer  
Mumbai

**Indranil Banerjee**  
Company Secretary  
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Membership Number : 109839  
Place : Bengaluru  
Date : May 13, 2022

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Place : Mumbai  
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Independent Director  
Mumbai  
DIN: 08767943

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Managing Director & CEO  
Mumbai  
DIN: 00342477

**Anup Kumar Sinha**  
Chairman & Independent Director  
Mumbai  
DIN: 08249893

# Cash Flow Statement

For the year ended March 31, 2022

(₹ in '000)

Particulars	Year ended March 31 2022	Year ended March 31 2021
<b>A. Cash flow from Operating Activities :</b>		
Profit Before Taxation	12,86,231	2,94,86,548
<b>Adjustments for :</b>		
Depreciation and amortization	11,00,374	10,30,649
Provisions & Contingencies	7,88,47,804	3,75,77,521
Interest Income from fixed deposits	(42,908)	(31,721)
Profit on sale of Held-to-maturity (HTM) securities	(2,85,076)	(15,08,086)
Interest Income from Investments in Held-to-maturity (HTM) securities	(1,12,26,727)	(82,27,973)
Provision/(reversal of provision) for depreciation in value of investments	(4,49,702)	8,68,058
Employee Stock Options Expense	52,396	-
Profit on sale of fixed assets	(4,057)	(11,134)
<b>Operating Profit Before Working Capital Changes</b>	<b>6,92,78,335</b>	<b>5,91,83,862</b>
<b>Movements in working capital :</b>		
Increase in Advances	(17,52,85,772)	(19,37,66,725)
Increase in Other Assets	(3,59,93,598)	(18,36,815)
Increase in Investment in HFT & AFS securities	(2,32,14,573)	(7,40,99,634)
Increase in Deposits	18,35,83,883	20,89,07,212
Increase/(Decrease) in Other Current Liabilities and Provisions	(24,52,688)	34,08,981
<b>Cash flows generated from operations</b>	<b>1,59,15,587</b>	<b>17,96,881</b>
Direct Taxes Paid (net of refunds)	(68,95,194)	(1,08,88,703)
<b>Net Cash flows generated from/(used in) Operating Activities (A)</b>	<b>90,20,393</b>	<b>(90,91,822)</b>
<b>B. Cash flow from Investing Activities :</b>		
Purchase of Fixed Assets/Capital work-in-progress	(21,18,859)	(22,25,113)
Sale of Fixed Assets/Capital work-in-progress	10,811	26,151
Interest Income from fixed deposits	42,787	33,290
Interest Income from Investments in Held-to-maturity (HTM) securities	1,12,31,025	74,23,643
(Increase)/Decrease in Held to Maturity Investment	(1,52,83,874)	(2,32,96,469)
Deposits created with banks and financial institutions	(162)	(207)
<b>Net Cash flows generated from/(used in) Investing Activities (B)</b>	<b>(61,18,272)</b>	<b>(1,80,38,705)</b>
<b>C. Cash flow from Financing Activities :</b>		
Dividend paid	(16,10,674)	-
Proceeds from share issue (Including share premium)	30,009	72,675
Repayment of short term borrowings	(2,10,87,254)	(75,06,968)
Proceeds from long term borrowings	5,06,95,963	1,33,18,768
<b>Net Cash flows generated from Financing Activities(C)</b>	<b>2,80,28,044</b>	<b>58,84,475</b>
<b>Net Increase/ (Decrease) in Cash And Cash Equivalents (A+B+C)</b>	<b>3,09,30,165</b>	<b>(2,12,46,052)</b>
<b>Cash And Cash Equivalents At The Beginning of the year</b>	<b>6,22,78,055</b>	<b>8,35,24,107</b>
<b>Cash And Cash Equivalents At The End of the year</b>	<b>9,32,08,220</b>	<b>6,22,78,055</b>
<b>Components of Cash and Cash Equivalents :</b>		
Cash and Balances with Reserve Bank of India (Refer Schedule no. 6)	4,94,25,645	3,33,53,864
Balance with Banks and Money at call and short notice (Refer Schedule no. 7)*	4,37,82,575	2,89,24,191
	<b>9,32,08,220</b>	<b>6,22,78,055</b>

\* Cash and Cash Equivalents excludes Fixed Deposits of ₹ 0.53 crore (Previous Year: ₹ 0.51 crore) with original maturity of more than three months.

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For and on behalf of Board of Directors  
**For Bandhan Bank Limited**

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm Registration Number :  
117365W

**For M M NISSIM & CO LLP**  
Chartered Accountants  
Firm Registration Number :  
107122W / W100672

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Managing Director & CEO  
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DIN: 00342477

**Anup Kumar Sinha**  
Chairman & Independent Director  
Mumbai  
DIN: 08249893

# Schedules

forming part of the Balance sheet as at March 31, 2022

## Schedule 1 - Capital

(₹ in '000)

	As at March 31 2022	As at March 31 2021
<b>Authorized Capital</b>		
3,200,000,000 (Previous Year: 3,200,000,000) equity shares of ₹ 10/- each	<b>3,20,00,000</b>	<b>3,20,00,000</b>
<b>Issued, subscribed and fully paid-up capital</b>		
1,61,07,65,867 (Previous Year: 1,61,05,99,201) Equity Share of ₹ 10/- each	1,61,07,659	1,61,05,992
<b>Total</b>	<b>1,61,07,659</b>	<b>1,61,05,992</b>

## Schedule 2 - Reserves & Surplus

(₹ in '000)

	As at March 31 2022	As at March 31 2021
<b>I. Statutory Reserve</b>		
Opening Balance	2,47,85,072	1,92,71,430
Additions during the Year	3,14,485	55,13,642
Deduction during the Year	-	-
<b>Total</b>	<b>2,50,99,557</b>	<b>2,47,85,072</b>
<b>II. Statutory Reserve U/S 36(1)(viii) OF Income Tax Act 1961</b>		
Opening Balance	82,86,713	75,43,026
Additions during the Year	4,24,522	7,43,686
Deduction during the Year	-	-
<b>Total</b>	<b>87,11,235</b>	<b>82,86,713</b>
<b>III. Capital Reserve</b>		
Opening Balance	63,00,451	54,54,052
Additions during the Year <sup>1</sup>	1,59,996	8,46,398
Deduction during the Year	-	-
<b>Total</b>	<b>64,60,447</b>	<b>63,00,451</b>
<b>IV. Share Premium Account</b>		
Opening Balance	5,41,43,674	5,40,74,513
Additions during the Year	28,342	69,161
Deduction during the Year	-	-
<b>Total</b>	<b>5,41,72,016</b>	<b>5,41,43,674</b>
<b>V. Investment Fluctuation Reserve</b>		
Opening Balance	17,06,447	8,78,539
Additions during the Year	1,06,546	8,27,908
Deduction during the Year	-	-
<b>Total</b>	<b>18,12,993</b>	<b>17,06,447</b>
<b>VI. Investment Reserve</b>		
Opening Balance	51,633	51,633
Additions during the Year <sup>2</sup>	2,52,391	-
Deduction during the Year	-	-
<b>Total</b>	<b>3,04,024</b>	<b>51,633</b>
<b>VII. Additional Reserve<sup>3</sup></b>		
Opening Balance	2,77,389	2,77,389
Additions during the Year	-	-
Deduction during the Year	-	-
<b>Total</b>	<b>2,77,389</b>	<b>2,77,389</b>

# Schedules

forming part of the Balance sheet as at March 31, 2022

(₹ in '000)

	As at March 31 2022	As at March 31 2021
<b>VIII. General Reserve</b>		
Opening Balance	7,14,436	7,14,436
Additions during the Year	-	-
Deduction during the Year	-	-
<b>Total</b>	<b>7,14,436</b>	<b>7,14,436</b>
<b>VIII. Employee Stock Option Reserve</b>		
Opening Balance	-	-
Additions during the Year	52,395	-
Deduction during the Year	-	-
<b>Total</b>	<b>52,395</b>	<b>-</b>
<b>IX. Balance in Profit and Loss Account</b>	6,00,99,356	6,17,10,030
<b>GRAND TOTAL (I+II+III+IV+V+VI+VII+VIII+IX+X)</b>	<b>15,77,03,848</b>	<b>15,79,75,845</b>

- Appropriations made for profit on sale of investments in held to maturity category, net of taxes and transfer to Statutory reserve.
- Appropriations made for reversal of excess provision for depreciation in "Available for Sale" & "Held for Trading" categories, net of taxes and transfer to Statutory reserve.
- Additional Reserve represents reserve created in terms of section 29C of the National Housing Bank Act, 1987 out of the distributable profits by erstwhile Gruh Finance Limited, which have been carried forward in accordance with the terms of the Merger scheme.

## Schedule 3 - Deposits

(₹ in '000)

	As at March 31 2022	As at March 31 2021
<b>A. I. Demand Deposits</b>		
i) From Banks	23,30,829	12,29,013
ii) From Others	5,22,92,322	4,44,40,963
<b>II. Savings Bank Deposits</b>	34,61,68,624	29,26,03,166
<b>III. Term Deposits</b>		
i) From Banks	16,42,30,541	11,68,89,492
ii) From Others	39,82,83,815	32,45,59,614
<b>Total</b>	<b>96,33,06,131</b>	<b>77,97,22,248</b>
<b>B. I. Deposits of branches in India</b>	96,33,06,131	77,97,22,248
<b>II. Deposits of branches outside India</b>	-	-
<b>Total</b>	<b>96,33,06,131</b>	<b>77,97,22,248</b>

## Schedule 4 - Borrowings

(₹ in '000)

	As at March 31 2022	As at March 31 2021
<b>I. Borrowings in India</b>		
i) Reserve Bank of India	-	-
ii) Other banks	1,11,52,737	53,00,000
iii) Other Institutions & agencies*	18,80,59,543	16,43,03,572
<b>II. Borrowings outside India</b>	-	-
<b>Total</b>	<b>19,92,12,280</b>	<b>16,96,03,572</b>
Secured borrowings included in (I&II) above	-	2,69,39,992

\* Borrowings from other institutions and agencies includes Subordinated Debt of ₹ NIL (Previous Year: ₹ 160.00 crore) in the nature of Non-Convertible Debentures.

# Schedules

forming part of the Balance sheet as at March 31, 2022

## Schedule 5 - Other liabilities and provisions

(₹ in '000)

	As at March 31 2022	As at March 31 2021
I. Bills Payable	66,02,212	26,98,526
II. Inter-office Adjustments(Net)	13,90,395	3,53,917
III. Interest accrued	11,03,648	41,54,051
IV. Contingent Provision against Standard Assets	3,38,16,165	67,86,123
V. Provision for Income Tax (Net of Advance tax and Tax deducted at source)	8,51,591	-
VI. Others*	85,71,525	1,27,61,475
<b>Total</b>	<b>5,23,35,536</b>	<b>2,67,54,092</b>

\*Includes ₹ NIL (Previous year ₹ 440.01 crore) payable for inter Bank Participation Certificate (IBPC) transactions (Refer Note. 18.28)

## Schedule 6 - Cash and balances with Reserve Bank of India

(₹ in '000)

	As at March 31 2022	As at March 31 2021
I. Cash In hand (including foreign currency notes)	1,17,30,810	76,43,781
II. Balance with Reserve Bank of India		
i) In Current Account	3,76,94,835	2,57,10,083
ii) In Other Accounts	-	-
<b>Total</b>	<b>4,94,25,645</b>	<b>3,33,53,864</b>

## Schedule 7 - Balances with Banks and Money at call and short notice

(₹ in '000)

	As at March 31 2022	As at March 31 2021
<b>I. In India</b>		
i) Balance with Banks		
a) In Current Account	94,01,187	93,52,915
b) In Other Deposit Accounts	5,307	5,145
ii) Money at call & short notice		
a) With banks	3,40,00,000	1,94,38,660
b) With other institutions	2,49,993	-
<b>Total</b>	<b>4,36,56,487</b>	<b>2,87,96,720</b>
<b>II. Outside India</b>		
a) In Current Account	1,31,396	1,32,617
b) In Other Deposit Accounts	-	-
c) Money at call & short notice	-	-
<b>Total</b>	<b>1,31,396</b>	<b>1,32,617</b>
<b>GRAND TOTAL (I+II)</b>	<b>4,37,87,883</b>	<b>2,89,29,337</b>

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forming part of the Balance sheet as at March 31, 2022

## Schedule 8 - Investments

(₹ in '000)

	As at March 31 2022	As at March 31 2021
<b>I.</b> Investment in India in		
i) Government Securities	28,02,21,062	24,11,24,246
ii) Other Approved Securities	-	-
iii) Shares	32,85,869	32,96,040
iv) Debentures & Bonds	28,83,459	65,74,938
v) Subsidiaries and /or joint ventures	-	-
vi) Others (Mutual Fund units, Certificate of Deposits and Pass Through certificates, etc.)	48,15,067	14,26,709
<b>Total</b>	<b>29,12,05,457</b>	<b>25,24,21,933</b>
Less- Provision for Depreciation on Investment	(4,18,356)	(8,68,058)
<b>Total</b>	<b>29,07,87,101</b>	<b>25,15,53,875</b>
<b>II.</b> Investments outside India	-	-
<b>Total</b>	-	-
<b>GRAND TOTAL (I+II)</b>	<b>29,07,87,101</b>	<b>25,15,53,875</b>

## Schedule 9 - Advances

(₹ in '000)

	As at March 31 2022	As at March 31 2021
<b>A.</b> i) Bills Purchased & Discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	2,33,02,121	2,39,58,232
iii) Term loans*	91,64,47,146	79,21,70,527
<b>Total</b>	<b>93,97,49,267</b>	<b>81,61,28,759</b>
* Net of loans outstanding under Inter bank participation certificate ₹ NIL (Previous Year: ₹ 2,124.13 crore)		
<b>B.</b> i) Secured by tangible assets (Including Advances against fixed deposits and book debts)	31,14,99,914	24,65,64,233
ii) Covered by Bank/Government Guarantees	5,75,97,555	8,71,06,363
iii) Unsecured	57,06,51,798	48,24,58,163
<b>Total</b>	<b>93,97,49,267</b>	<b>81,61,28,759</b>
<b>C.</b> I) Advances in India		
i) Priority Sector	54,47,20,228	71,97,79,764
ii) Public Sector	-	-
iii) Banks	-	-
iv) Others	39,50,29,039	9,63,48,995
<b>Total</b>	<b>93,97,49,267</b>	<b>81,61,28,759</b>
II) Advances Outside India	-	-
<b>Total</b>	-	-
<b>GRAND TOTAL (I+II)</b>	<b>93,97,49,267</b>	<b>81,61,28,759</b>



