

Annual Report
2022-23



Built on commitment.
Driven by trust.

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

www.bandhanbank.com

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.

Built on **commitment.** Driven by **trust.**

Over the years, the trust your Bank has earned from millions of customers is its biggest growth driver. This trust has been built incrementally, interaction-by-interaction, transaction-by-transaction, customer-by-customer.

Your Bank has also established itself as a trusted employer, a trusted partner to communities, and a trusted entity led by its values of integrity and transparency and its commitment to compliance and sound governance. Your Bank takes pride in the strong relationships and goodwill it has built and firmly believes that it is this trust that underpins its continued progress.

As your Bank looks to drive the next phase of its growth, the commitment that got it to where it is now has more momentum than ever. The firm bonds built on the foundation of trust will remain at the heart of tomorrow's success.

Numbers that Define the Bank

6,000+

Banking Outlets

3+ crore

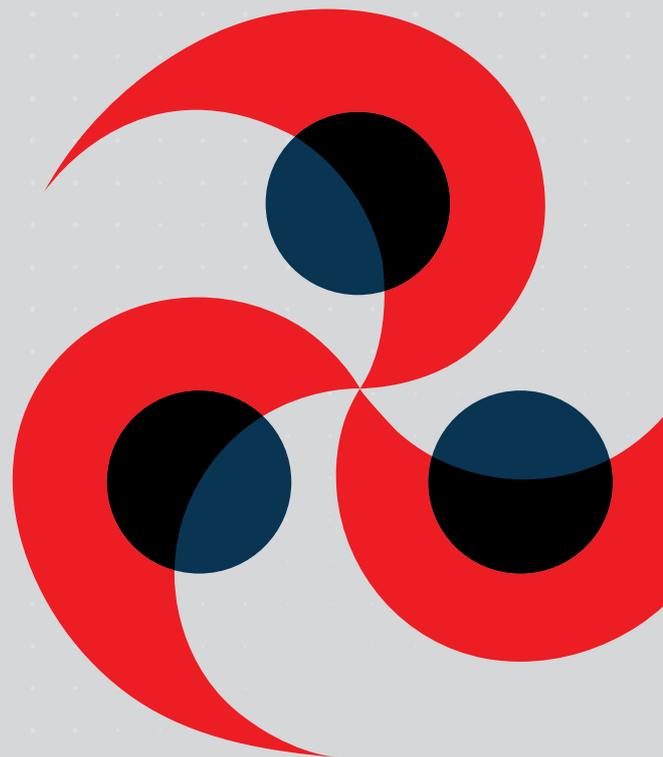
Customers

69,000+

Employees

34

States & UTs



Company Overview

Bandhan Bank stands as one of India’s youngest universal banks, driven by a strong commitment to inclusive banking. Your Bank’s growth is attributed to the trust it has earned from millions of stakeholders. Guided by the principle of ‘Aapka Bhala, Sabki Bhalai,’ the Bank is dedicated not only to serving its customers but also to making a positive difference in people’s lives.

Bandhan Bank is evolving continually to meet the changing aspirations of every Indian. With a customer-centric approach at its core, your Bank offers a wide array of world-class banking products and a comprehensive 360-degree service proposition.

Your Bank’s Philosophy



Vision

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



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 with a committed team, robust policies and superior systems and technology.



Values

C Cost-Effective & Simple

R Respect for All

E Exemplary Governance

A Accountability, Professionalism & Discipline

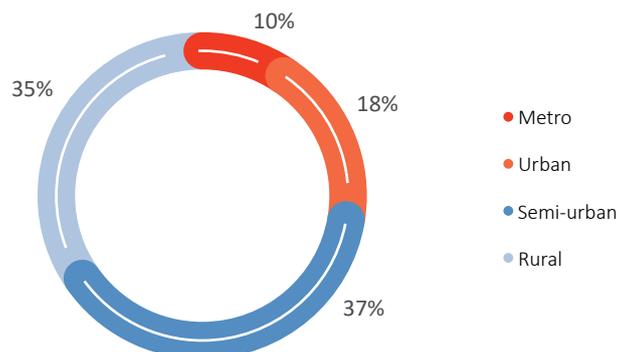
T Transparency & Integrity

E Effective Teamwork & Commitment

Serving the unserved and underserved

Bandhan Bank has a strong focus on providing financial services to the unbanked and under-banked segments of the population. With its extensive last-mile banking services, your Bank is playing a crucial role in transforming the lives of individuals in both urban and rural areas across the country.

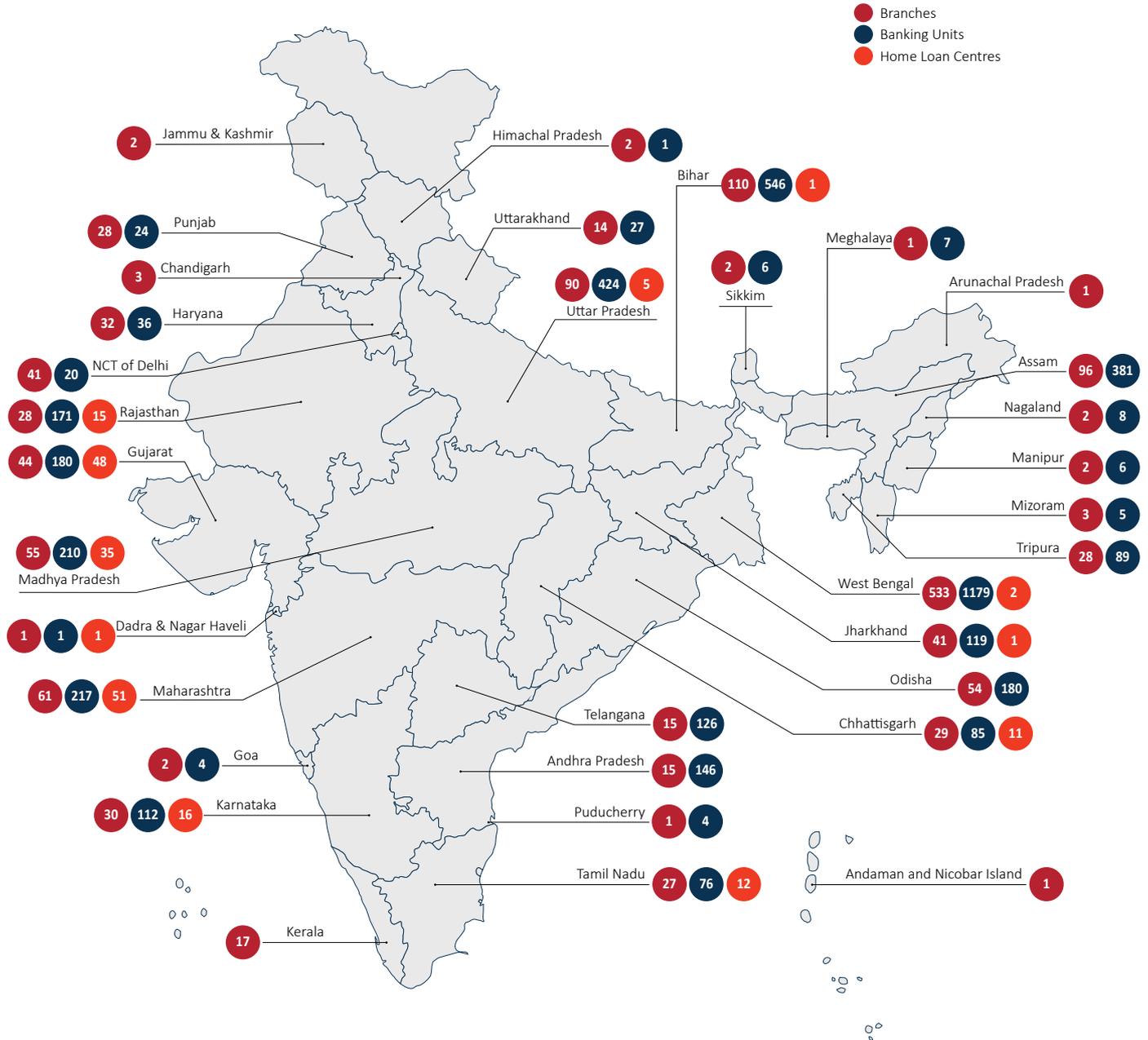
Banking Outlets as on March 31, 2023*



*Basis original classification at the time of opening

Growing Footprint

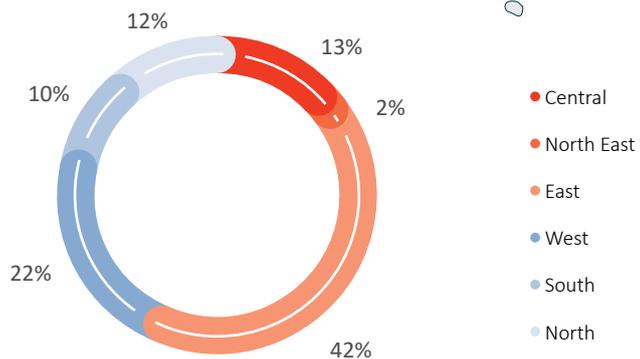
With a steady growth trajectory, your Bank has successfully expanded its reach and now serves over 3 crore customers across 34 states and union territories. This significant outreach is made possible through a vast network of more than 6,000 banking outlets, ensuring accessibility and convenience for customers across the country.



Expanding nationwide presence

Your Bank is committed to extending its reach nationwide. While it has a strong presence in the East, the Bank is actively diversifying geographically and expanding its footprint beyond these boundaries.

Distribution of Banking Outlets



Our Journey so Far

With humble beginnings as an NGO to becoming India's largest NBFC-MFI to now one of India's fastest growing universal banks, the journey of Bandhan has seen many transformations. The Bandhan growth story has been made possible because of the trust and faith reposed by customers, regulators, employees and all other stakeholders.

2001

Started as a society that stood for financial inclusion and women empowerment through sustainable livelihood creation, along with launch of microfinance operations in rural Bengal.

2009

Microfinance portfolio was transferred from society to NBFC.

2006

Acquired an NBFC and established Bandhan Financial Services Private Limited, with continued focus on financial inclusion.

2010

Became the largest microfinance institution (MFI) in the country.

2015

Started operations as a Universal Bank on August 23, with 2,523 banking outlets, after becoming India's first microfinance institution to get a universal banking licence.

2019

Bandhan Bank acquired the stake of HDFC Limited in GRUH Finance, one of India's foremost affordable housing finance companies.

2022

Crossed the milestone of ₹2,00,000 crore of total business.

2018

Emerged as the 8th most valued bank in India on the basis of market capitalisation on the day of listing on stock exchanges.

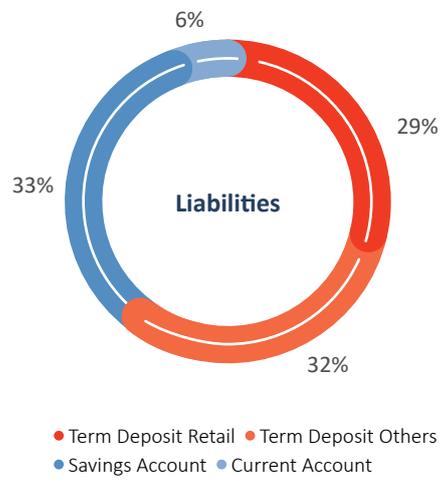
2021

Crossed the milestone of ₹1,50,000 crore of total business.

Your Bank's Performance in Numbers

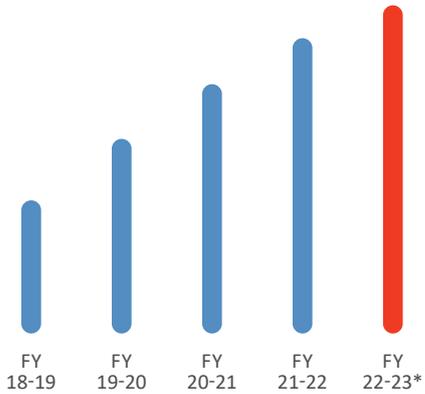
Your Bank's consistent focus on customers and, in return, their trust on the Bank has resulted in growth across key parameters over the years.

Business Mix in FY 22-23



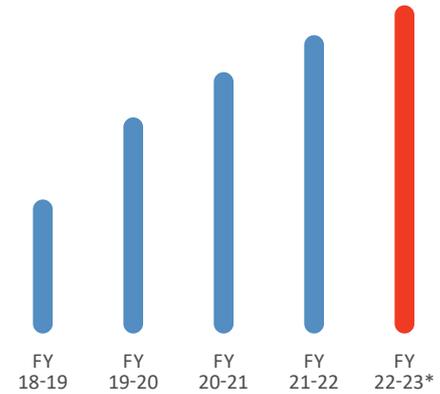
Total Business (₹ in Crore)

88,008 1,28,928 1,65,015 1,95,669 **2,17,191**

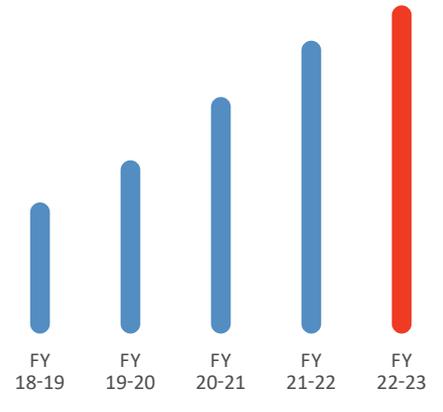
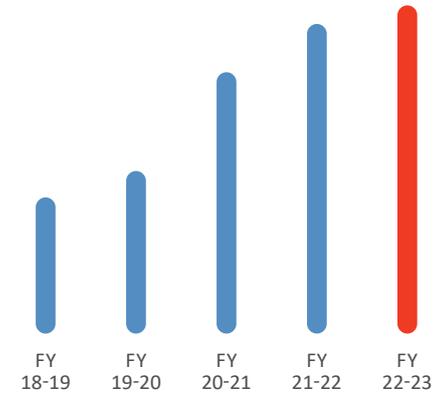
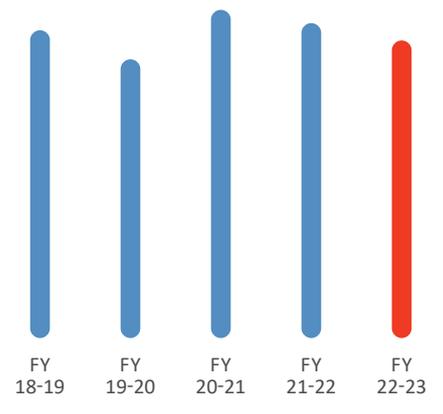
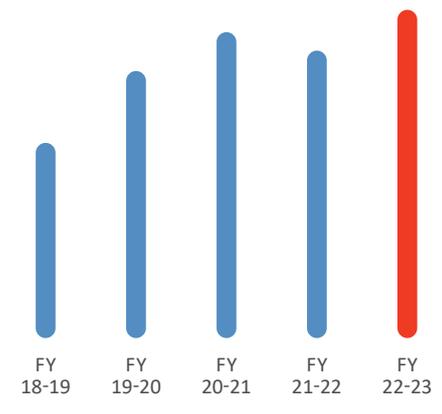
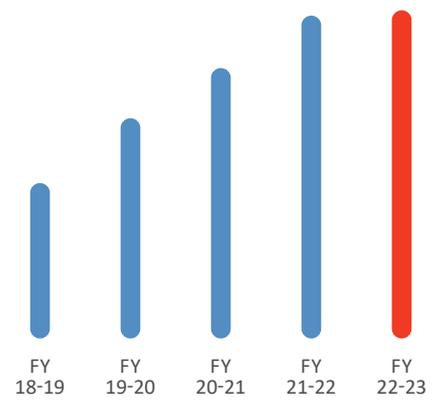
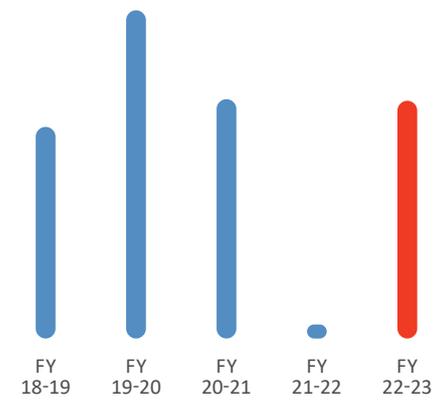


Advances (₹ in Crore)

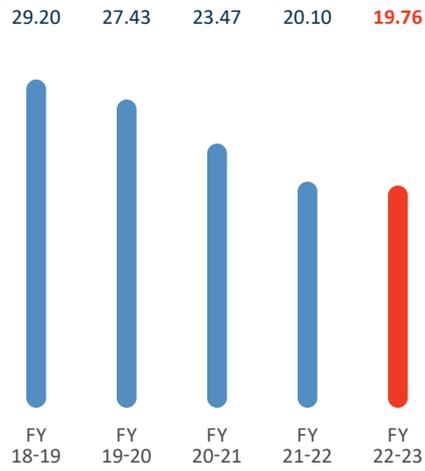
44,776 71,846 87,043 99,338 **1,09,122**



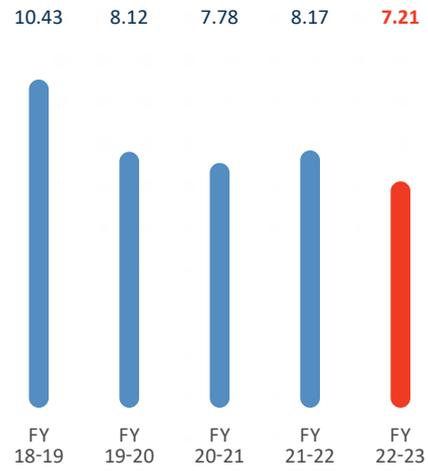
(*TLTRO & PTC amount ₹294 crore included in FY 22-23 Advances)
SBAL - Small Business and Agri Loan

Deposits (₹ in Crore)43,232 57,082 77,972 96,331 **1,08,069****CASA** (₹ in Crore)17,618 21,028 33,827 40,079 **42,455****CASA Ratio** (%)40.75 36.84 43.38 41.61 **39.29****Net Worth** (₹ in Crore)10,969 14,975 17,148 16,130 **18,402****Net Total Income** (₹ in Crore)5,558 7,873 9,586 11,537 **11,728****Profit After Tax** (₹ in Crore)1,952 3,024 2,205 126 **2,195**

Capital Adequacy Ratio (%)



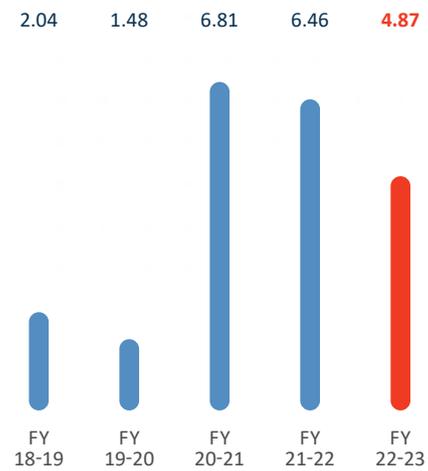
Net Interest Margin (%)

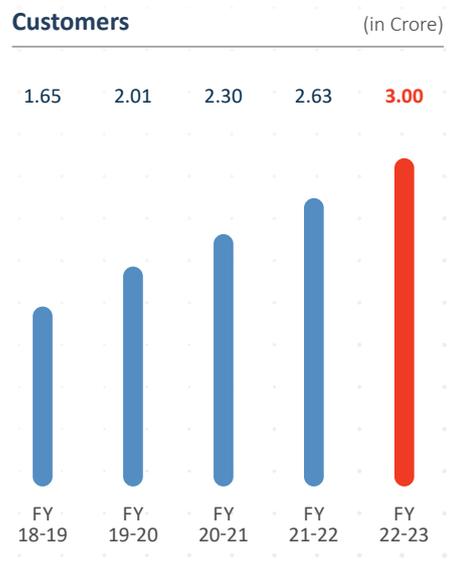
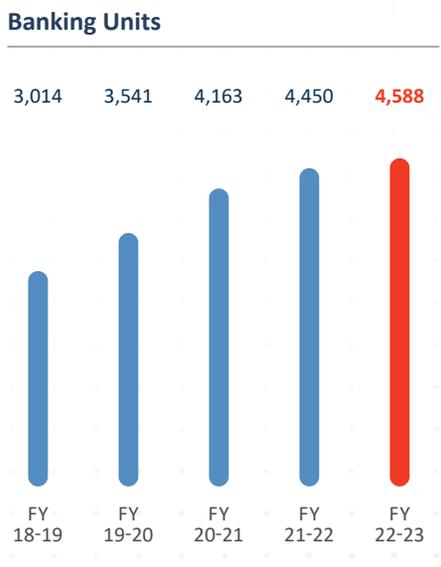
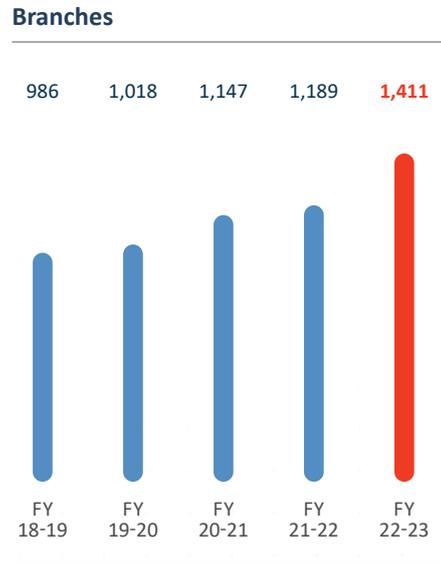
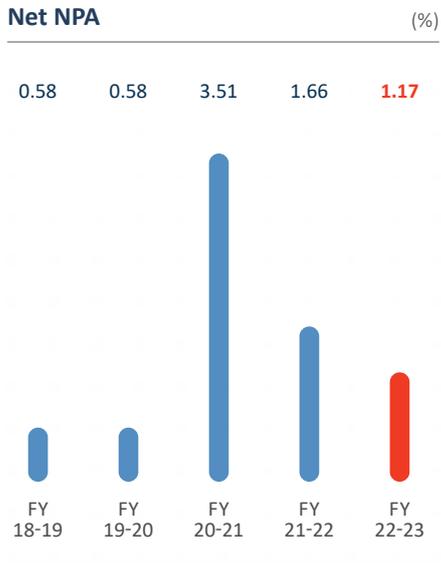


Cost to Income Ratio (%)



Gross NPA (%)





Chairman's Message

"Against the backdrop of improved economic conditions, your Bank has demonstrated healthy growth in advances and deposits."

Dr. Anup Kumar Sinha
Non-Executive (Independent)
Chairman



Dear Shareholders,

It is my distinct pleasure to present your Bank's Annual Report for the financial year ended on March 31, 2023. The Bank had set out on a transformation journey with the aim of delivering superior value and experience to customers in a rapidly evolving landscape. Underpinned by the outstanding efforts of its team members, I am proud to say the Bank is succeeding on this agenda, having overcome the significant challenges thrown by the pandemic right at the outset of this journey.

Economic Review

Amid considerable uncertainties about economic activities in a large number of countries – including major economies such as the US, Euro Area and China – India has emerged as a shining beacon. With its 7.2% GDP growth in FY 22-23,

India had been the fastest growing large economy in the world last year, a distinction that India looks set to maintain even in the current year. The Indian government successfully met its FY 22-23 fiscal deficit target of 6.4% of GDP. Other noteworthy highlights of the fiscal performance include encouraging tax collections and a focus on capital expenditure. Although goods exports faced challenges due to the geopolitical situation and rising oil prices, the country's services exports performed exceptionally well.

The global repercussions of the war led to significant inflation and interest rate impact worldwide. In India, consumer prices surged to an eight-year high of 7.8% year-on-year in April 2022 and averaged 6.7% (YoY) during FY 22-23. The surge in inflation and monetary tightening across the globe prompted the Reserve

Bank of India (RBI) to raise its policy repo rate by 250 basis points during FY 22-23 to 6.5%, which has since been kept unchanged during the current financial year. Despite policy uncertainties in the global arena, India's macro parameters presently suggest that risks of further hike in interest rates in the near term is limited.

India has demonstrated prudent macroeconomic management by avoiding overstretching during the pandemic. This approach has contributed to stable growth and effective inflation management. Furthermore, multi-dimensional policy initiatives over several years, such as supply-side policy reforms, boost in infrastructure, formalisation of the economy, Direct Benefit Transfer and the Insolvency and Bankruptcy Code, have enhanced competitiveness, promoted inclusion and propelled growth.

Sector Review

The sustained policy focus to strengthen the banking sector has yielded positive outcomes. Reforms implemented by the government and the RBI have also prompted greater focus on improving asset quality, with the gross non-performing assets (GNPA) ratio reaching a ten-year low of 3.9% in March 2023. Net non-performing asset also improved to 1% in March 2023, a level last seen in June 2011. Additionally, stress tests confirm that the banks are well-capitalised and capable of withstanding adverse macroeconomic conditions. The GNPA ratio is expected to further decline to 3.6% by March 2024.

Driven by the favourable market conditions and the efforts of the government and the RBI, banks reported healthy profits in the year in review. Among the various factors boosting banks' strong performance are the post-pandemic economic normalisation, recovery in credit demand, and a considerable improvement in asset quality. Credit growth stood at around 15% for the year, the highest growth in over a decade, driven by MSME credit (14% y/y), housing loans (15%) and personal loans (21%). Even though India's credit growth has been impressive, negative credit-to-GDP gap, as compared to advanced and emerging market peers, means that the banking sector needs to continue its efforts in reaching out to larger populations for the success of the Indian growth story.

The clean-up of bank balance sheets following the RBI's Asset Quality Review in 2016 has played a vital role in maintaining the banking sector's resilience despite the pandemic's impact. It has also facilitated credit expansion during the economic recovery. Notably, the banking sector achieved the lowest cost of provisioning in more than a decade during FY 22-23.

The Bank's Progress

Against the backdrop of improved economic conditions, your Bank has demonstrated healthy growth in advances and deposits. The retail segment, including housing and MSME loans, has been a significant contributor to credit uptake. Additionally, the Bank's asset

quality has improved significantly over the past year, while maintaining a healthy CASA ratio that provides a stable source of funds for lending activities, enhancing overall financial efficiency.

The growth witnessed in housing finance, commercial loans and retail loans verticals aligns with the Bank's portfolio diversification agenda. The Bank has also made substantial progress in its IT and digital transformation journey, which brings it closer to the vision of becoming a leading digital banking institution. This transformation will empower the Bank to expand its product offerings, extend its reach and deliver a frictionless banking experience.

During the year, the Bank crossed the significant milestone of three crore customers. This accomplishment stands as a testament to the trust diligently earned over the years and reinforces the Bank's unwavering commitment to upholding the highest standards of ethics and prioritising customer experiences.

Moving ahead, the Bank is actively expanding new capabilities such as Commercial Vehicle Lending, Loans against Property for Business and Government Business Operations. These strategic initiatives aim to create a greater business impact and enhance the range of services available to customers. Furthermore, the Bank is focussed on geographic diversification and expanding its market reach to connect with a broader customer base.

Changes to the Board

In the latter part of the year, the Bank welcomed Ratan Kumar Kesh as its first Executive Director on the Board. With nearly three decades of rich experience, Ratan brings valuable expertise in operations, including areas such as transformation, automation, customer experience and quality improvement. His proven leadership in handling complex functions will undoubtedly contribute to the continued growth and success of the Bank. We extend a warm welcome to Ratan and eagerly look forward to his contribution in taking the Bank to new heights.

The Road Ahead

India's economic landscape is showing signs of continued expansion, with inflationary pressures easing. The country's growth story is fuelled by strong domestic demand and a thriving services sector. The recent Consumer Confidence Survey conducted by the RBI reaffirms positive sentiments regarding the current and future economic conditions among Indian consumers.

Opportunities for growth are also stemming from government initiatives, including large investments in infrastructure projects, which not only pushes growth higher immediately but also boosts the long-term growth potential of the economy. Policies promoting domestic manufacturing, such as Production Linked Incentives (PLIs), are also expected to contribute to India's long-term economic growth.

For FY 23-24, India's real GDP growth is projected at around 6.5%. This healthy economic momentum and the improved resilience of the banking system provide foundation for a strong credit growth trajectory in the coming years. Risks to India's growth outlook include weak external demand, volatility in global financial markets, prolonged geopolitical tensions and the potential impact of El Niño on monsoon patterns.

In Conclusion

The Bank is poised to leverage upcoming opportunities and contribute to our nation's growth aspirations. The focus remains on driving inclusive banking and being a Bank for all, providing products and services that cater to changing customer needs, and building enduring relationships on the firm foundation of trust. By continuing on this path, the Bank is confident in its ability to generate value and pave the way for a better and stronger future for all stakeholders.

Warm regards,

Dr. Anup Kumar Sinha

Non-Executive (Independent) Chairman

Message from the MD & CEO

“The unwavering commitment to the Bank’s vision has propelled it forward, enabling considerable progress in key areas such as information technology, digitalisation, and workforce development, among others areas of thrust.”

Chandra Shekhar Ghosh
Managing Director & Chief
Executive Officer



Dear Shareholders,

Allow me to start by highlighting one major milestone that your Bank crossed in the period under review – 3 crore customers. This achievement stands as a testament to the trust the Bank has diligently built over the years, fortifying its commitment to serving customers with integrity and reliability. In a short span of seven and a half years, your Bank has been able to place itself in the minds and hearts of its customers and all other stakeholders.

As I reflect on the past financial year, I am encouraged by the performance delivered by the Bank. The Bank’s near-term vision includes its commitment to portfolio, geographic, people and tech transformations. The unwavering

commitment to the Bank’s vision has propelled it forward, enabling considerable progress in key areas such as information technology, digitalisation, and workforce development, among other areas of thrust.

Operational Environment

Despite a challenging global geopolitical backdrop, the Indian economy experienced a robust revival during FY 22-23 as numerous businesses returned to normalcy, driven by a substantial increase in both business and consumer confidence. The Government’s emphasis on enhancing infrastructure, promoting local manufacturing, and nurturing a digitally-empowered economy provided tailwinds to the growth trajectory.

Against this backdrop of improved economic conditions and positive consumer sentiments, there was a notable surge in credit demand, especially in the latter half of the year. The festive season brought additional joy, not only for the Bank and the financial services industry, but also for the entire economy, as festive spending was observed across all segments of society after nearly two years of subdued activity caused by the pandemic.

The floods in Assam as well as the high inflation experienced in the first half of the year, however, did pose some challenges. High inflation and rising interest rates in several other economies triggered sharp hike in interest rate by the Reserve Bank of India (RBI). Additionally,

the implementation of new regulatory norms in the first quarter necessitated the revision of risk assessment practices for microfinance disbursal, leading to muted growth in the microcredit segment during this period.

Performance Review

While the first quarter witnessed a subdued performance from the Bank, there was significant improvement from the second quarter. For the full year, the total advances for the Bank registered a growth of 10%, reaching ₹1.09 lakh crore as of March 31, 2023.