# Schedules

forming part of the Balance sheet as at March 31, 2022

## Schedule 10 - Fixed Assets

(₹ in '000)

	As at March 31 2022	As at March 31 2021
<b>I) Premises</b>		
<b>Gross Block</b>		
At cost as at March 31 of the preceding year	15,37,193	14,50,398
Addition during the Year	859	86,795
Deduction during the Year	(427)	-
<b>Total</b>	<b>15,37,625</b>	<b>15,37,193</b>
<b>Depreciation</b>		
As at the beginning of the Year	62,885	42,178
Charge for the year	23,000	20,706
Deduction during the Year	(406)	-
<b>Total</b>	<b>85,479</b>	<b>62,884</b>
<b>Net Block</b>	<b>14,52,146</b>	<b>14,74,309</b>
<b>II) Other Fixed Assets (Including Furniture &amp; Fixture)</b>		
<b>Gross Block</b>		
At cost as at March 31 of the preceding year	72,13,039	56,39,933
Addition during the Year	9,32,472	18,05,821
Deduction during the Year	(1,30,203)	(2,32,716)
<b>Total</b>	<b>80,15,308</b>	<b>72,13,038</b>
<b>Depreciation</b>		
At cost as at March 31 of the preceding year	43,67,724	35,75,479
Addition during the Year	10,77,374	10,09,943
Deduction during the Year	(1,23,470)	(2,17,698)
<b>Total</b>	<b>53,21,628</b>	<b>43,67,724</b>
<b>Net Block</b>	<b>26,93,680</b>	<b>28,45,314</b>
<b>III) Capital Work-in-progress (including capital advances)</b>	17,33,026	5,47,499
<b>GRAND TOTAL (I+II+III)</b>	<b>58,78,851</b>	<b>48,67,122</b>

## Schedule 11 - Other Assets

(₹ in '000)

	As at March 31 2022	As at March 31 2021
I) Inter Office adjustment (Net)	-	-
II) Interest Accrued	1,03,51,100	54,15,025
III) Advance Income Tax (Net of Provision)	-	23,61,934
IV) Stationery and stamps	-	-
V) Non banking assets acquired in satisfaction of claims	5,85,643	6,37,343
VI) Others*	4,80,99,964	69,14,490
<b>Total</b>	<b>5,90,36,707</b>	<b>1,53,28,792</b>

\* Includes Deferred Tax Assets of ₹ 1,218.43 crore (Previous Year: ₹ 228.42 crore) (Refer Note. 18.12)

\* Includes Deposits in Rural Infrastructure and Development Fund amounting to ₹ 3,300.28 crore (Previous Year: ₹ NIL)

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forming part of the Balance sheet as at March 31, 2022

## Schedule 12 - Contingent liabilities

(₹ in '000)

	As at March 31 2022	As at March 31 2021
I) Claims against the Bank not acknowledged as debts	5,55,877	22,94,667
II) Liability for partly paid investments	-	-
III) Liability on account of outstanding forward exchange contracts	11,52,80,150	62,35,790
IV) Guarantees given on behalf of constituents		
(a) In India	36,77,906	21,88,502
(b) Outside India	-	-
V) Acceptances, endorsements and other obligations	22,66,652	11,45,282
VI) Other items-Capital Commitments	22,74,668	15,54,822
<b>Total</b>	<b>12,40,55,253</b>	<b>1,34,19,063</b>

## Schedule 13 - Interest Earned

(₹ in '000)

	Year ended March 31 2022	Year ended March 31 2021
I) Interest/discount on advances/bills	12,18,38,960	10,89,17,939
II) Income on investments	1,47,83,033	1,17,41,524
III) Interest on balances with Reserve Bank of India and other inter-bank funds	14,05,144	11,82,112
IV) Others (Includes gain on IBPC)	6,84,065	34,00,544
<b>Total</b>	<b>13,87,11,202</b>	<b>12,52,42,119</b>

## Schedule 14 - Other Income

(₹ in '000)

	Year ended March 31 2022	Year ended March 31 2021
I) Commission, exchange and brokerage	1,17,76,328	83,96,950
II) Profit/(Loss) on sale of investments (Net)	23,20,827	30,87,128
III) Profit/(Loss) on revaluation of investments (Net)	4,49,702	(8,68,058)
IV) Profit/(Loss) on sale of fixed assets (Net)	4,057	11,134
V) Profit/(Loss) on exchange/derivative transactions (Net)	6,238	4,650
VI) Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VII) Miscellaneous income (Refer Note no. 18.34)	1,36,71,074	95,90,735
<b>Total</b>	<b>2,82,28,226</b>	<b>2,02,22,539</b>

## Schedule 15 - Interest Expended

(₹ in '000)

	Year ended March 31 2022	Year ended March 31 2021
I) Interest on deposits	4,31,81,992	3,96,29,029
II) Interest on Reserve Bank of India/Inter-bank borrowings	1,46,294	11,15,342
III) Others	82,42,730	88,64,192
<b>Total</b>	<b>5,15,71,016</b>	<b>4,96,08,563</b>

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## Schedule 16 - Operating Expenses

(₹ in '000)

	Year ended March 31 2022	Year ended March 31 2021
I) Payments to and provisions for employees	2,13,48,825	1,66,46,304
II) Rent, taxes and lighting	25,11,323	21,08,956
III) Printing and stationery	3,05,229	2,81,290
IV) Advertisement and publicity	2,66,545	5,73,915
V) Depreciation on bank's property	11,00,374	10,30,649
VI) Directors' fees, allowance and expenses	33,411	31,931
VII) Auditors' fees and expenses (including branch auditors) (Refer Note. 18.37)	19,847	16,903
VIII) Law charges	1,61,562	1,13,700
IX) Postage, telegrams, telephones etc	5,71,004	4,58,608
X) Repairs and maintenance	98,293	1,02,825
XI) Insurance	10,80,289	10,37,324
XII) Other expenditure (Refer Note. 18.35)	77,37,675	57,66,445
<b>Total</b>	<b>3,52,34,377</b>	<b>2,81,68,850</b>

## Schedule 17 – Significant accounting policies forming part of the financial statements for the year ended March 31, 2022

### 1. Background

Bandhan Bank Limited (the 'Bank'), incorporated on December 23, 2014 in India, is a banking company, governed by the Banking Regulation Act, 1949.

Pursuant to the Banking license received from Reserve Bank of India on June 17, 2015, the Bank has commenced its banking operations from August 23, 2015.

### 2. Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India ('Indian GAAP'), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

### 3. Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities

(including contingent liabilities) as at the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods. Actual results could differ from estimates.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Revenue Recognition

Interest income is recognised in the profit and loss account on an accrual basis, except in the case of interest on non-performing assets, which is recognised as income on realisation, as per the income recognition and asset classification norms of RBI.

Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit on sale of investments in 'Held to Maturity' category is appropriated (net of applicable taxes and amount required to be transferred to statutory reserve) to 'Capital Reserve Account'.

Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

Interest Income on PTC and Loan purchase through assignment are recognised on a constant yield basis.

Dividend is accounted on an when the right to receive the dividend is established.

Loan processing fees is accounted for upfront when it becomes due.

Compromise on settlement is accounted on receipt of settlement money.

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Commission received on guarantees is amortised on a straight-line basis over the period of the guarantee.

Annual/renewal fee on credit cards and debit cards is recognised upfront.

Locker Rent recognised on Straight Line Method basis over the period of Contract

All fees from deposit accounts are accounted for as and when they are due and realised.

Income from sale of Priority Sector Lending certificate is recognised over the period of PSLC.

All other fees are accounted for as and when they become due.

## 4.2. Investments

### A) Classification

Investments are classified into three categories, viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) at the time of purchase.

Basis of classification:

Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".

Investments that are held principally for sale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".

Investments, which are not classified in any of the above two categories, are classified as "Available for Sale (AFS)" investments.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/ Joint Ventures and Others.

An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to similar income recognition and provisioning norms as prescribed by RBI for non-performing advances.

### B) Valuation

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to Profit and Loss account. Cost of investments is computed on weighted average cost method.

Investments marked as AFS and HFT are marked-to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and depreciation /appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

'Held to Maturity' securities shall be carried at their acquisition cost or at amortized cost if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortized over the remaining period to maturity on a constant yield basis and straight line basis respectively. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are required to be made.

Quoted investments are valued at traded/ quoted price available from recognized stock exchanges, subsidiary general ledgers account transactions, price list of RBI, or prices declared by Primary Dealers Association of India ("PDAI") jointly with Financial Benchmarks India Pvt. Limited (FBIL). The market/fair value of unquoted government securities which are in the nature of statutory liquidity ratio(SLR) securities included in the 'Available for Sale' and 'Held for trading' categories is valued as per the rate published by the FBIL.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at Re.1 as per the RBI guidelines.

The units of Mutual Funds are valued at the latest repurchase price/ net asset value declared by the Mutual Fund.

Transfer of securities between categories of investments is accounted as per the RBI Guidelines

Purchase and sale transactions in securities are recorded under settlement date of accounting, except in the case of equity shares where trade date accounting is followed.

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions. Accordingly,

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securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income/expense over the period of the transaction in the profit and loss account.

#### 4.3 Loans / Advances and Provisions thereon

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI. The Bank has a policy of deferment of installments for micro (EEB) loan borrowers in case the group meetings have been suspended and the same has not been considered as overdue for the purpose of NPA classification.

Amounts recovered against debts written off in earlier years are recognised in the profit and loss account as credit to Miscellaneous Income under the head 'Other Income'

The Bank maintains general provision on standard advances as prescribed by RBI. In case of micro (EEB) lending portfolio, general provision on standard advances will be maintained by Bank at 1% comprising 0.25% as per the minimum provisioning requirement by RBI and 0.75% as additional provision. Provision made against standard assets is included in "Other liabilities & provisions".

In case of non-performing micro (EEB) lending portfolio, where 30 days have elapsed from the completion of loan tenure, the Bank is making 100% provision.

Non-performing loans, which have been fully provided for, are written off when the prospect of recovery is considered remote as per the management estimates.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time.

For entities with Unhedged Foreign Currency Exposure ('UFCE'), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under

Schedule 5 – Other Liabilities in the Balance Sheet. Further, Incremental capital is maintained in respect of borrower counter parties in the highest risk category, in line with stipulations by RBI.

#### 4.4 Inter Bank Participation Certificate

The Bank enters into Inter Bank Participation with risk sharing as issuing Bank and the aggregate amount of participation are reduced from the aggregate advance outstanding .

Gain on IBPC is the excess of income earned on the participation pool and interest paid to the issuing Bank and is recognised on accrual basis.

#### 4.5 Tangible Assets

All fixed assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Asset under development as at the balance sheet date are shown as Capital Work in Progress. Advance paid towards such development are shown as capital advance.

Any subsequent expenses is capitalised only when it increases the future economic benefit / functioning capability.

#### 4.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

#### 4.7 Depreciation

Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The useful lives of the groups of fixed assets are given below:

Asset	Useful life in years
Leasehold Land	99
Building	60
Improvements to leasehold premises	3
Furniture & Fixtures Interior	3
Furniture & Fixtures Modular	5
Furniture & Fixtures Others	10
Office equipments (including air conditioners)	5
Motor vehicles	8
Computers	3
Electrical Installation and Equipment	10
Software/ Intangible Assets	3
Computer Networking/Server	6

Items costing less than ₹ 5,000/- shall be fully depreciated in the year of purchase.

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Assets purchased and sold during the year shall be depreciated on the basis of actual number of days the asset has been put to use.

In case of revision in the estimated useful life of assets any unamortized depreciation shall be amortised over the remaining useful life of the assets.

#### **4.8 Impairment**

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### **4.9 Foreign Currency transactions**

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities in foreign currency are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the Profit and Loss account.

Non-monetary items which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. Non-monetary items, which are measured at fair value or others similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction.

Foreign exchange spot and forward contracts outstanding as at the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities.

Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

#### **4.10 Employee Stock Option Scheme (ESOS)**

In case of Employee stock option plan, measurement and disclosure of the employee share based payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the 'Stock options outstanding account' in reserve. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

In accordance with the RBI circular RBI/2021-22/95 DOR.GOV.REC.44/29.67.001/2021-22 "Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff – Clarification" dated August 30, 2021, Share-linked instruments granted to Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff after the accounting period ending March 31, 2021, is accounted at fair value on the date of grant using Black-Scholes model.

#### **4.11 Retirement and employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Bank has no obligation, other than the contribution payable to the provident fund. The Bank recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

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The Bank provides for compensated absences based on actuarial valuation conducted by an independent actuary.

Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

#### 4.12 Income Taxes

Tax expenses comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Bank has carried forward unabsorbed depreciation and tax losses, all deferred tax assets is recognised only to the extent that there is a virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax assets can be realised.

At each reporting date, the Bank re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date. The Bank writes down the carrying amount of deferred tax assets to the extent that it is no longer reasonably certain or virtually certain as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available.

#### 4.13 Non-banking assets

Non-banking assets (NBAs) acquired in satisfaction of claims are valued at the market value on a distress sale basis or value of loan, whichever is lower. Further, the Bank creates provision on these assets as per the extant RBI guidelines or specific RBI directions.

#### 4.14 Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to

equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

#### 4.15 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Bank has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets are not recognised in the financial statements.

#### 4.16 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

#### 4.17 Cash and Cash equivalent

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

#### 4.18 Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account in terms of Section 52(2) of the Companies Act, 2013.

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forming part of the Balance sheet as at March 31, 2022

## Schedule 18 -Notes to accounts forming part of the financial statements for the year ended March 31, 2022

The following disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regard.

### 18.1 "Provisions & Contingencies" recognised in the Profit & Loss Account comprise:

(₹ in crore)

Particulars	Year ended March 31 2022	Year ended March 31 2021
<b>Provision for Income Tax</b>		
- Current Tax	1,010.87	761.52
- Deferred tax	(990.02)	(18.32)
- Taxes of Earlier Years	(18.02)	-
<b>Total Tax Expenses</b>	<b>2.83</b>	<b>743.20</b>
Provision for Standard assets	1,535.42	(583.44)
Provision for non-performing assets [Includes bad debts written off ₹ 3,244.13 crore (Previous Year: ₹ 2,038.35 crore)]	5,163.17	4,331.97
Provision for depreciation in value of Investments*	-	-
Provision for restructured assets	1,167.59	62.05
Provision for unhedged foreign currency exposure	0.50	0.06
Provision for country risk	-	-
Provision for One time Settlement	3.36	-
Provision for other contingencies	14.74	9.43
<b>Total</b>	<b>7,887.61</b>	<b>4,563.27</b>

\*Based on RBI Master Direction on Financial Statements – Presentation and Disclosures issued on 30th August, 2021 updated on 15th November, 2021 Provision for depreciation in value of investments, which was hitherto classified as part of provisions and contingencies has been reclassified as part of other income. Accordingly, the Bank has reclassified provision for investments of ₹ 44.96 crore for the year ended March 31, 2022 and ₹ (86.80 crore) for the year ended March 31, 2021 from provisions and contingencies to income from investments. There is no impact of this change on the net profit/loss of the current or previous year.

### 18.2 Capital

During the year ended March 31, 2022, the Bank has allotted 1,66,666 Equity Shares (Previous Year- 3,51,358 Equity Shares) of ₹ 10/- each in respect of stock option exercised aggregating to ₹ 3.00 crore (Previous Year- ₹ 7.27 crore). Accordingly, share capital increased by ₹ 0.17 crore and share premium increased by ₹ 2.83 crore respectively (Previous Year- ₹ 0.35 crore and ₹ 6.92 crore respectively).

Details of movement in the paid-up equity share capital of the Bank are given below:

(₹ in crore)

Particulars	As at March 31 2022	As at March 31 2021
At the beginning of the year	1610.60	1610.25
Addition pursuant to share issued during the year	0.17	0.35
<b>Outstanding at the end of the year</b>	<b>1610.77</b>	<b>1610.60</b>



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forming part of the Balance sheet as at March 31, 2022

## 18.3 Proposed dividend

The Board of Directors at its meeting held on May 13, 2022, has proposed a dividend of NIL per share (Previous Year- ₹ 1 per share) for the year ended March 31, 2022. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted for proposed dividend aggregating to ₹ NIL (Previous Year: ₹ 161.06 crores) as a liability for the year ended March 31, 2022.

## 18.4 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

### A) Composition of Regulatory Capital

(₹ in crore)

Particulars	As at March 31 2022	As at March 31 2021
i) Common Equity Tier 1 capital (CET 1)	17,136.83	16,876.87
ii) Additional Tier 1 capital	-	-
iii) Tier 1 capital (i + ii)	17,136.83	16,876.87
iv) Tier 2 capital	1,097.40	740.73
v) Total capital (Tier 1+Tier 2)	18,234.23	17,617.60
vi) Total Risk Weighted Assets (RWAs)	90,697.31	75,088.12
vii) CET 1 Ratio	18.89	22.48
viii) Tier 1 Ratio	18.89	22.48
ix) Tier 2 Ratio	1.21	0.99
x) Capital to Risk Weighted Assets Ratio (CRAR)	20.10	23.47
xi) Leverage Ratio	12.23	14.63
xii) Percentage of the shareholding of Government of India	NIL	NIL
xiii) Amount of paid-up equity capital raised during the year	3.00	7.27
xiv) Amount of non-equity Tier 1 capital raised during the year:	-	-
xv) Amount of Tier 2 capital raised during the year:	-	-

In accordance with the RBI guidelines, banks are required to make consolidated Pillar 3 and Net Stable Funding Ratio (NSFR) disclosures under the Basel III Framework. These disclosures are available on the Bank's website at the following link:<https://www.bandhanbank.com/regulatory-disclosures>. The disclosures have not been subjected to audit by the statutory auditors of the Bank.

### B) Draw Down from Reserve

There has been no draw down from reserves during the year ended March 31, 2022 and March 31, 2021.

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forming part of the Balance sheet as at March 31, 2022

(₹ in crore)

Particulars	Investments in India						Investments outside India				Total Investments		
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total Investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others		Total Investments outside India	
<b>Held to Maturity</b>													
Gross	20,055.58	-	-	-	-	-	20,055.58	-	-	-	-	-	20,055.58
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	<b>20,055.58</b>	-	-	-	-	-	<b>20,055.58</b>	-	-	-	-	-	<b>20,055.58</b>
<b>Available for Sale</b>													
Gross	7,917.14	-	328.59	288.34	-	-	9,015.58	-	-	481.51	-	-	9,015.58
Less: Provision for depreciation and NPI	41.84	-	-	-	-	-	41.84	-	-	-	-	-	41.84
<b>Net</b>	<b>7,875.30</b>	-	<b>328.59</b>	<b>288.34</b>	-	-	<b>8,973.74</b>	-	-	<b>481.51</b>	-	-	<b>8,973.74</b>
<b>Held for Trading</b>													
Gross	49.39	-	-	-	-	-	49.39	-	-	-	-	-	49.39
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	<b>49.39</b>	-	-	-	-	-	<b>49.39</b>	-	-	-	-	-	<b>49.39</b>
<b>Total Investments</b>	<b>28,022.11</b>	-	<b>328.59</b>	<b>288.34</b>	-	-	<b>29,120.55</b>	-	-	<b>481.51</b>	-	-	<b>29,120.55</b>
Less: Provision for non-performing investments	41.84	-	-	-	-	-	41.84	-	-	-	-	-	41.84
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	<b>27,980.27</b>	-	<b>328.59</b>	<b>288.34</b>	-	-	<b>29,078.71</b>	-	-	<b>481.51</b>	-	-	<b>29,078.71</b>

**18.5 (A) Investments**  
a) *Composition of Investment Portfolio As at March 31, 2022*

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Forming part of the Balance sheet as at March 31, 2022

b) Composition of Investment Portfolio As at March 31, 2021

Particulars	(₹ in crore)													
	Investments in India						Investments outside India				Total Investments outside India	Total Investments		
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total Investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others				
<b>Held to Maturity</b>														
Gross	16,709.96	-	-	-	-	-	-	16,709.96	-	-	-	-	-	16,709.96
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	<b>16,709.96</b>	-	-	-	-	-	-	<b>16,709.96</b>	-	-	-	-	-	<b>16,709.96</b>
<b>Available for Sale</b>														
Gross	7,377.75	-	329.60	657.49	-	142.67	8,507.51	-	-	-	-	-	-	8,507.51
Less: Provision for depreciation and NPI	86.80	-	-	-	-	-	86.80	-	-	-	-	-	-	86.80
<b>Net</b>	<b>7,290.95</b>	-	<b>329.60</b>	<b>657.49</b>	-	<b>142.67</b>	<b>8,420.71</b>	-	-	-	-	-	-	<b>8,420.71</b>
<b>Held for Trading</b>														
Gross	24.72	-	-	-	-	-	24.72	-	-	-	-	-	-	24.72
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	<b>24.72</b>	-	-	-	-	-	<b>24.72</b>	-	-	-	-	-	-	<b>24.72</b>
<b>Total Investments</b>	<b>24,112.43</b>	-	<b>329.60</b>	<b>657.49</b>	-	<b>142.67</b>	<b>25,242.19</b>	-	-	-	-	-	-	<b>25,242.19</b>
Less: Provision for non-performing investments	86.80	-	-	-	-	-	86.80	-	-	-	-	-	-	86.80
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	<b>24,025.63</b>	-	<b>329.60</b>	<b>657.49</b>	-	<b>142.67</b>	<b>25,155.39</b>	-	-	-	-	-	-	<b>25,155.39</b>

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forming part of the Balance sheet as at March 31, 2022

## B) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in crore)

Particulars	As at March 31 2022	As at March 31 2021
<b>i) Movement of provisions held towards depreciation on investments</b>		
a) Opening balance	86.80	-
b) Add: Provisions made during the year	92.74	127.12
c) Less: Write off / write back of excess provisions during the year	(137.70)	(40.32)
d) Closing balance	41.84	86.80
<b>ii) Movement of Investment Fluctuation Reserve</b>		
a) Opening balance	170.65	87.85
b) Add: Amount transferred during the year	10.65	82.80
c) Less: Drawdown	-	-
d) Closing balance	181.30	170.65
<b>iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category</b>	2%	2%

## C) Sale and transfers of Securities to / from HTM Category

During the year ended March 31, 2022 and the previous year ended March 31, 2021 the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

## D) Repo Transactions

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as at March 31 2022
<b>Securities sold under Repo</b>				
i. Government securities	-	7,696.31	2,511.27	-
	(372.57)	(5,136.09)	(2,560.67)	(2,694.00)
ii. Corporate debt securities	-	-	-	-
	-	-	-	-
iii. Any Other Securities	-	-	-	-
	-	-	-	-
<b>Securities purchased under reverse repo</b>				
i. Government securities	320.00	8,928.00	3,994.72	3,325.00
	(150.00)	(14,960.52)	(3,807.84)	(1,900.00)
ii. Corporate debt securities	-	-	-	-
	-	-	-	-
iii. Any Other Securities	-	-	-	-
	-	-	-	-

Previous year figures are shown in"()".

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forming part of the Balance sheet as at March 31, 2022

## E) Non SLR Investment Portfolio

### i) Issuer composition of Non SLR investments

(₹ in crore)

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)
(i) Public Sector Units	13.66	-	-	-	-
	(178.33)	-	-	-	-
(ii) Financial Institutions	50.01	-	-	-	-
	(127.52)	-	-	-	-
(iii) Banks	472.49	472.49	-	-	-
	(393.54)	(325.00)	-	-	-
(iv) Private Corporates	91.03	91.03	-	-	30.00
	(163.53)	(163.53)	-	-	(50.00)
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
	-	-	-	-	-
(vi) Others	476.52	456.52	-	-	-
	(266.85)	(245.83)	-	-	-
(vii) Provision held towards depreciation	-	-	-	-	-
	-	-	-	-	-
<b>Total</b>	<b>1,103.71</b>	<b>1,020.04</b>	-	-	<b>30.00</b>
	<b>(1,129.77)</b>	<b>(734.37)</b>	-	-	<b>(50.00)</b>

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.

Discounted instruments are reported at carrying cost

Previous year figures are shown in "( )".

### ii) Non performing Non-SLR investments

The Bank does not have any Non performing Non-SLR investment as on March 31, 2022 and March 31, 2021.

## 18.6 Asset Quality

### A) Classification of Advances and provisions held

(₹ in crore)

Particulars	Standard	Non -Performing			Total Non -Performing Advances	Total
	Total Standard Advances	Sub -standard	Doubtful	Loss		
<b>Gross Standard Advances and NPAs</b>						
Opening Balance	78,751.84	5,067.21	259.40	431.15	5,757.76	84,509.60
	(66,240.55)	(440.11)	(128.16)	(424.51)	(992.78)	(67,233.33)
<b>Add: Additions during the year</b>					<b>9,430.27</b>	
					(6,887.84)	
Less: Reductions during the year*					8,808.03	
					(-2122.86)	
Closing balance	<b>92,410.70</b>	<b>1,746.28</b>	<b>464.81</b>	<b>4,168.91</b>	<b>6,380.00</b>	<b>98,790.70</b>
	<b>(78,751.84)</b>	<b>(5,067.21)</b>	<b>(259.40)</b>	<b>(431.15)</b>	<b>(5,757.76)</b>	<b>(84,509.60)</b>
<b>*Reductions in Gross NPAs due to:</b>						
i) Upgradation					5,006.55	5,006.55
					(72.20)	(72.20)
ii) Recoveries (excluding recoveries from upgraded accounts)					554.62	554.62
					(12.31)	(12.31)
iii) Technical/ Prudential Write-offs					3,244.13	3,244.13
					(2,038.35)	(2,038.35)
iv) Write-offs other than those under (iii) above					2.73	2.73
					(-)	(-)

# Schedules

forming part of the Balance sheet as at March 31, 2022

Particulars	Non-Performing				Total Non-Performing Advances	Total
	Standard Total Standard Advances	Sub-standard	Doubtful	Loss		
(₹ in crore)						
<b>Provisions (excluding Floating Provisions)</b>						
Opening balance of provisions held	678.61	2,326.91	138.66	431.15	2,896.73	3,575.34
	(1,200.00)	(112.96)	(65.91)	(424.51)	(603.38)	(1,803.38)
Add: Fresh provisions made during the year					6,217.86	
					(4,360.60)	
Less: Excess provision reversed/ Write-off loans					4,298.82	
					(-2067.25)	
Closing balance of provisions held	<b>3,381.62</b>	<b>399.48</b>	<b>247.38</b>	<b>4,168.91</b>	<b>4,815.77</b>	<b>8,197.39</b>
	<b>(678.61)</b>	<b>(2,326.91)</b>	<b>(138.66)</b>	<b>(431.15)</b>	<b>(2,896.73)</b>	<b>(3,575.34)</b>
<b>Net NPAs</b>						
Opening Balance		2,740.30	120.74	-	2,861.03	
		(327.15)	(62.25)	-	(389.40)	
Add: Fresh additions during the year					3,212.41	
					(2,527.24)	
Less: Reductions during the year					4,509.21	
					(-55.61)	
Closing Balance		<b>1,346.80</b>	<b>217.43</b>	-	<b>1,564.23</b>	<b>1,564.23</b>
		<b>(2,740.30)</b>	<b>(120.74)</b>	-	<b>(2,861.03)</b>	<b>(2,861.03)</b>

Previous year figures are shown in "( )".

Particulars	Non-Performing				Total Non-Performing Advances	Total
	Standard Total Standard Advances	Sub-standard	Doubtful	Loss		
(₹ in crore)						
<b>B) Classification of Advances and provisions held</b>						
<b>Floating Provisions</b>						
Opening Balance	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Add: Additional provisions made during the year						-
						(-)
Less: Amount drawn down during the year						-
						(-)
Closing balance of floating provisions						-
						(-)
<b>Technical write-offs and the recoveries made thereon</b>						
Opening balance of Technical/ Prudential written-off accounts						3,011.88
						(1,004.30)
Add: Technical/ Prudential write-offs during the year						3,244.13
						(2,038.35)
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						388.13
						(30.77)
Closing balance						5,867.88
						(3,011.88)

Previous year figures are shown in "( )".

# Schedules

forming part of the Balance sheet as at March 31, 2022

## C) Ratios (in per cent)

(₹ in crore)

Particulars	As at March 31 2022	As at March 31 2021
Gross NPA to Gross Advances	6.46%	6.81%
Net NPA to Net Advances	1.66%	3.51%
Provision coverage ratio (without Prudential write-offs)	75.48%	50.31%
Provision coverage ratio (including Prudential write-offs)	87.23%	67.38%

## D) Overseas Assets, NPAs and Revenue

The Bank does not have any overseas assets as on March 31, 2022 and March 31, 2021.

## E) Off-balance Sheet SPVs sponsored

The Bank has not sponsored any special purposes vehicle which is required to be consolidated as per accounting norms.