In line with the portfolio diversification agenda of your Bank, there was significant progress made. The secured book as a proportion of the total loan book increased from 36% in FY 21-22 to around 43% in FY 22-23. The retail loan book, which includes personal loans, gold loans, two-wheeler loans and auto loans, witnessed a massive growth of 233% year-on-year, albeit on a relatively smaller base. Additionally, the Commercial Banking vertical, comprising the Financial Institution group (FIG), MMG, and BBG, recorded an encouraging growth of 72% year-on-year.

The Bank has experienced strong demand for housing loans. Till the end of Q3 FY 22-23, housing finance segment registered over 28% YoY growth. In the fourth quarter, the Bank moved the housing finance vertical to the new tech platform that caused a temporary slump resulting in a 13% YoY growth in the financial year. This disruption was a one-time event, and the Bank is now back on track in terms of its growth in housing loans.

The growth witnessed in the housing finance, commercial loans and retail verticals is a positive development, aligning with the Bank's portfolio diversification objectives. Around the

time when your Bank embarked on its portfolio diversification drive a little over three years ago, even before the onset of the pandemic, microfinance group loans accounted for nearly 60% of the overall loan book. As of the end of FY 22-23, this share has reduced to 35%, in line with your Bank's strategic pursuit. The proportion of loans under commercial banking has reached 18.5%. Additionally, other retail assets such as gold loans, personal loans, and two-wheeler and auto loans have seen their cumulative share increase from less than 1% to 5% during this period.

Your Bank's total deposits experienced a healthy growth of 12% year-on-year, outpacing industry growth, and reached ₹1.08 lakh crore. It is noteworthy to mention that the contribution of MFI customers to the total deposit remains at a low 4.3%. Deposits are driven by trust, and this is another indication of the trust that your Bank has been able to garner from customers. The Bank's dedicated focus on deposit mobilisation has led to a 6% year-on-year growth in CASA deposits, which now stand at ₹42,455 crore. The CASA ratio remains healthy at 39.3%. This growth in CASA deposits is primarily driven by a substantial 17.5% year-on-year increase in current account deposits.

The fourth quarter, the Bank moved the housing finance vertical to the new tech platform that caused a temporary slump resulting in a 13% YoY growth in the financial year. This disruption was a one-time event, and the Bank is now back on track in terms of its growth in housing loans.



With the restoration of people's livelihoods, the Bank has observed a strong inclination among customers to regularise their accounts, maintain a healthy credit record and ensure continued access to formal credit. In line with this, the Bank has achieved an overall collection efficiency (excluding NPA) of 98.5% in the month of March 2023. In the year in review, the Bank also received a sum of ₹917 crore from the government as part of the Credit Guarantee Fund for Micro Units (CGFMU).

In FY 22-23, your Bank has achieved a net profit of ₹2,195 crore, a significant increase from ₹126 crore in the previous year. While operating profit witnessed a decline of 11.5% to ₹7,091 crore, it was due to extensive hiring to support the growth aspirations, distribution expansion and investments in tech infrastructure.

Your Bank's efforts towards tightening underwriting standards and managing asset quality have yielded positive results. As of March 31, 2023, Gross NPA stood at 4.9%, showing a sharp improvement from 6.5% a year back. Furthermore, Net NPA stood at 1.2% as of March 31, 2023, compared to 1.7% in the same period of the previous year. These figures reflect the Bank's commitment to maintaining a healthy loan portfolio and managing credit risks effectively.

In terms of geographical diversification, the Bank has made continued progress in expanding beyond eastern India. Of late, customer base expanded rapidly in various relatively new geographies, with states like Uttar Pradesh and Bihar now featuring among our top three markets, along with West Bengal. While your Bank continues to maintain a strong presence in rural and semi-urban areas, it is also strengthening presence in metro and tier-1 cities to cater to a broader

customer base, in line with its agenda of being a bank for all. As of March 31, 2023, the Bank operates a total of 5,999 banking outlets, reflecting an increase of 360 banking outlets during FY 22-23.

IT & Digital Transformation

The Bank has made strong progress in its IT and digital transformation journey, driving it towards the goal of becoming one of the frontrunners in digital banking capabilities. A notable achievement is the growing adoption of digital channels by our non-micro credit customers, with 94% of their transactions now conducted through digital mediums, up from 90% in the previous year. Furthermore, the popularity of UPI transactions through Bandhan Bank has increased, with an impressive 53 crore transactions processed in the past year. This continued shift towards digital channels underscores the trust your Bank's customers place in its digital offerings and the Bank's steadfast commitment to delivering a frictionless banking experience.

In line with the rapid growth in digital adoption, your Bank's online channels have emerged as a key driver, accounting for 31% of retail deposits. As the Bank strives for digital excellence, it introduced the pilot phase of Neo+ Digital Savings Bank accounts. The Bank has also deployed 30,000 biometric-enabled tablets to streamline the account opening and customer onboarding procedures and strengthen last mile banking. This transformative initiative has resulted in substantial enhancements in operational efficiency and customer convenience.

As part of the comprehensive IT transformation strategy, your Bank has successfully migrated the Housing Finance portfolio to a new Core Banking System (CBS), integrating the Loan Origination System and Loan Management System. Building on this achievement, the Bank is now poised to embark on the migration

The Bank's focus on areas such as Commercial Vehicle Lending, Loans against Property for Business, and Government Business, among others, will contribute to the top line and bottom line, further strengthening your Bank's position in the industry.



of our other business verticals to the advanced new CBS, in FY 23-24.

The new CBS will empower the Bank to introduce a range of new products with speed. These innovations will not only enhance the customer experience but also create additional avenues for customer engagement and deposit growth. These capabilities will help drive greater customer traction, resulting in more products per customer and higher life time value.

The Bank continues to prioritise the enhancement of its online presence and the delivery of exceptional digital banking experiences. Digital Banking solutions are in an everlasting state of evolution and in the coming financial year, your Bank will introduce omnichannel internet and mobile banking platforms. This strategic initiative reinforces the Bank's digital capabilities, allowing it to offer a seamless and integrated banking experience across various channels for its valued customers.

People Initiatives

Human capital is one of the most important assets for your Bank. The Bank has always placed significant emphasis on training. I am happy to tell you that over 99% of the Bank's employees received at least one training in the year in review. The training conducted through online,

app-based and classroom modules totalled 16 lakh man hours.

Performance Appraisals

Your Bank utilises a structured performance review process to identify talent for vacant roles and facilitate career progression. Additionally, an Internal Job Posting (IJP) mechanism enables employees to apply for open positions within the Bank. In the past year, 9,307 employees received grade promotions, while 5,690 employees were elevated to higher roles based on competency analysis. The Bank has also conducted thorough succession planning for key departments and is actively addressing identified gaps through internal hiring.

To keep pace with your Bank's rapid expansion plans, the Bank has increased manpower by 16% in the year under review. The Bank also focussed on getting on board young and diverse talent through campus hiring drives. The Bank hired a total of 1,102 employees across levels and locations through this drive. With the tech transformation currently underway, your Bank will activate stronger productivity enhancement tools and processes to help them discharge their duties even better.

Business Strategy & Outlook

Your Bank's business strategy is aligned with its vision of sustained growth with strategic diversification. India today stands at the cusp of an excellent growth phase, and the Bank is dedicated to partnering with the growth aspirations of our nation and its people. Our strong granular and retail deposit franchise is a testament of the trust shown by the customers in the bank.

While maintaining the Bank's strong presence in the East and Bharat

regions, it has been actively expanding its presence across the nation. Through targeted geographic diversification, deeper market penetration, localised hiring, and leveraging the Bandhan brand, the Bank aims to establish a dominant position in driving greater momentum and success.

To unlock significant business impact, the Bank is developing new capabilities and exploring diverse revenue streams. The Bank's focus on areas such as Commercial Vehicle Lending, Loans against Property for Business, and Government Business, among others, will contribute to the top line and bottom line, further strengthening your Bank's position in the industry.

Driving cross-sell and branch-led sales is a key priority for expanding the Bank's retail assets and liabilities portfolio. The Bank is implementing multiple initiatives to maximise the potential of its branch network, enhancing employee productivity through the effective use of digital and data analytics.

Your Bank has achieved considerable success in moderating its credit cost and will continue to work towards getting it to pre-pandemic level of below 2%. We are confident that with the steps the Bank has taken so far and a strong future business outlook, we will continue to improve our profitability and deliver on the promises made to our shareholders.

Recognitions received

As a part of its people transformation agenda, your Bank has been working to increase employee engagement across levels. To measure the engagement, your Bank conducted the 'Bandhan Employee Engagement Study' in collaboration with Gallup, the global leader in employee engagement research. Over 35,000 employees took part in the survey. I

am happy to inform you that based on the engagement scores recorded in the survey, your Bank received the 'Gallup Exceptional Workplace Award 2023'. It is noteworthy that only 57 companies worldwide, spanning various sectors, were honoured with this award. That is not all, your Bank was also recognised as one of the World's Best Banks of 2023 by Forbes and Statista. This is a result of your trust in us.

I extend my heartfelt gratitude to all those who have played a part in your Bank's success. I would like to express my sincere appreciation to the Bank's customers, whose trust and loyalty have been instrumental in its journey. I also extend my gratitude to the shareholders for their unwavering support. Last but not least, I want to acknowledge the exceptional dedication of the Bank's employees, whose commitment to serving customers is unparalleled.

Thank you all for your continued belief in Bandhan Bank as it steadfastly pursues its vision to become a world-class financial institution for all.

Warm regards,

Chandra Shekhar Ghosh

Managing Director & Chief Executive Officer

To unlock significant business impact, the Bank is developing new capabilities and exploring diverse revenue streams. The Bank's focus on areas such as Commercial Vehicle Lending, Loans against Property for Business, and Government Business, among others, will contribute to the top line and bottom line, further strengthening your Bank's position in the industry.



Board of Directors



Dr. 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 Teacher Award in 2004 and Best Faculty Award in 2005 from the IIMC Alumni Association. 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, National Institute of Public Finance & Policy, University of Southern California, Washington University in St. Louis, Curtin University and Curtin Business School 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 and B.A. (Economics Honours), Presidency College, Calcutta.

Dr. Anup Kumar Sinha

Non-Executive (Independent) Chairman



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 Sectoral 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. He is also member of Expert Committee on repositioning the Microfinance Programme, Small Industries Development Bank of India (SIDBI). Mr. Ghosh was elected as 'Senior Ashoka Fellow' in 2007 by Ashoka Foundation (social entrepreneurship award). He holds an M.Sc. 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 Reserve Bank of India.

Chandra Shekhar Ghosh

Managing Director & Chief Executive Officer



Mr. Kesh, a BE Mechanical from NIT, Durgapur, has more than 28 years of work experience in multiple industries including Banking & Finance, Manufacturing and Service Industry. He is an Advanced Quality Engineer from Quality Council of Indiana, USA. He possesses a Post Graduate Diploma in Business Management from NMIMS, Mumbai. He was trained on Six Sigma by GE and Asian Institute of Technology and worked as Six Sigma Black Belt (BB) and Master Black Belt (MBB) in early years of his career. He has also completed a Business Leadership Course from IIM, Ahmedabad & a Strategic Agility Leadership Course from Harvard Business School.

With nearly three decades of stellar experience, Mr. Kesh has a track record of leading complex operations including transformation, automation, customer experience, quality improvement & other related functions. He is a hands-on leader who has helped scale and address operational challenges with ease consistently at reputed banking organisations in India namely ICICI Bank, HDFC Bank, Yes Bank & Axis Bank.

Mr. Kesh joined Axis Bank in 2019 to first drive bank-wide operational transformation cutting across all business lines. He ideated and scaled up the Artificial Intelligence COE for the bank which worked towards developing cutting-edge new-age tech-enabled interventions. He also played active leadership role in the Crisis Management Taskforce during the COVID-19 pandemic and ensured smooth banking operations in work-from-home model. In 2020, his role was enhanced to lead end-to-end retail operations portfolio covering Liabilities, Assets, Cards, Digital, Wealth, NRI, ATM and Bank-wide Reconciliation, Customer Service Call Centre and Service Recovery.

Mr. Kesh became among the first in the Indian Banking Industry to lead the launch and successful implementation of "Service CRM" at HDFC Bank. He further led the aggressive growth as a product head for premier banking, current account and trade & forex business. He was also the Chief Customer Experience Officer in YES Bank and additionally took charge as Head of Operation Risk.

Prior to venturing into Banking domain, he has worked in multiple reputed organisations in Aditya Birla Group and RPG Group in India and Abroad in various roles in Design Dept., Project Management, Balanced Scorecard, Quality Assurance, Organisation-wide Transformation Programs and Technical Services.

He was recognised as one of the 50 most talented Quality Professionals in India by the World Quality Congress and India's top 25 Emerging Tech Leaders by BIOCON Network in collaboration with Ministry of Electronics and Information Technology (MeitY), Govt of India.

Ratan Kumar Kesh

Executive 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 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 ('IITM') and has held top ranks in M.Sc. (Statistics) from University of Madras 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. Allamraju Subramanya Ramasastry

Independent Director



Dr. Mitra, a Doctorate in Agriculture (Dept. of Plant Molecular and Cellular Biology, Bose Institute), having 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 Artfact, Arts Acre Foundation (since 2021)
- Member, Advisory Board of the a Department of Biotechnology ('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, DBT certified commercial lab, since its inception (since 2011) and R&D-Head, since 2021
- Laboratory and Organic Farming Consultant in Maple Orgtech (India) 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, M.Sc. (Genetics and Plant Breeding). She has also done hands-on training in cell cloning from National Bureau of Fish Genetic Resources, Lucknow.

Dr. Aparajita Mitra
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 & European based multinational organisations and has successfully resolved multidimensional, dynamic & 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, Siemens Gamesa Renewal Power Private Limited and PSB Alliance 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 Hewlett Packard worldwide, Special Achievement Award for leading the Best Finance Team in APAC & Japan Region for FY05, Best Governance Award in year 2000 from the Institute of Chartered Finance Analyst handed over by ex-Prime Minister, Dr. Manmohan Singh and was also nominated for the prestigious CNBC TV 18 CFO award in 2006.

Narayan Vasudeo Prabhutendulkar
Independent Director



Mr. Mathew, a HR practitioner, has almost 30 years of work experience. He resigned from 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.

Philip Mathew

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, 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, Aurobindo Pharma 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.

Santanu Mukherjee

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 2008 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.

Subrata Dutta Gupta
Independent Director



Mr. Chander is a veteran Banker. He has 37 years of rich experience in Banking Operations, Trade Finance, Retail and Wholesale Banking. His extensive experience covers the entire

gamut from retail, small and medium enterprise, mid-sized corporates to large corporates.

Mr. Chander started his professional journey in banking as a trainee at ANZ Grindlays Bank in 1983 and since then has worked in foreign banks in India and abroad, and a private sector bank in India. He retired as the Head of Corporate and Institutional Banking at IndusInd Bank in March 2020.

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.

Suhail Chander
Independent Director



Mr. 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 KMPG 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 has been a member of various committees of the Institute of Chartered Accountants of India, such as Accounting Standards Board, Audit Standards 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.

Vijay Nautamlal Bhatt
Independent Director



Ms. 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 programmes. 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.

Divya Krishnan

Non-Executive Non-Independent Director
(Nominee of Bandhan Financial Holdings Limited)



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 postgraduation in Business Administration (Finance) from UT Austin, USA. He has co-authored various BCG publications on Banking, M&A and Insurance.

Dr. Holger Dirk Michaelis

Nominee Director (Caladium Investment Pte. Ltd.)

Core Management Team

Ratan Kumar Kesh

Executive Director

Shantanu Sengupta

Head - Retail Banking

Arindam Sarkar

Head - Treasury

Manoj Kumar Mauni

Chief Technology Officer

Ronti Kar

Chief Information Officer

Subhash Balkrishna Samant

Head - Housing Finance

Sujoy Roy

Head - Branch Banking

Vishal Wadhwa

Head - Emerging Entrepreneurs Business

Hirak Sumatiprasad Joshi

Head - Retail Assets

P Ramaswamy

Chief of Internal Vigilance

Ravi Lahoti

Chief Audit Executive

Satyajit Ghosh

Head - Group Loans

Santanu Banerjee

Head - Human Resources

Sunil Samdani

Chief Financial Officer

Biswajit Das

Chief Risk Officer

Nand Kumar Singh

Head - Banking Operations & Customer Services

Siddhartha Sanyal

Chief Economist & Head - Research

Sudheer Reddy Govula

Chief Compliance Officer

Suresh Chandran

Head - Commercial Banking

Arpita Sen

Head - Financial Institution Group

Jagannadha Rao Suvvari

Head - Legal

Partha Pratim Samanta

Head - Small Enterprise Business and Agri Loan

Ravindra Baburaya Gadiyar

Head - Credit Underwriting

Indranil Banerjee

Company Secretary

Diversified Product Suite

Retail Liabilities



Out of the 1,411 branches, 753 branches are in the rural and semi urban areas, in line with your Bank's long-standing commitment to inclusive banking.

Your Bank's journey in customer deposits started with the Bank's inauguration in August 2015. In a short span of seven and a half years, your Bank has been able to garner more than ₹1 lakh crore deposits. This is testimony to the trust that the Bank has been blessed with from all across the country.

For the year in review, the overall deposit book of your Bank reached ₹1,08,069 crore with CASA business at ₹42,455 crore as of March 31, 2023. The total deposit of your Bank has grown by 12% YoY for FY 22-23 and the CASA book has grown by 6%.

Your Bank's success in the East of the country is well established. In line with the near-time vision of your Bank, it has already started expanding its network in regions outside of the East. The strong network of branches has always been a key element to the success of your Bank, both in terms of growth as well as the commitment to serve customers across all segments effectively. Keeping in line with this commitment, 222 branches were added in the branch network during FY 22-23, taking the overall network to 1,411 branches as on March 31, 2023. Out of the 222 branches added in the year in review, only 57 were in the states of

West Bengal and the North Eastern part of the country. The rest 165 were across the other parts of the country. Out of the 1,411 branches, 753 branches are in the rural and semi urban areas, in line with your Bank's long-standing commitment to inclusive banking.

Your Bank continues to focus on flagship products consisting of Elite Savings and Premium Savings Accounts and the contribution from this segment remained unmatched with a YoY growth of 15%.

Your Bank has been providing POS solutions to current account customers to meet their payment needs. In FY 22-23, your Bank installed 3,780 POS machines. Besides the balances maintained in accounts which have a POS machine attached has also seen a significant upside of 1.85 times. To enable POS capabilities without necessarily to have a POS machine

installed, your Bank leveraged digital capabilities to launch 'SMART- Android POS'. With this application, customers can collect payments from customers through various payment options and also remotely. The quick development of this product is a testament to the commitment of your Bank in providing innovative and customer-centric solutions to merchants. Your Bank is confident that this product will further strengthen the current account proposition and will help to continue delivering value to customers.

Your Bank has and will continue to leverage technology to offer new and enhanced digital solutions which are secure, convenient, and user-friendly, and will continue to reach out to a larger number of customer segments across geographies.

Digital Banking



The Bank offers feature-rich internet banking services to help customers to help them meet their everyday banking needs.

New and transformative technologies are rapidly entering the workplace enabling businesses to innovate and thrive in an increasingly digital world. Digital transformation requires a shift from traditional thinking to a more collaborative and experimental approach. These new ways of approaching work reveal new solutions which, in turn, improve customer experiences, drive employee innovation and achieve accelerated growth for the organisation. Digital adoption in India has accelerated due to increasing internet penetration, low data cost, and wider connectivity, especially post-pandemic.

To ensure that your Bank continues to be a 'bank of choice' for customers, and constantly builds on the foundation of the trust of stakeholders, your Bank is committed to its digital transformation journey. Bandhan Bank aspires to emerge as a digitally-enabled bank in the near future by following the below steps -

- Delivering a host of digital products across liability, asset and payments in a paperless and presence-less manner
- Digitising physical transactions and making them available in a seamless and intuitive manner
- Building a future-ready digital landscape, backed by a strong tech backbone, to drive product innovation
- Creating infrastructure for scale

Digital Transformation

Digital transformation presents many benefits for the Bank.

- Ability to leverage the strong distribution across the country to provide customer-centric products and solutions at every touchpoint
- Opportunity to modernise existing processes, accelerate efficient workflows and drive exponential growth
- Increase revenue and profitability
- Mine data available within the Bank to create deep customer understanding, create customised offerings, make faster business decisions and track insightful metrics while ensuring strict adherence to all regulatory requirements
- Increase customer satisfaction and trust

- Drive higher productivity and efficiency across the organisation

The Strategic Pillars of Digital Bandhan 2.0

The Bank's strategy for building Digital 2.0 encompasses three primary concepts:

- Transform the Core
- Build the Muscle
- Art of Possible

Key Digital Initiatives for FY 22-23

- (i) Launch of fully Neo+ Digital Savings Account

The pilot for Neo+ Account with Video KYC was launched in August 2022 across select branches and customers. This launch has received positive feedback and is now poised for a pan-India launch

(ii) Launch of the all-new Corporate Banking platform

The Bank's new and improved CIB platform was launched in May 2022 and non-retail customers have been successfully migrated onto the platform. This platform has won the Award for 'Best Digital Channel/ Platform Implementation' (December 2022) by IBS Intelligence

(iii) Launch of Online Mutual Fund on Internet Banking Platform in collaboration with an online partner**(iv) Pilot for Branch Insurance (health and life) module in collaboration with an online partner has been successful, and is now ready for pan India launch****Way Forward**

- Launch of the Bank's all-new Mobile Banking App – mBandhan. The user interface of mBandhan is simple and light, making it easy for all 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 cheque book, open a fixed deposit, block a debit card, and much more

- Launch of the all-new 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, an 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 cheque book request, stop payment, user details modification, and utility bill payment, among others
- Creation of digital analytics models for customer-level framework, relevant loan offers, risk-based pricing, and propensity models, among others

- Create and sustain a partnership ecosystem: Across acquisition, platform and new innovations
- Bandhan Bank UPI App – 2.0: The 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
- Digital online products: FY 23-24 will see the launch of a number of STP digital products across the Bank's liability, asset and payments suite
- Innovations around digitalisation of Banking Unit products and services

Your Bank is on the path of extensive digital transformation with the intend to strengthen the bond with customers, and to enhance the trust the stakeholders have placed in the Bank. In addition, product and digital innovations will welcome more customers into the Bank.

Banking Unit Business

The Banking Unit (BU) vertical has been designed keeping in mind the evolving needs of the customer. The vertical helps women to become entrepreneurs through group-based lending of micro credit.

The Banking Unit 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 as well of their families. Your Bank's long-held philosophy of inclusive banking and economic empowerment of the not-so-privileged sections of the society continues to power the Banking Unit vertical.

The Banking Unit (BU) vertical has been designed keeping in mind the evolving needs of the customer. The vertical helps women to become entrepreneurs through group-based lending of micro credit. Once their business grows significantly, and the amount of loan thereby, they move to Small Business and Agri Loans (SBAL). Along with this, for the other aspirations of the customer, there are micro housing loans and two-wheeler loans. The customer can also opt for education loan top-up. Through the journey of the customer with Bandhan Bank, the Bank ensures that the customer's financial needs are fulfilled.

The Bank has provided its customers ease of use as each BU is connected with a bank branch for operational convenience. BUs are self-sufficient and empowered to open deposit accounts and loan accounts for customers using tablets (tabs) and after conducting necessary credit checks. The Bank's Relationship Officers (RO) and Relationship Executives (RE) carry these tabs to group meetings, and the whole operation of instalment reconciliation for the customer happens through these tabs on a real-time basis.

The vertical's organisational structure is geographically divided into Circles, Territories, Divisions, Areas and Banking Units, each of which provides prompt and efficient support to daily operations. A central operation team continually oversees the operations quality and the BUs compliance with prevalent rules and guidelines. To ensure uniform and consistent standards in transaction processing and service delivery, in addition to compliance with regulatory and statutory guidelines, the Bank places significant emphasis on processes and controls.

During FY 22-23, with an emphasis on expanding the reach of inclusive banking and to improve portfolio quality by restricting the number of customers handled by a BU, your Bank opened 138 new BUs across India. The Bank's dedication to inclusive banking is also demonstrated by the 23,77,606 new-to-bank borrowers during FY 22-23. The Bank also worked to implement additional credit control measures to enhance the

quality of the portfolio for group loans and SBAL, which stood at ₹38,059 crore and ₹18,765 crore respectively at the end of FY 22-23.

In order to better meet the diverse demands and needs of its customers, the Bank now offers nine loan products under its group loans, SBAL and other categories which are provided from banking unit outlets.

These nine products are as follows -

Group Loans

1. Srishti Loan

This loan serves entrepreneurs with timely funds to start a new business or grow an existing one. Loan size is from ₹15,000 to ₹1,00,000.

2. Subridhhi Loan

This loan supports customers to fulfil extra business requirements during their ongoing loan. The sanctioned loan amount can go up to 50% of the disbursement amount of ongoing primary loan.

3. Suraksha Loan

This loan is meant to support existing customers meet emergency expense like medical, drinking water and sanitation. The sanctioned loan size can go up to ₹15,000.

4. Sushiksha Loan

These loans are intended to support customers' expenses on their children's education. The sanctioned loan size can go up to ₹10,000.

Small Business and Agri Loans

1. Sahayata Loan

This loan is provided to fund the growing business needs of individuals involved in an array of income generating activities. The loan amount can range from ₹50,001 to ₹3,00,000.

2. Suyog Loan

These loans are sanctioned to help customers meet their additional short-term business needs during the currency of an ongoing loan. The loan amount can be up to 50% of the disbursement amount of running Sahayata loan.

3. Bazaar Loan

This loan is meant to provide financial support for small entrepreneurs who already hold an existing super-saver account with the Bank. This loan is sanctioned to enable existing deposit customers to meet their working capital needs and can range from ₹26,000 to ₹1,50,000.

Other Loans

1. Micro Home Loan

This loan is offered to existing BU borrowers for the purpose of construction and home renovation. These Micro Home Loans that can range from ₹1,00,000 to ₹10,00,000 serve to fulfil our the customer's desire to live in a home of their dreams.

2. Two-wheeler Loan

This loan is offered to existing BU borrowers and serves to fulfil their aspirations to own a two-wheeler. The sanctioned loan size can range from ₹30,000 to ₹1,20,000.

The Bank launched new products designed to support customers, especially those, who had lost their livelihoods during the pandemic and due to post pandemic restrictions, which had made them financially vulnerable. The Bank ensured that these customers received the optimum financial assistance during the toughest time in their lives. Besides loans, the Bank is inculcating in its customers a healthy financial habit to save any small amount in their savings bank accounts, irrespective of which bank the account is in, every month, for a financially secure future. The saving habit also promotes financial stability in an uncertain financial situation in the future.

Your Bank has taken the initiative to provide training to make its customers more aware about the advantages of digital payments and numerous other aspects of online banking and mobile transactions, including the benefits of seeding bank accounts with mobile number and Aadhaar. Many of the Bank's customers under the Banking Unit vertical continue to be laggards when it comes to digital solutions, be it smartphone-based transactions or use of credit and debit cards for online transactions. To

help customers overcome the inertia of digital solutions and to ensure that they become a part of the digital economy, your Bank conducts awareness programmes for them.

The Bank has spearheaded the transformation of customers at the ground level. The Bank has initiated the migration of vintage and quality customers to Small Business and Agri loans from their existing group loans with the strategy to increase

the share of Small Business and Agri loans in the overall portfolio of Banking Units vertical and extend new product offerings, such as Sahayata Loan, two-wheeler loan and micro home loan as per their evolving requirements.

To improve its portfolio, the Bank has taken numerous initiatives to strengthen the credit assessment process for group loan and SBAL and other loans. The Bank has also

deployed a separate Loan Sanctioning team to oversee the end-to-end loan sanctioning process for SBAL loans.

The Bank has revised its procedures, especially the processes and guidelines in line with the introduction of the Microfinance master circular dated March 14, 2022 (updated on July 25, 2022). This initiative has served to align microfinance loans with the guidelines and serve the Bank's customers better.

Housing Finance



A major portion of the housing book is meeting the criteria for Priority Sector lending as the focus area continues to be affordable housing.

The Bank offers individuals different types of home and property loans, including loans for purchase, construction, repair, renovation or extension of dwelling units. The Bank also provides Loan Against Property (LAP) on self-occupied residential property as well as loans against rent receivables on commercial property. The Bank extends these loans to both salaried and self-employed individuals. The Bank also provides these loans to new-to-credit customers as well, thereby furthering its long-standing goal of inclusive banking.

389

Total centres

₹26,577 crore

Loan book in FY 22-23

During the course of FY 22-23, the Bank expanded its housing loan services to 33 additional centres, thus bringing the total number of centres to 389 across 20 states and 2 Union Territories.

The Bank's continued focus on housing finance has resulted in a disbursement growth of 17% thus touching ₹6,129 crore during the year. Consequently, the loan

book grew to ₹26,577 crore, a growth of 12.8% compared to FY 21-22.

The Bank has consistent focus on affordable home loans and a majority of loans in this segment are under the ticket size of ₹20 lakh. This focus on affordable housing also helps the Bank meet the criteria for Priority Sector Lending (PSL). Additionally, the Bank's special campaign

for higher ticket loans launched last year, which offered attractive and competitive rates of interest, has received a very encouraging response.

For sourcing home loans, the Bank started a Direct Sales Agent (DSA) channel which has shown promise. The Bank is strengthening its customer experience

through the proposed launch of digital journeys for customer onboarding and online support.

The Bank provides loans at floating rates linked to an External Benchmark Rate (EBR). Your Bank adheres to the principle of risk-based pricing whereby it provides loans that are based on the individual's

credit score linked with multiple parameters. Existing customers have been given the option to convert their floating rate loans linked to previous benchmark rates to EBR linked loans.

Retail Assets



The Bank has redesigned its two-wheeler loan programme to provide financing for purchase of new vehicles to existing and new to bank customers.

In your Bank's portfolio diversification agenda, Retail Assets have a major role. In line with the Bank's near term vision, the Retail Assets vertical has been strengthening its product portfolio, distribution, systems and processes. The Bank has established and strengthened a number of its retail asset products during FY 22-23 with the objective of serving the financial needs of a larger population, while diversifying risk and helping increase the bottom line. In the current portfolio are a variety of loans like gold loans, personal loans, two-wheeler loans, car loans and CV/CE loans.

Gold Loan

The Bank has implemented a simplified, yet complete documentation process for gold loans that support our customers' urgent monetary needs in very quick turn-around-time (TAT). The Bank leverages its wide network and provides its customers gold loans at competitive rates of interest for ticket sizes ranging from ₹10,000 to ₹40,00,000, for a tenure of up to 3 years.