## F) Transfer of Loan Exposures

Details of loans transferred excluding through Inter- Bank Participation Certificate (IBPC) & acquired during the year ended March 31, 2022 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

### i) Details of Financial Assets sold to Securitisation / Reconstruction company for Reconstruction

The details of stressed loans transferred during the year ended March 31, 2022 (Previous Year ended March 31, 2021- NIL) to ARCs are given below:

Particulars	Value (To ARCs)
No of accounts	8
Aggregate principal outstanding of loans transferred (₹ in crores)	9.87
Weighted average residual tenor of the loans transferred (in years)	2.57
Net book value of loans transferred (at the time of transfer) (₹ in crores)	8.39
Aggregate consideration (including interest) (₹ in crores)	10.26
Additional consideration realized in respect of accounts transferred in earlier years	-
Quantum of excess provisions reversed to Profit and Loss Account (₹ in crores)	1.48

### ii) Details of Non Performing Financial Assets Purchased

The Bank did not purchase any Non Performing Financial Assets during the year ended March 31, 2022 and March 31, 2021.

### iii) Details of Special Mention Account (SMA) or Stressed Financial Assets Purchased

The Bank did not purchase any Special Mention Account (SMA) or Stressed Financial Assets during the year ended March 31, 2022 and March 31, 2021.

### (iv) Details of Loan Acquired through assignment

Details of Loan not in default acquired through assignment during the year ended March 31, 2022 and March 31, 2021 are given below:

Particulars	Value
Aggregate amount of loans acquired (₹ in crores)	403.83
	(124.78)
Aggregate amount of loans O/s (₹ in crores)	425.21
	(86.95)
Weighted average residual maturity (in years)	2.07
	(5.58)
Weighted average holding period by originator (in years)	0.68
	(1.12)
Retention of beneficial economic interest by the originator	10.92%
	(7.25%)

Previous year figures are shown in "()".

#### Note:

- The Loans acquired does not have any Tangible security coverage except from M/s India Shelter Finance having 100% coverage.
- The loans acquired are not rated.

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forming part of the Balance sheet as at March 31, 2022

## G) Disclosure of Provision for Frauds

(₹ in crore)

Particulars	Year ended March 31 2022	Year ended March 31 2021
No. of Frauds reported during the year to Reserve Bank of India	344	211
Amount involved in such Frauds	450.03	34.17
Amount involved in such Frauds net of recoveries / write-offs	449.23	31.45
Amount of provision made/held for such frauds	449.23	31.45
Amount of Unamortised provision debited from 'other reserves' as at the end of the year	-	-

Note: The information on frauds as above includes certain accounts which were already reckoned as NPAs in the prior years and these are fully provided for.

## H) Disclosure under Resolution Framework for COVID-19-related Stress

Details of resolution plan implemented under the Resolution Framework for COVID-19 related Stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and COVID-19 related stress of Individuals and Small Businesses dated May 5, 2021 (Resolution Framework 2.0) are given below:

(₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year i.e September 30, 2021 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31 2022	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year*	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year i.e March 31 2022**
Personal Loans (Housing)	1,147.62	125.34	-	11.83	1,010.44
Corporate persons	50.20	-	-	15.60	34.60
Of which, MSMEs	-	-	-	-	-
Others	7,120.33	175.68	26.43	1,019.18	5,899.04
<b>Total</b>	<b>8,318.15</b>	<b>301.02</b>	<b>26.43</b>	<b>1,046.62</b>	<b>6,944.08</b>

\* Net of increase in exposure during the period.

\*\*Including exposure of ₹ 474.98 crores for which moratorium ended before March 31, 2022.

## I) Provisions on Standard Assets

(₹ in crore)

Particulars	As at March 31 2022	As at March 31 2021
Provisions towards Standard Assets*	3,381.62	678.61

\*Includes accelerated provision of ₹ 394.92 crores (Previous Year- ₹ 387.96 crores) and also includes advances restructured under the Resolution Framework for COVID-19-related Stress amounting to ₹ 2,680.74 crores (Previous Year- ₹ 62.05 crores)

## J) Disclosure on Advances

(₹ in crore)

Particulars	As at March 31 2022	As at March 31 2021
Gross Advances (Including IBPC/Assignment)	98,790.70	86,633.73
Less: Managed Advance (IBPC/Assignment)	-	2,124.13
Gross Advances (Excluding IBPC/Assignment)	98,790.70	84,509.60
Less: Provision on NPA	4,815.77	2,896.73
Net Advances (Refer Schedule 9)	93,974.93	81,612.87



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forming part of the Balance sheet as at March 31, 2022

## 18.7 Exposures

### A) Exposure to Real Estate Sector

(₹ in crore)

Category	As at March 31 2022	As at March 31 2021
<b>a) Direct exposure*</b>		
(i) Residential Mortgages - represents lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	24,234.13	20,334.29
(ii) Commercial Real Estate - represents lending secured by mortgages on commercial real estate	860.18	1,198.35
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	-	-
1. Residential	-	-
2. Commercial Real Estate	-	-
<b>b) Indirect exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	485.07	194.12
<b>Total Exposure to Real Estate Sector</b>	<b>25,579.38</b>	<b>21,726.76</b>

\* Includes purchase of retail mortgage loans through IBPC route.

### B) Exposure to Capital Market

(₹ in crore)

Category	As at March 31 2022	As at March 31 2021
Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	328.59	329.60
Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	-	-
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	-	-
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	40.00	25.20
Loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
Bridge loans to companies against expected equity flows/issues	-	-
Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	-	-
Financing to stock brokers for margin trading	-	-
All exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	<b>368.59</b>	<b>354.80</b>

### C) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Bank

During the year ended March 31, 2022 and March 31, 2021, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

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## D) Unsecured Advances against Intangible Collaterals

During the year ended March 31, 2022 and March 31, 2021, there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as collateral by the Bank.

## E) Risk Category wise Country Exposure

The Bank does not have any Risk Category wise country exposure for the year ended March 31, 2022 and March 31, 2021.

## F) Unhedged Foreign Currency Exposure

During the year ended March 31, 2022, the Bank made provision of ₹ 0.50 crores (Previous Year ₹ 0.06 crores) towards un-hedged foreign currency exposure. As on March 31, 2022, the Bank held cumulative provision towards un-hedged foreign currency exposure of ₹ 0.56 crores (Previous Year ₹ 0.06 crores).

As on March'22, the Bank is required to provide additional Capital of ₹ 4.58 crores (Previous year ₹ NIL) towards borrowers having un-hedged foreign currency exposures in accordance with RBI guidelines.

## G) Intra Group Exposures

The Bank did not have any intra group exposure during the year ended March 31, 2022 and March 31, 2021.

## H) Factoring Exposures

The Bank did not have any factoring exposure during the year ended March 31, 2022 and March 31, 2021.

## 18.8 Miscellaneous

### Disclosure of penalties imposed by RBI

Penalty amounting to ₹ 1.00 crore has been levied on the Bank by RBI during the year ended March 31, 2022 and ₹ NIL as on March 31, 2021. The details are specified below:

Details	Particulars
Nature of Breach	Contravention of RBI directions on 'Lending to Non-Banking Financial Companies (NBFCs) and Bank Finance to NBFCs
Number of Instances of default	4
Quantum of penalty imposed	INR 1 Crore
Other details	On July 7, 2021, the Bank had received an Order dated July 6, 2021, wherein it was stated that by providing credit to the borrower, a NBFC, for the purpose of providing loans and advances to its group companies, the Bank had contravened the RBI directions and the Adjudicating Committee of Executive Directors had passed the order stating that a penalty of ₹ 1.00 crore is imposed on the Bank. The Bank had paid the penalty amount of ₹ 1.00 crore on July 8, 2021 and the same was intimated to RBI vide email dated July 8, 2021.

## 18.9 Employee Benefits

### A) Gratuity

The Bank has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on departure and it is computed at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the Gratuity plan.

(₹ in crore)

Particulars	As at March 31 2022	As at March 31 2021
<b>i) Table Showing changes in present value of Defined Benefit obligation:</b>		
Present value of defined benefit obligations as at beginning of the year	135.09	107.96
Interest cost	8.96	7.19
Current service cost	27.32	20.42
Acquisitions cost	-	-
Benefit Paid	4.73	2.77
Actuarial loss/(gain) on obligations	1.48	2.29
Present value of defined benefit obligations as at end of the year	168.13	135.09

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(₹ in crore)

Particulars	As at March 31 2022	As at March 31 2021
<b>ii) Table showing fair value of plan assets:</b>		
Fair value of plan assets as at beginning of the year	102.12	59.90
Acquisitions cost	-	-
Expected return on plan assets	8.68	5.56
Contributions paid	40.00	41.86
Benefits Paid	4.73	2.77
Acquisition Adjustment		
Actuarial gain/(loss) on plan assets	(5.25)	(2.43)
Fair value of plan assets at end of the year	140.82	102.12
<b>iii) Actuarial Gain/(Loss) recognised:</b>		
Actuarial (gain)/loss on obligations	1.48	2.29
Actuarial (loss)/gain for the year-Plan assets.	(5.25)	(2.43)
Net Actuarial gain/(loss) recognised in the year	(6.73)	(4.72)
<b>iv) The amounts to be recognised in the Balance Sheet and Profit and Loss Account:</b>		
Present value of obligations at the end of the year	168.13	135.09
Fair value of plan assets at the end of the year	140.82	102.12
Net liability recognised in balance sheet	27.31	32.97
<b>v) The Principal assumptions used in the actuarial valuation are shown below:</b>		
Discount Rate	7.00%	6.75%
Salary Escalation	8.00%	8.00%
Withdrawal Rate	8.00%	8.00%
Expected rate of return on assets	7.25%	7.25%

**vi) Expenses Recognised in Profit and Loss Account:**

(₹ in crore)

Particulars	Year ended March 31 2022	Year ended March 31 2021
Current Service Cost	27.32	20.42
Interest Cost	8.96	7.19
Expected return	(8.68)	(5.56)
Net Actuarial loss/(Gain) recognised in the year	6.73	4.72
Expenses recognised in profit and loss account	34.33	26.77
Actual return on plan assets	3.43	3.13

**vii) Amounts for the current and previous year are as follows:**

(₹ in crore)

Particulars	As at March 31 2022	As at March 31 2021	As at March 31 2020	As at March 31 2019	As at March 31 2018
a) Defined Benefit Obligations at the end of the period	(168.13)	(135.09)	(107.96)	(65.07)	(42.86)
b) Plan Assets at the end of the period	140.82	102.12	59.90	18.65	17.65
c) Deficit	(27.31)	(32.97)	(48.06)	(46.42)	(25.21)
d) Experience adjustments on plan liabilities [(Gain)/ Loss]	1.48	2.29	18.83	6.03	(1.19)
e) Experience adjustments on plan assets [Gain/(Loss)]	(5.25)	(2.43)	(1.51)	(0.13)	0.11

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**viii) The Major categories of Plan Assets as a percentage of the fair value of Total Plan Asset are as follows:**

(₹ in crore)

Particulars	As at March 31 2022	As at March 31 2021
Insurance Managed Fund	100%	100%

- ix)** The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority and other relevant factors, such as supply and demand in the employment market.
- x)** The Bank expects to contribute ₹ 20 crores to gratuity fund in 2022-23 (Previous year ended March 31, 2021: ₹ 20 crores)
- xi)** The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the year over which the obligation is to be settled.

**B) Provident Fund**

Amount incurred as expense for defined contribution to Provident Fund is ₹ 115.50 Crore (Previous year ended March 31, 2021 : ₹ 92.60 Crores).

**C) Compensated Absences**

The Bank has provided for compensatory leaves which can be availed and not encashed as per policy of the Bank as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation. The Bank has accordingly booked ₹ 43.42 Crore (Previous Year ₹ 38.45 Crore) in the books of accounts for the year.

**D) The Code on Social Security, 2020**

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and postemployment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. The effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are not yet issued. The Bank will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

## 18.10 Segment Reporting

**A) Segment Identification**

Pursuant to the guidelines issued by RBI on AS 17 - Segment Reporting - Enhancement of Disclosures dated April 18, 2007, the following business segments have been reported:

**i) Treasury:**

Treasury operations include investments in sovereign securities and trading operations. The Treasury segment 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 corporate relationships not included under Retail Banking.

**iv) Other Banking Business:**

Include para banking activities like third party product distribution and other banking transaction not covered under any of the above three segments.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

The liabilities of the Bank are first used by the units generating the same. Any excess liabilities of the units are pooled to central funding unit (Treasury). Treasury then lends these funds to other units at appropriate rates.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

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Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from these. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment, fees for banking services and ATM interchange fees. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid as per the transfer pricing mechanism presently followed by the Bank.

## B) Segment Information

### i) Primary (Business Segment)

(₹ in crore)

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Other banking business	Total
<b>Segment Revenue</b>					
Gross interest income (external customers)	1,590.62	11,804.70	475.80	-	13,871.12
	(1,277.59)	(10,735.60)	(511.02)	-	(12,524.21)
Other income	277.67	2,197.23	-	347.92	2,822.82
	(222.03)	(1,596.51)	-	(203.72)	(2,022.26)
<b>Total income as per profit and Loss Account</b>	<b>1,868.29</b>	<b>14,001.93</b>	<b>475.80</b>	<b>347.92</b>	<b>16,693.94</b>
	<b>(1,499.62)</b>	<b>(12,332.11)</b>	<b>(511.02)</b>	<b>(203.72)</b>	<b>(14,546.47)</b>
Add: Inter segment interest income	-	192.67	-	-	192.67
	(523.70)	-	-	-	(523.70)
<b>Total segment revenue</b>	<b>1,868.29</b>	<b>14,194.60</b>	<b>475.80</b>	<b>347.92</b>	<b>16,886.61</b>
	<b>(2,023.32)</b>	<b>(12,332.11)</b>	<b>(511.02)</b>	<b>(203.72)</b>	<b>(15,070.17)</b>
Less: Interest expenses	887.83	4,094.60	174.67	-	5,157.10
	(1,042.73)	(3,837.08)	(81.05)	-	(4,960.86)
Less: Inter segment interest expenses	130.43	-	60.89	1.35	192.67
	-	(298.45)	(223.40)	(1.85)	(523.70)
Less: Operating expenses	122.46	3,312.20	83.48	5.30	3,523.44
	(113.38)	(2,637.40)	(63.53)	(2.58)	(2,816.89)
<b>Operating Profit</b>	<b>727.57</b>	<b>6,787.80</b>	<b>156.76</b>	<b>341.27</b>	<b>8,013.40</b>
	<b>(867.21)</b>	<b>(5,559.18)</b>	<b>(143.04)</b>	<b>(199.29)</b>	<b>(6,768.72)</b>
Less: Provisions for non performing assets/others	-	7,816.11	68.67	-	7,884.78
	(0.27)	(3,807.47)	(12.32)	(0.01)	(3,820.07)
<b>Segment results</b>	<b>727.57</b>	<b>(1,028.31)</b>	<b>88.09</b>	<b>341.27</b>	<b>128.62</b>
	<b>(866.93)</b>	<b>(1,751.71)</b>	<b>(130.72)</b>	<b>(199.28)</b>	<b>(2,948.65)</b>
Less: provisions for tax					2.83
					(743.20)
<b>Net profit</b>					<b>125.79</b>
					<b>(2,205.45)</b>

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(₹ in crore)

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Other banking business	Total
<b>Other information</b>					
Segment assets	37,427.20	93,258.04	6,910.55	31.68	1,37,627.47
	(30,669.65)	(79,456.61)	(4,383.85)	(13.51)	(1,14,523.62)
Unallocated assets					1,239.08
					(492.55)
<b>Total assets</b>	<b>37,427.20</b>	<b>93,258.04</b>	<b>6,910.55</b>	<b>31.68</b>	<b>1,38,866.55</b>
	<b>30,669.65</b>	<b>79,456.61</b>	<b>4,383.85</b>	<b>13.51</b>	<b>(1,15,016.17)</b>
Segment liabilities*	38,896.27	94,983.20	4,784.45	-	1,38,663.92
	(36,857.64)	(75,739.77)	(2,344.86)	-	(1,14,942.27)
Unallocated liabilities					202.63
					(73.90)
<b>Total liabilities</b>	<b>38,896.27</b>	<b>94,983.20</b>	<b>4,784.45</b>	<b>-</b>	<b>1,38,866.55</b>
	<b>(36,857.64)</b>	<b>(75,739.77)</b>	<b>(2,344.86)</b>	<b>-</b>	<b>(1,15,016.17)</b>
<b>Capital Expenditure</b>	-	<b>211.89</b>	-	-	<b>211.89</b>
	-	(222.51)	-	-	<b>(222.51)</b>
<b>Depreciation</b>	-	<b>110.04</b>	-	-	<b>110.04</b>
	-	(103.06)	-	-	<b>(103.06)</b>

**Notes:**

The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.

\*Treasury segment liabilities includes share capital and reserve & surplus

Previous year figures are shown in "( )".

## 18.11 Related Party disclosure

### Names of related parties and nature of relationship

Entities	Nature of relationship
Bandhan Financial Services Limited	Entity having Significant influence (Promoter)
Bandhan Financial Holdings Limited	Entity having Significant influence (Promoter)
Nakshi Creations Pvt. Ltd.	Entity in which key management personnel are interested
<b>Key Management Personnel</b>	
Mr. Chandra Shekhar Ghosh	Managing Director & Chief Executive Officer
Mr. Indranil Banerjee	Company Secretary
Mr. Sunil Samdani	Chief Financial Officer

### Relatives of Key Management Personnel

Nilima Ghosh, Angshuman Ghosh, Suchitra Ghosh, Vaskar Ghosh, Dibakar Ghosh, Shipra Ghosh, Supriya Ghosh, Nidhi Samdani, Sohan Samdani, Manju Somani, Asha Baheria, Usha Kothari, Saswati Banerjee, Arati Banerjee, Ishaan Banerjee, Mousumi Mukherjee.

In accordance with paragraph 5 of AS-18, the Bank has not disclosed certain transactions with entity in which Key management personnel or thier relatives are interested as they are in the nature of banker-customer relationship.

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*The Bank's related party balances and transactions for the year ended March 31, 2022 are summarised as follows:*

(₹ in crore)

Items/Related Party	Entity having Significant influence (Promoter)	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits taken	2829.52	1.34	2.20	<b>2,833.06</b>
	(5,596.87)	(2.55)	(5.94)	<b>(5,605.36)</b>
Deposits placed	-	-	-	-
Advances given	-	-	-	-
Dividend paid	64.41	0.17	0.00	<b>64.58</b>
Dividend received	-	-	-	-
Interest paid	114.03	0.11	0.22	<b>114.36</b>
Rendering of services	0.06	-	0.00	<b>0.06</b>
Remuneration paid	-	6.14	1.47	<b>7.61</b>
Stock options exercised during the year*	-	0.90	-	<b>0.90</b>
Other reimbursements	-	0.01	0.01	<b>0.02</b>

Figures in bracket ( ) indicate maximum balance outstanding during the year.

\*Options exercised under Employee Stock Option Plan Series 1.

*The Bank's related party balances and transactions for the year ended March 31, 2021 are summarised as follows:*

(₹ in crore)

Items/Related Party	Entity having Significant influence (Promoter)	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits taken	1,924.44	1.55	4.47	<b>1,930.46</b>
	(13,815.61)	(1.97)	(8.47)	<b>(13,826.05)</b>
Deposits placed	-	-	-	-
Advances given	-	-	-	-
Dividend paid	-	-	-	-
Dividend received	-	-	-	-
Interest paid	65.84	0.08	0.11	<b>66.03</b>
Rendering of services	-	-	0.003	<b>0.00</b>
Remuneration paid	-	4.52	1.37	<b>5.89</b>
Stock options exercised during the year*	-	0.98	-	<b>0.98</b>
Other reimbursements	-	0.00	0.01	<b>0.01</b>

Figures in bracket ( ) indicate maximum balance outstanding during the year.

\*Options exercised under Employee Stock Option Plan Series 1.

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*A specific related party transaction is a significant transaction wherever it exceeds 10% of all related party transactions in that category. The significant transactions between the Bank and related parties during the year ended March 31, 2022 and March 31, 2021 are given below:*

(₹ in crore)

Particulars	Entity having Significant influence (Promoter)	Key Management Personnel	Relatives of Key Management Personnel
Deposit	2,829.52	-	-
	(1,924.44)	-	-
Dividend paid	64.41	-	-
	(-)	-	-
Interest paid	114.03	-	-
	(65.84)	-	-
<b>Rendering of services</b>			
Nidhi Samdani	-	-	-
	-	-	(0.001)
Nilima Ghosh	-	-	-
	-	-	(0.001)
Saswati Banerjee	-	-	-
	-	-	(0.0003)
Angshuman Ghosh	-	-	-
	-	-	(0.001)
Bandhan Financial Services Limited	0.03	-	-
	(-)	-	-
Bandhan Financial Holdings Limited	0.03	-	-
	(-)	-	-
<b>Stock Options exercised</b>			
Chandra Shekhar Ghosh	-	0.90	-
	-	(0.90)	-
<b>Other reimbursements</b>			
Sunil Samdani	-	0.01	-
	-	(0.003)	-
Vaskar Chandra Ghosh	-	-	0.01
	-	-	(0.005)
<b>Remuneration paid</b>			
Chandra Shekhar Ghosh	-	3.85	-
	-	(2.58)	-
Sunil Samdani	-	1.51	-
	-	(1.30)	-
Indranil Banerjee	-	0.79	-
	-	(0.64)	-
Dibakar Chandra Ghosh	-	-	0.94
	-	-	(0.90)
Vaskar Chandra Ghosh	-	-	0.53
	-	-	(0.47)

Previous year figures are shown in“()”.



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## 18.12 Deferred Tax

(₹ in crore)

Particulars	As at March 31 2022	As at March 31 2021
<b>Deferred Tax Assets arising out of</b>		
Depreciation on fixed assets	26.47	23.50
Provisions for loan losses	991.81	311.38
Provision for depreciation in value of investments	10.53	21.85
Expenditure charged to reserve but allowed for tax purposes as per provision or on actual basis	4.86	6.58
Expenditure charged to the profit & Loss account in the current year but allowed for tax purposes on payment basis	401.74	71.39
<b>Total (a)</b>	<b>1,435.41</b>	<b>434.70</b>
<b>Deferred Tax Liability arising out of</b>		
Special Reserves	(216.98)	(206.28)
<b>Total (b)</b>	<b>(216.98)</b>	<b>(206.28)</b>
<b>Deferred tax asset (net) (a-b)</b>	<b>1,218.43</b>	<b>228.42</b>

## 18.13 Liability for Operating Leases

The Banking Units premises are generally rented on cancellable terms for less than twelve months with no escalation clause and renewable at the option of the Company. The Head office and the Bank Branches office premises are obtained on non-cancellable lease terms. Lease payment during the year are charged in the statement of profit & loss.

The amount of rent expenses included in the Profit & Loss account towards operating leases aggregate to ₹ 210.33 crore (Previous year ended March 31, 2021: ₹ 176.25 crore).

Particulars of future minimum lease payment in respect of Head office & Bank branches are as mentioned below :

(₹ in crore)

Particulars	As at March 31 2022	As at March 31 2021
a) Not later than 1 year	132.89	116.94
b) Later than 1 year and not later than 5 years	389.88	455.74
c) Later than 5 years	175.16	116.86

## 18.14 Earnings per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20- "Earnings per Share".

(₹ in crore)

Particulars	Year ended March 31 2022	Year ended March 31 2021
<b>Basic</b>		
Weighted Average Number of equity shares	1,61,06,91,061	1,61,03,66,506
Net Profit after tax available for equity share holders	125.79	2,205.46
Basic Earnings Per Share (FV ₹10/-)	0.78	13.70
<b>Diluted</b>		
Weighted Average Number of equity shares (including dilutive potential equity share)	1,61,11,93,362	1,61,10,72,504
Net Profit after tax available for equity share holders	125.79	2,205.46
Diluted Earnings Per Share (FV ₹10/-)	0.78	13.69
Nominal value per share	10.00	10.00

The dilutive impact is due to stock options granted to employees of the Bank.

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## 18.15 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the years ended March 31, 2022 and March 31, 2021. The above is based on the information available with the Bank which has been relied upon by the auditors.

## 18.16 Description of contingent liabilities

### a) *Claims against the Bank not acknowledged as debts:*

These represent claims filed against the Bank in the normal course of business and related to taxation matters which are in dispute and are under appeal.

### b) *Guarantees given on behalf of constituents:*

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

### c) *Other items:*

Other items represent outstanding amount of estimated amount of contracts remaining to be executed on capital account.

### d) *Acceptances, endorsements and other obligations:*

These includes documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

## 18.17 Additional Disclosures

### A) *Disclosure of customer complaints*

#### Summary information on complaints received by the bank from customers and from the Offices of Ombudsman

(₹ in crore)

Sr. No	Particulars	Year ended March 31 2022	Year ended March 31 2021
<b>Complaints received by the bank from its customers</b>			
1	Number of complaints pending at beginning of the year	447	187
2	Number of complaints received during the year*	35,865	30,830
3	Number of complaints disposed during the year*	35,939	30,570
3.1	Of which, number of complaints rejected by the bank	4,653	3,458
4	Number of complaints pending at the end of the year	373	447
<b>Maintainable complaints received by the bank from Office of Ombudsman</b>			
5	Number of maintainable complaints received by the bank from Office of Ombudsman	586	306
5.1	Number of complaints resolved in favour of the bank by Office of Ombudsman	535	262
5.2	Number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	51	44
5.3	Number of complaints resolved after passing of Awards by Office of Ombudsman against the Bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

\* The above doesnot include 9,376 Nos. of complaints received and resolved within 24hrs as on March 31, 2022 (Previous Year- 1,865 Nos.)

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## Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	%increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>Year ended March 31, 2022</b>					
ATM/Debit Cards	401	19,196	-20.73%	206	4
Internet/Mobile/Electronic Banking	8	10,947	155.95%	70	21
Account opening/difficulty in operation of accounts	36	4,891	180.29%	62	-
Loans and advances	2	352	-9.74%	14	4
Levy of charges without prior notice/ excessive charges/foreclosure charges	-	169	122.37%	3	-
Others	-	310	148.00%	18	-
<b>Total</b>	<b>447</b>	<b>35,865</b>		<b>373</b>	<b>29</b>

## Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	%increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>Year ended March 31, 2021</b>					
ATM/Debit Cards	179	24,217	-45.82%	401	24
Internet/Mobile/Electronic Banking	4	4,277	-25.68%	8	0
Account opening/difficulty in operation of accounts	2	1,745	18.00%	36	0
Loans and advances	1	390	29.00%	2	0
Levy of charges without prior notice/ excessive charges/foreclosure charges	0	76	27.00%	0	0
Others	1	125	-98.68%	0	0
<b>Total</b>	<b>187</b>	<b>30,830</b>		<b>447</b>	<b>24</b>

### B) Letter of Comfort (LOC's) issued by the Bank

The Bank has not issued any Letter of Comfort (LOC) during the year ended March 31, 2022 and March 31, 2021.

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## C) Bancassurance Business

The following table shows breakup of income derived from sale of insurance /Mutual funds.

(₹ in crore)

Particulars	Year ended March 31 2022	Year ended March 31 2021
For selling life insurance policies	189.68	135.85
For selling non-life insurance policies	19.76	14.20
For selling mutual fund products	3.74	2.32
Others	0.39	1.26

## D) Concentration of Deposits, Advances Exposures & NPAs

### I) Concentration of Deposits

(₹ in crore)

Particulars	Year ended March 31 2022	Year ended March 31 2021
i) Total Deposits of twenty largest depositors	19,356.31	14,647.29
ii) Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	20.09%	18.79%

### II) Concentration of Advances

(₹ in crore)

Particulars	Year ended March 31 2022	Year ended March 31 2021
i) Total Advances to twenty largest borrowers	3,790.66	2,225.47
ii) Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	3.87%	2.53%

### III) Concentration of Exposures

(₹ in crore)

Particulars	Year ended March 31 2022	Year ended March 31 2021
i) Total Exposure to twenty largest borrowers / customers	4,756.56	3,006.56
ii) Percentage of Exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	4.78%	3.37%

### IV) Concentration of NPAs

(₹ in crore)

Particulars	Year ended March 31 2022	Year ended March 31 2021
Total Exposure to the top twenty NPA accounts	580.43	535.16
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	9.10%	9.29%

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## 18.18 Disclosures on Remuneration

### Qualitative Disclosures

#### a) Information relating to the composition and mandate of the Remuneration Committee.

The Bank's Nomination and Remuneration Committee (NRC) oversees the framing, review and implementation of the Compensation Policy on behalf of the Board of Directors. The NRC reviews the policy at least once a year to ensure that the reward design is aligned to industry best practices and is consistent with effective risk management and long term business interests of the Bank. The NRC works in close coordination with the Risk Management Committee of the Bank, to achieve the effective alignment between remuneration and risks.