Personal Loan

Learning continually from its experience, your Bank has improved the personal

loan product and updated the sourcing model. A dedicated sales team has been set up to drive sourcing of both existing to Bank (ETB) and new to bank (NTB) customers. Since FY 20-21, the team has sourced entrepreneurial channel partners in significant locations to enable diversification into major markets and thereby expand the personal loans portfolio. The ticket size of personal loans ranges from ₹50,000 to ₹25,00,000 for tenures up to 5 years at a competitive rate of interest. Throughout FY 22-23, the Bank has rapidly ramped up this book.

The total outstanding book balance for personal loan stood at ₹897 crore as of March 31, 2023.

Two-wheeler Loan

With a substantial customer base, of which more than 90% are new to bank customers, the Bank has demonstrated achievement of a steady growth rate in two-wheeler loans. The Bank has redesigned its two-wheeler loan programme to provide financing for purchase of new vehicles to existing and new to bank customers. By leveraging its

digital capabilities, the Bank has provided swift 5-minute approvals for these loans to nearly 90% of loan applicants. The ticket size of two-wheeler loans ranges from ₹5,000 to ₹5,00,000. This loan product was upgraded as per market standards with introduction of dealer and channel-based distribution model that has served more customers in additional locations, thereby resulting in an expansion of the Bank's geographical footprint.

Auto Loan

Auto loans, launched by the Bank during the second quarter of FY 21-22 serves to fulfil customer's aspirations of owning a car. To serve a variety of customer profiles, like salaried, self-employed and non-individual entities, the Bank developed numerous car loan product schemes for loan amounts ranging from

₹1 lakh to ₹1 crore. The Bank strives to offer the best prices and deals with the support of its extensive manufacturer and dealer network for existing and new to bank customers. Besides building a substantial book of new car loans, the Bank launched a new product for used car loans during Q3 of FY 22-23, which has served to widen the customer base and has provided a boost to the Bank's auto loans portfolio.

CV/CE Loan

Road transport provides connectivity and flexibility and plays a crucial role in freight and people movement, leading to an increased pace of economic activity. To boost this further and to add to the offerings from the Bank, during the period in review, your Bank launched new products for financing the purchase of new commercial vehicles (CV) and

construction equipment (CE). These new CV/CE products for self-employed customers and non-individual entities like SME and large corporates for their captive and commercial usage, reflect the Bank's deeper focus on manufacturing growth and e-commerce. Through its existing branch channel and, manufacturers and dealer networks, the Bank aspires to provide competitive deals to existing and new customers. Besides offering the best-in-class experience with swift and hassle-free loan disbursement service, the Bank's CV loans can be tailored as per the needs of the customers.

Commercial Banking



To support the financial needs of this sector, your Bank offers a wide range of credit facilities to all participants in the agri value-chain system.

Agri-Business Loan

Your Bank has been committed to the development of rural and semi-urban India through extension of formal financial services to the population in those geographies. One of the key sectors in rural and semi-urban India is agriculture. Providing credit for agricultural activities not only helps increase production but also empowers farmers, and supports the agriculture

sector which has been the backbone of the Indian economy for many decades. To support the financial needs of this sector, your Bank offers a wide range of credit facilities to all participants in the agri value-chain system. Currently, your Bank provides Kisan Credit Card (KCC) loans to borrowers engaged in farming activities, including animal husbandry, pisciculture, etc., with competitive interest rates and

minimal documentation. By doing so, your Bank is making it easier for farmers to access credit and invest in their farms to increase productivity.

Moreover, the Bank is expanding its reach by offering both fund-based and non-fund-based facilities to entities involved in agri-ancillary services, such as food and agri processing, agri input dealing,

etc. Additionally, the Bank provides credit facilities to support the development of agricultural infrastructure.

Non-Banking Financial Companies (NBFCs) & NBFC-Microfinance Institutions (MFI) Lending

The Bank engages in institutional lending to NBFCs/HFCs and NBFC-MFIs, mostly to support on-lending activities. The NBFC-MFI business of the Bank includes lending to microfinance Institutions, societies and trusts engaged in microfinance activities. Most of these loans are provided in the nature of term loans although the Bank also has credit exposure through Direct Assignments and investment exposures through PTCs and NCDs. The business of NBFCs, which includes housing finance companies, encompasses term loan products for on-lending purpose, in addition to expansion into working capital loans, direct assignments and co-lending activities.

SME Lending

Entrepreneurs of small and medium businesses need credit for various purposes, such as business establishment, expansion or technological upgradation. Your Bank's designated branches offer an array of loan products at competitive interest rates to cater to the needs of micro, small and medium enterprises (MSMEs) as well as mid corporates. These loans serve the working capital and capital expenditure requirements of businesses, including non-fund-based facilities. The interest rate is correlated with the applicant's profile and credit rating. These secured loans, exceeding ₹10 lakh, are extended to businesses involved in manufacturing, trading and services. They are offered in the form of secured credit facilities, including term loans, cash credits, overdrafts, lease rental discounting, as well as non-fund-based facilities like letters of credit and bank guarantees. To promote ease of process, your Bank is in the advanced stage of deploying the Loan Origination System that automates and manages the end-to-end steps in the loan process. Additionally, cash management for commercial clients have been launched, and the implementation of trade services is at an advanced stage.

To facilitate inclusive book growth and enhance portfolio monitoring, the SME Segment under Commercial Banking was separated into two distinct groups, i.e., Business Banking Group ('BBG') and Mid-Market Group ('MMG'), each led by independent heads. The MMG focusses on serving mid corporate borrowers and operates with its dedicated credit team.

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

SME Business Connect

These loans help entrepreneurs in financing their working capital and capital expenditure requirements 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 ₹5 crore, are provided as 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' working capital needs are provided as an overdraft or fund-based facilities. These loans are offered against collateral security, which can be in the form of current assets, property or liquid securities. The loan quantum ranges from ₹25 lakh to ₹2 crore.

Bandhan CGTMSE Loan

Your Bank offers loans to finance the working capital and capital expenditure of Micro and Small Enterprises (MSEs). These loans are provided as fund-based and non-fund-based facilities, without any collateral security or third-party guarantee. The loan quantum ranges from ₹5 lakh to ₹5 crore, with credit guarantee of CGTMSE up to a maximum limit of ₹2 crore per borrower. Collateral security for the remaining uncovered portion of the credit facility can be obtained under "Hybrid/Partial Collateral Security" product, introduced by CGTMSE.

In line with various government initiatives and regulatory instructions, your Bank has established Board-approved Credit & related Policies. These policies aim to provide ongoing support to MSMEs in the aftermath of the pandemic. This support takes the form of schemes such as ECLGS

and the Resolution Framework. Deserving and eligible borrowers can avail this assistance based on their requests.

Small and Medium Enterprises ('SME') fund-based book under Commercial Banking stood at ₹4,140 crore as of March 31, 2023, as against ₹2,253 crore as of March 31, 2022, registering a growth of about 84% during FY 23.

Commercial – LAP

In the last few months of FY 22-23, your Bank commenced catering to various entities such as proprietorships, partnerships, private limited and non-listed public limited companies and individual borrowers for loans against property (LAP). This strategic move aligns with the Bank's objective of increasing its secured lending portfolio. The LAP segment is highly competitive within the financial services industry. Your Bank aims to leverage its extensive network of over 1,400+ branches, besides tapping into the open market, to source customers. It aims to have a higher level of engagement with customers by not only building the LAP book but also transitioning the entire customer relationship to the Bank. Ambitious plans have been laid out to scale up and build a high-quality book by the end of FY 23-24. Technology will be utilised to enhance turnaround time (TAT). Your Bank has a bouquet of programmes to cater to the most of the sectors in the market in the LAP space and is in the process of hiring additional people to capitalise on the opportunities in FY 23-24. The focus is on targeting the top 30 cities, which account for 85% of the total LAP market.

Mid-Market Group

The Bank's Mid-Market Group ('MMG') offers loan products at competitive rates of interest to majorly medium enterprises and mid-corporate borrowers for meeting their working capital or capital expenditure requirements, including non-fund-based facilities. The interest rate offered is correlated with the applicant's profile and credit rating. These are secured loans of generally more than ₹5 crore extended to businesses involved in manufacturing, trading, and services, 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. The MMG fund based Book was at ₹3,605 crore as on March 31, 2023, as against ₹1,871 crore as on March 31, 2022, registering a growth of about 93% during FY 22-23.

MSME Loan

Micro, Small and Medium Scale Enterprises (MSMEs) form the backbone of the Indian economy, significantly contributing to the growth and development of our nation. Your Bank's Small Enterprise Loan (SEL) directly caters to these businesses, that need short to medium term financing to

support existing operations and to enable expansion through purchase of stock, asset creation, etc. Currently, the Bank offers these SELs ranging from ₹1,00,000 to ₹25,00,000 at flexible tenures up to four years with competitive interest rates and minimal documentation. Within the ambit of the SEL, the Bank offers facilities for term loans as well as secured overdrafts. The latter is a new product especially for borrowers who wish to pledge a collateral in return for an overdraft facility at a competitive rate of interest.

Your Bank understands the significance of delivering impeccable customer service that paves the way for building

trustful relationships. The Bank has established a dedicated relationship team for its SEL customers, that addresses all banking-related requests of the customer promptly. The Bank ensures that loan processing is efficiently completed in the minimum timeframe. To enhance market competitiveness, your Bank has installed the Loan Origination System, which automates and streamlines the entire loan process. This technology driven approach has improved the turnaround time for loan processing while maintaining high quality standards.

Third Party Products



The Bank is committed to be a reliable one-stop provider of insurance and investment solutions as a value-added service to its customers and support them in their financial well-being.

Rebuilding after overcoming challenges requires an infallible dedication; a determination to re-establish; a commitment to resolve issues and achieve the envisioned future. The previous year exemplified one such period, when post pandemic, every nation and the entire global community, entered a phase of reconstruction and regeneration. In all such phases of revitalisation, a reliable entity that stands up to support an individual becomes a trusted partner in their life journey.

Your Bank has always stood by its customers as a partner of strength and a trusted associate, working with them on their journey to financial well-being. Firmly rooted in commitment and trust to serve its customers throughout the different stages and cycles of life,

the Bank provides a well-established and diversified network of branches providing customer-centric processes, diligent product selection and focussed partnerships, which are built on distribution of robust third-party products

that deliver unwavering commitment to its customers. The Bank is committed to be a reliable one-stop provider of insurance and investment solutions as a value-added service to its customers and support them in their financial well-being.

The market for third-party distribution of financial products, including life insurance, general insurance and investment in mutual funds, is rapidly evolving and keenly competitive. This dynamism is aligned with the ever-changing ecosystem driven by technology and innovation. Matching this vibrancy, your Bank has built a symbiotic synergy with third parties to build robust product propositions for its customers guided by the needs of individuals and communities.

Your Bank is also leveraging data, analytics, customer insights and technology to better assess customer needs. It will use personalisation and insights driven data modelling to offer customers the right products that cater to their specific needs. Your Bank will thus focus on building a best-in-class distribution model.

Non-Life Insurance

In FY 22-23, individuals and their families emerged from the shadows of the pandemic, with a determined focus on planning to live a healthier life. This entailed strengthening their savings to build up contingency finances to manage not only their own health but also of their families. The challenges encountered during the pandemic had reinforced the need to be adequately prepared to adjust their insurance coverage to mitigate any health risks and ensure that unforeseen eventualities need not have a deep-rooted impact on lives and livelihood.

Considering the customer's interests, your Bank has partnered with reputed players in the non-life insurance market for the distribution of an array of general insurance products. The Bank is a corporate agent of HDFC ERGO General Insurance Company, Bajaj Allianz General Insurance Company and Niva Bupa Health 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's strong focus on helping customers build a safety net around health-related risks has led to offers of a wide bouquet of products that can secure



their specific health needs and protect against uncertainties.

Life Insurance

As the world emerged from the global pandemic over the last two years, there was renewed demand for financial security, towards securing the lives of oneself and loved ones. The financial planning centred on life insurance, also helps customers to achieve multiple life stage-based financial goals. The market offers a variety of life insurance products that may be customised to cater to the different requirements of policyholders, thus helping them to cover the risk of loss of life, along with long-term savings, goal-based planning and tax savings.

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 thus offers its customers a wide range of products. These insurance companies offer protection, savings, market linked products like unit linked insurance plans (ULIP), annuity products with immediate and deferred annuity options as well as loan cover.

Mutual Funds

Building wealth entails a deep-rooted and strong commitment towards achieving a financial objective. Currently, both the Indian and international financial

markets are witnessing sustained periods of alternating headwinds and tailwinds. Yet, there is also an entrenched adoption of retail investment products and market participation by retail investors across geographies, aided by cohesive efforts from all market players. Digital enablers have driven efficiency and ease of operations and there has been persistent efforts towards enhancing investors knowledge about financial products and market operations. Professionally managed mutual funds provide a wide basket of benefits in terms of asset diversification and allocation, disciplined savings and tax advantages 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, Franklin, Axis and Mirae Asset. These associations have enabled the Bank to recommend specific schemes of these fund houses, most suited to customers' requirements based on quantitative and qualitative evaluation parameters. The Bank provides customers the convenience of availing mutual funds online through internet banking.

Information Technology



Your Bank has had a steep curve when it comes to expansion, both in terms of network of banking outlets and number of customers. There have been significant and fast paced developments in the fields of technology and digital. The pandemic accelerated the adoption of digital across all segments of banking consumers and that meant that the underlying technology needed to keep pace and evolve with agility.

Tech transformation is one of the important strategic imperatives of your Bank's near-term vision. The intent is to make your Bank's IT architecture capable to serve the Bank's growing scale and changing demands in terms of network, customers and users among employees. At the same time the technology must provide the Bank the ability to be future-ready to leverage trends and developments, and consumer behaviour. During the year, to ensure seamless and quick systems access to the banking outlets, the Bank upgraded the interface and bandwidth of the banking outlets and data centre to improve system responsiveness and customer service.

Core Banking and Surround Systems

Your Bank is in the process of upgrading and migrating its entire core banking and surround systems technology stack. The new Core Banking System (CBS) is being designed and deployed to provide the Bank the ability to leverage its already established scale and also support the ongoing and future expansion plans. The entire housing finance vertical was migrated to the new CBS in the last quarter of the year in review. Along with the CBS, to complete the tech stack, the Bank is also upgrading its surround systems to leverage the full potential of the cutting-edge CBS. The orchestration of the CBS and surround systems will empower the Bank to launch relevant and new products and services with speed. The tech stack will be cloud ready to reduce the time to market for new products and services and make the Bank ready for digital transformation. The Bank now has its own Data Centre (DC) and Disaster Recovery (DR) Centre and Near DR (NDR) site.

The tech stack is being designed also to further strengthen governance and



automated control. The Bank has already deployed its own Network Access Control (NAC) centre to improve monitoring, network administration and end-point security.

Data and Digital

Your Bank has seen a steep upward trend in terms of the digital usage of its

products and services by its customers. In the year in review, 94% of all transactions by other than those of EEB customers took place digitally. The Bank had carried out 53 crore UPI transactions in the year and 31% of retail deposits originated digitally. The new tech stack will enable the Bank to launch digital products and services rapidly and will also allow the

creation of digital journeys for various products. In the year in review, the Bank launched a new Treasury system, a new Loan Origination System (LOS) and a new Corporate Internet Banking (CIB) Platform.

Given the importance of volume, velocity and veracity of data in driving business and customer stickiness, the Bank strengthened its focus on data by hiring a Chief Data Officer in the year in review. Under the Corporate Strategy team, the Bank also established a Data Analytics team to leverage the power of analytics and drive greater adoption of the Bank's products and services, and increase the life time value of customers.

The new tech stack also comes with a state-of-the-art Enterprise Data Lake (EDL). In the first phase, the EDL will orchestrate the structured data sets from all parts of the Bank and fulfil the requirements of products and service delivery teams across various departments and levels. In the next phase, the EDL will merge data, and augment the analytics team's ability to create models and deliver outcomes.

The Bank is making rapid progress in orchestrating data and digital to drive unique and engaging pureplay digital and phygital experiences for its customers. The Bank has already identified products for the various streams like digital, assisted digital or phygital and digital origination followed by offline closure. The Bank continues to evaluate the available opportunities and fintech partnerships to enhance customer experience, and with the new tech stack on the anvil, it is equipped to leverage these to their full potential.



Looking Ahead

With the new CBS and surround systems stabilising post the transition, the Bank will focus on using its data capabilities to drive sharper targeting of existing and potential customers for greater adoption of products and services. Data mining using the EDL's enhanced capabilities and Martech will work in unison to drive personalisation at scale, an area that still needs to be used to its full potential by the banking industry. The Bank will also evaluate Intelligent Automation (IA) as an area of focus. Using Artificial Intelligence (AI), Business Process Management (BPM) and Robotic Process Automation (RPA), the Bank will drive scale and efficiency of operations.

Your Bank has an ambition to be among the leading technology driven banks and that ambition needs a scalable and efficient IT infrastructure, which is being created at a fast pace. Given the background of progress made in the year, and the technology vision laid out and current initiatives under its belt, the Bank is confident of being among the frontrunners of tech-based banking in the country.

Using Artificial Intelligence (AI), Business Process Management (BPM) and Robotic Process Automation (RPA), the Bank will drive scale and efficiency of operations.

Operational Excellence



Over the past few years, the rate of transformation of banking has been faster than what many would have expected or predicted. The global economy is rapidly shifting from a traditional slow-moving brick and mortar model to a fast-paced data-driven digital economy. The emerging changes are led by rapid delivery of customer service and quick response times, among others. As a banking institution, we are responsible to help customers manage their money better and for the same reason, operational efficiency and customer service are extremely important. The Bank has worked to enhance the infrastructure for digital assistance for reliable and efficient operations. The Bank's operations are smooth and robust; its customer service is prompt.

Your Bank has been agile to the changes in the operating environment. It has updated its processes, which were revised to work efficiently in the new normal, leading to a pace of growth to which the Bank's employees too, have adapted.

The leaders in digital adoption have been the young generations. Their preference for online financial transactions demonstrates their choice to access services at their convenient time and place, through a medium of choice. The Bank has implemented an IT transformation where, among other objectives, being future-ready in line with the shift in consumers' preferences is one of the foremost. The Bank has acknowledged the need to improve and enhance its current digital capabilities, to increase the scope of customer serviceability and set in motion a number of initiatives. The operating models in the future may change in response to demand, yet, technology will be one key driving force.

During the financial year under review, the Bank worked to widen the scope of its commitment to customers by adding new services including government businesses and FASTag services. The Bank also implemented a successful strategy

for an effective recovery mechanism for stressed assets. To better handle the rising volume of transactions, especially electronic banking transactions like UPI, which have grown more than 100% over the last financial year, the Bank has made significant investments to build a sustainable and scalable operations ecosystem across critical areas. The Bank has additionally put in place a strong business continuity plan to enable seamless operational management and resilience.

As a relatively new player in the banking industry, the Bank has always prioritised provision of prompt and efficient service not only to attract new customers, but also retain the existing ones besides minimising instances of customer grievances through superior service delivery and review mechanisms.

The Bank works tirelessly to resolve customer complaints swiftly and satisfactorily at the first point of contact itself thereby promoting the concept of 'First Contact Resolution'. The Bank has provided its customers numerous avenues to lodge complaints and provide feedback on the Bank's services. The Bank has also revised the grievance redressal mechanism in case of escalations. The

presence of the internal ombudsman also ensures that all complaints partially or wholly rejected by the Bank are resolved with one more level of check, which essentially reduces grievance escalation to the Banking Ombudsman.

Customer centricity and clear commitment have enabled the Bank to gain the trust of the customers and stakeholders following the obvious large-scale transformational impact on their lives. This trust provides the Bank the assurance and drive to continue to create impact and make a difference in the lives of its customers.

The Bank works tirelessly to resolve customer complaints swiftly and satisfactorily at the first point of contact itself thereby promoting the concept of 'First Contact Resolution'.

Human Resource Management



People transformation is one of the agenda for your Bank's Vision 2025. For a Bank like yours, people are at the forefront of customer interactions and also the strongest brand ambassadors on ground. Your Bank's Human Resources (HR) policies and practices are designed with the objective of empowering people and providing them the environment where they can bring their best every day. The year in review was the first full year with no impact of the pandemic. The Bank focussed on planned hiring, learning and development and role elevation and grade promotions to drive employee productivity. The highlight for the Bank in the year in review was the 'Gallup Exceptional Workplace Award 2023' that it won for employee engagement.



Expanding the workforce

During FY 22-23, your Bank expanded its distribution rapidly and to fulfil the people requirement in line with the expansion, the Bank witnessed a 16% increase in manpower, growing to 69,702 from 60,211 in the previous year. These hirings were across roles and departments, and across the country. Since its inception in August 2015, your Bank has witnessed manpower growth of 275%. The Bank, to

ensure that young and promising talent is hired for various roles, conducted campus placement drives through which 1,102 employees were hired from across 154 campuses across the country.

Focussing on learning and development

Your Bank has always placed strong emphasis on upskilling and re-skilling. Before the pandemic, most training

initiatives were conducted in-person at various training centres. With the pandemic causing disruption in travel and community gathering, your Bank was quick to move the training online. It is during this time that the Bank developed and implemented a training app called Bandhan EDGE. Now, with the impact of the pandemic and its forced restrictions behind us, the Bank has a hybrid model of training and development.

During FY 22-23, over 99% of the Bank's workforce underwent at least one training session, which was facilitated through the learning centres, the Bandhan EDGE online platform and external learning initiatives undertaken by the Bank. The Bank dedicated more than 16 lakh hours to training its employees, averaging around 21.7 hours of learning per employee.

To ensure that there is continuous and relevant learning for employees, the Learning and Development (L&D) team has developed a comprehensive training need analysis process to identify the specific learning requirements for different job categories. The feedback gathered guides the Bank in developing training materials tailored to the needs of

The Bank witnessed a 16% increase in manpower, growing to 69,702 from 60,211 in the previous year.



the employees. Moreover, a systematic learning plan is implemented during the onboarding process to ensure the continuous growth of new hires' skills and capabilities.

Opportunities for Performers

Your Bank has a structured performance review process, which allows the Bank to identify relevant talent for vacant roles. At the same time, the appraisal process also helps identify talent that is ready for the next higher role as career progression. The Bank also has in place an Internal Job Posting (IJP) mechanism through which the Bank provides employees the opportunity to apply for open positions rather than the Bank having to look for external hiring.

During the year in review, 9,307 employees were awarded grade promotions and 5,690 employees were given role elevations based on their competency analysis. The Bank also

carried out detailed succession planning for key departments and is already in the process of filling the gaps identified thereby.

Employee Engagement

Employee engagement programmes have been regular features on your Bank's annual calendar. In the year in review, the Bank conducted various town-halls with the top management, a cricket tournament, quiz contest during women's day, and other local level engagement programmes.

In the year in review, your Bank, for the first time, ran 'Bandhan Employee Engagement Study', which was conducted by Gallup, one of the global best in employee engagement studies. More than 40,000 eligible employees enthusiastically participated in the survey. One of the advantages of the Gallup survey is that this is a global survey and

the findings can be benchmarked against the other players in the industry within India or outside.

Based on the engagement scores received from employees, your Bank bagged the 'Gallup Exceptional Workplace Award 2023'. What's more impressive is that as few as 57 companies across the globe and across sectors, received this award. The Bank's growth story has been fuelled by its committed employees and they make your Bank an exceptional place of work.

Based on the engagement scores received from employees, your Bank bagged the 'Gallup Exceptional Workplace Award 2023'.

Committed to Risk Management

“You can’t grab every opportunity. Understanding which opportunity to grab and which one to pass is risk management.”

– Sukant Ratnakar

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. Your Bank looks at risks in an integrated way to holistically manage all kinds of risks inherent to the financial services industry through formal

risk management processes and ensures that the tools and capability are in place to identify the underlying interlinkages between different types of risks thereby facilitating risk management and decision-making across the organisation.

Risk & Resilience

“Someone is sitting in the shade because someone planted a tree a long time ago”

– Warren Buffet

- Over the past few years, the global pandemic has led to massive supply chain disruptions resulting in an economic slowdown leading to rising inflation and cost of living and thereby affecting the repayment capacity of individuals. This led to testing times, however, your Bank 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.
- Regulations have continued to be broadened and public sentiment has become less tolerant of any appearance of preventable errors and inappropriate business practices. Moreover, customers’ expectations will rise and change as technology and new business models emerge and evolve. Your Bank’s Risk Management is prepared to cope with the evolution of newer types of risk like model, climate and cyber – all of which require new skills and tools.
- Your Bank is investing in latest technology and advanced analytics enabling new products, services, and risk-management techniques that will improve decision-making and further help in making better choices about risks.
- Your Bank is committed to ensuring customer trust does not vary and has put in place measures to assess the immediate and potential future effects of risks and take swift action.
- Stress 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.
- Your Bank’s Risk Management is constantly engaged at a strategic level thus ensuring that existing as well as potential risks are properly identified, analysed, evaluated, treated and monitored.
- People come first. Your organisation understands that no business can exist without its customers as well as employees. Your Bank is for everyone and enables you to bank when you want and the way you want. The belief that ‘Jahaan Bandhan Wahaan Trust’ drives the Bank’s commitment, which goes beyond social media posts or marketing content. Your Bank is committed to inclusive banking and holistic development, which is imbibed in its genetics. At the deeper level, your Bank impacts employee trust, appreciation and benefits that graciously yield employee and customer loyalty.

Risk Management Process

“If everything seems to be going well, you obviously don’t know what’s going on.”

– Edward Murphy

- Your Bank’s Integrated Risk Management Framework describes the Bank’s approach to risk management, which includes risk governance arrangements; the appetite and limits for risk exposures; policies for management of various risk types; risk culture standards; and risk reporting. The integrated view of risks enables the assessment of the Bank’s efficacy at managing them. Systems, processes, and policies are critical components of your Bank’s risk management capability.
- The framework defines in detail the key engagements and standards for risk management and internal controls that supports your Bank’s compliance with statutory and regulatory requirements. It enables the execution of your Bank’s strategy – and hence the level of ambition – and is critical in managing the financial as well as non-financial risks inherent in delivering its mission even in highly uncertain and disruptive environment.
- Your Bank has broad and well-developed frameworks to set the risk appetite, which is dynamic in nature and in sync with the evolving scenario as well as the Bank’s overall strategy.
- Your Bank has put in place prudent policies, processes, limits, controls, tools, and systems to define and analyse the extent of risk in various additional scenarios over and above that mandated by the regulator in order to assess risk and capital demands. This helps your Bank primarily to gauge various stress level that it might face during an evolving macro and micro economic scenario. Monitoring, stress testing tools and escalation processes are in place for key capital and liquidity thresholds and metrics.
- 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.

Risk Governance

“You must be the change you wish to see in the world”

– Mahatma Gandhi

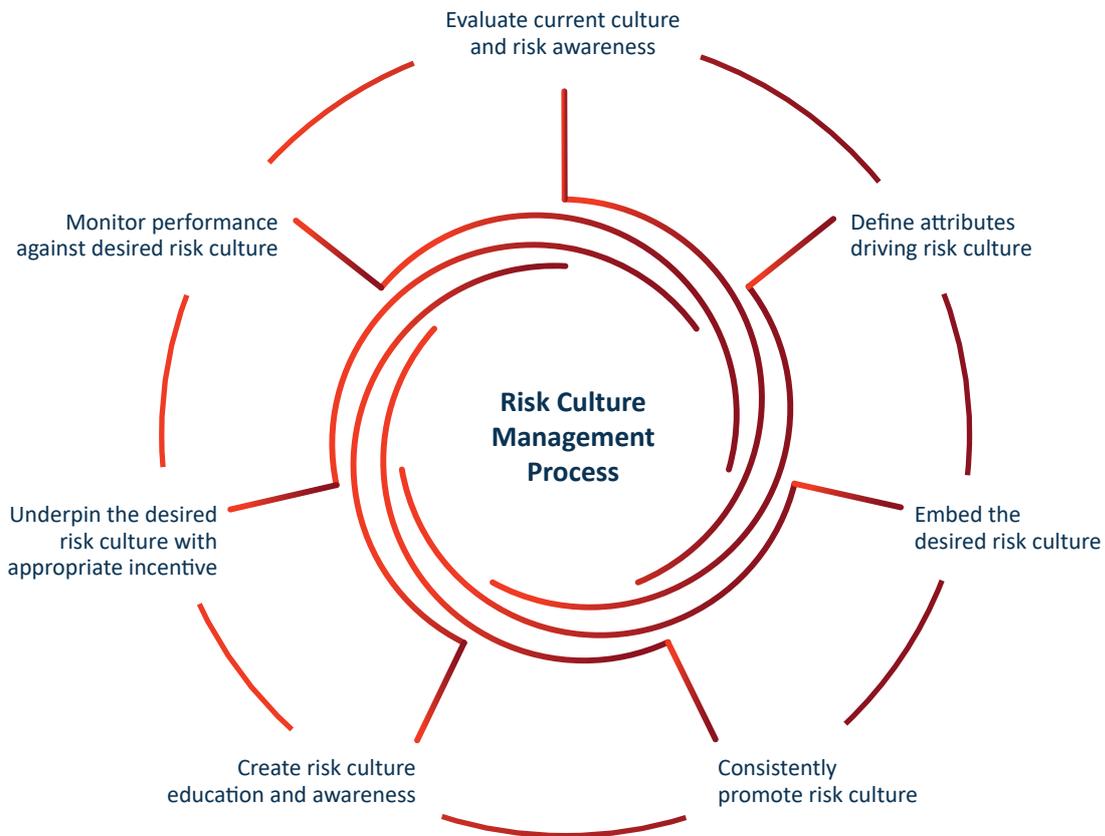
- The risk governance framework provides guidance on adopting a more holistic approach to manage risk, emphasising four linked elements:
 - Developing the corporate risk profile.
 - Establishing a risk function that manages risk in an integrated manner.
 - Practicing integrated risk management; and
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

“No matter how brilliant your mind or strategy, if you’re playing solo game, you’ll always lose out to a team.”

– Reid Hoffman

- Your Bank focusses on a set of acceptable and encouraged behaviours, discussions, decisions, and attitudes toward taking and managing risk within an institution, as constituents of the Bank’s risk culture.
- Your Bank believes in the philosophy of ‘Setting the Tone from the Top’ regarding Risk Culture, with the Board and Senior Management taking the lead which has a trickle-down effect on all employees.
- Your Bank promotes a Risk Aware Culture while encouraging employees to take personal responsibility to manage risk in everything that they do that enthuases others to follow their example.
- Your Bank ensures appropriate communication and consultation with internal and external stakeholders at each stage of the risk management process as well as on the process as a whole
- Prominence is 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 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

“The biggest risk is not taking any risk... In a world that is changing really quickly, the only strategy that is guaranteed to fail is not taking risks”

– Mark Zuckerberg

- 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 capital adequacy 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 material 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 includes regulatory as well as Bank specific scenarios.
- 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.