As on March 31, 2022 the NRC comprises of the following directors.

Mr. Suhail Chander- Chairman  
Mr. A. S. Ramasastry  
Mr. Ranodeb Roy  
Mr. Snehomoy Bhattachary

The NRC functions with the following main objectives:

- (i) To identify persons who are qualified to become directors in accordance with the criteria laid down, recommend to the Board their appointment, re-appointment or removal and to carry out evaluation of every Director's performance;
- (ii) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and decide their 'fit & proper' status;
- (iii) To oversee the framing, review and implementation of compensation policy of the Bank and recommend to the Board the overall remuneration philosophy and policy including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock based remuneration to employees;
- (iv) To oversee the framing, implementation and review of the Remuneration of the Whole Time Director (WTDs) /Managing Director (MD)/ Chief Executive Officer (CEOs) as per the RBI Guidelines and Companies Act, 2013. The Committee shall recommend to the Board the remuneration package for the Managing Director & CEO and the other Whole Time Directors – including the level of fixed pay, variable pay, stock based Remuneration and perquisites;
- (v) To review the HR strategy and policy including the conduct and ethics of the Bank and review any fundamental changes in the organization structure which could have wide ranging and high risk implications;

- (vi) To review and recommend to the Board, the succession policy at the level of Managing Director & CEO, other WTDs, senior management one level below the Board and key roles.

#### b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy

##### Objectives of the Remuneration Policy

The Compensation Policy reflects the Bank's objectives for good corporate governance as well as sustained and long-term value creation for stakeholders. The aims of the Bank's remuneration framework are to:

- i) Attract, motivate and retain people with requisite skill, experience and ability to deliver the Bank's strategy;
- ii) Create an alignment and balance between the rewards and risk exposure of shareholders and interests of employees;
- iii) Link rewards to creation of long term sustainable shareholder value consistent with strategic goals and appropriate risk management; and
- iv) Encourage behavior consistent with the Bank's values and principles.

To achieve the above objectives, the philosophy adopted by the Bank is as follows:

- i) Market referenced: offer employees competitive salary, achieved through benchmarking with peer groups.
- ii) Making fixed salary the main remuneration component.
- iii) Ensure that jobs of similar internal value are grouped and pegged within a range guided by market benchmarked jobs.
- iv) Risk factoring: A significant portion of the senior and top management compensation will be variable, of which, for some key roles, part of the variable compensation may be deferred.
- v) Focus on 'Total rewards', all aspects of compensation, rewards and well defined benefits, including rewarding work environment and personal development.
- vi) The focus will be to ensure that the Bank is competitive in its overall salary offer to its employees without being excessively expensive for the Bank.

The compensation structure for the MD & CEO also mirrors the Bank's philosophy of aligning with the principles of sound compensation practices to ensure:

- i) Effective and independent governance of compensation.
- ii) Effective alignment of compensation with prudent risk taking.

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- iii) Effective supervisory oversight and engagement by stakeholders.

Design & Structure of Remuneration process

The total compensation is a prudent mix of fixed remuneration and performance-based variable remuneration

The key remuneration elements are:

- 1) Fixed Pay
- 2) Discretionary Performance-based Variable Remuneration

The Bank ensures that the fixed pay element is reasonable, taking into account the market rates and trends. The fixed pay is reviewed annually using market intelligence provided by a leading global performance/reward consulting and benchmarking firm for financial services industry to ensure that the Bank remains competitive in marketplace and that the Bank is able to attract and retain best talent. The level of fixed pay shall be sufficient enough in order to discourage inappropriate risk-taking.

Performance-based variable remuneration may comprise cash bonus, stock linked instruments, and is awarded by ensuring:

- i) an appropriate balance between fixed and performance-based components;
- ii) that the fixed component represents a higher proportion of the total remuneration;
- iii) that the performance-based component reflects the risk underlying the achieved result;
- iv) that a part of the performance-based component may be deferred;
- v) that no hedging of deferred shares takes place;

Presently, the bank utilises only two form of performance based variable remuneration, viz., cash bonus, ESOP, as referred in note no 18.29 is linked to continuous service with the Bank.

The compensation policy of the Bank is reviewed by the NRC and approved by the Board of Directors. The NRC oversees the implementation of the policy and reviews the fixed pay increases, the organizational performance threshold for bonus to be paid, cash bonus and deferred variable remuneration.

**c) Description of the ways in which current and future risks are taken into account in the remuneration process**

The MD & CEO, employees in the grades of SVPs and above and employees engaged in the functions of Risk Control and Compliance are included in the policy of risk alignment of compensation.

The alignment of compensation to prudent risk taking is ensured through the following:

- i) Structure of remuneration is such that a significant part of performance based variable remuneration is deferred.
- ii) Performance hurdles includes financial and non-financial parameters, ensuring compensation is aligned to both.
- iii) Fixed Salary is reasonable and sufficient, thereby discouraging inappropriate risk taking.
- iv) Annual Bonus Plan is managed with an independent governance framework.
- v) Variable remuneration awards are conditional, discretionary and contingent upon a sustainable and risk-adjusted performance. They are therefore capable of forfeiture or reduction at the Bank's discretion.
- vi) For employees included in the policy of risk alignment of compensation, NRC has the discretion to apply malus and clawback – ex-post risk adjustment, allowing the Bank to adjust previously awarded remuneration to take account of subsequent performance and potential risk outcomes and thus enabling to recoup variable pay in the event of a negative contribution.

*Deferral of Variable Pay*

To ensure that risk measures are not focused only on the achievement of short term goals, variable payout is deferred, if it exceeds 50% of the fixed pay.

The Bank's compensation policy aims to ensure that both ex-ante estimates and ex-post outcomes of risk affect payoffs; so that one or the other, can better address the various situations or risks.

**d) Description of ways in which the Bank seeks to link performance, during a performance measurement period with levels of remuneration.**

The Bank has a performance measurement framework in place to assess the achievements of the organization as a whole, its business lines and organizational units as well as individual employees. In order to maximise the incentive to deliver adequate performance and to take into account any risks of the business activities, the Bank seeks to closely link remuneration outcomes with performance and risk outcomes. Accordingly, the Bank's performance management and compensation philosophy is designed in a manner to help achieve the Bank's business objectives.

The performance management system in the Bank is aligned to the balanced scorecard approach. The goal setting process helps individuals to have clarity on their roles and align their profiles in line with the broad organization strategy. Both quantitative / financial and qualitative / non-financial

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performance measures are considered. The qualitative or non-financial measures include customer service, adherence to risk and compliance standards, behavior and values such as accountability, team work, etc., which builds a culture conducive to sustainable business performance.

The performance appraisal process starts with the employee conducting self-appraisal followed by the assessment of the supervisor via appraisal feedback and discussion. For all employees of the Bank, half-yearly appraisal is followed by the annual appraisal. The mid-year feedback process includes feedback on performance and on competencies with an objective of a mid-course review, to help plan and prioritize corrective actions for employees to remain aligned to achievement of their business goals and self-development. The performance appraisal ratings is reviewed/ calibrated by a committee comprising senior leaders.

Individual fixed pay increases and variable remuneration are based on the final performance ratings. In addition, the fixed pay increase is also influenced by an employee's position in the salary range and relevant market salaries. Performance related variable compensation is linked to corporate performance, business performance and individual performance. The performance ratings based bonus distribution matrix is reviewed by the NRC.

Employees engaged in all control functions including Compliance and Risk do not carry business profit targets in their goal sheets and hence are compensated based on their achievement of key result areas as per the balance score card. The aim is to ensure that the remuneration system and outcomes relating to such control functions maintain the independence of the function and Bank's robust risk management framework. Accordingly, for the control functions, the variable pay is conservative to promote prudent risk management behavior and the 'pay mix' is skewed towards fixed pay.

In the case of performance evaluation of the Managing Director and Chief Executive Officer of the Bank, factors such as financial performance measures, cost management initiatives, other strategic initiatives, prudential risk and compliance management, recognition and awards to the Bank, etc., is taken into account, which may vary from year to year depending on the Bank's strategic priorities. Based on the inputs from NRC, the Board reviews the performance and recommends the rate of bonus to be paid, and the increments for the MD & CEO, for regulatory approval in terms of Section 35B of the Banking Regulation Act, 1949 (B.R. Act, 1949).

**e) Bank's policy on deferral and vesting of variable remuneration and bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.**

In terms of RBI guidelines, the Compensation Policy specifically addresses the following categories of employees:

Category I : MD&CEO / Whole Time Directors

Category II : Risk Control and Compliance Staff

Category III: Other Categories of Staff

The following principles are applied for grant and deferral of performance-based variable remuneration for the above categories of employees.

**Category I**

- i) Variable Remuneration will not exceed 70% of annual Fixed Pay.
- ii) If the Variable Remuneration exceeds 50% of annual Fixed Pay, 40% of the Variable Remuneration will be deferred over a period of 3 years, on a proportionate basis.
- iii) In case the variable remuneration is a mix of cash and stock linked instruments (other than ESOP), a proper balance between cash and share / stock linked instruments will be ensured.
- iv) In the event of negative contributions of the Bank, the unvested deferred variable remuneration of the reference year will be held back (malus). In such cases, the vested / paid variable remuneration will also be subject to suitable claw back arrangements.

**Category II**

- a) The mix of Fixed Pay and Variable remuneration will be weighed towards Fixed Pay.
- b) Variable pay shall not exceed the annual fixed pay.
- c) At least 40% of the variable pay shall be in the form of share-linked instruments (i.e. non-cash).
- d) Deferral of share-linked variable pay shall be for 4 years on pro-rata yearly basis (annual vesting).
- e) The compensation will be commensurate to their key role in the Bank.

**Category III**

- a) Variable Remuneration will be as per the NRC approved pay-out levels in terms of grade and role matrix.
- b) Variable pay shall not exceed the annual fixed pay.
- c) At least 50% of the variable pay shall be in the form of share-linked instruments (i.e. non-cash).
- d) Deferral of share-linked variable pay shall be for 4 years on pro-rata yearly basis (annual vesting).

For the three categories of employees mentioned hereinabove, the awarded performance based variable pay shall be subject to in-year adjustment, malus or clawback as decided by the NRC, in the event of negative contribution of

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the Bank and / or relevant line of business and in material cases of detrimental conduct of individual or business.

Negative contribution of the Bank and / or relevant line of business is defined as:

#### **Conduct related:**

- i) If an employee engages in certain detrimental conduct, including mis-selling practices, manipulation of interest rate benchmarks, illegal activity, breach of a fiduciary duty, etc. that causes material financial or reputational harm to the Bank.
- ii) If the award was based on a material misrepresentation by the employee.
- iii) If there is reasonable evidence of employee malfeasance and breach of integrity inviting disciplinary actions.
- iv) Violation of Anti Hedging and Anti Pledging Policy or Code of Conduct for Prevention of Insider Trading.

#### **Risk related and others:**

- i) If the awarded performance-based variable pay was granted on a deliberately erroneous foundation or an incorrect decision made due to gross negligence not considered as errors of judgement.
- ii) If the employee who is reasonably expected to be aware of the failure, misconduct or weakness in approach that contributed to the failure, improperly or with gross negligence failed to identify, assess, report or escalate in a timely manner.

- iii) If the performance, decisions or actions taken leads to the Bank or the relevant business unit suffering a significant material downturn in its financial performance.
- iv) If the RBI assessed divergence in the Bank's provisioning for Non-Performing Assets (NPAs) or asset classification exceeds the prescribed threshold for public disclosure, the bank shall not pay the unvested portion of the variable compensation for the assessment year under malus clause. Further, in such a situation, there shall not be any increase in variable pay for the assessment year. In case the bank's post assessment Gross NPAs are less than 2.0%, these restrictions will apply only if the criteria for public disclosure are triggered either on account of divergence in provisioning or both provisioning and asset classification.
- v) In the event of a material restatement, correction or amendment of the Bank's financial results for the relevant period.

#### **f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.**

The Bank presently utilizes only one form of variable remuneration, viz., cash bonus, which is linked to corporate performance, business performance and individual performance ensuring differential pay based on the performance. ESOP, as referred in Note 18.29 is linked to continuous service with the Bank.

#### **Quantitative disclosures :**

The quantitative disclosures pertaining to the MD & CEO, WTDs & MRTs, for the year ended March 31, 2022 and March 31, 2021 are given below:

			(₹ in crore)	
Particulars		Year ended March 31 2022	Year ended March 31 2021	
a) i)	Number of meetings held by the Remuneration Committee during the year.	5	6	
	ii) Remuneration paid to its members (sitting fees)	₹ 11,40,000	₹ 11,80,000	
b)	Number of employees having received a variable remuneration award during the year.	25	21	
c)	Number and total amount of sign on awards made during the year.	Nil	Nil	
d)	Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil	Nil	
e)	Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil	
f)	Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	₹ 0.278 Cr (Cash)	Nil	
g)	Total amount of deferred remuneration paid out in the year (paid in cash)	Nil	Nil	



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(₹ in crore)

Particulars	Year ended March 31 2022	Year ended March 31 2021
<b>h) Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non deferred.</b>	Fixed- ₹ 24.26 Crore, Variable- ₹ 2.82 Crore, Non-deferred - ₹ 2.82 Crore, Deferred- ₹ 0.278 Crore	Fixed- ₹ 17.74 Crore, Variable- ₹ 2.29 Crore, Non-deferred - ₹ 2.29 Crore, Deferred- ₹ 0 Crore
i) Shares granted under ESOP	16,35,786	9,65,889
j) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	Nil	Nil
k) Total amount of reductions during the year due to ex post explicit adjustments.	Nil	Nil
l) Total amount of reductions during the year due to ex post implicit adjustments.	Nil	Nil
(m) Number of MRTs identified.*	24	20
(n) (i) Number of cases where malus has been exercised.	Nil	Nil
(ii) Number of cases where clawback has been exercised.	Nil	Nil
(iii) Number of cases where both malus and clawback have been exercised.	Nil	Nil
(o) The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	The mean pay for the Bank as a whole (excluding sub-staff)- ₹ 0.0320 crore.	The mean pay for the Bank as a whole (excluding sub-staff)- ₹ 0.0310 Cr.

\* As on year ended March 31, 2022 and March 31, 2021 number of active MRTs are 19 and 20 respectively.

## 18.19 Disclosure relating to Securitisation

The Bank has not originated any securitisation transactions during the year ended March 31, 2022 and March 31, 2021.

## 18.20 Disclosure on Derivatives

### (i) Derivatives

The Bank has not entered into any derivative transaction during the year ended March 31, 2022 and March 31, 2021. Currently Bank is not entering into derivative transactions like Exchange Traded Derivatives, Options and Swaps. However, at later stage, Bank may place a separate policy on dealing in derivatives before the Board based on extant regulatory guidelines and internal capabilities, on approval of which derivative transactions may be undertaken.

### (ii) Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2022 and March 31, 2021.

## 18.21 Transfer to Depositor education and awareness fund (DEAF)

During the year ended March 31, 2022 and March 31, 2021, the Bank was not required to transfer any amount to Depositor Education and Awareness Fund.

## 18.22 Transfer to Investor education and protection fund (IEPF)

There is no amount required to be transferred to Investor Education and Protection Fund by the Bank (Previous Year: ₹ NIL).

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## 18.23 Other Disclosures

### a) The key business ratios and other information is set out below :

(₹ in crore)

Particulars	Year ended March 31 2022	Year ended March 31 2021
Interest income as a percentage to working funds <sup>1</sup>	11.06%	12.11%
Non-interest income as a percentage to working funds <sup>1</sup>	2.25%	2.04%
Cost of Deposits	5.25%	5.96%
Net Interest Margin	8.18%	7.78%
Operating profit as a percentage to working funds <sup>1,2</sup>	6.39%	6.63%
Return on assets <sup>1</sup>	0.10%	2.13%
Profit per employee (₹ in crore) <sup>3</sup>	0.002	0.05
Business (deposits less inter-bank deposits plus advances) per employee (₹ in crore) <sup>3,4</sup>	3.25	3.22

- Working funds represent average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the year ended March 31, 2022 and March 31, 2021.
- Operating profit is profit for the year before considering provisions and contingencies.
- Productivity ratios are based on average number of employees for the year.
- Business per employee (deposits plus Gross Advances (on book), inter-bank deposits shall be excluded).

### b) Marketing and distribution

During the year ended March 31, 2022 and March 31, 2021, the Bank has received ₹ 133.85 crore (Previous Year ₹ 50.58 crore) in respect of the marketing and distribution function (excluding bancassurance business) undertaken by them.

### c) Implementation of IFRS converged Indian Accounting Standards (Ind AS)

The RBI issued a circular in February, 2016 requiring banks to implement Indian Accounting Standards ('Ind AS') and prepare Ind AS financial statements with effect from April 01, 2018. In line with the RBI guidelines on Ind AS implementation, the Bank has formed a Steering Committee comprising members from the concerned functional areas. As advised by the RBI, the Bank has also submitted Proforma Ind AS financial statements every quarter starting from quarter ended June 30, 2018 to the RBI.

However, the RBI in its press release issued on March 22, 2019 has deferred the applicability of Ind AS till further notice for Scheduled Commercial Banks.

The Bank has made a diagnostic study to identify the gaps, process and system changes required to implement Ind AS and is in the process of implementing necessary changes in its IT system and other processes. The Bank is regularly holding workshops and training for its staff.

### d) Payment of DICGC Insurance Premium

(₹ in crore)

Sr No.	Particulars	Year ended March 31 2022	Year ended March 31 2021
(i)	Payment of DICGC Insurance Premium*	88.73	72.30
(ii)	Arrears in payment of DICGC premium	-	-

(\* The amount includes GST.

### e) Disclosure of facilities granted to directors and their relatives

During the year ended March 31, 2022 and March 31, 2021, The Bank has not extended any fund or non-fund (guarantees, letters of credit, etc.) facilities extended to directors, their relatives, companies or firms in which they are interested.

## 18.24 Disclosure on Liquidity Coverage Ratio

### (a) Qualitative disclosure

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR). The Risk department computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review.

The Bank follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities in excess of minimum SLR requirement viz. Treasury Bills, Central and State Government securities and excess of minimum cash reserve ratio (CRR).

The Board of Directors has the overall responsibility for management of liquidity risk. The Board at overall level decides the strategy, policies and procedures of the bank to manage liquidity risk in accordance with the liquidity risk tolerance/limits. The Board has constituted Risk Management Committee, which reports to the Board, and consist of Managing Director and certain other Board members. The Committee is responsible for evaluating the overall risks faced by the bank including liquidity risk.

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(b) Quantitative Disclosure as on March 31 2022

Particulars	Day end Average for quarter ended June 30 2021			Day end Average for quarter ended September 30 2021			Day end Average for quarter ended December 31 2021			Day end Average for quarter ended March 31 2022		
	Total Unweighted Value (Average)	Weighted Value (Average)	Total Value (Average)	Total Unweighted Value (Average)	Weighted Value (Average)	Total Value (Average)	Total Unweighted Value (Average)	Weighted Value (Average)	Total Value (Average)	Total Unweighted Value (Average)	Weighted Value (Average)	Total Value (Average)
<b>High Quality Liquid Assets</b>												
1) Total High Quality Liquid Assets (HQLA)	-	25,688.19	-	-	27,681.56	-	-	26,206.81	-	-	-	26,595.44
<b>Cash Outflows</b>												
2) Retail Deposits and deposits from small business customers, of which:	43,624.29	4,202.09	44,438.21	44,438.21	4,301.86	44,438.21	45,935.59	4,426.81	48,215.95	4,624.76	48,215.95	4,624.76
a) Stable deposits	3,206.76	160.34	2,839.13	2,839.13	141.96	2,839.13	3,334.97	166.75	3,936.60	196.83	3,936.60	196.83
b) Less stable deposits	40,417.53	4,041.75	41,599.08	41,599.08	4,159.90	41,599.08	42,600.62	4,260.06	44,279.35	4,427.93	44,279.35	4,427.93
3) Unsecured wholesale funding, of which:	23,032.87	15,882.69	25,316.93	25,316.93	16,786.39	27,925.74	27,925.74	18,350.56	28,824.38	19,355.31	28,824.38	19,355.31
a) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-	-	-	-	-
b) Non-operational deposits (all counterparties)	23,032.87	15,882.69	25,316.93	25,316.93	16,786.39	27,925.74	27,925.74	18,350.56	28,824.38	19,355.31	28,824.38	19,355.31
c) Unsecured debt	-	-	-	-	-	-	-	-	-	-	-	-
4) Secured wholesale funding	-	-	-	-	-	-	-	-	-	-	-	-
5) Additional requirements, of which:	1,819.39	161.00	1,863.12	1,863.12	168.31	1,863.12	1,823.68	160.72	2,107.89	176.70	2,107.89	176.70
a) Outflows related to derivative exposures and other collateral requirements	0.72	0.72	0.44	0.44	0.44	0.44	1.91	1.91	0.50	0.50	0.50	0.50
b) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-	-	-
c) Credit and liquidity facilities	1,818.67	160.28	1,862.68	1,862.68	167.87	1,862.68	1,821.77	158.81	2,107.39	176.20	2,107.39	176.20
6) Other contractual funding obligations	4,240.83	4,240.83	1,553.67	1,553.67	1,553.67	1,751.93	1,751.93	1,751.93	2,106.47	2,106.47	2,106.47	2,106.47
7) Other contingent funding obligations	341.72	10.25	370.58	370.58	11.12	370.58	421.39	12.64	528.78	15.86	528.78	15.86
<b>8) Total Cash outflows</b>		<b>24,496.86</b>			<b>22,821.35</b>			<b>24,702.66</b>		<b>26,279.10</b>		<b>26,279.10</b>
<b>Cash Inflows</b>												
9) Secured lending (eg. Reverse repos)	3,574.46	-	6,453.03	6,453.03	-	6,453.03	3,835.81	-	2,190.89	-	2,190.89	-
10) Inflows from fully performing exposures	6,574.27	3,989.44	5,633.01	5,633.01	3,452.41	5,633.01	5,078.99	3,005.32	5,199.17	3,120.80	5,199.17	3,120.80
11) Other cash inflows	75.68	75.68	121.63	121.63	121.63	121.63	53.35	53.34	4.05	4.05	4.05	4.05
<b>12) Total Cash Inflows</b>	<b>10,224.41</b>	<b>4,065.12</b>	<b>12,207.67</b>	<b>12,207.67</b>	<b>3,574.04</b>	<b>12,207.67</b>	<b>8,968.15</b>	<b>3,058.66</b>	<b>7,394.11</b>	<b>3,124.85</b>	<b>7,394.11</b>	<b>3,124.85</b>
13) Total HQLA		25,688.19			27,681.56			26,206.81		26,595.44		26,595.44
14) Total Net Cash outflow		20,431.75			19,247.31			21,644.00		23,154.25		23,154.25
15) Liquidity Coverage Ratio(%)		125.73%			143.82%			121.08%		114.86%		114.86%

# Schedules

forming part of the Balance sheet as at March 31, 2022

(c) Quantitative Disclosure as on March 31 2021

(₹ in crore)

Particulars	Day end Average for quarter ended June 30 2020		Day end Average for quarter ended September 30 2020		Day end Average for quarter ended December 31 2020		Day end Average for quarter ended March 31 2021	
	Unweighted Value (Average)	Total Weighted Value (Average)	Unweighted Value (Average)	Total Weighted Value (Average)	Unweighted Value (Average)	Total Weighted Value (Average)	Unweighted Value (Average)	Total Weighted Value (Average)
<b>High Quality Liquid Assets</b>								
1) Total High Quality Liquid Assets (HQLA)	-	17,678.24	-	21,743.55	-	22,068.14	-	21,856.82
<b>Cash Outflows</b>								
2) Retail Deposits and deposits from small business customers, of which:	35,358.10	3,356.05	37,123.49	3,549.29	38,736.90	3,730.81	41,593.77	3,982.44
a) Stable deposits	3,595.23	179.76	3,261.28	163.06	2,857.52	142.88	3,538.83	176.94
b) Less stable deposits	31,762.88	3,176.29	33,862.21	3,386.22	35,879.39	3,587.94	38,054.94	3,805.49
3) Unsecured wholesale funding, of which:	13,579.11	8,440.25	17,117.81	12,035.67	20,229.80	14,431.64	21,951.05	15,220.87
a) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
b) Non-operational deposits (all counterparties)	13,579.11	8,440.25	17,117.81	12,035.67	20,229.80	14,431.64	21,951.05	15,220.87
c) Unsecured debt	-	-	-	-	-	-	-	-
4) Secured wholesale funding	-	-	-	-	-	-	-	-
5) Additional requirements, of which:	1,057.49	67.78	1,054.30	83.76	1,245.39	101.20	1,444.48	118.04
a) Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.01	0.01	0.08	0.08	0.10	0.10
b) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
c) Credit and liquidity facilities	1,057.49	67.78	1,054.29	83.75	1,245.30	101.11	1,444.38	117.94
6) Other contractual funding obligations	2,957.26	2,957.26	2,634.33	2,634.33	1,896.14	1,896.14	2,490.78	2,490.78
7) Other contingent funding obligations	274.88	8.25	382.43	11.47	241.88	7.26	265.99	7.98
<b>8) Total Cash outflows</b>		<b>14,829.58</b>		<b>18,314.52</b>		<b>20,167.05</b>		<b>21,820.10</b>
<b>Cash Inflows</b>								
9) Secured lending (eg. Reverse repos)	5,618.63	-	6,074.58	-	2,153.76	-	1,364.81	-
10) Inflows from fully performing exposures	3,364.10	2,110.39	5,807.23	3,615.74	5,866.01	3,334.94	6,256.15	3,655.98
11) Other cash inflows	40.52	40.52	0.07	0.07	0.02	0.02	0.05	0.05
<b>12) Total Cash Inflows</b>	<b>9,023.24</b>	<b>2,150.91</b>	<b>11,881.88</b>	<b>3,615.82</b>	<b>8,019.80</b>	<b>3,334.96</b>	<b>7,621.01</b>	<b>3,656.03</b>
13) Total HQLA		17,678.24		21,743.55		22,068.14		21,856.82
14) Total Net Cash outflow		12,678.67		14,698.70		16,832.09		18,164.07
15) Liquidity Coverage Ratio(%)		139.43%		147.93%		131.11%		120.33%

# Schedules

Forming part of the Balance sheet as at March 31, 2022

## 18.25 Maturity pattern of certain items of assets and liabilities

Particulars	(₹ in crore)										Total	
	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months and to 3 months	Over 3 months and up to 6 Months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years		Over 5 years
<b>Liabilities</b>												
Borrowings	-	-	50.00	1,475.00	-	889.48	1,873.69	3,715.83	10,482.86	577.59	856.77	<b>19,921.23</b>
	-	(2,694.00)	(750.00)	-	(5175.00)		(329.11)	(2,038.20)	(3,999.50)	(776.06)	(1,198.49)	<b>(16,960.36)</b>
Deposits*	368.29	1,447.52	1,623.41	2,249.31	1,912.39	2,860.59	9,780.17	17,421.15	49,905.72	5,088.14	3,673.92	<b>96,330.61</b>
	(200.52)	(1,099.34)	(909.25)	(1,737.98)	(6930.20)		(9,244.95)	(11,830.98)	(44,001.70)	(1,168.80)	(848.50)	<b>(77,972.22)</b>
Foreign Currency Liabilities	-	-	-	0.10	-	189.48	0.04	90.31	1.58	-	-	<b>281.51</b>
	-	-	-	-	(0.19)	-	(3.01)	(21.98)	(2.66)	-	-	<b>(27.84)</b>
<b>Assets</b>												
Advances	725.27	2,116.36	1,092.42	2,341.74	5,266.26	6,273.61	12,918.81	15,985.56	28,581.07	4,747.29	13,926.55	<b>93,974.93</b>
	(805.45)	(2,002.05)	(1,132.09)	(1,972.84)	(11521.00)		(13,627.84)	(17,155.12)	(13,988.69)	(5,116.49)	(14,291.31)	<b>(81,612.88)</b>
Investment	-	51.69	-	1.60	99.43	466.96	3,481.60	1,928.32	920.14	2,472.34	19,656.63	<b>29,078.71</b>
	-	(52.21)	-	-	(72.81)		(2,780.76)	(340.63)	(988.11)	(1,866.74)	(19,054.13)	<b>(25,155.39)</b>
Foreign Currency Assets	13.14	-	-	-	-	-	75.79	-	-	-	-	<b>88.93</b>
	(13.26)	-	-	-	(43.87)	-	-	-	(62.14)	-	-	<b>(119.27)</b>

\* Deposits includes Foreign Currency Liabilities which has also been shown separately.

Classification of non-maturing assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

Previous year figures are shown in "( )".