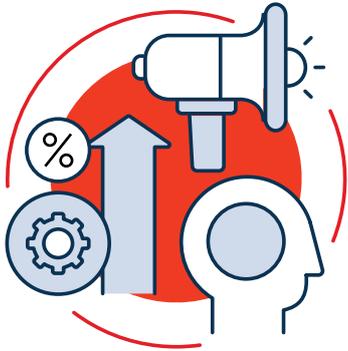
Risk Awareness & Communication

“Any problem, big or small, within a family, always seems to start with bad communication. Someone isn’t listening.”

– Emma Thompson

- 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.
- Risk owners are part of the Risk Management Committees in order to ensure better understanding of risks and implementation of risk mitigation plans.
- Your Bank runs regular awareness campaigns to educate its employees regarding various aspects of risk management through various modes like:
 - Periodic newsletters
 - Circulars
 - 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 and posters.
 - Your Bank has also designed a framework for gauging the efficacy of Information security awareness.

Amplifying Brand Bandhan Bank



In the long journey of the Bank, various interventions have been undertaken to reinforce the brand 'Bandhan Bank', especially in the non-core markets of the East and the North-East. In FY 22-23, the brand building measures went a step ahead to establish the Bank as a pan-India universal bank, meant for all.



A new brand ambassador

Your Bank recognised the role of a global name in accelerating its awareness and familiarity among the audience. Keeping this in mind, the Bank roped in one of India's greatest cricketers, Sourav Ganguly. The choice of Ganguly was a strategic one, based on congruent values. The Bank and the former captain of the Indian cricket team share many similarities.

Known for his leadership, tenacity, and commitment to excellence, Ganguly represents the very ethos that the Bank embodies. His personal journey of perseverance and success resonates strongly with the Bank's trajectory and objectives. He has been the only cricketer from the East of India to become a legend across the world, just like Bandhan Bank rose from the East and now has a widespread presence across the nation.

Ganguly was a nurturer of talent, just like Bandhan Bank has been over the years. The Bank has discovered talent where no one dared, and created entrepreneurs in markets that no one thought had potential. Dada, as he is fondly called, transformed Indian cricket, especially at a time when Indian cricket was going through a very rough patch. Likewise, Bandhan Bank has been successful in transforming the lives of several families across the nation with its micro credit operations.

This association, therefore, not only aligns well with the brand and the ambassador, but also gets a platform to leap into higher levels of awareness and familiarity.

Multimedia campaigns

The first campaign featuring the brand ambassador, Sourav Ganguly, was

designed to let the viewers know about the trust that the Bank has built over the years. The campaign took a leaf out of Ganguly's book and seamlessly linked it to the Bank's journey. The campaign had a far-reaching multimedia approach that spanned across 61 television channels for 42 days, outdoor hoardings in 16 cities for 20 days, and print ads in 55 newspapers, supported by a robust digital media strategy. The TVC attracted substantial attention, contributing to strengthened brand recall. Further, the digital film received more than 20 crore views, and more than 74 crore impressions. During the 6 weeks' campaign, more than around 4 lakh website visits from various digital platforms were garnered.

Other than the Dada campaign, your Bank continued sustained visibility through the various tactical campaigns during the



The Bank ramped up marketing efforts around its diverse product offerings, including home loans, car loans, and auto loans, among others, thereby, driving product awareness and encouraging uptake of the Bank's financial products.

year. Through its various campaigns, your Bank has ensured visibility across 72 TV channels, with communication in 11 languages. The OOH campaigns have been executed in 23 cities.

Digital outreach

The past year saw considerable growth in the Bank's digital footprint, fostering enhanced customer engagement. The Bank continued its proven strategy of driving its visibility through engaging and thought provoking content around important days in the year like Mother's Day, Teacher's Day and Women's Day, among others. The Bank's overall reach on social media increased by 341% while total impressions increased by 106%. It is interesting to note that the website traffic from social media increased by 249% in FY 22-23. Further, the website traffic of organic users increased by 30% as well.

Zubeen Garg campaign

The Bank continued its efforts towards driving a positive perception about the brand in Assam through its association with Zubeen Garg. The Bank ran campaigns during the year under review to get more visibility for the brand in the state of Assam.

Product marketing initiatives

The Bank ramped up marketing efforts around its diverse product offerings, including home loans, car loans, and auto loans, among others, thereby, driving product awareness and encouraging uptake of the Bank's financial products.

The initiatives were focussed on innovation and customer needs, thereby, taking strides towards the growth of Bandhan's brand recall and the deepening of relationships with its customers. While these steps have been encouraging, the Bank acknowledges that there is a long road ahead. Your Bank looks forward to building on this foundation, with the

commitment to continually strive towards better service delivery and increased customer satisfaction in the coming years.

Foundation Day celebration

The Bank celebrated its Foundation Day and its seventh anniversary on August 23, 2022, at the JW Marriott Hotel, Kolkata. This celebration, a regular part of the Bank's annual calendar, was held in-person after a gap of three years due to the safety measures mandated by the pandemic. The celebration featured an enlightening anniversary lecture by renowned economist, Dr. Pranab Sen, titled 'Build Back Better – The Role of Finance'.





Treasury Management

The Bank's Treasury department consists of Asset Liability Management (ALM), Trading and Retail Forex service desks. All regulatory requirements of Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and the Liquidity Coverage Ratio (LCR) are managed by the Bank's ALM team. This group is responsible for managing liquidity and also the interest rate risk on the banking book under the guidance of the Bank's Asset Liability Committee (ALCO).

The Bank's Treasury department also undertakes various other activities including trading in the market for government securities, commercial papers, certificate of deposits, non-convertible debentures, foreign exchange and equity. Trading in a variety of asset classes is conducted by the department within Board approved limits and under the guidance of the Investment Committee and Market Risk Management Committee of the Bank.

The Treasury supports the Bank's branches with foreign exchange requirements for retail clients, by enabling transactions in major currencies. The department has initiated a transformation in its IT infrastructure to cater to the growing needs of customers. These efforts will pave the way for migration to a more advanced technology platform, which will assist the Bank to serve customers with varied requirements.

Compliance

The Compliance department holds a pivotal role in the corporate governance structure of your Bank. The commitment to compliance permeates from the highest level, with both the Board and the Management, is to actively fostering a strong risk and compliance culture. The Bank maintains a steadfast commitment to upholding stringent standards of compliance, aligning with regulatory as well as internal guidelines. A comprehensive Compliance Policy has been established, which outlines the Bank's compliance philosophy along with the clear delineation of roles and responsibilities within the Compliance Department.

The Compliance department assists the Board and the 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 and, various statutory provisions, standards and codes prescribed by FEDAI, FIMMDA, etc. The Compliance department works with the various other departments of your Bank to appropriately guide them through the various regulatory guidelines with a special emphasis on understanding the guidelines better in any given perspective. The Compliance department closely works with operational risk and internal audit departments, and monitors various activities of the Bank with emphasis on active risk management.

The Compliance department serves as the main point of contact with the RBI and other regulatory entities. It conducts thorough evaluation of internal controls and performs necessary design and systems corrections based on its analysis and interpretation of regulatory guidelines. It also actively monitors and tests for any deviations, ensuring the effectiveness of controls. The Bank has a robust Anti Money Laundering (AML) Policy in place which is supported by effective tools to mitigate AML risk. Regular updates are provided to the Audit Committee of the Board (ACB), the Board and the Management regarding the Bank's compliance levels, considering the changes in the regulatory landscape. The ACB periodically reviews the Compliance department's performance and the Bank's compliance status with regulatory guidelines.

Nurturing Women Entrepreneurship



Prem Kala, Darjeeling, West Bengal



Bandhan has been instrumental in my journey of becoming a businesswoman. I cannot thank them enough for helping me dream big and build a secure future.



Prem Kala's husband, Raj, worked in a hotel with a meagre salary. When their child was born, they realised the need for more finances. Upon hearing about Bandhan and its loan schemes, Prem approached them for financial assistance. With her first loan of ₹12,000, she along with her husband opened a restaurant. They rented a small space with a limited number of items on their menu. She used to cook and hired a waiter for help. Even though they began on a small scale, it slowly and steadily gained significant ground.

With subsequent loans from Bandhan, they were empowered to diversify their business further. They set up a travel agency under the name of Amigos Tours and Trecks. Over time, this line of business began to do very well considering the number of tourists in Darjeeling. They also purchased a few vehicles for their travel agency. Next, they

set up a homestay facility. This helped them provide all-round services to their guests. Her existing loan amount with Bandhan Bank is ₹ 2,80,000. They have provided employment opportunities to twenty people. Strategic and timely diversification in relevant lines of business has helped them to transform their lives. They live a much happier life now. Her husband has quit his job to focus on their businesses. They are financially secure and certainly have built a bright future for themselves. Their only son is currently studying in a good school.

Prem had never imagined that she would become a successful businesswoman. She is an inspiration to many. She always encourages other women in her community to do something with support from institutions like Bandhan Bank. Prem's hard work and grit have made her a more confident woman today.





Santosh Burari, Delhi



Bandhan has had a tremendous impact on our lives. They helped us do the unthinkable - set up a steady business and made us capable of giving employment to others. I will be forever grateful to them. All my children are well educated today and that gives me satisfaction.



Santosh was born into a not-so-privileged family and had seen poverty from close quarters. She had limited education and few opportunities in life. She was married to Narendra who used to work at a factory of mixers and grinders. His job was to repair the equipment. They had two daughters and one son. His income was not sufficient to feed a family of five. They deliberated about the need for more finances to run the family. After much thought, Santosh availed of a loan facility from Bandhan.

With her first loan of ₹ 10,000 in the year 2012, she started manufacturing motor parts for mixers and grinders, along with her husband. Narendra had relevant knowledge in this field so that was an added advantage. They had a good start to their business and continued taking subsequent loans of larger amounts from Bandhan Bank. With continuous support, they were able to scale up their business. Narendra quit his prior job at the factory to dedicate all his time to their enterprise.

It is noteworthy that from manufacturing just motor parts of mixers and grinders they have now expanded and are into manufacturing these mixers and grinders from scratch. They do so under their own brand and have named it 'LivePro', which is a flourishing enterprise today. They deliver over 450 mixers and 5,000 motor parts every month, to wholesalers. To meet the growing demands, they have now employed ten people. Santosh now has a loan of ₹ 3 lakh with Bandhan Bank.

Their hard work and determination has certainly helped change their lives. The easy access to financial resources has also been pivotal in their transformative journey. Santosh and her husband are satisfied that they could provide quality education to all their children. The eldest daughter has completed her MA, while the other daughter, who is a graduate, works at a reputable organisation. The son, a graduate himself, is all set to join the family business. As parents, they could not have asked for more.



Vimala Velayuthem, Kanchipuram, Tamil Nadu



My family and I will remain indebted to Bandhan Bank forever. Bandhan Bank has freed us from the clutches of moneylenders and given us access to formal finance. Their continuous support has given new life to our business and given us wings to fly.



Vimala Velayuthem and her husband, have been weaving Kanjivaram sarees for their livelihood for many years. When they started, they had one manual weaving machine. They would work 12 hours a day, but it would still take them 20 days to weave one saree. They would sell the sarees to agents, who would then sell them to shops and wholesalers. In their line of business, they need a ready supply of funds to procure raw materials. Thus, for raw materials, in the past, Vimala and her husband, would borrow from local moneylenders, who charged them high interest. Only when they heard about business loans from banks, they realised that they have other options apart from moneylenders.

She and her husband knocked many doors and eventually decided to take a loan from Bandhan Bank. Vimala took her first loan of ₹ 25,000 in 2016 from them and used it to purchase a second weaving machine. This helped them increase

the production of sarees. They repaid their first loan successfully and took further loans. With continued support from Bandhan Bank, their business is now growing at a steady pace. They have upgraded to two power weaving machines from the manual ones which have certainly increased the production of sarees. They never had to go back to the moneylenders since their association with Bandhan Bank. Vimala currently has a loan of ₹ 2 lakh with Bandhan Bank.

As a part of their expansion plan, they aim to install two more power machines and employ a few weavers to increase production. The future certainly looks promising.

The loans from Bandhan Bank helped them establish their business which in turn has made it possible for them to educate both their daughters. They are currently studying in a reputed high school. Vimala is glad she has been able to secure the future of her family.

Committed to Making a Difference in our Communities



Bandhan Bank's journey is rooted in its commitment to transforming lives and fostering community development. Your Bank conducts its CSR initiatives through agencies, including Bandhan-Konnagar. Each programme aims to have a profound impact in areas such as education, healthcare, livelihood promotion, sustainable development, climate action, financial literacy, skill enhancement and job creation.

Targeting The Hardcore Poor Programme



This is a unique initiative specifically designed for the most vulnerable women. Through this programme, women are provided grants in the form of non-monetary assets, enabling them to generate income and improve their livelihoods. Within a span of 24 months, these women undergo a transformative journey, alleviating themselves out of extreme poverty and integrating into mainstream society.

The programme takes a comprehensive approach, offering not only free assets but also consistent counselling and mentoring support. To ensure their basic

needs are met during the initial phase, a weekly consumption stipend is provided. Financial literacy training equips them with the knowledge to make informed financial decisions, while education on relevant social issues enhances their awareness and overall well-being. The programme also focusses on building their confidence.

Over the years, this intervention has demonstrated a positive impact on the lives of many participants. They achieve a reasonable monthly income, experience improved health and are able to provide support to their families.

The programme takes a comprehensive approach, offering not only free assets but also consistent counselling and mentoring support. To ensure their basic needs are met during the initial phase, a weekly consumption stipend is provided.

9

States

5,243

Villages

47,500

No. of women covered

2.5x

approximate increase in household income

KPMG Impact Assessment Study

Health Programme



This is aimed at raising health awareness and reducing healthcare expenses for underprivileged families. It places special emphasis on the well-being of children under five years of age, pregnant women, lactating mothers and adolescent girls, focussing on topics such as safe motherhood, child nutrition, personal hygiene and sanitation.

As part of this initiative, interested women from the villages are selected and

provided with comprehensive training to become health volunteers known as Swastha Sahayikas (SS). These SS play a crucial role in the villages by organising regular health forums and providing health education to the community. The programme also includes services related to linkage and referral, distribution of health kits and the establishment of water treatment plants to ensure access to safe drinking water.

As part of this initiative, interested women from the villages are selected and provided with comprehensive training to become health volunteers known as Swastha Sahayikas (SS).

5

States

8,525

Villages

12,91,980

No. of women covered

~83%

stakeholders reported behaviour changes and hygiene increase

KPMG Impact Assessment Study

Education Programme



This programme strives to provide quality education in a supportive environment to underprivileged children across different age groups. It adopts a unique and cost-effective model to ensure access to education and empower these children with the skills and knowledge necessary for their overall growth and future success.

In rural areas, Bandhan Education Centres have been established to cater to children aged six years and above who are not enrolled in schools or have dropped out.

These centres prioritise the education of girls and provide complimentary school kits. They focus on classroom learning, attendance and offer opportunities for extracurricular activities.

Additionally, under the programme, low-cost formal schools known as Bandhan Academy have been established. These schools offer comprehensive development opportunities for children, including academic education and engagement in extracurricular activities.

In rural areas, Bandhan Education Centres have been established to cater to children aged six years and above who are not enrolled in schools or have dropped out. These centres prioritise the education of girls and provide complimentary school kits.

5

States

1,484

Villages

1,12,786

No. of women covered

81%

parents reported improvement in children's academic results

KPMG Impact Assessment Study

Employing The Unemployed Programme



This programme focusses on tackling the issue of unemployment in India by providing vocational training to unemployed youth. To achieve this, Bandhan Skill Development Centers (BSDC) have been established to offer skill development courses in various domains, including sales, hospitality, ITes-BPO, computerised accounting, refrigerator and air conditioner repair, and more.

Upon successful completion of the skill development courses, candidates have the option to explore entrepreneurial opportunities or secure employment with well-established companies. By providing vocational training and facilitating job placement, the programme strives to empower unemployed youth, enabling them to become self-reliant and contribute to the nation's workforce.

To achieve this, Bandhan Skill Development Centers (BSDC) have been established to offer skill development courses in various domains, including sales, hospitality, ITes-BPO, computerised accounting, refrigerator and air conditioner repair, and more.

5

States

15

Centres

13,887

No. of youth covered

24%

increase in monthly household income

KPMG Impact Assessment Study

Financial Literacy Programme



This programme focusses on promoting financial literacy and inclusion in rural communities. It recognises that financial knowledge and access to financial services are vital for individuals and communities to progress towards sustainable growth.

This initiative places special emphasis on enhancing participants' financial awareness and confidence. The objective

is to raise awareness among rural populace and disadvantaged women regarding financial matters and empower them to take charge of their personal finances. Participants are equipped with the knowledge and skills to access a range of banking services, including insurance and pension schemes.

The objective is to raise awareness among rural populace and disadvantaged women regarding financial matters and empower them to take charge of their personal finances.

1

State

1,480

Villages

4,04,869

No. of women covered

~98%

beneficiaries reported enhanced ability to avail banking services

KPMG Impact Assessment Study

Climate Action Programme

The Climate Action Programme, aligned with the United Nations’ Sustainable Development Goal 13 and the Paris Accord, aims to combat climate change and its impacts. Recognising the interconnectedness of climate action with the broader 2030 Agenda and the

16 Sustainable Development Goals, India has committed to limiting the global temperature rise to below 2 degrees Celsius.

Climate change is primarily driven by greenhouse gas (GHG) emissions, and it

is crucial to reduce these emissions and enhance carbon sequestration to mitigate its effects. Your Bank’s Climate Action Programme contributes to this goal through the following strategies:



The Intergovernmental Panel on Climate Change (IPCC) 2021, states high vulnerability towards drastic weather events is faced by the agricultural sector in India due to poor climate-resilient agricultural practices, poor water management, over-dependence on conventional sources of energy, high chemical dumping destroying soil health, loss of soil quality and topsoil, high dependency on groundwater, destruction of bio-diversity including natural balance with eco-system and overall high GHG emission.

Considering the vulnerabilities in the agricultural sector, this year the Bank launched a new initiative on Climate Smart

Villages (CSV) under the Climate Action Programme. The aim of this programme is to develop a holistic climate action approach for a village to make it climate resilient. This includes water security and protection from erratic rainfall patterns through water conservation to protect rain-fed agriculture and the adoption of climate-resilient varieties.

The Climate Action Programme continues to focus on its earlier commitment to carbon sequestration through afforestation, especially mangrove plantation, and greening of urban spaces.

The afforestation included a new plantation of 1,00,000 mangrove saplings planted at north 24 Parganas taking the total plantation to date to 2,51,550 saplings.

7
States
160
Villages
2,51,500
No. of saplings planted

Sustainable Livelihoods Programme



This programme aims to empower talented entrepreneurs from economically disadvantaged backgrounds by offering them support and guidance. Its goal is to promote entrepreneurship and inspire these individuals to launch their own thriving startups, transitioning them from job seekers to job creators.

Its goal is to promote entrepreneurship and inspire these individuals to launch their own thriving startups, transitioning them from job seekers to job creators.

1
State
2
Centres
31
No. of start-ups incubated
13
No. of enterprises established

MSME Registration	Project Report Processing	Project Report Completed	DIC Approved	Own Funding	Bank Loan Process	Bank Loan Approved
05	08	04	08	07	09	05

Awards and Recognition

In FY 22-23, your Bank received various accolades and recognitions from notable institutions, nationally as well as globally.



World's Best Banks Award by Forbes and Statista

Forbes and Statista recognised your Bank as one of the world's best banks. This honour reflects the Bank's commitment to providing par excellence financial services and a testament to the Bank's dedication to prioritising our customer's needs above all else.



2023 Gallup Exceptional Workplace Award

The Bank's work culture and ethos were acknowledged when it received the coveted 2023 Gallup Exceptional Workplace Award. Your Bank was amongst the only 57 organisations globally to have been honoured with this recognition.

The Pride of India Brands Award by Exchange for Media

The Bank also bestowed with The Pride of India Brands Award by Exchange for Media. This award was an appreciation for the Bank's relentless pursuit of innovation and excellence, as it continually strives to create financial products that best serve the customers' evolving needs.

IBS Intelligence Global Fintech Award

In the rapidly evolving digital era, the Bank's forward-thinking approach was recognised as it bagged the prestigious IBS Intelligence Global Fintech Award for the exceptional implementation of corporate internet banking.

Board's Report

To
The Members,

Your Board of Directors present the Ninth Annual Report on the business and operations of your Bank, together with the Audited Financial Statement for the Financial Year ('FY') ended March 31, 2023.

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, 2023	March 31, 2022
Deposits:	1,08,069.31	96,330.62
- Savings Bank Deposits	36,038.10	34,616.86
- Current Account Deposits	6,417.05	5,462.32
- Term Deposits	65,614.16	56,251.44
Advances (Net):	1,04,756.77	93,974.92
- Cash Credits, Overdrafts and Loans repayable on demand	22,048.64	17,154.78
- Term Loans	82,708.13	76,820.14
Total Assets/Liabilities	1,55,769.97	1,38,995.17
Net Interest Income	9,259.62	8,714.46
Non-Interest Income	2,468.55	2,822.50
Less: Operating Expenses (excluding Depreciation)	4,494.17	3,413.52
Profit before Depreciation, Provisions and Tax	7,234.00	8,123.44
Less: Depreciation	142.65	110.04
Less: Provisions	4,198.37	7,884.78
Profit Before Tax (PBT)	2,892.98	128.62
Less: Provision for Tax	698.35	2.83
Profit After Tax (PAT)	2,194.64	125.79
Balance in Profit & Loss Account brought forward from previous year	6,009.94	6,171.00
Appropriations:		
Transfer to Statutory Reserves	548.66	31.45
Transfer to Statutory Reserve u/s 36(1)(viii) of the Income-tax Act, 1961	169.20	42.45
Transfer to Capital Reserve	1.74	16.00
Transfer to Investment Reserve	-	25.24
Transfer to Investment Fluctuation Reserve	31.19	10.65
Dividend pertaining to previous year paid during the year	-	161.07
Balance carried over to Balance Sheet	7,453.79	6,009.94
EPS (Basic) (in ₹)	13.62	0.78
EPS (Diluted) (in ₹)	13.62	0.78

State of Affairs of the Bank

While your Bank completed seven years of its operation during the FY under review, it has also achieved three significant milestones i.e. (i) achieved the total deposits as well as total advances of ₹1 lakh crore each; (ii) crossed ₹2 lakh crore of total business; and (iii) acquired three crore customers. The Balance Sheet size of your Bank has also crossed ₹1.5 lakh crore. The Total Liabilities (including capital and reserves) of your Bank stood at ₹1,55,770 crore and the Total Advances (Net) at ₹1,04,757 crore.

During the FY under review, your Bank stayed on course with its strategic priorities of portfolio diversification. As on March 31, 2023, Group loans were at 35 per cent. of the total asset book, down from 47 per cent. as on March 31, 2022. The share of housing finance portfolio increased by 100 bps during FY 2022-23 to 25 per cent. of the total asset book as on March 31, 2023, whereas other retail assets have also grown to 5 per cent. of the total asset book during FY 2022-23 as compared to 2 per cent. as on March 31, 2022. Commercial Banking portfolio achieved a share of

35 per cent. of the total asset book during FY 2022-23 as compared to 27 per cent. during the previous year.

With regard to the strategic priority of geographical diversification, among the new banking outlets opened in the year under review, majority were outside of the core markets of East and North East India. In terms of business volume for the legacy micro loans business, while Assam was the second largest market for your Bank for many years, in the year under review, Uttar Pradesh and Bihar overtook Assam, hinting further at the desired geographical diversification agenda. During the FY under review, your Bank has added 360 new banking outlets taking the total count of banking outlets to 5,999 as on March 31, 2023. Out of the total 5,999 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 2.63 crore as on March 31, 2022 to 3 crore as on March 31, 2023. With the expanding network of banking outlets and customers, the total deposits grew further from ₹96,330.62 crore as on March 31, 2022 to ₹1,08,069.31 crore as on March 31, 2023 registering a growth of 12.19 per cent. The Current Account and Savings Account ('CASA') deposits have recorded an increase of 5.93 per cent. from ₹40,079.18 crore as on March 31, 2022 to ₹42,455.15 crore as on March 31, 2023.

During the FY under review, the total income (net) of your Bank has increased by 1.66 per cent. to ₹11,728.17 crore as against the total income of ₹11,536.84 crore for FY 2021-22. The profit after tax ('PAT') stood at ₹2,194.64 crore, an increase of 1,645 per cent. as compared to ₹125.79 crore for FY 2021-22. Consequently, Return on Average Equity ('ROAE') was 11.8 per cent. as against 0.76 per cent. for FY 2021-22 and Return on Average Asset ('ROAA') was 1.60 per cent. as against 0.11 per cent. for FY 2021-22. Correspondingly, basic as well as diluted earnings per share ('EPS') increased from ₹0.78 to ₹13.62 as at the end of FY 2022-23 in comparison to FY 2021-22.

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. Your Bank's PSL was ₹54,176 crore as on March 31, 2023 as compared to ₹ 56,397 crore as on March 31, 2022. At the end of FY 2022-23, PSL as a proportion of the gross advances of ₹1,08,827.12 crore was 50 per cent.

Highlights of various business segments of your Bank during the FY under review are mentioned below:

Banking Unit (BU) Business

The Banking Units 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 Banking Units business strategy is guided by its long-held philosophy of financial inclusion and economic empowerment of the disadvantaged sections of the society. The endeavour of your Bank is to nurture these entrepreneurs and help them move

up the socio-economic hierarchy. In their movement upwards, your Bank is by them to support with whichever financial service they may require in the journey.

Your Bank offers a wide array of loans through Banking Unit ('BU') outlets under Banking Units 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. The Bank operates its Group Loans and Small Business & Agri Loans ('SBAL') business channels from its BU outlets.

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. 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, your 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 the FY under review, your Bank opened 138 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 23,77,606 new borrowers during the FY 2022-23. The portfolio for Group Loans stood at ₹ 38,059 crore whereas SBAL portfolio stood at ₹18,765 crore at the end of FY 2022-23 as your Bank worked towards bringing additional measures in credit control in order to improve the quality of portfolio.

Your Bank now has nine loans products under its Group Loans, SBAL and other categories, which are provided from Banking Unit outlets to cater better to the varied demands and needs of its customers:

Group loans

1. **Srishti Loan:** Timely funds to start a new business or grow an existing one. Loan size is from ₹15,000 to ₹1,00,000.
2. **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.
3. **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.

4. **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 individuals involved in an array of income generation activities. Loan amount is from ₹50,001 to ₹3,00,000.
2. **Suyog Loan:** Loan amount is up to 50 per cent. of the disbursement amount of running Sahayata loan. Sanctioned to help customers fulfil their additional short-term business requirement during their ongoing loan.
3. **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.

Other loans

1. **Micro Home Loan:** Your Bank offers Micro Home Loan ranging from ₹1,00,000 to ₹10,00,000 to existing Banking Unit Borrowers for construction as well as renovation of their houses so that their dream of their own house does not remain unfulfilled.
2. **Two-wheeler Loan:** Your Bank offers two-wheeler loans ranging from ₹30,000 to ₹1,20,000 to existing Banking Unit Borrowers. It brings them a step closer to their aspirations.

During the FY under review, your Bank has taken various initiatives:

- 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.
- Awareness about using digital solutions, like smartphone-based transactions and use of credit/debit cards for online transactions are still persistent issues to the customers under the Banking Unit 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.
- Your Bank has been driving the transformation of customers at the ground level. Your Bank has already started migrating vintage and quality customers to Small Business and Agri loans from their existing group loans by laying out a strategy to increase the share of Small Business and Agri loans in overall portfolio of Banking Units vertical and extending new

product offerings, such as Sahayata Loan, Two-Wheeler Loan, and Micro Home Loan as per their changing requirements.

- 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 across levels and locations. This includes online and classroom training sessions.
- Your Bank has taken several initiatives to strengthen the credit assessment process for Group loan and SBAL, and other loans in order to have a better portfolio. Your Bank has further started initiating deployment of separate Loan Sanctioning team to manage the end-to-end loan sanctioning process for SBAL loans.

With the advent of Microfinance master circular dated March 14, 2022 (updated on July 25, 2022) issued by the RBI, your Bank has revised its processes and guidelines in order to align its microfinance loans with the said guidelines to better cater its customers.

Commercial Banking

Small Enterprise Loan ('SEL')

In the current economic scenario, India is a country burgeoning with small businesses which are regularly in need of short to medium-term funding to maintain and grow their businesses. The Small Enterprise Loan vertical of your Bank empowers these businesses to expand their business by extending to them business loans tailored to suit their needs.

With the COVID pandemic now firmly behind us, the small-enterprise segment is now expected to grow at a much faster rate than in the recent past, thus making it all the more essential for your Bank to offer loans to these firms and aid them in their pursuit of growth and expansion, in turn contributing to the overall betterment of the country.

In an endeavor to understand its customers better, your Bank's SEL vertical has constantly taken inputs from borrowers and with the help of these inputs, updated and added to the catalogue of offered products to remain at par with other leading banks of the country.

The following products are presently offered under SEL:

- **SEL Term Loans (₹1.01 lakh to ₹10 lakh)**
These are term loans with a tenure of one to three years, and they are aimed towards financing working capital or asset creation needs of small businesses or other short-term business requirements. These loans range from ₹1.01 lakh to ₹10 lakh.
- **SEL Max Loans (₹10.01 lakh to ₹25 lakh)**
This is similar to SEL Term Loans, but it is targeted towards slightly larger enterprises in terms of revenue, which might need loans of value higher than ₹10 lakh. These loans range from ₹10.01 lakh to ₹25 lakh.

- **SEL Secured Overdraft Loans (₹10.01 lakh to ₹25 lakh)**

This overdraft product has been added to your Bank's SEL product bouquet during FY 2022-23 with a vision to cater to the MSME borrowers who need working capital in form of an overdraft and are willing to pledge a security for the loan. The range for this product is ₹10.01 lakh to ₹25 lakh and the overdraft limits are subject to renewal on a yearly basis.

Business Banking Group

Business Banking Group ('BBG') offers loan products at competitive rates of interest to SME borrowers for meeting their working capital or capital expenditure requirements, including non-fund-based facilities. The interest rate offered is correlated with the applicant's profile and credit rating. These are secured loans generally between ₹25 lakh to ₹5 crore extended to businesses involved in manufacturing, trading, and services, 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. To promote ease of process, your Bank is in the advanced stage of deploying the Loan Originating System that automates and manages the end-to-end steps in the loan process. Also, the cash management for commercial clients has been launched and implementation of trade services is in the advanced stage. The BBG fund based Book was at ₹535 crore as on March 31, 2023 as against ₹297 crore as on March 31, 2022, registering a growth of about 80 per cent. during FY 2022-23.

In line with various government initiatives and regulatory instructions, Board-approved Credit and related Policies are in place to continue extending support in the aftermath of the COVID-19 pandemic, in the form of Emergency Credit Line Guarantee Scheme, Resolution Framework, etc., to the deserving and eligible borrowers, based on requests.