# Schedules

forming part of the Balance sheet as at March 31, 2022

## 18.26 Sector-wise advances

(₹ in crore)

Sr. No.	Sector	As at March 31, 2022			As at March 31, 2021		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector*</b>						
1	Agriculture and allied activities <sup>#</sup>	12,291.49	949.23	7.72%	25,953.80	2,206.69	8.50%
2	Advances to industries sector eligible as priority sector lending <sup>#</sup>	6,728.69	242.94	3.61%	10,703.50	887.02	8.29%
3	Services	18,850.46	541.98	2.88%	24,217.64	1,598.74	6.60%
4	Personal loans	18,526.46	1,029.59	5.56%	13,494.57	307.03	2.28%
	<b>Sub Total (A)</b>	<b>56,397.10</b>	<b>2,763.74</b>	<b>4.90%</b>	<b>74,369.51</b>	<b>4,999.47</b>	<b>6.72%</b>
<b>B</b>	<b>Non Priority Sector</b>						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry sector	6,454.66	532.48	8.25%	493.28	-	-
3	Services	21,800.78	1,563.18	7.17%	1,216.78	385.09	31.65%
4	Personal loans	14,138.16	1,520.60	10.76%	8,430.03	373.19	4.43%
	<b>Sub Total (B)</b>	<b>42,393.60</b>	<b>3,616.26</b>	<b>8.53%</b>	<b>10,140.09</b>	<b>758.29</b>	<b>7.48%</b>
	<b>Total (A+B)</b>	<b>98,790.70</b>	<b>6,380.00</b>	<b>6.46%</b>	<b>84,509.60</b>	<b>5,757.76</b>	<b>6.81%</b>

\*Priority sectors includes ₹ 41,837 crore (Previous Year : ₹ 70,448 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the year ended March 31, 2022, the Bank has bought PSLC amounting ₹ 18,986 crore (Previous Year : ₹ 2,400 crore), which is not included in above.

<sup>#</sup>The consideration of Land holding of borrowers for their classification as Small & Marginal Farmers (SMFs) and investment in Plant and Machinery for classification of business as eligible for Priority Sector Lending is based on the representation made by the respective borrowers.

During current year the PSL classification based on survey and internal committee recommendations priority sector lending is ₹ 56,397 crores as per the PSL policy. The change is made due to changes made in the PSL reporting as per the Bank's PSL Policy.

## 18.27 Details of Priority sector lending certificates (category wise) sold and purchased:

(₹ in crore)

SI No.	Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
		Purchase	Sale	Purchase	Sale
i)	PSLC – Agriculture	1,100.00	1,100.00	-	3,360.00
ii)	PSLC- Small & Marginal farmers(SFMF)	11,476.00	17,350.00	-	19,280.00
iii)	PSLC- Micro Enterprises	6,410.00	-	-	31,476.00
iv)	PSLC – General	-	23,387.00	2,400.00	16,332.00

## 18.28 Details of Inter-Bank Participation Certificate (IBPC) transactions

(₹ in crore)

SI No.	Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
		Sale	Purchase	Sale	Purchase
i)	Aggregate value of IBPCs entered	-	1,911.30	4,948.00	1,514.00
ii)	Aggregate consideration received	-	1,911.30	4,948.00	1,514.00
iii)	Aggregate gain recorded	50.91	-	314.54	-
iv)	IBPCs outstanding [including principal amount of ₹ NIL (March 31, 2021 : ₹ 440.01 crore) collected against the pool sold and not yet due for payment and included under other liabilities]	-	-	2,564.14	-

# Schedules

forming part of the Balance sheet as at March 31, 2022

## 18.29 Employee Stock Option Scheme (ESOS)

On July 26, 2017 the board of directors approved the Bandhan Bank Employee Stock Option Plan Series 1 for issue of stock options to eligible employees and directors of the Bank.

The Shareholders of the Bank at the meeting held on 23rd November, 2017 has approved the Employee Stock Option Plan Series 1 and the grant of Employee Stock Option to the employees of the Bank. The said approval accords the Board of Directors of the Bank or any Committee including the Nomination and Remuneration Committee, which the Board has constituted, to create, offer, and grant at any time to permanent employees of the Bank, including any Director of the Bank, whether whole-time or otherwise but excluding Promoter(s), Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares, employee stock options from time to time in one or more tranches.

This plan was framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and as applicable at the time of the grant. The accounting for the stock options has been in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 to the extent applicable.

Employee Stock Option Plan Series 1 provides for the issuance of options at the recommendation of the Nomination and Remuneration Committee of the Board ('NRC') at the closing price on the working day immediately preceding the date when options are granted. The closing price of the Bank's equity share on an Indian stock exchange with the highest trading volume as of the working day preceding the date of grant set forth by the NRC at the time of grant. The period in which the options may be exercised cannot exceed five years from date of expiry of vesting period. However, if the participant's employment terminates due to retirement (including pursuant to any early/ voluntary retirement scheme), the whole of the unvested options shall vest on the first vesting date relating to the said grant, immediately following the date of superannuation. During the years ended March 31, 2022 and March 31, 2021, no modifications were made to the terms and conditions of ESOPs as approved by the NRC.

Activity in the options outstanding under the various employee stock option plans as at March 31, 2022:

SI No.	Particulars	Number of options	Weighted average exercise price (₹)
i)	Options outstanding, beginning of year	1,64,92,073	410.17
ii)	Granted during the year	83,70,166	315.14
iii)	Exercised during the year*	1,67,024	180.05
iv)	Forfeited / Lapsed during the year	20,49,334	407.48
v)	Options outstanding, end of year	2,26,45,881	376.99
vi)	Options exercisable	73,07,681	404.19

\*Includes 8,489 shares against which application money was received but pending allotment to ₹ 0.15 crore

Activity in the options outstanding under the various employee stock option plans as at March 31, 2021:

SI No.	Particulars	Number of options	Weighted average exercise price (₹)
i)	Options outstanding, beginning of year	1,09,39,202	428.84
ii)	Granted during the year	63,05,997	366.34
iii)	Exercised during the year*	3,58,809	205.87
iv)	Forfeited / Lapsed during the year	3,94,317	413.14
v)	Options outstanding, end of year	1,64,92,073	410.17
vi)	Options exercisable	37,97,289	409.24

\*Includes 8,131 shares against which application money was received but pending allotment to ₹ 0.15 crore

The following table summarises the information about stock options outstanding as at March 31, 2022:

SI No.	Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining life of options (in years)	Weighted average exercise price (₹)
1	Plan Series 1	180.00 to 539.22	2,26,45,881	5.31	376.99

# Schedules

forming part of the Balance sheet as at March 31, 2022

The following table summarises the information about stock options outstanding as at March 31, 2021:

SI No.	Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining life of options (in years)	Weighted average exercise price (₹)
1	Plan Series 1	180.00 to 539.22	1,64,92,073	5.41	410.17

### Fair value methodology

The weighted average fair value of stock option granted during the year was ₹ 110.10 . The fair value of options used to compute the proforma net profit and earnings per equity share have been estimated on the dates of each grant using the binomial option-pricing model. The Bank estimates the volatility based on the historical prices of its equity shares. The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2022 are:

Particulars	March 31, 2022
Dividend yield (%)	0-0.34%
Expected volatility (%)	25.03%- 26.67%-29.40%
Risk-free interest rate (%)	5.11%-5.22%- 5.59%- 5.76%-6.12%
Expected remaining life of the options (yrs)	0.04- 8.88 yrs

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome.

The Bank measures the cost of ESOP using the intrinsic value method. Had the Bank used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed as indicated below:

Particulars	(₹ in crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Profit after tax as reported	125.79	2,205.46
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method*	79.23	62.49
Proforma profit after tax	46.56	2,142.97
Weighted Average Number of equity shares	1,61,06,91,061	1,61,03,66,506
Weighted Average Number of equity shares (including dilutive potential equity share)	1,61,11,93,362	1,61,10,72,504
Earnings Per Share		
<b>Basic</b>		
- As reported	0.78	13.70
- Proforma	0.29	13.31
<b>Diluted</b>		
- As reported	0.78	13.69
- Proforma	0.29	13.30

\* In accordance with the RBI circular RBI/2021-22/95 DOR.GOV.REC.44 /29.67.001 /2021-22 "Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff – Clarification" dated August 30, 2021, Share-linked instruments granted to Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff after the accounting period ending March 31, 2021, are fair valued on the date of grant, using Black-Scholes model instead of Intrinsic value method. As a result, 'Employees' cost' for the year ended March 31, 2022 is higher by ₹ 5.24 crores and the same is therefore not considered in above table.



# Schedules

forming part of the Balance sheet as at March 31, 2022

## 18.30 Corporate Social Responsibility

- a) Gross amount required to be spent by the Bank during the year ended is ₹ 70.49 crore (Previous year ended March 31, 2021 : ₹ 60.82 crore)
- b) The following table sets forth, for the periods indicated, the amount spent by the Bank on CSR related activities;

(₹ in crore)

Sr. No.	Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
		In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
i)	Construction/ acquisition of any assets	-	-	-	-	-	-
ii)	On purpose other than (i) above**	66.57	3.92*	70.49	50.54	10.27	60.82

\* It includes amount to be received ₹ 3.72 crore which would be spent on ongoing CSR projects.

\*\* An amount of ₹ 3.92 crore (Previous Year ₹ 10.27 crore) has been transferred to a special account "Unspent Corporate Social Responsibility Account" maintained with a scheduled Bank.

**18.31** The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant volatility in the financial markets and slowdown in the economic activities. Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional restrictions continued to be implemented in areas as India witnessed two more waves of the Covid-19 pandemic during the year ended March 31, 2022. Currently, while the number of new Covid-19 cases have reduced significantly and the Government of India has withdrawn most of the Covid-19 related restrictions, the Bank continues to carry provision over and above the RBI requirements by ₹ 1,846.03 crores on standard assets as at March 31, 2022 (₹ 387.96 crores as at March 31, 2021).

**18.32** As part of the normal banking business, the Bank grants loans and advances to its borrowers with permission to lend/invest or provide guarantee/security in other entities identified by such borrowers or on the basis of the basis of security/guarantee provided by the co-borrower. Similarly, the Bank may accept funds from its customers, who may instruct the Bank to lend/invest/ provide guarantee or security or the like against such deposit in other entities identified by such customers. These transactions are part of Bank's normal banking business, which is conducted after exercising proper due diligence including adherence to "Know Your Customer" guidelines.

Other than the nature of transactions described above:

- No funds have been advanced or loaned or invested by the Bank to or in any other person(s) or entity(ies) ("Intermediaries") with the understanding that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries).
- The Bank has not received any fund from any party(s) (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**18.33** In accordance with the instructions in the paragraph 5 of the RBI circular dated April 07, 2021, the Bank refunded / adjusted 'interest on interest' of ₹ 1.77 crore to all eligible borrowers during the year ended March 31, 2022.

**18.34** Miscellaneous income includes ₹ 657.72 crore (Previous Year ended March 31, 2021 ₹ 731.76 crore) on sale of Priority sector lending certificates.

**18.35** Other Expenditure includes IT operating expenses of ₹ 183.04 crore (Previous Year ended March 31, 2021 ₹ 109.62 crore).

**18.36** Remuneration by way of sitting fees paid to the Non-Executive Directors for attending meeting of the Board and its committees during the year ended March 31, 2022 amounting to ₹ 2.67 crore (Previous Year: ₹ 2.42 crore).

# Schedules

forming part of the Balance sheet as at March 31, 2022

## 18.37 Details of payments to Auditors

(₹ in crore)

Particulars	Year ended March 31 2022	Year ended March 31 2021
Statutory Audit Fees	1.07	1.07
Others	0.91	0.62

**18.38** Previous year figures have been regrouped/reclassified, wherever necessary, to conform to current year classification. The previous year figures were audited by Deloitte Haskins & Sells, Chartered Accountants.

As per our report of even date

For and on behalf of Board of Directors  
**For Bandhan Bank Limited**

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
Firm Registration Number :  
117365W

**For M M NISSIM & CO LLP**  
Chartered Accountants  
Firm Registration Number :  
107122W / W100672

**Sunil Samdani**  
Chief Financial Officer  
Mumbai

**Indranil Banerjee**  
Company Secretary  
Mumbai

**G. K. Subramaniam**  
Partner  
Membership Number : 109839  
Place : Bengaluru  
Date : May 13, 2022

**Sanjay Khemani**  
Partner  
Membership Number : 044577  
Place : Mumbai  
Date : May 13, 2022

**Vijay Nautamlal Bhatt**  
ACB Chairman & Independent Director  
Mumbai  
DIN: 00751001

**Subrata Dutta Gupta**  
Independent Director  
Mumbai  
DIN: 08767943

**Chandra Shekhar Ghosh**  
Managing Director & CEO  
Mumbai  
DIN: 00342477

**Anup Kumar Sinha**  
Chairman & Independent Director  
Mumbai  
DIN: 08249893

# Corporate Information

## Registered & Head Office

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**Regd. Office:** DN-32, Sector V, Salt Lake City, Kolkata- 700 091

**Head Office:** 12<sup>th</sup> to 14<sup>th</sup> Floor, Adventz Infinity@5, BN 5, Sector V, Salt Lake City, Kolkata 700 091

Tel No.: 91 33 6609 0909

Email: investors@bandhanbank.com

Website: www.bandhanbank.com

## Corporate Identity Number (CIN)

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**L67190WB 2014PL C204622**

## Listed with Scrip Name

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BSE Scrip Code: **541153**

NSE Symbol: **BANDHANBNK**

## Registrars & Transfer Agents

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### **KFin Technologies Limited**

(formerly known as KFin Technologies Private Limited)

Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal

Hyderabad- 500 032, Telangana

Toll free number- 1 800 309 4001

Email: einward.ris@kfintech.com

Website: www.kfintech.com

## Statutory Auditors

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### **Deloitte Haskins & Sells, Chartered Accountants**

19<sup>th</sup> Floor, Shampat-V, S. G. Highway

Ahmedabad- 380 015, Gujarat

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### **M M Nissim & Co LLP, Chartered Accountants**

Barodawala Mansion, B – wing,

3<sup>rd</sup> Floor, 81 Dr. Annie Besant Road

Worli, Mumbai – 400 018

## Secretarial Auditor

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### **CS Anjan Kumar Roy**

Anjan Kumar Roy & Co., Company Secretaries

GR 1, Gouri Bhaban, 28A Gurupada Halder Road,

Kolkata- 700 026

Tel No.: +91 33 2475 0112 | Email: akroyco@yahoo.co.in

## Auditor for Corporate Governance Report

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### **CS Anjan Kumar Roy**

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