Commercial – LAP

Your Bank caters to proprietorships, partnerships, private limited companies, public limited companies (not listed on exchange) and individual business for loans against property ('LAP'). This is in line with your Bank's overall objective of increasing the secured lending portfolio. It is quite a competitive segment in the financial services industry. Your Bank will leverage its 1,400+ bank branches besides sourcing from the open market. Additionally, your Bank will have a higher level of engagement with customers by not only building the LAP book but also transitioning the entire customer relationship to your Bank. This product launched towards the end of FY under review, your Bank has laid an ambitious plan to scale up and build a quality book by end of FY 2023-24. As we move along, your Bank will use technology for better turnaround time which is essential for doing well in this space. Your Bank has a bouquet of programs to cater to most of the sectors in the market in the LAP space. With hiring of people underway, your Bank is set to make the most in the FY 2023-24. The focus would be on the top 30 cities for the LAP product which constitute 85 per cent. of the total LAP market. The book-size stood at ₹53.14 crore, as on March 31, 2023.

Mid-Market Group

Mid-Market Group ('MMG') offers loan products at competitive rates of interest to majorly medium enterprises and mid corporate

borrowers for meeting their working capital or capital expenditure requirements, including non-fund-based facilities. The interest rate offered is correlated with the applicant's profile and credit rating. These are secured loans of generally more than ₹5 crore extended to businesses involved in manufacturing, trading, and services, 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. To promote ease of process, your Bank is in the advanced stage of deploying the Loan Originating System that automates and manages the end-to-end steps in the loan process. Also, the cash management for commercial clients have been launched and implementation of trade services is in the advanced stage. The MMG fund based Book was at ₹3,605 crore as on March 31, 2023 as against ₹1,871 crore as on March 31, 2022, registering a growth of about 93 per cent. during FY 2022-23.

In line with various government initiatives and regulatory instructions, Board-approved Credit and related Policies are in place to continue extending support in the aftermath of the COVID-19 pandemic, in the form of Emergency Credit Line Guarantee Scheme, Resolution Framework, etc., to the deserving and eligible borrowers, based on requests.

Financial Institution Group

Your Bank considers Institutional Lending to Non-Banking Financial Companies ('NBFCs')/Housing Finance Companies ('HFCs') and NBFC-Microfinance Institution ('NBFC-MFI'), 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 HFCs) 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 of this business was at ₹5,519.34 crore as on March 31, 2022, which has grown to ₹10,386.72 crore as on March 31, 2023. The Institutional book, comprising lending to NBFCs and MFIs, has grown by 88 per cent. Your Bank has expanded its reach while building Books through diversified asset class as well as geographies during the Financial Year under review.

Agribusiness Loans

Providing credit for agricultural activities not only helps increase production but also empowers farmers, and supports the backbone of the Indian economy- the agricultural sector. Your Bank recognizes the importance of this sector and offers a wide range of credit facilities to provide financial support to all participants in the Agri value-chain system. Currently, your Bank provides KCC loans to borrowers engaged in farming activities, including animal husbandry, pisciculture etc. with competitive interest rates and minimal documentation. By doing so, your Bank is making it easier for farmers to access credit and invest in their farms to increase productivity.

Moreover, your Bank is expanding its reach by offering both fund-based and non-fund-based facilities to entities involved in agri-

ancillary services, such as food and agri processors, Agri input dealers, etc. Additionally, your Bank provides credit facilities to support development of agricultural infrastructure.

Housing Finance

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

Loans are offered to Salaried as well as Self Employed individuals. In line with the objective to increase financial inclusion, your Bank also offers loans to New to Credit customers.

During the FY under review, the Housing loan services were extended from additional 33 Centers taking the presence to 389 Centers across 20 States and 2 Union Territories.

Your Bank continues to focus on housing finance and has disbursed ₹6,129 crore during the FY clocking a growth in disbursement of 17 per cent. Consequently, the loan book has grown to ₹26,577 crore indicating a growth of 12.8 per cent.

While your Bank continues to focus on Affordable Home Loans, a majority of loans are having a ticket size below ₹20 lakh. A major portion of the housing book is meeting the criteria for Priority Sector lending as the focus area continues to be Affordable housing. During the FY, your Bank continued a special campaign for higher ticket loans that was launched last year offering attractive and competitive rates of interest. The campaign received a very good response.

Your Bank has also started a Direct Sales Agent ('DSA') channel for sourcing of home loans. The DSA channel has picked up well and the contribution from the channel has been increasing. Your Bank is committed to the housing business and strives to increase the penetration in the Affordable as well as higher ticket size segments. With an objective to improve the servicing to the customers, your Bank is also strengthening the customer support and is in the process to launch digital journeys for customer onboarding and online support.

Your Bank offers loans at floating rates linked to an External Benchmark Rate ('EBR'). Your Bank has adopted the Repo rate announced by the RBI as the EBR rate. Your Bank also follows the principle of Risk based pricing and loans are offered based on the individual credit score arrived at based on multiple parameters. Existing customers who are serving floating rate loans linked to previous benchmark rates are also offered an option to convert their loans to EBR linked loans.

Retail Asset

With an objective to serve the financing needs of a larger population and to diversify the risk, your Bank has launched and strengthened several retail asset products during FY 2022-23. Customers can now avail various loans, like Gold Loans, Personal Loans, Two-Wheeler Loans, Car Loans and Commercial Vehicle &

Construction Equipment ('CVCE') Loans from the Bank.

- **Gold Loan:** Gold loan aims at fulfilling urgent monetary needs of the customers instantly, through its simplified documentation process quick turnaround time and wide branch network. Gold loans are given for a ticket size ranging from ₹10,000 to ₹40,00,000 for a tenure up to 3 years with a competitive rate of interest.
- **Personal Loan:** Your Bank has revamped the personal loan product and revised the sourcing model. The sourcing is being done by a dedicated sales team, catering to existing customers and 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 ₹25,00,000 for a tenure up to 5 years at a competitive rate of interest. Your Bank has been quickly ramping up this book during FY 2022-23. Total outstanding book stood at ₹897 crore as on March 31, 2023.
- **Two Wheeler Loans:** Your Bank has achieved and maintained a consistent growth rate and has reached to a sizable customer base with more than 90 per cent. New to Bank customers. The Two Wheeler loan program was redesigned to provide financing to existing as well as New to Bank customers for purchase of new Two Wheelers. Your Bank leveraged on its digital capabilities and using digital means, approved 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. Your Bank redesigned the product as per market standard with introduction of dealer/ channel based distribution model expanding its geographical footprint.
- **Car Loan:** Car Loan was launched by your Bank during the FY 2021-22, to meet the customers' aspirations of owning a car. Your Bank designed various product schemes for loan amounts ranging from ₹1,00,000 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. Your Bank has built a sizable book of new car loans and has also launched new product used car Loan during the second half of FY 2022-23 to cater the larger strata of customers and to increase the profitability of overall auto loans business.
- **CVCE Loan:** Road transport plays an important role in freight and people movement owing to its end-to-end connectivity and flexibility. In light of increased pace of economic activity, increased focus on manufacturing growth and e-commerce, CVCE product was launched in this year for self-employed customers & non-individual entities, looking for a loan from ₹1 lakh to ₹15 crore. The Bank aims to provide the best deals to existing as well as new customers, through its existing branch channel, manufacturers & dealer network.

Branch Banking

Your Bank takes pride in offering a wide range of retail liability products that cater to its customers' diverse financial needs. Your Bank has a strong focus on customer service and constantly strives to provide innovative and convenient banking solutions.

During the FY under review, your Bank's deposit portfolio witnessed robust growth, with a total deposit base of ₹1,08,069 crore as of March 31, 2023. This represents a growth of 12 per cent. in the overall deposit franchise as compared to previous FY. While the growth in deposits was primarily driven by an increase in savings and current account deposits, the contribution from the Affluent Savings business segment which consists of the flagship products like the Elite and Premium Savings remained unmatched. This segment alone contributed to an overall SA growth of 15 per cent. as compared to previous FY. Your Bank also witnessed a steady growth in Term deposits, which grew by 17 per cent. over previous FY.

Your Bank has implemented various initiatives to ensure that the retail deposit portfolio remains competitive and meets the evolving needs of customers, with extra attention to the Affluent segment. Your Bank has leveraged technology to enhance the customer experience and offer digital payment solutions that are secure and convenient.

Your Bank has also launched targeted marketing campaigns to educate customers about the benefits of its products and services. In addition, the customer onboarding process has been streamlined to ensure a seamless experience.

Your Bank's strong network of branches is a key element of the success and enables it to serve customers effectively. A total of 222 Branches were added during the FY under review taking your Bank's footprint to 1,411 branches, covering a wide range of locations across the country. This extensive network ensures that your Bank is able to reach out to a large number of customers and offer them a range of products and services that are tailored to their specific needs. The continued investment in expanding the footprint is a reflection of the commitment to providing high-quality financial services to customers across the length and breadth of the country.

The launch of "SMART-Android POS" is a testament to the commitment to providing innovative and customer-centric solutions to merchants. Your Bank is confident that this product will further strengthen the current account customer base as a leading player in the POS space and will help to continue delivering value to customers. Your Bank is confident that the merchants will be excited about the range of offerings and features that SMART-Android POS brings to the table.

Your Bank will keep leveraging technology to offer new and enhanced digital solutions that are secure, convenient, and user-friendly.

Your Bank remains committed to providing customers with best-in-class banking solutions and looks forward to serving them with the same zeal and commitment in the future.

Third Party Products

Your Bank currently distributes mutual funds, life insurance and general insurance, including health insurance products. The Financial Year under review has been a year of collaboration and resurgence. Your Bank continues to demonstrate a persistent focus on offering a robust and comprehensive product proposition to its customers. In the General Insurance business, your Bank continued to serve its customers in their quest towards healthy living by offering them a wide variety of health insurance solution based product proposition. In the life insurance business, your Bank continues in its quest of offering a wide bouquet of products to cater to different life cycles and life stages of its customers. Your Bank has also been working tirelessly to build an analytics and technology driven business franchisee to offer the best in class insurance solutions to its customer base. In mutual funds distribution, your Bank continues to focus on a research driven distribution strategy with a vision of providing its customers the ease and flexibility while planning for investments. This year your Bank has launched the distribution of Mutual Funds through its Retail Internet Banking (RIB) platform in its continuous efforts towards offering customers further convenience and benefits.

Your Bank continues to invest towards building a segment driven, analytics and research based and technology embedded, 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 under review was ₹582.79 crore, earning an income of ₹5.14 crore. A total of ₹207.21 crore and ₹497.07 crore of general and retail life insurance business, respectively, were garnered through the retail network during FY 2022-23, earning a fee income of ₹26.65 crore and ₹153.52 crore, respectively. During FY under review, the life insurance business through the existing arrangement in all asset verticals amounted to ₹1,146.29 crore, earning an income of ₹58.10 crore. Your Bank has also earned ₹0.11 crore as commission for distribution of Atal Pension Yojana, NPS Lite Swavalamban schemes of PFRDA and others during the FY 2022-23.

Corporate Social Responsibility

Your Bank's core commitment to creating inclusive growth is reflected in its Corporate Social Responsibility ("CSR") initiatives, which focus on the empowerment of the marginalised sections of the societies residing in the vicinity of its operational area. The marginalised communities are confronted with multi-dimensional 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.

To address its societal commitments, your Bank has adopted a comprehensive CSR policy that outlines the CSR programmes of your Bank, which are 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 Corporate Social Responsibility 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**'). During the FY under review, the scope of the CSR Committee has been broadened to oversee the implementation of the Business Responsibility and Sustainability Reporting ('**BRSR**') related initiatives of the Bank and accordingly, the name of the Committee has been changed to the Corporate Social Responsibility and Sustainability Committee of the Board ('**CSR&SCB**'). The composition of the CSR&SCB is given in the Corporate Governance Report which forms part of this Report.

During the year under review, your Bank has contributed ₹52.93 crore towards 19 CSR programmes implemented through a Project Implementing Agency ('**PIA**'). These CSR programmes were spread across 379 project locations in 63 districts of 8 states of India, reaching out to 4,08,789 individuals during the FY under review.

In terms of the provisions of Rule 8(3) of the CSR Rules, your Bank appointed KPMG Assurance and Consulting Services LLP ('**KPMG**') to carry out an independent Impact Assessment of its CSR Programmes. Further, in terms of the General Circular No. 14 /2021 dated August 25, 2021, issued by the Ministry of Corporate Affairs, Government of India, the Impact Assessment Report is available at the Bank's website <https://www.bandhanbank.com/beyond-banking>, and the programme wise summary of the same is mentioned in the subsequent sections.

The details of CSR programmes undertaken pursuant to the provisions of the Companies Act and in accordance with the Annual Action Plan, during the FY under review are given as **Annex – 1** and forms part of this Report. The CSR Policy as recommended by the CSR&SCB and approved by the Board is available on the Bank's website: <https://bandhanbank.com/sites/default/files/2023-01/CSR-Policy-210123.pdf>.

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

Targeting the Hard-Core Poor Programme

During the year under review, your Bank has contributed ₹ 16.50 crore (₹27.88 crore in FY 2021-22 and ₹18.20 crore in FY 2020-21) towards the three projects of Targeting the Hard-Core Poor ('**THP**') programme. The programme is designed for ultra-poor women-headed households, providing them with a range of gainful micro-enterprises in the form of farm, non-farm and mixed assets, 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 until they generate substantial income from the provided assets. Within a period of 18-24 months, these

ultra-poor women start graduating, uplifting themselves from extreme poverty¹ and getting linked to mainstream society².

During the year under review, 18,000 ultra-poor women were provided farm, non-farm and mixed assets to sustain their livelihoods. These women belonged to 11 districts of Assam, Jharkhand, Odisha, Uttar Pradesh and West Bengal.

The Impact Assessment Study carried out by KPMG indicated that between the period of 2017 and 2022, more than 29,000 women were alleviated from below the 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 an average monthly income of ₹7,000. Additionally, 29,487 women had improved savings habits and access to safe and secure shelter.

In addition to the above impact assessment study, an independent, long-term study conducted by the Nobel Laureate Dr Abhijit Banerjee et.al.³, based on Randomised Control Trials ('**RCT**') method, found that seven years after the asset was first distributed, the average income from the farm, non-farm and daily wages of the treatment group was higher by 286 per cent., 100 per cent. and 25 per cent., respectively, as compared to the average income of the control group. The study further emphasises that this higher income 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 study further states that the monthly consumption of those assigned to the treatment group increased by 25 per cent. as compared to the increase of 12 per cent. monthly consumption of those assigned to the control group. Further, the amount deposited in the savings account by the treatment group was more than double as compared to the control group and there was also an increase in institutional borrowings.

The study highlighted 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, earn 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.

Bandhan Health Programme

During the FY under review, your Bank has contributed ₹ 12.02 crore (₹18.49 crore in FY 2021-22 and ₹15.67 crore in FY 2020-21) towards six health programmes covering 34 districts in five states of India. The health programmes covered 2,22,042

¹ Poverty Line benchmarked according 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.

beneficiaries during the year.

The Impact Assessment study conducted by KPMG indicated that the programme contributed in the improvement of institutional deliveries increased by 10 per cent. in phase III project and 2 per cent. in phase IV project. The complete ante-natal care ('ANC') increased by 4 per cent. in both phase III and phase IV projects whereas the complete immunisation increased by 10 per cent. in phase III and 21 per cent. in phase IV projects. The study further estimated that over 3.23 lakh children were covered under the nutrition initiative between 2017 and 2021. The study also highlights that there has been a reduction in malnutrition among children below five years of age from 14 per cent. to 4 per cent.

A study conducted by Grameen Foundation and Freedom from Hunger India Trust from 2015 to 2018⁴, concluded that there was an increase in the level of awareness on Mother and Child Health ('MCH') from less than 10 per cent. to greater than 90 per cent. amongst the women who participated in the health awareness programme and the awareness amongst the adolescent girls on managing menstrual complications increased from 20 per cent. to 80 per cent.

Bandhan Education Programme

Your Bank's education programme provides quality education to the children belonging to the marginalised section of society in your Bank's catchment area. The education programme enables the children to improve their learning outcomes, especially in Science, Technology, Engineering 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.

Your Bank contributed ₹15.99 crore (₹17.01 crore in FY 2021-22 and ₹14.80 crore in FY 2020-21) towards the education programme benefiting 62,574 marginalised children across 43 districts of five states of India.

The Impact Assessment study conducted by KPMG 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.

Skill Development Programme

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 of the placements so that the youths are settled in their job post-training.

During the year, your Bank contributed ₹3.69 crore (₹4.79 crore in FY 2021-22 and ₹4.89 crore in FY 2020-21) towards the skill development initiatives in 18 districts of five states of India. These PIAs operated 11 skill development 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, etc.

Overall 22,220 youths have been trained under this programme till date, of which 75 per cent. were placed with net salaries 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).

The study conducted by KPMG indicated that between 2016 and 2021, 11,191 youths 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 ₹13,265 with an average increase in the monthly household income by 24 per cent.

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. These 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., create 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 1,20,000 kilolitres 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 of establishing a "Bio-shield" to save the mangroves in the Bharuch district of Gujarat. Mangrove plantation of 67,540 saplings was carried out on 20 Hectares in a stretch of 1 km of coastline along with plantation of other medical plant species and fodder species, sequestering over 4,400 tonnes of CO₂ 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 plant harvesting.

⁴ 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

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/sites/default/files/2022-09/Dividend-Distribution-Policy.pdf>.

In line with this policy and in recognition of the financial performance during FY 2022-23, while retaining capital to maintain a healthy capital adequacy ratio to meet growth requirements, your Directors are pleased to recommend a dividend of ₹ 1.50 per equity share of ₹10 each fully paid-up (15 %) for the financial year 2022-23, as against no dividend for the financial year 2021-22, for approval by the shareholders at the 9th Annual General Meeting ('AGM') of the Bank.

Pursuant to the provisions of Income-tax Act, 1961 ('IT Act'), dividends paid or distributed by the Bank shall be taxable in the hands of the shareholders and the Bank shall be required to deduct tax at source ('TDS') at the prescribed rates from the dividend to be paid to Members, subject to the approval of dividend by the shareholders in the ensuing AGM. Further details are available in the notice of the 9th AGM of the Bank.

Transfer to Reserves

In line with the RBI regulations, your Bank has transferred an amount of ₹548.66 crore to the statutory reserve during the financial year ended March 31, 2023.

Issuance of Equity Shares & Capital Adequacy Ratio

During the FY under review, your Bank has allotted 70,613 equity shares of ₹10 each fully paid-up pursuant to exercise of stock options by the eligible Employees of your Bank, aggregating to face value ₹7,06,130.

Post allotment of aforesaid equity shares, the issued, subscribed and paid-up equity share capital of your Bank stood at ₹16,10,83,64,800, comprising 1,61,08,36,480 equity shares of ₹10 each fully paid-up as on March 31, 2023.

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, 2023.

Your Bank's capital adequacy ratio ('CAR'), calculated in line with the RBI Circular on Capital Adequacy Framework, stood at 19.76 per cent. as on March 31, 2023, well above the minimum regulatory requirements, out of which Tier 1 CAR was 18.70 per cent. and Tier 2 CAR was 1.06 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 2022-23. Accordingly, no statement is required to be reported in Form AOC-1.

Awards and Recognitions

Your Bank has received several prestigious awards and recognitions from various revered institutions during the FY under review, which are as under: –

- Your Bank was recognised as one of the world's best banks by **Forbes and Statista**.
- Your Bank received the 2023 **Gallup Exceptional Workplace Award**. The Bank was among the only 57 organizations worldwide that received this recognition.
- Your Bank received the **IBS Intelligence Global Fintech Award** for its exceptional implementation of corporate internet banking.
- Your Bank received **The Pride of India Brands Award by Exchange for Media**, in recognition of its innovative and excellent products, processes, and marketing practices.

Rating of Various Debt Instruments

Details of rating of various debt instruments of the Bank as on March 31, 2023 are as under:

Instruments	Rating	Rating Agency	Amount (₹ in Crore)
Term Loan from Banks	[ICRA]AA(Negative)	ICRA	80
Certificate of Deposit	[ICRA]A1+	ICRA	6,000 ⁽¹⁾
	CRISIL A1+	CRISIL	
Non-Convertible Debentures ⁽³⁾	[ICRA]AA(Negative)	ICRA	1,560 ⁽²⁾
	CRISIL AA/Negative	CRISIL	

⁽¹⁾ rating of ICRA is for ₹3,000 crore only

⁽²⁾ rating of ICRA is for ₹110 crore only

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

Board of Directors

The composition of the Board of Directors of your 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 its Articles of Association. At the end of March 31, 2023, the Board of your Bank had thirteen Directors, out of which nine were Independent Directors, two were Non-Executive Non-Independent Directors i.e. one Nominee each of Bandhan Financial Holdings Limited and Caladium Investment Pte. Ltd., and the Managing Director & CEO, and one Executive Director.

Appointments

Mr. Ratan Kumar Kesh (DIN: 10082714)

The Board of Directors of the Bank, at its meeting held on March 21, 2023, on the basis of the recommendation of the Nomination and Remuneration Committee of the Bank ('NRC') and as per the approval granted by the RBI vide its letter dated March 20, 2023, had approved the appointment of Mr. Ratan Kumar Kesh

(DIN: 10082714) as the Whole-time Director [Category: Additional Director], designated as Executive Director ('ED') and Key Managerial Personnel of the Bank, for a period of three years, liable to retire by rotation, with effect from March 31, 2023, subject to Shareholders approval. Accordingly, approval of the Shareholders of the Bank has been sought vide Postal Ballot Notice dated May 19, 2023 for appointment of Mr. Kesh as the Whole-time Director, designated as ED and Key Managerial Personnel, for a period of three years, with effect from March 31, 2023 up to March 30, 2026, as per the said approval granted by the RBI.

Mr. Ratan Kumar Kesh, a BE Mechanical from NIT, Durgapur, has more than 28 years of experience in multiple industries including Banking & Finance, Manufacturing and Service Industry. He is an Advanced Quality Engineer from Quality Council of Indiana, USA. He possesses a Post Graduate Diploma in Business Management from NMIMS, Mumbai. He has also completed a Business Leadership Course from IIM, Ahmedabad & a Strategic Agility Leadership Course from Harvard Business School.

With nearly three decades of stellar experience, Mr. Kesh has a track record of leading complex operations including transformation, automation, customer experience, quality improvement and other related functions. He is a hands-on leader who has helped scale and address operational challenges with ease consistently at reputed banking organisations in India namely ICICI Bank, HDFC Bank, Yes Bank and Axis Bank.

Re-appointments

Ms. Divya Krishnan (DIN: 09276201)

In terms of the provisions of Section 152 of the Companies Act, Ms. Divya Krishnan, Non-Executive Non-Independent Director (Nominee of Bandhan Financial Holdings Limited), being longest in office, shall retire at the ensuing AGM and being eligible, offers herself for re-appointment.

Mr. Subrata Dutta Gupta (DIN: 08767943) and Mr. Suhail Chander (DIN: 06941577)

Mr. Subrata Dutta Gupta and Mr. Suhail Chander were appointed as Independent Directors of the Bank, effective March 19, 2021, for a period of three years each and their respective current terms are expiring on March 18, 2024. 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 May 26, 2023, has approved their re-appointments as Independent Directors of the Bank, not liable to retire by rotation, for the second term of five years each, effective March 19, 2024, subject to the approval of Shareholders of the Bank, by way of special resolution(s), at the ensuing AGM.

The resolution(s) in respect of re-appointment(s) of the Directors, as aforesaid, have been included in the Notice convening the 9th 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 proposed for re-appointment, will attain 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 8th AGM of the Bank held on August 10, 2022:

- Appointment of Ms. Divya Krishnan (DIN: 09276201) as a Non-Executive Non-Independent Director of the Bank (Nominee of Bandhan Financial Holdings Limited), liable to retire by rotation, effective May 11, 2022.
- Appointment of Mr. Philip Mathew (DIN: 09638394) as an Independent Director of the Bank, not liable to retire by rotation, for a period of three years, effective June 15, 2022.
- Appointment of Dr. Aparajita Mitra (DIN: 09484337) as an Independent Director of the Bank, not liable to retire by rotation, for a period of three years, effective July 13, 2022.
- Re-appointment of 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 8th AGM of the Bank, and who, being eligible, had offered himself for re-appointment.
- Re-appointment of Mr. Narayan Vasudeo Prabhutendulkar (DIN: 00869913) as an Independent Director of the Bank, not liable to retire by rotation, for the second term of five years, effective May 08, 2023.
- Re-appointment of Mr. Vijay Nautamlal Bhatt (DIN: 00751001) as an Independent Director of the Bank, not liable to retire by rotation, for the second term of five years, effective May 08, 2023.

Cessations

During the financial year under review, the following Directors ceased to hold office of Director:

- Mr. Ranodeb Roy (DIN: 00328764) ceased to be a Non-Executive Non-Independent Director with effect from May 11, 2022 pursuant to the withdrawal of his nomination by Bandhan Financial Holdings Limited from the Board of the Bank.
- Mr. Snehomoy Bhattacharya (DIN: 02422012), Independent Director, completed his second term of four years on the Board of the Bank on July 08, 2022. Accordingly, he ceased to be the Director of the Bank effective July 09, 2022.
- Ms. Raji Thekedathumadam Subramani Gain (DIN: 07256149), Independent Director, completed her second term of four years on the Board of the Bank on August 05, 2022. Accordingly, she ceased to be the Director of the Bank effective August 06, 2022.

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

Key Managerial Personnel

During the financial year under review, Mr. Ratan Kumar Kesh was appointed as Executive Director and Key Managerial Personnel for a period of three years effective March 31, 2023. Accordingly, Mr. Chandra Shekhar Ghosh, MD & CEO; Mr. Ratan Kumar Kesh, Executive Director; 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.

Meetings of the Board and Board Committees

The Board met fifteen times during the FY under review i.e., on May 11, 2022; May 13, 2022; June 15, 2022; July 13, 2022; July 22, 2022; September 14, 2022; October 26, 2022; October 28, 2022; December 29, 2022; January 18, 2023; January 20, 2023; February 23, 2023; February 24, 2023; March 21, 2023 and March 31, 2023. 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 this Report.

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 and Sustainability 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 of such meeting(s) have been provided separately in the Report on Corporate Governance forming part of this Report.

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 this Report, enclosed as **Annex – 4**.

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 the 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 have been provided separately in the Report on Corporate Governance forming part of this 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 Chairmen of Board Committees have done performance evaluation of their respective Committees. Thereafter, the report on performance evaluation of Directors, excluding NRC members, and the 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 this Report. The Policy on Appointment and Fit & Proper Criteria for Directors is reviewed on annual basis and accordingly the Policy was reviewed by the Board on the recommendations of the NRC without any changes. The Policy is available on the Bank's website at: <https://bandhanbank.com/sites/default/files/2022-09/Policy-on-Appointment-and%20Fit-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 this Report. The Compensation Policy is reviewed on annual basis and accordingly, the Policy was reviewed by the Board on the recommendation of the NRC to align with the regulatory requirements. The updated Compensation Policy of your Bank is available on the Bank's website at: <https://bandhanbank.com/sites/default/files/2023-04/Compensation-Policy-050423.pdf>.

Employees Remuneration

As on March 31, 2023, your Bank had 69,702 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, is appended separately as **Annex – 2(a)** and forms part of this 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 also forming part of this 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 the 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 administered 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 the SEBI SBEBSE are available on the website of the Bank at <https://bandhanbank.com/annual-reports>.

Further, as required under the 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 during 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 Statement for the FY ended March 31, 2023, forming part of this Annual Report for FY 2022-23.

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 & the 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 Top/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 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 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 the 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 appraises the Audit Committee of the Board ('**ACB**'), the Board and the Top/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 in critical systems and processes, and compliance with regulatory guidelines. The Bank has put in place appropriate 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 that independent checks and balances are in place, and that laid down policies and procedures are followed 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

During the year under review, there were no materially significant transactions with related parties, which could lead to a potential conflict of interest between the Bank and these parties. Prior-

approval of the ACB is sought for all the related party transactions. Further, prior omnibus approval is also 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, 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. In terms of the amended definition of Related Party under the SEBI LODR, the promoter and member of promoter group are considered as Related Parties with effect from April 01, 2022. Accordingly, in terms of the provisions of Regulation 23 of the SEBI LODR, the approval of Shareholders were obtained at 8th AGM of the Bank for material related party transactions with the promoter entities i.e. Bandhan Financial Holdings Limited, Bandhan Financial Services Limited, Financial Inclusion Trust and North East Financial Inclusion Trust for the FY 2022-23 and upto 9th AGM of the Bank for banking transactions at arm's length and in ordinary course of banking business of the Bank. The proposal for material related party transactions for FY 2023-24 and upto 10th AGM of the Bank is being submitted before the shareholders at 9th AGM for their approval.

There were 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/2021-22/83 DOR.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 Statement for the FY 2022-23. Your Bank has a Policy on dealing with Related Party Transactions, which is reviewed on annual basis and accordingly the Policy was reviewed by the Board on the recommendation of the ACB without any changes. The Policy is available on the Bank's website: <https://bandhanbank.com/sites/default/files/2022-09/Policy-on-Dealing-with-Related-Party-Transactions.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 Statement for the FY 2022-23, 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. During the financial year under review, as part of annual review process, the Board on the basis of recommendation of the ACB, segregated the Policy into two Policies i.e. Vigilance Policy and Whistle Blower Policy. The Whistle Blower Policy aims at putting in place a Detailed Protected Mechanism based on the directions of RBI ('Protected Disclosures Scheme for Private Sector and Foreign Banks') and also 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. The complaints / disclosures under the Scheme covers the areas such as corruption / malpractices, misuse of office, criminal offences, suspected / actual fraud, failure to comply with existing rules and regulations, where such acts result in financial loss / operational risk, loss of reputation, etc. which may be detrimental to the interest of the Bank, its depositors and the public.

Your Bank promotes and makes available at all times, a Clean, Open and Transparent workplace, wherein business transaction, professionalism and productivity are seen as hallmarks of business practice. Your Bank is also 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. The Whistle Blower Policy provides adequate safeguards against the victimisation of the Directors and employees who avail this mechanism and ensures that the personnel get direct access to the Chairman of the ACB. None of the Bank's personnel has been denied access to the ACB. The said Policies are available on the Bank's website at https://bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2022-11/Whistle_Blower_Policy_291122.pdf and https://bandhanbank.com/sites/default/files/2022-11/Vigilance_Policy_291122.pdf.

Significant and Material Orders passed by Regulators or Courts or Tribunals

During FY 2022-23, 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. For other details, please refer to note no. 18.8(A) to the annual financial statement for the FY 2022-23.

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 on Auditors') issued by the 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 the RBI on an annual basis. Further, in terms of the RBI Guidelines on Auditors 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. Further, the Members of the Bank at the 8th AGM held on August 10, 2022 had approved the appointment of M/s. Singhi & Co., Chartered Accountants (ICAI

Firm Registration No. 302049E), as the 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 to be held in 2025.

The Independent Auditor's Report, given by the Joint Statutory Auditors on the financial statement of the Bank for the financial year ended March 31, 2023, 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 had appointed CS Hansraj Jaria, Practising Company Secretary (FCS No.: 7703, C.P. No.: 19394), as the Secretarial Auditor to conduct Secretarial Audit of the Bank for FY 2022-23. Accordingly, the Secretarial Audit Report for FY 2022-23 is enclosed to this Report as **Annex – 3**. There is no qualification, reservation, adverse remark or disclaimer in the Secretarial Audit Report. Further, no offence of 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 this Report as **Annex – 4**.

A Certificate from CS Anjan Kumar Roy, Practising Company Secretary (C.P. No. 4557), regarding compliance with the conditions of Corporate Governance, as stipulated in the SEBI LODR, is annexed to the Report on Corporate Governance, which forms part of this 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, 2023, 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, 2023, 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 & Analysis

The Management Discussion & Analysis Report for the FY 2022-23, as prescribed under the SEBI LODR, forms part of this Report, and is enclosed as **Annex – 5**.

Business Responsibility and Sustainability Report

In terms of the provisions of Regulation 34(2)(f) of the SEBI LODR read with the SEBI's circular dated May 10, 2021, the Business Responsibility and Sustainability Report ('BRSR') of your Bank providing its performance against the nine principles of the 'National Guidelines on Responsible Business Conduct' (NGBRCs) forms part of this 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, two complaints were pending and during the FY, thirteen complaints were received, out of which twelve complaints had been closed during the FY. Three 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 in line with Energy

Conservation Building Code ('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 premises;
- **Daily operations and usage:** Conservation through basic hygiene practices on energy usage through occupancy sensors, zoning of electrical circuits and master switches for premises. In the recent past, the Bank has put up three mega currency chests with five star energy ratings;
- **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 loss of the Bank was ₹248.76 lakh {including the net gains/ (losses) arising in all exchanges/derivatives transactions} whereas the foreign exchange outgo was ₹567.29 lakh during the Financial Year 2022-23.

Human Resource Management

Your Bank has rapidly adapted to the new norms post-COVID and started to build the business and gain momentum in its growth journey. Your Bank has continued its endeavor towards improving employee productivity, wellness, creating new genre-spanning learning modules, and providing a forum for employee feedback. Your Bank continued emphasizing the growth of branches and verticals in order to achieve better penetration and reach out to every potential consumer market. A strong, collaborative, and empathetic leadership model is at the heart of your Bank's strategy. Your Bank values its people and the contributions they make, which have ensured its success.

Your Bank knows that employees need a sense of purpose and an environment that supports productivity, creativity, and empowerment. This is why engaging with employees and measuring that engagement is so important. Your Bank engaged a global

agency – Gallup, to conduct an employee survey and has given the opportunity to more than 40,000 employees to voice their opinion. Your Bank is intending to create a workplace of choice that offers a highly engaging working environment.

Your Bank has achieved below key milestones towards building a great workplace with human centric approach:

- Competency based grade promotion process to nurture talent and to elevate employee. 9,307 employees promoted during FY 2022-23;
- 5,690 employees were identified for role elevation during FY 2022-23 in the Bank to extend opportunity to internal talent;
- Continued adopting digitization for an enhanced employee experience by Introducing portals like Bandhan Express.
- Revamped the Retail Asset Model and on-boarding more than 1,229 manpower during FY 2022-23. Your Bank has opened 31 Retail Asset centers across the Country.
- Through the Campus Hiring program, your Bank created a young talent base. During FY 2022-23, your Bank covered 154 Campus across country hiring 1,102 Fresh talent from premier colleges.

Your Bank's workforce has grown by 4.3X over the course of more than 7 years, creating a diverse mix of employee, building culture of values-driven growth, professionalism, and ethical governance. The essential cornerstone of the Bandhan Bank approach to resilience is a devoted and engaged team.

Our human resources management strategy is centred on creating a supportive, interesting, and collaborative workplace while continuing to be customer-centric, performance-driven, and future-ready. Your Bank has received the "Gallup Exceptional Workplace Award" in recognition of its efforts in the area of human resources. We rank among the most prestigious companies that are genuinely altering how people perceive work and life as an award winner.

Employees' Learning and Development:

Both staff retention and performance improvement depend on employees' growth and learning. Your Bank's training programs have evolved to upskill and prepare all employees for the future. During FY 2022-23, more than 99 per cent. of the workforce received at least one training through 12 learning centers, Bandhan EDGE (the online platform), and external learning initiatives taken up by your Bank. More than 16 lakh hours of training were imparted last year to your Bank's workforce at an average of 21.7 hours per employee.

Your Bank has a robust and comprehensive learning and development program consisting of various internal training modules and a comprehensive learning management system (LMS) platform used to deliver key e-learning programs to its employees. Some of the program initiatives are as below:

- The development programs for leadership teams are conducted by the Bank in alliance with several premier and reputable institutions.

- Promoting Culture of Ethics and Good Governance: By creating a culture that encourages employees to act ethically; A total of 83 senior management employees participated in the comprehensive Banking Ethics Program in FY2022-23.
- Programs on Regulatory Compliance: A number of learning measures are implemented to improve employees' understanding of KYC and AML/CFT, and compliance. All new hires are required to complete mandatory training modules covering the Code of Conduct, Information Security, KYC-AML-CFT, and other important and sensitive compliance-related topics.
- Management Development Programs: Management development programs and leadership development programs are done internally and externally to build managerial and leadership skills.

Risk Management

Your Bank operates an Integrated Risk Management Framework to manage the risks inherent to the financial services industry as it aims to create maximum value for shareholders, clients, employees and communities. Your Bank's view of risks is dynamic, reflecting the pace of change in the financial services industry.

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.

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. The Risk profile, as a part of Risk Appetite Framework, links the goals and priorities to risk management in a way that guides and empowers staff to serve customers well and achieve financial targets providing a holistic representation of all risks that it holds at a point in time, in the form of a dashboard.

Risk Culture

In your Bank, 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 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" and has a trickle-down effect on all employees. Thus, it supports a strong culture, which is defined by your Bank's expectations, thereby guiding how employees conduct themselves, work with colleagues, and make decisions. Your Bank has a well-defined Whistle Blower Policy in place.

Stress Testing

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. Your Bank also carried out reverse stress testing, in order to identify circumstances that may lead to specific, defined outcomes.

Internal Capital Adequacy Assessment Process ('ICAAP')

Your Bank carries out an internal assessment of material risks (ICAAP) annually to enable an evaluation of the amount, type and distribution of capital required to cover these risks. The ICAAP consists of a point-in-time assessment of exposures and risks at the end of the financial year, together with a forward-looking stress capital assessment. 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.

Risk Management Framework

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

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.

Major Risks

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 the 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.

Asset/Liability Management (ALM)

Your Bank actively assesses ALM Risk, which involves evaluating, monitoring and managing interest rate risk, market risk, liquidity and funding, which potentially can have a significant earnings impact.

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.

Climate-related Financial Risks

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 has further strengthened its Stress Testing Policy with the addition of various scenarios related to Climate risks.

Credit Risk

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 its 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 its values, code of conduct or policies.

Information Security and Cyber Risks

Cybersecurity risk is a priority for your Bank, and it continues to develop and enhance its controls, processes and systems in order to protect its networks, computers, software and data from attack, damage or unauthorized access. Your Bank is also proactively involved in industry cybersecurity efforts and working with other parties, including its third-party service providers and governmental agencies, to continue to enhance defenses and improve resiliency to cybersecurity threats.

Your Bank has not experienced any material loss relating to these or other types of cyber-attacks. Your Bank has 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 take into account proactive monitoring and management capabilities with sophisticated tools for detection, quick response, and backed by data and tools for sound analytics. Your Bank is also ISO 27001:2013 certified, for its information security management.

Operational Risk

Your Bank actively manages the Operational risk, which is the risk resulting from inadequate or failed internal processes, people and systems, or external events.

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

Market Risk

Your Bank actively manages Market risk, which 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.

Regulatory Risk

Your Bank recognizes the utmost importance of regulatory risk and keeps a close watch on the developments in the regulatory environment and analyses its expected impact on your Bank's businesses and strategy.

Reputational Risk

Your Bank's reputation is rooted in the perception of its stakeholders, and the trust and loyalty they place in it is core to its 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 is also measuring and tracking the idiosyncratic risks related to stock price movement, as also social as well as traditional media sentiments, complaints, regulatory action, etc. on a periodic basis.

Strategic & Business Risk

Your Bank is monitoring the Strategic Risk by tracking your Bank's competitive environment as well as any emerging risks, which may derail the overall Strategic pursuit so that suitable risk mitigation measures are timely taken.

Your Bank has a robust Business Risk Management Framework in place, which involves monitoring actionable metrics, including various financial indicators, as well as your Bank's competitive position in the industry.

Information Technology at the Bank

Information Technology has been one of the key driving factors for the growth journey of your Bank. In view of the same, your Bank has undertaken a technology transformation journey with an overall objective to leverage cutting edge technology as a differentiator in this rapidly changing competitive financial services landscape. Few major initiatives taken during the FY 2022-23 are mentioned below:

- Application transformation journey has been undertaken, led by implementation of Oracle FlexCube as CBS.
- Other important critical applications which are under the purview of transformation includes:
 - i. Treasury
 - ii. Loan Origination System (LOS)
 - iii. Retail Internet Banking (RIB) and Mobile Banking (MB)
 - iv. Corporate Internet Banking (CIB)
 - v. Debit Card Management System (DCMS)
 - vi. Third Party Products (TPP)
 - vii. Document Management System (DMS)
 - viii. Cash Management Services (CMS)
 - ix. Enterprise Data Lake (EDL) to cater to MIS reports
- The Housing Finance solution has been migrated to Oracle FlexCube.

Your Bank has taken the following initiatives on IT Infrastructure as a part of the transformation journey:

- Your Bank has already built its Data Center ('DC'), Disaster Recovery ('DR') Center and Near DR ('NDR') sites. These have been reviewed by one of the Big 4 Firms, appointed by your Bank.
- IT Infrastructure capacity has been adequately enhanced keeping in view of the business growth of your Bank for the next 2-3 years' period.
- Your Bank has deployed its own Network Access Control (NAC) centre for a better monitoring, network management and to enhance the end-point security.
- Your Bank has entered into enterprise agreement with its principle vendors for use of its licenses at enterprise scale to ensure scalability and faster expansion of business.
- All Bank branches have been enabled with adequate capacity (primary & secondary) links for seamless customer experience.
- Your Bank has deployed high-end back-up and storage systems for ensuring high availability and security of data.

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 have occurred between the end of the Financial Year of the Bank, i.e., March 31, 2023, to which the financial statement 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, 2023, 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. Your Board will continue to strive for improvements as your Bank continues on its journey towards achieving its objectives.

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

Place: Kolkata
Date: May 26, 2023

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

**Annual Report on Corporate Social Responsibility (CSR) Activities
for the financial year ended March 31, 2023**

1. A Brief Outline on CSR Policy:

Approach – Bandhan Bank Limited (the ‘Bank’) has framed its Corporate Social Responsibility (‘CSR’) Policy in accordance with the provisions of Section 135 of the Companies Act, 2013 (the ‘Act’), read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Policy of the Bank has 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 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 to 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 & Sustainability (CSR&S) Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of the CSR &S Committee held during the year	Number of meetings of CSR&S 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. Vijay N Bhatt	Member, Independent Director	2	2

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

Sl. No.	Particulars	Web-link
1	Composition of CSR&S Committee	https://www.bandhanbank.com/corporate-governance
2	CSR Policy	https://www.bandhanbank.com/sites/default/files/2023-01/CSR-Policy-210123.pdf
3	CSR Projects	https://www.bandhanbank.com/beyond-banking

4. Executive Summary along with web-link(s) of 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:

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 at <https://www.bandhanbank.com/beyond-banking>.

5. CSR Obligation of the Bank for the financial year 2022-23 as per Section 135(5) of the Act:

Sl. No.	Particulars	Amount (in ₹)
A	Average net profit of the Bank as per sub-section (5) of Section 135	23,76,89,88,672
B	Two percent of the average net profit of the Bank as per sub-section (5) of Section 135	47,53,79,773
C	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	3,71,83,915
D	Amount required to be set-off for the financial year, if any	0
E	Total CSR obligation for the financial year [(B)+(C)-(D)].	51,25,63,688

6. Total amount spent on CSR projects for the financial year 2022-23:

Sl. No.	Particulars	Amount (in ₹)
A	Amount spent on CSR Projects (both Ongoing Projects and other than Ongoing Projects)	52,93,45,346
B	Amount spent on Administrative Overheads	0
C	Amount spent on Impact Assessment, if applicable	0
D	Total amount spent for the financial year [(A)+(B)+(C)]	52,93,45,346

E. CSR amount spent or unspent for the financial year 2022-23:

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
52,93,45,346	NIL	NA	NA	NIL	NA

F. Excess amount for set-off, if any:

Sl. No.	Particulars	Amount (in ₹)
(i)	Two per cent of the average net profit of the Bank as per sub-section (5) of Section 135	47,53,79,773
(ii)	Total amount spent for the financial year	*52,93,45,346
(iii)	Excess amount spent for the financial year [(ii)-(i)]	#4,33,55,021
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	3,71,83,915
(v)	The amount available for set-off in succeeding financial years [(iii)-(iv)]	61,71,106

* included the unspent CSR amount of ₹19,91,613 pertaining to FY 2021-22 and ₹86,18,939 pertaining to FY 2019-20.

excludes the unspent CSR amount for previous years as mentioned above

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

Sl. No.	Preceding financial year(s)	Amount transferred to the Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Amount Spent in the financial year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per the second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	FY-2021-22	19,91,613	19,91,613	19,91,613	0	NA	0	0
2	FY-2020-21	10,27,62,598	0	0	0	NA	0	0
3	FY-2019-20	6,07,30,000	86,18,939	86,18,939	0	NA	0	0

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year 2022-23:
 Yes No

 If Yes, enter the number of Capital assets created/ acquired

 Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year 2022-23:
9. Specify the reason(s), if the Bank has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135: Not applicable.

Chandra Shekhar Ghosh

 Managing Director & Chief Executive Officer
(DIN: 00342477)

Subrata Dutta Gupta

 Chairman
Corporate Social Responsibility & Sustainability Committee
(DIN: 08767943)

 Place: Kolkata
Date: May 26, 2023

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 2022-23

Sl. No.	Name of the Employee	Designation	Remuneration received during FY 2022-23 (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
A. Employees in service for the whole year (top ten employees in terms of remuneration drawn and employees drawing emoluments more than ₹1,02,00,000 per annum)								
1	Chandra Shekhar Ghosh	Managing Director & CEO	3,00,88,767	Regular	M.Sc. in Statistics with more than 34 years of experience	Since inception	62	Bandhan Financial Services Limited
2	Sunil Samdani	Chief Financial Officer	1,66,12,719	Regular	CA with 25 years of experience	14-Mar-2015	47	Karvy Financial Services Limited
3	Santanu Banerjee	Head-Human Resources	1,39,93,649	Regular	MBA with 27 years of experience	Since inception	53	Axis Bank Limited
4	Biswajit Das	Chief Risk Officer	1,35,98,049	Regular	MBA with 31 years of experience	27-Jan-2016	54	ICICI Bank
5	Sudheer Reddy Govula	Chief Compliance Officer	1,34,06,171	Regular	B.Sc with 27 years of experience	27-Sep-2021	55	HDFC Bank
6	Ronti Kar	Chief Information Officer	1,16,69,198	Regular	Master in Computer Science & Engineering with 29 years of experience	Since inception	54	Bandhan Financial Services Limited
7	Nand Kumar Singh	Head-Banking Operations & Customer Services	1,07,63,677	Regular	BA, PGDBM, CAIIB, 27 Years of Experience	Since inception	53	Axis Bank Ltd.
8	Ravi Lahoti	Chief Audit Executive	1,06,36,110	Regular	CA & CS with 17 years of experience	24-Oct-2019	44	HDFC Bank
9	Siddhartha Sanyal	Chief Economist and Head Research	1,06,14,247	Regular	M.A in Economics with 24 years of experience	19-Jul-2019	48	Barclays Bank PLC.
10	Satyajit Ghosh	Head-Banking Units	1,05,79,517	Regular	B.Com with 27 years of experience	Since inception	53	Bandhan Financial Services Limited
11	Sujoy Roy	Head-Branch Banking	1,05,00,755	Regular	MBA with 22 years of experience	Since inception	48	Axis Bank Ltd.
B. Employees in service for part of the year (drawing emoluments more than ₹8,50,000 per month)								
1	Shantanu Sengupta	Head-Retail Banking	1,32,41,148	Regular	MBA with 27 years of experience	28-Sep-2022	51	DBS Bank
2	Hirak Sumatiprasad Joshi	Head-Retail Assets	98,48,220	Regular	B.Com, PGDBM with 24 Years of Experience	06-Jun-2022	48	Ujjivan Small Finance Bank
3	Troy Joseph Stuart	Chief Digital Officer	95,92,405	Regular	B.Com, PGDBM with 28 Years of Experience	22-Aug-2022	49	Axis Bank Ltd.
4	Subhash Balkrishna Samant	Head-Housing Finance	85,38,202	Regular	MBA with 26 years of experience	30-Sep-2022	50	ICICI Bank Ltd.
5	Arindam Sarkar	Head-Treasury	12,93,817	Regular	B.Com (Hons), PGDM with 22 Years of Experience	01-Mar-2023	46	Axis Bank Ltd.
6	Ratan Kumar Kesh	Executive Director	65,029	Regular	B.E Mechanical, PGDBM with 28 years of experience	31-Mar-2023	52	Axis Bank Ltd.
7	Suresh Srinivasan Iyer*	Head-Housing Finance	1,47,24,150	Regular	MBA with 24 years of experience	17-Oct-2019	47	GRUH Finance

Sl. No.	Name of the Employee	Designation	Remuneration received during FY 2022-23 (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
8	Kamal Batra*	Head-Assets	1,16,79,238	Regular	B. Tech, PGDM with more than 25 years of experience in the field of Banking and Finance	14-Jul-2021	51	IndusInd Bank
9	Arvind Singla*	Head-Operations & Technology	97,67,525	Regular	MBA with more than 26 years of experience in banking industry and IT Sector	01-Feb-2021	51	Citi Bank
10	Sanjeev Nanyani*	Head-Business	45,23,820	Regular	MCA with 35 years of experience	18-Jul-2019	59	State Bank of India

* ceased to be associated with the Bank during the FY 2022-23

Notes:

1. 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, super annuation settlement, and superannuation perquisite. In case of the MD & CEO, includes deferred variable pay of previous year.
2. All appointments are terminable by one / three months' notice as the case may be on either side.
3. None of the employees listed above hold 2 per cent. or more of the paid-up equity share capital of the Bank as at March 31, 2023.
4. None of the employees listed above is a relative of any director 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: May 26, 2023

Annex - 2(b)

Disclosure on remuneration as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for FY 2022-23**1. Ratio of remuneration of each Director to the median remuneration of the employees of the Bank for the financial year 2022-23:**

Name	Designation	Ratio
Dr. Anup Kumar Sinha	Non-Executive (Independent) Chairman	19:1
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	130:1
Mr. Ratan Kumar Kesh ⁵	Executive Director	112:1
Dr. A. S. Ramasastry	Independent Director	19:1
Dr. Aparajita Mitra [#]	Independent Director	9:1
Ms. Divya Krishnan [#]	Nominee Director (Non-Executive Non-Independent)	14:1
Dr. Holger Dirk Michaelis	Nominee Director (Non-Executive Non-Independent)	12:1
Mr. Narayan Vasudeo Prabhutendulkar	Independent Director	17:1
Mr. Philip Mathew [#]	Independent Director	12:1
Mr. Ranodeb Roy [*]	Non-Executive Non-Independent Director	2:1
Mr. Santanu Mukherjee	Independent Director	27:1
Mr. Snehomoy Bhattacharya [*]	Independent Director	4:1
Mr. Subrata Dutta Gupta	Independent Director	21:1
Mr. Suhail Chander	Independent Director	26:1
Ms. Thekedathumadam Subramani Raji Gain [*]	Independent Director	5:1
Mr. Vijay Nautamlal Bhatt	Independent Director	18:1

⁵ Mr. Ratan Kumar Kesh has been appointed as a Executive Director of the Bank, effective from March 31, 2023, subject to approval of the Shareholders of the Bank.

[#] Ms. Divya Krishnan, Mr. Philip Mathew and Dr. Aparajita Mitra have been appointed as directors of the Bank with effect from May 11, 2022; June 15, 2022; and July 13, 2022, respectively.

^{*} Mr. Ranodeb Roy, Mr. Snehomoy Bhattacharya and Ms. Thekedathumadam Subramani Raji Gain ceased to be directors of the Bank, effective May 11, 2022; July 09, 2022; and August 06, 2022, respectively.

Note:

- Fixed pay has been considered for the computation of ratio. Fixed pay includes basic, allowances and employer contribution of Provident Fund.
- The above includes all employees of the Bank excluding advisors.
- 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 2022-23 has been considered.
- In accordance with the RBI Circular dated April 26, 2021, the Non-Executive Directors, including Independent Directors (Other than the Part-time Non-Executive Chairman), were each paid a fixed remuneration of up to ₹12 lakh per annum, as approved by the Shareholders at their Annual General Meeting held on August 10, 2022, and sitting fees for attending the meetings of the Board and its Committee, and the meetings of Independent Directors, during FY 2022-23.

2. Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the financial year 2022-23:

Designation	Percentage Increase
Chairman	Nil
Managing Director & CEO	Nil
Executive Director	NA
Non-Executive Director	NA
CFO	28
CS	49

Non-Executive/Independent Directors:

During FY 2022-23, the Non-Executive Directors, including Independent Directors, of the Bank were paid sitting fees of ₹90,000 per meeting for attending the Board meetings, ₹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 and the meetings of the Independent Directors. Additionally, the Non-Executive Chairman of the Bank is also paid fixed remuneration of ₹24 lakh per annum. Neither there has been any change in the said fixed remuneration of the Chairman nor there has been any

change in the said sitting fees for Non-Executive Directors for attending the meetings during FY 2022-23. However, during FY 2022-23, in accordance with the RBI Circular dated April 26, 2021, the Shareholders at their Annual General Meeting held on August 10, 2022, have approved to pay compensation to the Non-Executive Directors, including Independent Directors (Other than the Part-time Non-Executive Chairman) of the Bank, in the form of fixed remuneration of up to ₹12 lakh per annum to each Non-Executive Director, with effect from April 01, 2022, for a period of three years.

3. Percentage increase in the median remuneration of employees in the financial year 2022-23:

Percentage increase in the median remuneration of employees in the financial year 2022-23 was 8.30 per cent.

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

As on March 31, 2023, the number of permanent employees on the rolls of the Bank was 69,702.

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: 3 per cent.

The average percentage increase for employees other than managerial personnel: 7.36 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

Place: Kolkata
Date: May 26, 2023

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

Annex - 3

Secretarial Audit Report

For the financial year ended March 31, 2023

[Pursuant to Section 204(1) 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. I, CS Hansraj Jaria, 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, 2023 (hereinafter referred as **“review period”**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.
2. Based on my verification of the Bank’s books, papers, minute books, forms and returns filed, and other records maintained by the Bank and also the information provided by the Bank, its officers, agents, and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also that the Bank has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
 3. (I) I have examined 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 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 following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**‘SEBI Act’**), as amended from time to time:
 - 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) Regulations, 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 Non-Convertible Securities) Regulations, 2021, as amended; - Not Applicable for review period
 - g. The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended;
 - h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
 - i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; - Not Applicable for review period
 - j. The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 - Not Applicable for review period.

- (II) I have also examined the compliance 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 laws, rules and regulations specifically applicable to the Bank and as per information and representation provided by the officers, agents, and authorized representatives of the Bank;
- a. The 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 and Bankruptcy Act, 1993;
 - f. Credit Information Companies (Regulation) Act, 2005;
 - g. The 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.
4. I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Act.
5. That on the basis of the audit as referred above, to the best of my knowledge, understanding and belief, I am 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 Paragraphs 3(I), 3(II) and 4 of this report.
6. I 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.
7. I 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.
8. I further report that during the review period the Bank has allotted 70,613 equity shares of face value of ₹10/- each, pursuant to exercise of stock options by the eligible employees of the Bank under the Bandhan Bank Employee Stock Option Plan- Series 1.
9. This Report is to be read with my letter of even date which is annexed as **Annexure A** and forms an integral part of this Report.

HANSRAJ JARIA

(Practicing Company Secretary)

Membership No.: FCS 7703

CP No.: 19394

Place: Kolkata

Peer Review Certificate No.: 1060/2021

Date: May 26, 2023

UDIN: F007703E000380867

Annexure A

(To the Secretarial Audit Report of Bandhan Bank Limited for the financial year ended March 31, 2023)

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

My Secretarial Audit Report for the financial year ended March 31, 2023 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. My 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 me during the said audit and also based on the information furnished to me by the officers, agents, and authorized representatives of the Bank during the said audit.
2. I have followed the audit practices and processes as were appropriate, to the best of my 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. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Bank.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc. and I have relied on such representation, in forming my opinion.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of compliance procedures on test basis. I would not be liable for any business decision or any consequences arising thereof, made on the basis of my 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.

HANSRAJ JARIA

(Practicing Company Secretary)

Membership No.: FCS 7703

CP No.: 19394

Peer Review Certificate No.: 1060/2021

UDIN: F007703E000380867

Place: Kolkata

Date: May 26, 2023

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, 2023, forming part of the Board's Report]

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 stakeholders' 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) and (t) of sub-regulation (2) of Regulation 46 of the SEBI LODR.

Board of Directors

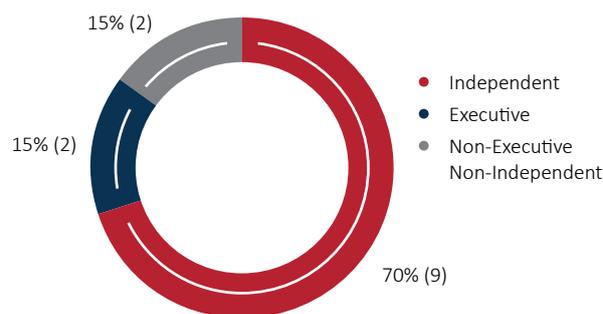
Your Bank entrusts its Board of Directors (the **'Board'**) with the ultimate responsibility of the management, affairs, directions and performance of the Bank and accordingly, has vested the Board with the requisite powers, authorities and duties. The Corporate Governance philosophy of your Bank establishes 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 your 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 / directions issued by the Reserve Bank of India (**'RBI'**) in this regard, the provisions of the SEBI LODR, its Articles of Association (**'AOA'**), other applicable laws and the best corporate governance practices.

Composition of the Board and Tenure on the Board

As on March 31, 2023, the Board of your Bank comprised of thirteen 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 each of Caladium Investment Pte. Ltd. (equity investor) and Bandhan Financial Holdings Limited (**'BFHL'**), Promoter and Non-Operative Financial Holding Company (**'NOFHC'**) of the Bank; and the Managing Director & CEO and one Executive Director.

Board Composition



During the financial year under review, based on the recommendation of the Nomination and Remuneration Committee of the Board (**'NRC'**), the Board had appointed Ms. Divya Krishnan (DIN: 09276201) 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. Subsequently, the Members of the Bank, at their 8th Annual General Meeting (**'AGM'**) held on August 10, 2022, approved Ms. Divya Krishnan's appointment as a Non-Executive Non-Independent Director (Nominee of BFHL), effective May 11, 2022, liable to retire by rotation.

Further, during the financial year under review, two Independent Directors of the Bank completed their tenures whereas two new Independent Directors were appointed, as under:

- i) Mr. Snehomoy Bhattacharya (DIN: 02422012), Independent Director, upon completion of his second term of four years as an Independent Director on July 08, 2022, ceased to be a Director, effective July 09, 2022.
- ii) Ms. Raji Thekedathumadam Subramani Gain (DIN: 07256149), Independent Director, upon completion of her second term of four years as an Independent Director on August 05, 2022, ceased to be a Director, effective August 06, 2022.
- iii) The Board, based on the recommendation of the NRC, approved and recommended the appointment of Mr. Philip Mathew (DIN: 09638394) as an Independent Director, not liable to retire by rotation, for a period of three years, effective June 15, 2022 up to June 14, 2025, which was

subsequently approved by the Members of the Bank, at their 8th AGM held on August 10, 2022.

- iv) The Board, based on the recommendation of the NRC, approved and recommended the appointment of Dr. Aparajita Mitra (DIN: 09484337) as an Independent Director, not liable to retire by rotation, for a period of three years, effective July 13, 2022 up to July 12, 2025, which was subsequently approved by the Members of the Bank, at their 8th AGM held on August 10, 2022.

Further, the following two Independent Directors of the Bank have been re-appointed for their respective second terms:

- i) The Board, based on the recommendation of the NRC, approved and recommended the re-appointment of Mr. Narayan Vasudeo Prabhutendulkar (DIN: 00869913) an Independent Director of the Bank, not liable to retire by rotation, for the second term of five years, effective May 08, 2023 up to May 07, 2028. Subsequently, the Members of the Bank, at their 8th AGM held on August 10, 2022, approved the said re-appointment of Mr. Tendulkar.
- ii) The Board, based on the recommendation of the NRC, approved and recommended the re-appointment of Mr. Vijay Nautamlal Bhatt (DIN: 00751001) an Independent Director of the Bank, not liable to retire by rotation, for the second term of five years, effective May 08, 2023 up to May 07, 2028. Subsequently, the Members of the Bank, at their 8th AGM held on August 10, 2022, approved the said re-appointment of Mr. Bhatt.

In addition to above appointments/re-appointments, the Members at the 8th AGM held on August 10, 2022 approved the re-appointment of Dr. Holger Dirk Michaelis (DIN: 07205838), Nominee of Caladium Investment Pte. Ltd., who being longest in office and liable to retire by rotation, retired at the 8th AGM of the Bank, and being eligible, had offered himself for re-appointment.

Furthermore, pursuant to the prior-approval of RBI and on the basis of the recommendation of the NRC, the Board has approved the appointment of Mr. Ratan Kumar Kesh (DIN: 10082714) as a Whole-time Director (Additional Director), designated as Executive Director and Key Managerial Personnel, effective March 31, 2023, for a period of three years, liable to retire by rotation, subject to approval of Shareholders of the Bank.

In terms of Regulation 17(1C) of the SEBI LODR, approval of Shareholders for appointment of Mr. Kesh as Executive Director is required to be sought at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. Accordingly, approval of the Shareholders of the Bank has been sought, via the Postal Ballot Notice dated May 19, 2023, for the appointment and remuneration of Mr. Ratan Kumar Kesh (DIN: 10082714) as a Whole-time Director, designated as Executive Director and Key Managerial Personnel of the Bank, effective March 31, 2023, for a period of three consecutive years, liable to retire by rotation.

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, as required for the banking business and as prescribed under the Bank's 'Policy on Appointment and Fit & Proper Criteria for Directors'. The Board reviews its strength and composition, from time to time, to ensure that it remains aligned with the requirements under the statutory provisions, aforesaid Policy as well as the business requirements of the Bank.

The average tenure of the Board Members in years as on March 31, 2023 is as follows:

Name of the Director(s)	Original Date of Appointment	Completed Tenure as on March 31, 2023	Retirement Date / Existing Term Ending Date	Average Tenure – category-wise
Executive Director				
Mr. Chandra Shekhar Ghosh	July 10, 2015	7 years 9 months	July 09, 2024	3 years 11 months
Mr. Ratan Kumar Kesh	March 31, 2023	1 day	March 30, 2026	
Non-Executive Non-Independent Directors				
Dr. Holger Dirk Michaelis	February 12, 2016	7 years 2 months	Retire by rotation	4 years 1 month
Ms. Divya Krishnan	May 11, 2022	11 months	Retire by rotation	
Independent Directors				
Dr. Anup Kumar Sinha ^f	January 07, 2019	4 years 3 months	July 04, 2026	2 years 9 months
Dr. Allamraju Subramanya Ramasastry	August 08, 2018	4 years 8 months	August 07, 2026	
Dr. Aparajita Mitra	July 13, 2022	9 months	July 12, 2025	
Mr. Narayan Vasudeo Prabhutendulkar*	May 08, 2020	2 years 11 months	May 07, 2028	
Mr. Philip Mathew	June 15, 2022	10 months	June 14, 2025	
Mr. Santanu Mukherjee	January 07, 2019	4 years 3 months	January 06, 2027	
Mr. Subrata Dutta Gupta	March 19, 2021	2 years	March 18, 2024	
Mr. Suhail Chander	March 19, 2021	2 years	March 18, 2024	
Mr. Vijay Nautamlal Bhatt*	May 08, 2020	2 years 11 months	May 07, 2028	

^f Re-appointed as an Independent Director and as Non-Executive Chairman effective January 07, 2022 up to July 04, 2026, however, the RBI approved tenure as Non-Executive Chairman is for a period of three years effective January 07, 2022.

*Re-appointed as Independent Director for a period of five years effective May 08, 2023.

Separation of office of the Chairman and the MD & CEO

In terms of the provisions of the BR Act, the Companies Act and the SEBI LODR, 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 appointments of both were approved by the 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 of the Bank along with the Executive Director 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 risks 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, financial inclusion, information technology and human resources in line with the seven critical themes prescribed by the 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 Flow of information

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) of the SEBI LODR, read with Part A of Schedule II thereto, 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, in compliance with Section 175 of the Companies Act, proposals are approved by passing resolutions through circulation, which are placed in the next meeting of the Board/Committee, as the case may be, for noting 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. Further, in order to facilitate Directors travelling / residing abroad or at other locations to participate in the meetings, video-conferencing ('VC') 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 conducted majority of its Board and Committee meetings through VC during the financial year. The intervening period between any two consecutive Board meetings was 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 fifteen times during FY 2022-23. The details of the Board meetings held during the financial year ended March 31, 2023 are, as under:

Sl. No.	Date	Through VC - Location	No. of Directors Present / No. of Directors on the Board
1	May 11, 2022	Mumbai	12/12
2	May 13, 2022	Mumbai	11/12
3	June 15, 2022	Kolkata	12/12
4	July 13, 2022	Kolkata	12/12
5	July 22, 2022	Kolkata	13/13
6	September 14, 2022	Kolkata	12/12
7	October 26, 2022	Kolkata	12/12
8	October 28, 2022	Kolkata	12/12
9	December 29, 2022	Kolkata	11/12
10	January 18, 2023	Kolkata	11/12
11	January 20, 2023	Kolkata	11/12
12	February 23, 2023	Sikkim	11/12
13	February 24, 2023	Sikkim	11/12
14	March 21, 2023	Kolkata	12/12
15	March 31, 2023	Kolkata	13/13

Board attendance and Directorships

The names and categories of the Directors on the Board, their attendance at the Board Meetings and the last Annual General Meeting ('AGM') held during the financial year under review, directorship in other companies including names of listed entities and Chairmanship/Membership of the committees of such public limited companies, at the end of March 31, 2023, are given herein below:

Sl. No.	Name and DIN of the Directors	Category	Attendance during FY 2022-23			AGM held on August 10, 2022	Number of Directorship in other companies		Number of Committee positions held in other public companies	
			No. of Board Meetings				Public	Private	Chairperson	Member*
			During Tenure	Attended	%					
1.	Dr. Anup Kumar Sinha (Chairman) [DIN: 08249893]	Independent	15	15	100	Yes	-	-	-	-
2.	Mr. Chandra Shekhar Ghosh (Managing Director & CEO) [DIN: 00342477]	Executive	15	15	100	Yes	-	-	-	-
3.	Dr. A. S. Ramasastry [DIN: 06916673]	Independent	15	15	100	No	1	-	-	-
4.	Dr. Aparajita Mitra [DIN: 09484337]	Independent	11	11	100	Yes	-	1	-	-
5.	Ms. Divya Krishnan [DIN: 09276201]	Nominee Director (Non-Executive)	14	11	78.57	Yes	1	-	-	1
6.	Dr. Holger Dirk Michaelis [DIN: 07205838]	Nominee Director (Non-Executive)	15	15	100	Yes	-	-	-	-
7.	Mr. Narayan Vasudeo Prabhutendulkar ¹ [DIN: 00869913]	Independent	15	13	86.67	Yes	1	2	-	1
8.	Mr. Philip Mathew [DIN: 09638394]	Independent	12	12	100	Yes	-	-	-	-
9.	Mr. Ratan Kumar Kesh [DIN: 10082714]	Executive	1	1	100	NA	-	-	-	-
10.	Mr. Santanu Mukherjee ² [DIN: 07716452]	Independent	15	15	100	Yes	5	3	2	4
11.	Mr. Subrata Dutta Gupta [DIN: 08767943]	Independent	15	14	93.33	Yes	-	1	-	-
12.	Mr. Suhail Chander [DIN: 06941577]	Independent	15	15	100	Yes	1	-	-	1
13.	Mr. Vijay Nautamlal Bhatt [DIN: 00751001]	Independent	15	15	100	Yes	1	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 directorships, as an Independent Director, in four other listed entities, viz., Suvan Life Sciences Limited; Sumedha Fiscal Services Limited; Rainbow Children's Medicare Limited; and Aurobindo Pharma Limited.

Note:

1. Other directorships do not include directorships of foreign companies.
2. 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.
3. 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 have 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, 2023, 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 twenty companies or 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 and Section 165 of the Companies Act.

Skills/Expertise/Competence of Board of Directors

Being a Banking Company, your Bank is regulated by the provisions of the BR Act, besides the Companies Act and the SEBI LODR. 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 the RBI, be useful to the banking company and as may be deemed appropriate for the business requirements of the Bank. 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 are available on the website of the Bank at <https://bandhanbank.com/corporate-governance>.

The details of the core skills/expertise/competence possessed by the Directors of the Bank are given hereunder, along with their shareholding in the Bank as at the end of March 31, 2023. 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)	Expertise/ 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. Aparajita Mitra	July 13, 2022 (A)	Agriculture Rural Economy	-
Ms. Divya Krishnan	May 11, 2022 (A)	Finance Investment Banking	-
Dr. Holger Dirk Michaelis	February 12, 2016 (A) / August 10, 2022 (R)	Risk Management Finance Economics	-
Mr. NVP Tendulkar*	May 08, 2020 (A)	Accountancy Finance Information Technology Law	-
Mr. Philip Mathew	June 15, 2022 (A)	Human Resource Banking	-
Mr. Ratan Kumar Kesh	March 31, 2023 (A)	Banking	300
Mr. Santanu Mukherjee	January 07, 2019 (A) January 07, 2022 (R)	Banking Treasury Operations Risk Management Finance	-
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	-
Mr. Vijay N Bhatt*	May 08, 2020 (A)	Audit Accountancy Assurance Finance Law	-

A stands for Appointment and R stands for Re-appointment

[@]The Bank has not issued any convertible instruments.

*Mr. NVP Tendulkar and Mr. Vijay N Bhatt have been re-appointed as Independent Directors of the Bank for their respective second terms of five years, effective May 08, 2023, up to May 07, 2028.

Independent Directors

At the end of March 31, 2023, 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 Mukherjee (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.	Dr. Aparajita Mitra	July 13, 2022 (A)
5.	Mr. Narayan Vasudeo Prabhutendulkar	May 08, 2020 (A)
6.	Mr. Philip Mathew	June 15, 2022 (A)
7.	Mr. Subrata Dutta Gupta	March 19, 2021 (A)
8.	Mr. Suhail Chander	March 19, 2021 (A)
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 May 19, 2022 for performance evaluation of the Board, Chairman and Non-Independent Directors, and on March 16, 2023 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 11, 2023, without the presence of the Managing Director & CEO, Executive Director, 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 2022-23. 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)/re-appointment(s). The terms and conditions of appointment of Independent Directors are available on the website of the Bank at <https://bandhanbank.com/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 the 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 the 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 are 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/sites/default/files/2022-09/Policy-on-Appointment-and%20Fit-and-Proper-Criteria-for-Directors.pdf>. This Policy 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 the RBI, from time to time, in this regard. While appointing a Director on its Board, your Bank follows the direction(s) of the 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 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 the SEBI LODR in case of independent directors, and thereafter, recommends their appointment/re-appointment 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 appointments of the Chairman, the Managing Director and Executive Director on the Board are made with the prior approval of the 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 the 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 or directions issued by the 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://www.bandhanbank.com/sites/default/files/2023-04/Compensation-Policy-050423.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, retivals and perquisites) and performance-based variable pay (comprising cash component 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 / Whole-time Director. Annual increments for the senior management are recommended by the NRC and approved by the Board. The annual increments for the Managing Director & CEO / Whole-time Director are 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 / Whole-time Director, recommends to the RBI for approval of the variable pay payable to the Managing Director & CEO / Whole-time Director for the financial year. The remunerations of the Managing Director & CEO / Whole-time Director are 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 as well as meetings of Independent Directors, 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. Accordingly, pursuant to approval of Members of the Bank, the NEDs excluding Non-Executive Chairman, are paid fixed remuneration of ₹12 lakh per annum per Director. In addition to sitting fees, the Non-Executive Chairman of the Bank is also paid fixed remuneration with prior approval of the 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, 2023 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	14,70,000	38,70,000
2.	Dr. Allamraju Subramanya Ramasastry	12,00,000	27,30,000	39,30,000
3.	Dr. Aparajita Mitra (appointed w.e.f. July 13, 2022)	8,60,000	10,50,000	19,10,000
4.	Ms. Divya Krishnan (appointed w.e.f. May 11, 2022)	10,66,667	18,45,000	29,11,667
5.	Dr. Holger Dirk Michaelis	12,00,000	13,50,000	25,50,000
6.	Mr. Narayan Vasudeo Prabhutendulkar	12,00,000	23,10,000	35,10,000
7.	Mr. Philip Mathew (appointed w.e.f. June 15, 2022)	9,53,333	16,20,000	25,73,333
8.	Mr. Ranodeb Roy (ceased to be director w.e.f. May 11, 2022)	1,34,795	2,25,000	3,59,795
9.	Mr. Santanu Mukherjee	12,00,000	43,05,000	55,05,000
10.	Mr. Snehomoy Bhattacharya (retired w.e.f. July 09, 2022)	3,25,479	5,10,000	8,35,479
11.	Mr. Subrata Dutta Gupta	12,00,000	31,20,000	43,20,000
12.	Mr. Suhail Chander	12,00,000	41,85,000	53,85,000
13.	Ms. Thekedathumadam Subramani Raji Gain (retired w.e.f. August 06, 2022)	4,17,534	5,70,000	9,87,534
14.	Mr. Vijay Nautamlal Bhatt	12,00,000	26,25,000	38,25,000

* 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 travelling and official expenses for performing his duty, as approved by the RBI and the Shareholders.

The Shareholders of the Bank, at their 8th AGM held on August 10, 2022, have accorded their approval for payment of compensation to each Non-Executive Directors of the Bank, other than the Part-time Non-Executive Chairperson, in the form of fixed remuneration of up to ₹12 lakh per annum, with effect from April 01, 2022 for a period of three years, in addition to payment of sitting fees and reimbursement of out-of-pocket expenses for attending the Board and Committee meetings.

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 ₹)
Basic	1,80,00,000
House Rent Allowance	68,00,000
Retirals (Provident Fund and Gratuity)#	30,25,800
Perquisites	22,00,000
Total Fixed Pay and Perquisites	3,00,25,800
Variable Pay (Deferred from previous year)	9,28,767

includes gratuity amount of ₹8,65,800.

Perquisites include insurance, club membership, usage of cars, phones related expenses, books and periodicals, entertainment and travelling expenses, leave travel allowance, etc. Medical reimbursements on an actual basis and other benefits as per policy of the Bank.

- As approved by the RBI and the Shareholders at 7th AGM, Mr. Chandra Shekhar Ghosh has been re-appointed as the MD & CEO, for a period of three years, from July 10, 2021.
- On the basis of the recommendations of the NRC and the Board, and approval of the RBI for fixed pay, Shareholders, at the 8th AGM of the Bank, had approved the total remuneration (including variable pay comprising non-cash component only) of the MD & CEO for the FY 2021-22, subject to prior-approval of the RBI for the variable pay. Subsequently, the approval of the RBI was also received for the variable pay of the MD & CEO for FY 2021-22. Furthermore, on the basis of the recommendations of the NRC and the

Board, proposal for remuneration of the MD & CEO for FY 2022-23 is being placed for the approval of Shareholders at the ensuing AGM of the Bank. Approval of RBI has been received for the fixed pay of the MD & CEO for FY 2022-23, whereas approval for the variable pay for FY 2022-23 is awaited.

- In terms of the approval of the RBI, Mr. Ghosh was granted 3,44,679 stock options during FY 2022-23 in terms of the provision of the 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 not exercised any stock option during FY 2022-23.
- The notice period applicable to Mr. Ghosh is three months. No severance fees is required to be paid to Mr. Ghosh.
- 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.
- Further details regarding the compensation of the MD & CEO as well as other disclosures as required to be made pursuant to the RBI Guidelines on compensation of the WTD/CEO/Material Risk Takers and Control Function Staff dated November 04, 2019 are made available as notes to the Financial Statement forming part of this Annual Report.
- No sitting fees are paid to Mr. Ghosh for attending meetings of the Board and Board Committees.

c. Executive Director (ED)

Sl. No.	Name	Salary	Perquisite and Allowances	Contribution to Provident Fund	Variable Pay / Bonus(es)	Total
1.	Mr. Ratan Kumar Kesh (w.e.f. March 31, 2023)	62,206	-	2,823	-	65,029

- a. As approved by RBI, Mr. Ratan Kumar Kesh has been appointed as a Whole-time Director, designated as Executive Director and Key Managerial Personnel, for a period of three years, from March 31, 2023, subject to approval of the Shareholders of the Bank. The approval of the Shareholders for the said appointment of Mr. Kesh has been sought by the Bank vide Postal Ballot Notice dated May 19, 2023.
- b. While approving the appointment of Mr. Kesh, the RBI has also approved the remuneration including the fixed pay and Joining ESOPs for Mr. Kesh with effect from March 31, 2023, on the basis of the recommendations of the NRC and the Board. The approval of the Shareholders for the said remuneration of Mr. Kesh has also been sought by the Bank vide Postal Ballot Notice dated May 19, 2023 and details of his remuneration has been provided therein.
- c. In terms of the approval of the RBI, Mr. Kesh was granted 4,00,000 stock options within one month of his joining the Bank i.e. on April 26, 2023 as Joining ESOPs in terms of the provision of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and ESOP Scheme of the Bank. Second tranche of 1,25,000 Options would be granted upon completion of 6 months of Mr. Kesh in 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.
- d. The notice period applicable to him is three months. No severance fees is required to be paid to Mr. Kesh.
- e. Although, Mr. Kesh was not eligible for performance assessment for FY 2022-23, going forward for his overall performance assessment, a Balanced Score Card (**'BSC'**) will be 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. 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 ED as well as other disclosures as required to be made pursuant to the RBI Guidelines on compensation of the WTD/CEO/Material Risk Takers and Control Function Staff dated November 04, 2019 are made available as notes to the Financial Statement forming part of this Annual Report.

- g. No sitting fees are paid to Mr. Kesh for attending meetings of the Board.

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 the 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 direction given 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 respective 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, 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. IT Strategy Committee
5. Customer Service Committee
6. Corporate Social Responsibility and Sustainability 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 / guidelines issued by the 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 statement and auditors' reports and overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statement, recommending

appointment of auditors and terms of such appointment, and reviewing and monitoring the internal audit of the Bank.

Meetings of the ACB

As on March 31, 2023, the ACB comprised of four Directors including three Independent Directors and one Non-Executive Non-Independent Director, and chaired by Mr. Vijay Nautamlal Bhatt, who is a Chartered Accountant. During FY 2022-23, the Committee met thirteen times on April 26, 2022, May 12, 2022, June 14 & 29, 2022, July 21, 2022, August 18, 2022, September 12 & 20, 2022, October 27, 2022, November 24, 2022, January 19, 2023, February 15, 2023 and March 21, 2023, 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 10, 2022, which was attended by Mr. Vijay Nautamlal Bhatt, Chairman of the ACB.

Composition (as on March 31, 2023) and attendance - ACB

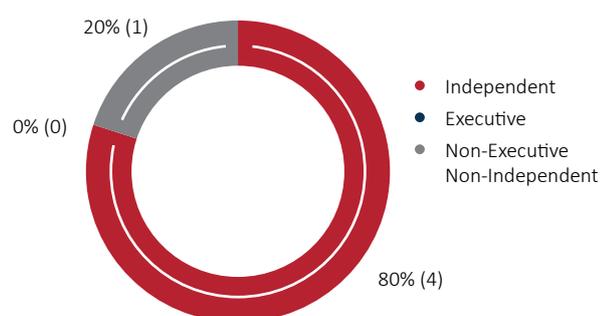
Name of Member	Category	Number of Meetings during the FY 2022-23 (Thirteen meetings)		% of Attendance	Gross Amount of Sitting Fees paid(Amt. in ₹)
		During Tenure	Attended		
Mr. Vijay Nautamlal Bhatt, Chairman	Independent	13	13	100	9,75,000
Ms. Divya Krishnan ⁽¹⁾	Non-Executive Non-Independent	10	09	90	6,75,000
Mr. Ranodeb Roy ⁽²⁾	Non-Executive Non-Independent	01	01	100	75,000
Mr. Santanu Mukherjee	Independent	13	13	100	9,75,000
Mr. Suhail Chander	Independent	13	13	100	9,75,000

1. Appointed as a member of the ACB effective June 19, 2022

2. Ceased to be a member of the ACB with the cessation of his directorship, effective May 11, 2022

Note: Post March 31, 2023, Mr. Subrata Dutta Gupta, Independent Director, has been appointed as a member of the ACB effective May 17, 2023.

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 statement 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 statement 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 statement arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statement;
 - 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 statement 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;
7. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
 8. 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);
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the Bank, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Monitoring the end use of funds raised through public offers and related matters;
 13. Reviewing with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
 14. Reviewing the adequacy of internal audit function, 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;
 15. Discussion with the internal auditors on any significant findings and follow up thereon;
 16. To review the effectiveness of Concurrent Audit system;
 17. 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;
 18. 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;
 19. 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;
 20. To review the functioning of the whistle blower mechanism;
 21. To review the compliance with the Code of Conduct for Prevention of Insider Trading and shall verify that the systems for internal control are adequate and are operating effectively, as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015;
 22. 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;
 23. To review the appointment, transfer or removal of the Chief Compliance Officer ('CCO') in compliance with the regulatory guidelines and to review the performance appraisal of CCO;
 24. To conduct one-to-one meeting(s) with the Head of Internal Audit and CCO on a quarterly basis, without the presence of the senior management including MD & CEO;
 25. To review the Compliance Function of the Bank on a quarterly basis to manage compliance risk and ensure that compliance issues are resolved effectively and expeditiously by top/senior management with the assistance of compliance staff;
 26. To conduct a detailed annual review of the Compliance Function (including organizational structure, activities and qualifications of Compliance staff) and recommend changes, if any, to the Compliance Policy of the Bank.
 27. To monitor and review reporting requirements by the Compliance Function including reporting of Compliance Testing results, compliance breaches/ failures, Compliance Risk Assessment, change in the compliance risk profile, etc;
 28. To review instances of all material compliance failures which may attract significant risk of legal or regulatory sanctions, financial loss or loss of reputation promptly;
 29. To ensure timely and sustainable compliance to all observations of Risk Assessment Report (RAR) / Risk Mitigation Plan (RMP) and the regulatory and supervisory guidelines/ directions in letter and spirit;
 30. 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;
 31. Consider and comment on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Bank and its shareholders; and
 32. 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;

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 / guidelines issued by the 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 Compensation for the Directors, Key Managerial Personnel and Employees of the Bank. Criteria for performance evaluation for Independent Directors are provided in the Board's Report.

Meetings of the NRC

As on March 31, 2023, the NRC comprised of three Directors, all three being Independent Directors, and chaired by Mr. Suhail Chander, an Independent Director. During FY 2022-23, the NRC met six times, i.e., on April 29, 2022, June 06, 2022, July 07, 2022, October 17, 2022, December 29, 2022 and March 16, 2023.

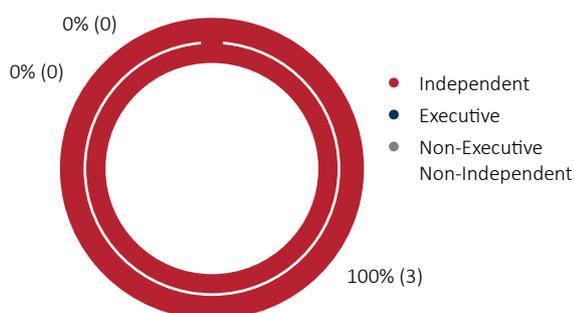
The last AGM of the Bank was held on August 10, 2022, which was attended by Mr. Suhail Chander, Chairman of the NRC.

Composition (as on March 31, 2023) and attendance - NRC

Name of Member	Category	Number of Meetings during FY 2022-23 (six meetings)		% of Attendance	Gross Amount of Sitting Fees paid (Amt. in ₹)
		During Tenure	Attended		
Mr. Suhail Chander, Chairman	Independent	6	6	100	3,60,000
Dr. Allamraju Subramanya Ramasastry	Independent	6	6	100	3,60,000
Mr. Philip Mathew ⁽¹⁾	Independent	4	4	100	2,40,000
Mr. Ranodeb Roy ⁽²⁾	Non-Executive Non-Independent	1	1	100	60,000
Mr. Snehomoy Bhattacharya ⁽³⁾	Independent	3	2	67	1,20,000

1. Appointed as a member of the NRC, effective June 19, 2022
2. Ceased to be a member of the NRC with the cessation of directorship, effective May 11, 2022
3. Ceased to be a member of the NRC with the cessation of directorship, effective July 09, 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 Indian 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;
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

Your Bank has a Risk Management Committee of the Board (**'RMCB'**) with the power and roles that are in accordance with the circulars / guidelines of the RBI on Risk Management Systems and Regulation 21 of the SEBI LODR. The functions of the RMCB, *inter alia*, are 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.

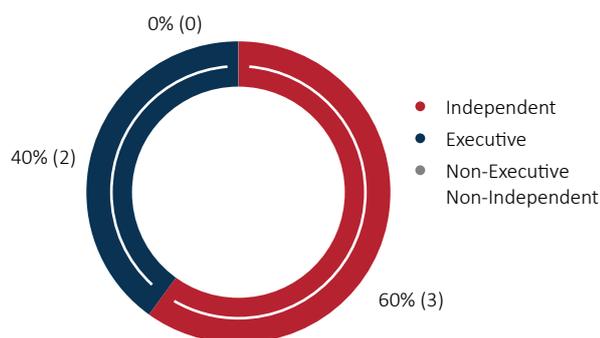
Meetings of the RMCB

As on March 31, 2023, the RMCB comprised of four Directors including three Independent Directors and chaired by Mr. Santanu Mukherjee, Independent Director. During FY 2022-23, RMCB met four times, i.e., on June 13, 2022, August 25, 2022, December 15, 2022, and February 16, 2023. The RMCB meets on a quarterly basis.

Composition (as on March 31, 2023) and attendance – RMCB

Name of Member	Category	Number of Meetings during FY 2022-23 (four meetings)		% of Attendance	Gross Amount of Sitting Fees paid (Amt. in ₹)
		During Tenure	Attended		
Mr. Santanu Mukherjee, Chairman	Independent	4	4	100	3,00,000
Dr. Allamraju Subramanya Ramasastry	Independent	4	4	100	3,00,000
Mr. Chandra Shekhar Ghosh	Executive	4	4	100	N.A.
Mr. Subrata Dutta Gupta	Independent	4	4	100	3,00,000

Note: Post March 31, 2023, Mr. Ratan Kumar Kesh, Executive Director, has been appointed as a member of the RMCB, effective May 17, 2023.

RMCB Composition - (as on date)**Terms of reference**

Terms of reference of the RMCB is given below:

1. 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;
2. To define the risk appetite of the Bank within overall parameters set by the Board in terms of business strategy and growth;
3. To ensure effectiveness in the conduct of the overall risk governance;
4. To approve risk limits at the Bank-wide level for various portfolios such as product, industry, geography, risk types, etc.;
5. 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;
 - Appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank;
 - Monitor and overseeing the implementation of the risk management policy/policies, including evaluating the adequacy of risk management systems;
 - Reviewing the risk management policy/policies, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

6. 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;
7. To oversee allocation and maintenance of sufficient resources (including IT support) for risk identification, measurement, monitoring and reporting;
8. To approve risk capital computation and place it to the Board for approval;
9. To reinforce the culture and awareness of risk management throughout the organisation;
10. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken; and
11. 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 and Sustainability Committee

During the FY under review, your Bank's Corporate Social Responsibility ('CSR') Committee was renamed to 'CSR and Sustainability Committee of the Board' ('CSR&SCB'). The CSR&SCB has the powers and the role that is in accordance with Section 135 of the Companies Act. The function of the CSR&SCB 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. Further, during the year under review, the terms of reference of the CSR&SCB has been widened to include the responsibility of overseeing the implementation and reporting requirements of the Business Responsibility and Sustainability Reporting ('BRSR') Policies of the Bank and to review the BRSR and Integrated Reporting of the Bank.

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/sites/default/files/2023-01/CSR-Policy-210123.pdf>.

The Report on CSR activities, including the details of the CSR programme and activities carried out by the Bank during FY 2022-23, is enclosed as **Annex – 1** to the Board's Report and is forming part of this Annual Report.

Meetings of the CSR&SCB

As on March 31, 2023, the CSR&SCB comprised three Directors, including two Independent Directors and chaired by Mr. Subrata Dutta Gupta, Independent Director. During FY 2022-23, the CSR&SCB met two times, i.e., on May 20, 2022 and January 04, 2023.

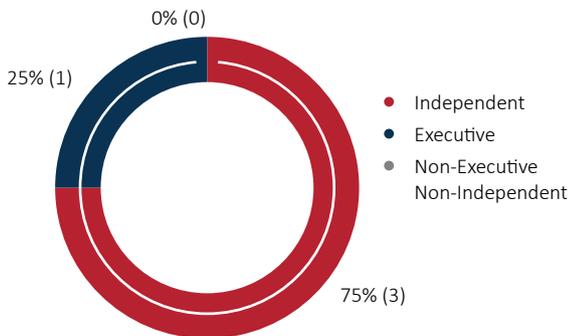
Composition (as on March 31, 2023) and attendance – CSR&SCB

Name of Member	Category	Number of Meetings during FY 2022-23 (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 ⁽¹⁾	Non-Executive Non-Independent	NA	NA	NA	NA
Mr. Vijay Nautamlal Bhatt	Independent	2	2	100	1,20,000

¹ Ceased to be a member of the CSR&SCB with the cessation of directorship, effective May 11, 2022

Note: Post March 31, 2023, Dr. Aparajita Mitra, Independent Director, has been appointed as a member of the CSR&SCB, effective May 17, 2023.

CSR&SCB Composition - (as on date)



Terms of reference

Terms of reference of the CSR&SCB 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 to the Board, the CSR Annual Action Plan, indicating 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 and Business Responsibility and Sustainability Reporting ('BRSR') related policies of the Bank from time to time;
- To oversee the implementation of the BRSR related initiatives of the Bank;
- To review and recommend to the Board, the Annual Report on CSR, BRSR Report and Integrated Report; 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

Your Bank has an IT Strategy Committee of the Board ('ITSCB') with the power and roles that are in accordance with the circulars/guidelines issued by the RBI. It 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 the 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.

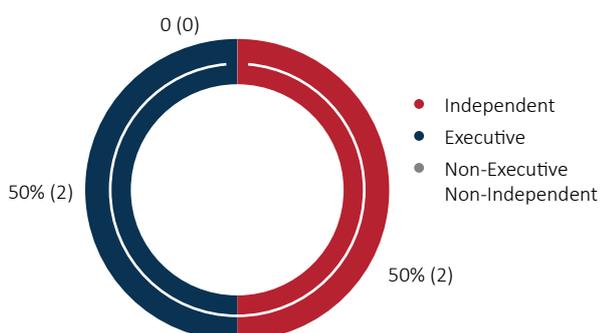
Meetings of the ITSCB

As on March 31, 2023, the ITSCB comprised three Directors, including two Independent Directors and chaired by Dr. Allamraju Subramanya Ramasastry, Independent Director. During FY 2022-23, the ITSCB met ten times, i.e., on May 02, 2022, May 30, 2022, June 28, 2022, July 29, 2022, August 26, 2022, September 30, 2022, October 29, 2022, December 14, 2022, February 17, 2023 and March 15, 2023. ITSCB meets on a quarterly basis.

Composition (as on March 31, 2023) and attendance - ITSCB

Name of Member	Category	Number of Meetings during FY 2022-23 (ten meetings)		% of Attendance	Gross Amount of Sitting Fees paid (Amt. in ₹)
		During Tenure	Attended		
Dr. Allamraju Subramanya Ramasastry, Chairman	Independent	10	10	100	6,00,000
Mr. Chandra Shekhar Ghosh	Executive	10	7	70	NA
Mr. Narayan Vasudeo Prabhutendulkar	Independent	10	10	100	6,00,000

Note: Post March 31, 2023, Mr. Ratan Kumar Kesh, Executive Director, has been appointed as a member of the ITSCB, effective May 17, 2023.

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

Your Bank has a Customer Service Committee of the Board ('CSCB') with the power and roles that are in accordance with the Master Circular on Customer Service in Banks issued by the RBI. The functions of CSCB, *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 the RBI, are made available as part of notes to the Financial Statement forming part of this Annual Report.

Meetings of the CSCB

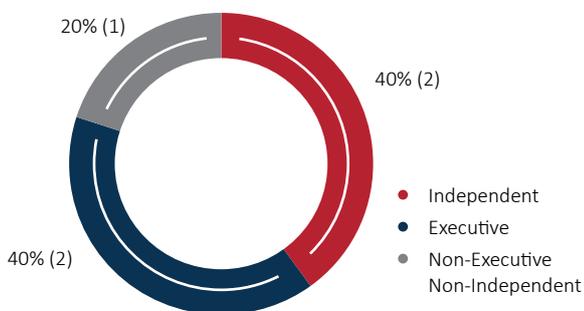
As on March 31, 2023, the CSCB comprised three Directors, including two Independent Directors and one Executive Director, and chaired by Mr. Narayan Vasudeo Prabhutendulkar, Independent Director. During FY 2022-23, the CSCB met four times, i.e., on May 30, 2022, August 20, 2022, November 16, 2022 and March 15, 2023. CSCB meets on a quarterly basis.

Composition (as on March 31, 2023) and attendance - CSCB

Name of Member	Category	Number of Meetings during FY 2022-23 (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. Chandra Shekhar Ghosh	Executive	4	2	50	NA
Mr. Santanu Mukherjee	Independent	4	4	100	2,40,000

Note: Post March 31, 2023, Mr. Ratan Kumar Kesh, Executive Director and Ms. Divya Krishnan, Non-Executive Non-Independent Director, have been appointed as members of the CSCB, effective May 17, 2023.

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;
- To set up a grievance redressal mechanism for the Bank to handle customer complaints;
- To monitor and follow up complaints / grievances escalated to be resolved by Banking Ombudsmen of the various States;
- To implement awards under the Banking Ombudsman Scheme;

- To address issues of systemic deficiencies, if any, brought out by the awards;
- 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;
- 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;
- To oversee and review / modify the initiatives taken by Customer Service Committee of the branches and other departments; and
- 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

Your Bank has a Special Committee for Monitoring High Value Frauds ('SCMHVF') which was constituted as per Master Directions on Frauds issued by the 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 SCMHVF

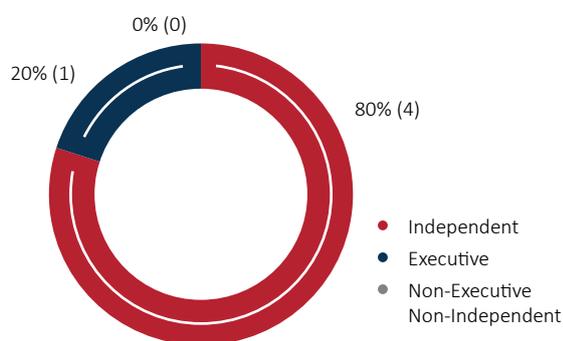
As on March 31, 2023, the SCMHVF comprised five Directors, including four Independent Directors and the Managing Director & CEO, and chaired by Mr. Suhail Chander, Independent Director. During FY 2022-23, the SCMHVF met once on September 22, 2022.

Composition (as on March 31, 2023) and attendance - SCMHV

Name of Member	Category	Number of Meetings during FY 2022-23 (one meeting)		% of Attendance	Gross Amount of Sitting Fees paid (Amt. in ₹)
		During Tenure	Attended		
Mr. Suhail Chander, Chairman	Independent	1	1	100	60,000
Mr. Chandra Shekhar Ghosh	Executive	1	1	100	NA
Mr. Philip Mathew ⁽¹⁾	Independent	1	1	100	60,000
Mr. Snehomoy Bhattacharya ⁽²⁾	Independent	NA	NA	NA	NA
Mr. Subrata Dutta Gupta	Independent	1	1	100	60,000
Mr. Vijay Nautamlal Bhatt	Independent	1	1	100	60,000

1. Appointed as a member of the SCMHV, effective June 19, 2022

2. Ceased to be a member of the SCMHV, with the cessation of his directorship, effective July 09, 2022

SCMHV Composition - (as on date)**Terms of reference**

Terms of reference of the SCMHV is given below:

- To identify the systematic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same;
- To identify the reasons for delay in detection, and/or reporting to top management of the Bank and RBI, if any;
- To monitor progress of investigation by law enforcing agencies and recovery position;
- 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;
- To review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls; and

- To put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

Stakeholders' Relationship Committee

Your Bank has a Stakeholders' Relationship Committee of the Board ('SRCB') with the power and roles that are 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 the 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 investors' complaints and suggests measures for improvement, from time to time, and the matters related to unsecured debentures issued by the Bank.

Meetings of the SRCB

As on March 31, 2023, the SRCB comprised three Directors, including two Independent Directors and chaired by Mr. Narayan Vasudeo Prabhutendulkar, Independent Director. During FY 2022-23, the SRCB met four times, i.e., on May 30, 2022, August 20, 2022, November 16, 2022 and March 15, 2023. The SRCB meets on a quarterly basis.

The last AGM of the Bank was held on August 10, 2022, which was attended by Mr. Narayan Vasudeo Prabhutendulkar, 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, 2023) and attendance - SRCB

Name of Member	Category	Number of Meetings during FY 2022-23 (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
Ms. Divya Krishnan ⁽¹⁾	Non-Executive Non-Independent	3	3	100	1,80,000
Mr. Philip Mathew ⁽¹⁾	Independent	3	3	100	1,80,000
Mr. Ranodeb Roy ⁽²⁾	Non-Executive Non-Independent	NA	NA	NA	NA
Mr. Snehomoy Bhattacharya ⁽³⁾	Independent	1	1	100	60,000
Ms. Raji Thekedathumadam Subramani Gain ⁽⁴⁾	Independent	1	1	100	60,000

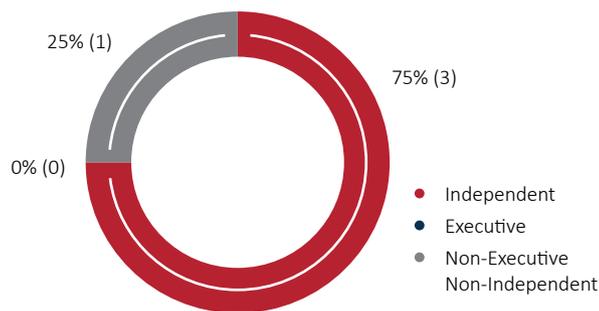
1. Appointed as a member of the SRCB effective June 19, 2022

2. Ceased to be a member of the SRCB with the cessation of directorship, effective May 11, 2022

3. Ceased to be a member of the SRCB with the cessation of directorship, effective July 09, 2022

4. Ceased to be a member of the SRCB with the cessation of directorship, effective August 06, 2022

Note: Post March 31, 2023, Dr. Aparajita Mitra, Independent Director, has been appointed as member of the SRCB effective May 17, 2023.

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, 2013 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, 2023

Particulars	Total
Number of Shareholders' complaints pending at the beginning of the year	0
Number of Shareholders' complaints received during the year	169
Number of Shareholders' complaints disposed of during the year	166
Number of Shareholders' complaints unresolved at the end of the year	3*

*All the 3 Shareholders' complaints unresolved at the end of the year have been duly resolved as on the date of this Report.

There was no investor complaint pending against the Bank as on March 31, 2023 on SCORES, the web-based complaint redressal system of the 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 Practicing Company Secretary is obtained on an annual basis, as per the provisions of sub-regulations (9) & (10) of Regulation 40 of the SEBI LODR, certifying that all certificates have been issued within prescribed timelines of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/ allotment monies 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, the SEBI has issued various circulars during recent times. One 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 circular specifies the manner in which such requests are required to be entertained by the listed entities and the manner in which the dematerialization of securities to be completed. The Bank encourages the shareholders to hold the shares in dematerialized mode and necessary details with regard to this are provided on the website of the Bank.

Further, in compliance with Regulation 7(2) & 7(3) of the 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 an annual basis, certifying that all activities relating to share transfer facility of the Bank are maintained by KFin Technologies Limited, Registrars and Share Transfer Agent ('RTA') of the Bank.

Committee of Directors

The Committee of Directors ('COD') is a Board constituted committee that considers and sanctions loan proposals exceeding ₹100 crore in case of Secured Small & Medium Enterprise ('SME'), Non-Banking Finance Company ('NBFC'), Housing Finance/ Construction Finance & Others, and exceeding ₹200 crore in case of NBFC-Micro Finance Institutions ('MFI') loans for onward lending, 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.

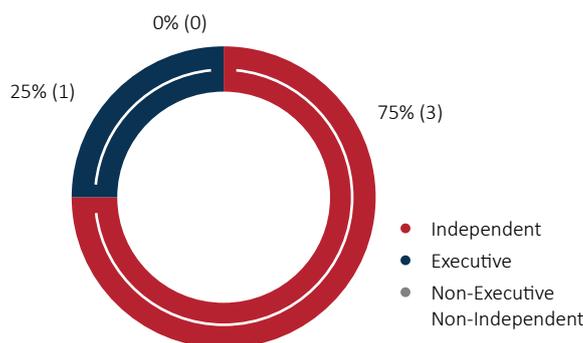
Meetings of the COD

As on March 31, 2023, the COD comprised four Directors, including three Independent Directors and chaired by the Managing Director & CEO. During FY 2022-23, the COD met twenty-two times, i.e., on April 16, 2022, May, 20, 2022, June 14 and 23, 2022, July 11 and 20, 2022, August 11 and 20, 2022, September 13 and 23, 2022, October 15, 2022, November 10 and 28, 2022, December 12 and 23, 2022, January 10 and 25, 2023, February 13, 2023, and March 3, 10, 20 and 27, 2023.

Composition (as on March 31, 2023) and attendance - COD

Name of Member	Category	Number of Meetings during FY 2022-23 (twenty-two meetings)		% of Attendance	Gross Amount of Sitting Fees paid (Amt. in ₹)
		During Tenure	Attended		
Mr. Chandra Shekhar Ghosh, Chairman	Executive	22	22	100	NA
Mr. Santanu Mukherjee	Independent	22	22	100	13,20,000
Mr. Suhail Chander	Independent	22	22	100	13,20,000
Mr. Subrata Dutta Gupta	Independent	22	21	95.45	12,60,000

COD Composition - (as on date)



Annual General Meetings

Details of Annual General Meetings for the previous three financial years are as under:

Sl. No.	Particulars of meeting	Location	Date & Time	Special Resolutions passed, if any
1.	8 th Annual General Meeting	14 th Floor, Adventz Infinity@5, BN-5, Sector V, Salt Lake City, Kolkata – 700091 (through VC)	August 10, 2022 at 11:00 A.M. (IST)	Four Special Resolutions were passed
2.	7 th Annual General Meeting	14 th Floor, Adventz Infinity@5, BN-5, Sector V, Salt Lake City, Kolkata – 700091 (through VC)	August 06, 2021 at 11:00 A.M. (IST)	Three Special Resolutions were passed
3.	6 th Annual General Meeting	DN-32, Sector V, Salt Lake, Kolkata – 700091 (through VC)	August 21, 2020 at 11:00 A.M. (IST)	Two 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.

However, in compliance with the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, read with rules made thereunder, Regulation 44 and other applicable provisions, if any, of the SEBI LODR, the Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India, and any other applicable laws and regulations, the Bank has sought the approval of its Members for the following special businesses through Postal Ballot Notice dated May 19, 2023:

Sl. No.	Item of Businesses	Type of Resolution
1	Appointment of Mr. Ratan Kumar Kesh (DIN: 10082714) as a Director of the Bank	Ordinary Resolution
2	Appointment of Mr. Ratan Kumar Kesh (DIN: 10082714) as a Whole-time Director, designated as Executive Director and Key Managerial Personnel of the Bank, including remuneration	Ordinary Resolution

Pursuant to the framework laid down by the Ministry of Corporate Affairs ('MCA'), Government of India, for conducting postal ballot process through electronic voting ('remote e-voting') only vide General Circular Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020 and 11/2022 dated December 28, 2022 ('MCA Circulars'), the Bank has sent the Postal Ballot Notice dated May 19, 2023, along with the Explanatory Statement thereto, to the Members of the Bank, whose names appeared in the Register of Members / list of Beneficial Owners as received from the Depositories as on Friday, May 19, 2023 ('Cut-off Date'), and whose e-mail IDs were registered with the Bank/Depositories, for obtaining the consent of the Members to the aforesaid item of businesses, via Ordinary Resolution(s), by electronic means only.

The Bank has engaged the services of KFin Technologies Limited, the Registrars and Share Transfer Agent of the Bank, as the agency for facilitating remote e-voting. The Board had appointed M/s Anjan Kumar Roy & Co, Practicing Company Secretary (FCS No.: 5684/CP No.: 4557) failing him, CS Sandip Paul, Practicing Company Secretary (ACS No.: 60607 / CP No.: 22688) as the Scrutiniser to ensure that the Postal Ballot (via remote e-voting) process is conducted in a fair and transparent manner.

The remote e-voting period commenced on Wednesday, May 24, 2023 [9:00 A.M. (IST)] and will end on Thursday, June 22, 2023 [5:00 P.M. (IST)].

The Scrutinizer, upon completion of the scrutiny of votes cast by Postal Ballot (via remote e-voting), will submit his Report, to the Chairman or Managing Director & CEO or Company Secretary, who will countersign the same, and the Results of the Postal Ballot will be declared on or before Saturday, June 24, 2023. The Results of the Postal Ballot, along with the Scrutinizer's Report, will be posted on the website of the Bank and KFin Technologies Limited, the remote e-voting service provider, and will also be displayed on the Notice Boards of the Bank at its Registered Office and Head Office. The Results of the Postal Ballot will simultaneously be communicated to all the Stock Exchanges where the equity shares of the Bank are listed.

The aforesaid resolutions, if approved by the Members of the Bank, with requisite majority, will be deemed to have been approved and passed on June 22, 2023, i.e., the last date of the remote e-voting.

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 Risk, Foreign Exchange Risk and Hedging Activities

Your Bank has not traded in any commodity. The Bank has limited foreign currency liability with regard to its FCNR(B) portfolio however, the Bank does not have foreign currency bonds, bilateral or syndicated loans liability. Your Bank has a Board approved Market Risk Policy which defines a risk control framework for undertaking any foreign exchange transaction. The Board approved Market Risk Policy 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 Statement 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 Statement 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 (Accounting Standards) Rules, 2021, 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 statement 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 statement every quarter starting from the quarter ended June 30, 2018 to RBI. As advised by the RBI, the Bank has also been submitting Proforma IndAs Financial Statements, every half year, to the 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

During the year under review, there were no materially significant transactions with related parties, 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 2022-23 were on an arm's length basis and were in the ordinary course of the Bank's business. Approval of Members of the Bank has been obtained at 8th AGM held on August 10, 2022 for material related party transactions with promoter entities of the Bank, in terms of Regulation 23 of the SEBI LODR. Further details are provided in the Board's Report. Weblink for your Bank's Policy on dealing with Related Party Transactions is <https://bandhanbank.com/sites/default/files/2022-09/Policy-on-Dealing-with-Related-Party-Transactions.pdf>.

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 the SEBI and/ or any other statutory authorities during the last three financial years.

Whistle Blower Policy & Vigil Mechanism

The Bank had 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 RBI, in this regard. During the financial year under review, as part of annual review process, the Board on the basis of recommendation of the ACB, segregated the Policy into two Policies i.e. Vigilance Policy and Whistle Blower Policy. The said Policies are available on the Bank's website at https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2022-11/Whistle_Blower_Policy_291122.pdf and https://bandhanbank.com/sites/default/files/2022-11/Vigilance_Policy_291122.pdf. Further details on the Whistle Blower Mechanism is provided in the Board's Report.

Code of Conduct

Your Bank has in place 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/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/sites/default/files/2020-12/Code-Conduct-for-Directors.pdf>. As required under Regulation 26(3) of the 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, 2023.

Declaration, as required under Para D of Schedule V to the SEBI LODR, with respect to the financial year ended March 31, 2023, duly signed by the Managing Director & CEO, is annexed to this Report.

Policy on the Preservation of Documents

In accordance with Regulation 9 of the SEBI LODR, your Bank has in place a Policy on 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 Policy has been reviewed and amended by the Board, during the financial year under review, primarily, to make it more comprehensive by including new documents under the Policy and change in the life of certain documents as per statutory requirements. The said policy can be accessed on the Bank's website at <https://www.bandhanbank.com/sites/default/files/2023-04/Policy-on-Preservation-of-Documents-FY-22-23-240323.pdf>.

Policy for Determination of Material Event/ Information and Archival Policy

In accordance with Regulation 30 of the SEBI LODR, your Bank has in place a Policy for Determination of Material Events/ Information, which provides guidance to the Board, management and staff on the assessment of the materiality of events/information, 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 it with the recent SEBI LODR amendments. The Policy is available on the Bank's website at <https://bandhanbank.com/sites/default/files/2022-11/Policy-for-Determination-of-Materiality-ason011122.pdf>. Further, your Bank has a Board approved Archival Policy in line with the requirements of the SEBI LODR to ensure that information relating to your Bank is adequately disclosed on its website as required by law. The Policy has been reviewed by the Board without any change, during the financial year under review, as part of annual review process. The Policy is available on the Bank's website at <https://bandhanbank.com/sites/default/files/2022-09/Archival-Policy.pdf>.

Code of Conduct for Prevention of Insider Trading

Your Bank has in place a Code of Conduct for Prevention of Insider Trading in the securities of the Bank (**'PIT Code'**), adopted in line with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (**'PIT Regulations'**). 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 Procedures for Fair Disclosure of Unpublished Price Sensitive Information (**'UPSFI'**), which is available on the website of the Bank at https://bandhanbank.com/sites/default/files/2022-12/Final-Fair-disclosure-CCIT_1.pdf. The Board reviews the PIT Code on an annual basis and whenever required. The PIT Code has been reviewed and amended during the financial year under review, broadly, to align certain provisions with the PIT Regulations and bring more clarity, 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 PIT Regulations, and is responsible for implementation and overseeing compliance with the PIT Code across the Bank. 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 the 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 and PIT Regulations. Your Bank has automated the process for submission of declarations and disclosures by designated persons electronically through software. Further, your Bank has maintained the Structured Digital Database (**'SDD'**) internally with adequate internal controls, in compliance with the provisions of Regulation 3(5) of the PIT Regulations. Necessary certificate has been submitted to the Stock Exchanges, as prescribed from time to time. The report on the compliance with the PIT Code is also submitted to the ACB/Board periodically.

Dividend Distribution Policy

In accordance with Regulation 43A of the SEBI LODR, your Bank has adopted the Dividend Distribution Policy, which outlines various parameters based on which the Board may recommend or declare Dividend, in accordance with the provisions of applicable laws. The details of the same are provided in the Board's 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.

Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the 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 calendar of Board Meetings for the financial year ending on March 31, 2024

The tentative calendar of the meetings of the Board of Directors for the consideration of quarterly / annual financial results for the financial year ending on March 31, 2024 are as follows:

Quarter/Year	Tentative calendar of Board Meetings
First quarter ending on June 30, 2023	Within 45 days from the end of quarter
Second quarter ending on September 30, 2023	Within 45 days from the end of quarter
Third quarter ending on December 31, 2023	Within 45 days from the end of quarter
Fourth quarter and year ending on March 31, 2024	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 Non-Executive Chairman while performing his duties.

b) Shareholder Rights

Your Bank publishes its financial results every quarter on its website at 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. 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 and transcripts of which are hosted on the website of the Bank. The Bank's results for each quarter are 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, 2023, is with unmodified audit opinion. The Bank continues to adopt the best practices to ensure a regime of financial statement with unmodified audit opinion.

d) Separate posts of the 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. 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.	https://bandhanbank.com/sites/default/files/2022-09/Policy-on-Appointment-and%20Fit-and-Proper-Criteria-for-Directors.pdf
2	Whistle Blower Policy; and Vigilance Policy	Your Bank has adopted whistle blower mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud.	https://bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2022-11/Whistle_Blower_Policy_291122.pdf and https://bandhanbank.com/sites/default/files/2022-11/Vigilance_Policy_291122.pdf
3	Policy on dealing with Related Party Transactions	This Policy regulates all transactions between the Bank and its related parties.	https://bandhanbank.com/sites/default/files/2022-09/Policy-on-Dealing-with-Related-Party-Transactions.pdf
4	Policy for Determination of Material Event/ Information	This Policy applies to determination and disclosure of material information/events for your Bank.	https://bandhanbank.com/sites/default/files/2022-11/Policy-for-Determination-of-Materiality-ason011122.pdf
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.	https://bandhanbank.com/sites/default/files/2022-09/Dividend-Distribution-Policy.pdf
6	CSR Policy	This 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, etc.	https://bandhanbank.com/sites/default/files/2023-01/CSR-Policy-210123.pdf
7	Compensation Policy	This Policy formulates the criteria for determining the remuneration of the Directors, KMP and Employees of the Bank.	https://bandhanbank.com/sites/default/files/2023-04/Compensation-Policy-050423.pdf
8	Policy on Preservation of Documents	This Policy formulates categories of documents to be preserved.	https://bandhanbank.com/sites/default/files/2023-04/Policy-on-Preservation-of-Documents-FY-22-23-240323.pdf
9	Archival Policy	This Policy deals with the disclosure and archival of disclosure of material events/information on the website of your Bank.	https://bandhanbank.com/sites/default/files/2022-09/Archival-Policy.pdf

The Board has been reviewing the above policies on an annual basis and whenever required to align with the regulatory and/or business requirements.

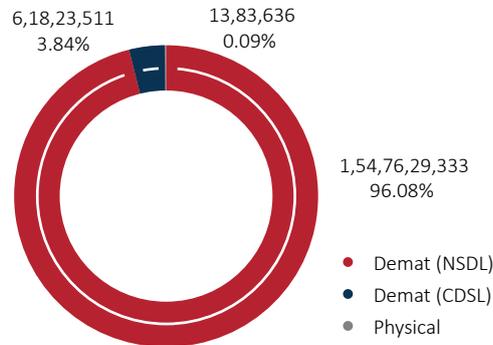
General Shareholder Information:

1)	Corporate Identity Number ('CIN') Address for Correspondence	L67190WB2014PLC204622 Registered Office: DN-32, Sector- V, Salt Lake, Kolkata- 700 091 Head Office: Floors 12th - 14th, Adventz Infinity@5, BN 5, Sector V, Salt Lake City, Kolkata- 700 091 Contact: Mr. Indranil Banerjee, Company Secretary & Compliance Officer (Nodal Officer for IEPF related matters) Phone Number: 033 6609 0909 E-mail ID: investors@bandhanbank.com Website: www.bandhanbank.com
2)	Date, Time and Venue of the Annual General Meeting ('AGM')	9th AGM of the Bank will be held on Friday, August 18, 2023, at 11:00 A.M. (IST) Since the AGM will be conducted through VC/OAVM pursuant to the MCA General Circular No. 20/2020 dated May 05, 2020, read with General Circular No. 10/2022 dated December 28, 2022 as such, there is no requirement to arrange a venue for the 9th AGM of the Bank. For details, please refer to the Notice of the 9th AGM.

3)	AGM Webcast link	https://emeetings.kfintech.com
4)	Financial Year	April 01, 2022 to March 31, 2023
5)	Date of Book Closure	Saturday, August 12, 2023 to Friday, August 18, 2023 (both days inclusive)
6)	Dividend Payment Date	Dividend, if declared by the Members, will be paid within 30 days of the AGM
7)	Listing on Stock Exchanges	<p>i) National Stock Exchange of India Limited ('NSE') Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400051</p> <p>ii) BSE Limited ('BSE') Phiroze Jeejabhoy Towers, Dalal Street, Fort, Mumbai – 400001</p> <p>The Bank has duly paid the Annual Listing Fees to NSE & BSE for the financial year 2023-24. 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 Body /Statutory Authority.</p>
8)	Stock Code	NSE Symbol – BANDHANBNK BSE Scrip Code – 541153
9)	Registrars & Share Transfer Agent (both Physical & Demat Segments) (Equity & Debentures)	<p>KFin Technologies Limited <i>(formerly, known as KFin Technologies Private Limited)</i> Selenium Building, Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana, India- 500 032 Toll free number: 1800 309 4001 Email: einward.ris@kfintech.com Website: www.kfintech.com Name of the Contact Person: Mr. Bhaskar Roy, Deputy Vice President</p> <p>Shareholders are requested to note that our RTA has launched a mobile application - KPRISM and a website, https://kprism.kfintech.com/, for our investors. Now, Shareholders can download the mobile app and access his/her portfolio(s) serviced by KFinTech, and 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”.</p>
10)	Share Transfer System	<p>The Bank's shares which are in dematerialised (demat) mode are transferable through the depository system.</p> <p>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 requests as explained in subsequent section of this Report.</p> <p>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 letters 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.</p> <p>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.</p>

- 11) Dematerialisation of Shares and Liquidity The shares of your Bank are available for trading in the dematerialized form only under both the Depositories in India, viz., NSDL and CDSL. The annual custodian fees for the financial year 2023-24 have been paid to NSDL and CDSL. As on March 31, 2023, 1,60,94,52,844 Shares representing 99.91 per cent. of the total Share Capital of the Bank were held in dematerialised form. The International Securities Identification Number ('ISIN') of the equity shares of the Bank is **INE545U01014**.

Modes of Shares Held



- 12) Outstanding GDRs/ADRs/ Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity Not applicable
- 13) Reconciliation of Share Capital Audit Reconciliation of Share Capital Audit in terms of Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018, read with SEBI Circular No. D&CC/FITTC/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 / listed 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.
- 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.

Shareholders holding 1 per cent. and above as on March 31, 2023

Sl. No.	Name of the Shareholder	No. of Shares held	% of Total Holdings
1	Bandhan Financial Holdings Limited	64,41,15,857	39.99
2	Caladium Investment Pte. Ltd.	12,54,44,201	7.78
3	Housing Development Finance Corporation Limited	7,97,30,800	4.95
4	Life Insurance Corporation of India	5,94,55,863	3.69
5	Aditya Birla Sun Life Trustee Private Limited A/C	3,75,83,961	2.33
6	Fidelity Investment Trust Fidelity Series Emerging Markets Opportunities Fund	2,99,89,032	1.86
7	Nippon Life India Trustee Ltd-A/C	2,66,29,217	1.65
8	SBI Capital Protection Oriented Fund- Series A	2,44,64,523	1.52

Distribution Schedule as on March 31, 2023

Category (Paid up value of shares held)	No. of Shareholders*	% of Shareholders	No. of Shares	% of Total Holdings
1- 5,000	5,05,793	93.37	3,62,12,008	2.25
5,001 – 10,000	17,127	3.16	1,28,30,051	0.80
10,001 – 20,000	9,595	1.77	1,39,24,250	0.86
20,001 – 30,000	3,108	0.57	78,38,864	0.49
30,001 – 40,000	1,657	0.31	59,00,933	0.37
40,001 – 50,000	959	0.18	44,17,998	0.27
50,001 – 1,00,000	1,677	0.31	1,18,27,195	0.73
1,00,001 and above	1,787	0.33	1,51,78,85,181	94.23
Total	5,41,703	100.00	1,61,08,36,480	100.00

*Number of Shareholders on the basis of folios

Top Ten Shareholders as on March 31, 2023

Sl. No.	Name of the Holder	No. of Shares held	% of Total Holdings
1	Bandhan Financial Holdings Limited	64,41,15,857	39.99
2	Caladium Investment Pte. Ltd.	12,54,44,201	7.78
3	Housing Development Finance Corporation Limited	7,97,30,800	4.95
4	Life Insurance Corporation of India	5,94,55,863	3.69
5	Aditya Birla Sun Life Trustee Private Limited A/C	3,75,83,961	2.33
6	Fidelity Investment Trust Fidelity Series Emerging Markets Opportunities Fund	2,99,89,032	1.86
7	Nippon Life India Trustee Ltd-A/C	2,66,29,217	1.65
8	SBI Capital Protection Oriented Fund- Series A	2,44,64,523	1.52
9	MFS Emerging Markets Equity Fund	1,53,44,575	0.95
10	Kuwait Investment Authority Fund 223	1,31,05,855	0.81

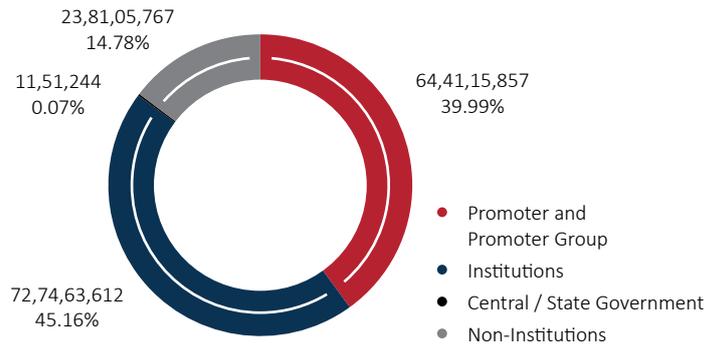
Categories of Shareholders as on March 31, 2023

Sl. No.	Category of Shareholder	No. of Shares held	% of Total Holdings
(A) Promoter and Promoter Group			
(a)	Bandhan Financial Holdings Limited (Promoter)	64,41,15,857	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
(f)	IDFC Asset Management Company Limited (Promoter Group)*	0	0
(g)	IDFC AMC Trustee Company Limited (Promoter Group)*	0	0
(h)	IDFC Investment Managers (Mauritius) Limited (Promoter Group)*	0	0
Sub-Total		64,41,15,857	39.99
(B) Public Shareholding			
(1) Institutions			
(a)	Mutual Funds /UTI	13,34,97,781	8.29
(b)	Alternative Investment Fund	98,17,948	0.61
(c)	Banks	41,227	0.00
(d)	Insurance Companies	6,98,32,667	4.34
(e)	NBFCs registered with RBI	18,187	0.00
(f)	Foreign Direct Investment	6,51,86,116	4.05
(g)	Foreign Portfolio Investors (Category I)	42,34,93,628	26.29
(h)	Foreign Portfolio Investors (Category II)	2,55,76,058	1.59
(2) Central Government/ State Government(s)/ President of India			
(a)	Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter	11,51,244	0.07
(3) Non-Institutions			
(a)	Bodies Corporate	9,23,20,623	5.73
(b)	Individuals	12,45,46,269	7.73
(c)	Clearing Members	8,42,821	0.05
(d)	Foreign Nationals	378	0.00
(e)	H U F	29,17,789	0.18
(f)	I E P F	11,97,461	0.07
(g)	Non Resident Indians ('NRI')	59,71,918	0.37
(h)	Trusts	1,03,08,508	0.64
Sub-Total		96,67,20,623	60.01
GRAND TOTAL (A+B)		1,61,08,36,480	100

* The names of IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited and IDFC Investment Managers (Mauritius) Limited have been subsequently changed to Bandhan AMC Limited, Bandhan Mutual Fund Trustee Limited and Bandhan Investment Managers (Mauritius) Limited, respectively.

1. Equity Shares held by the Promoter are neither under pledge nor under lock-in.

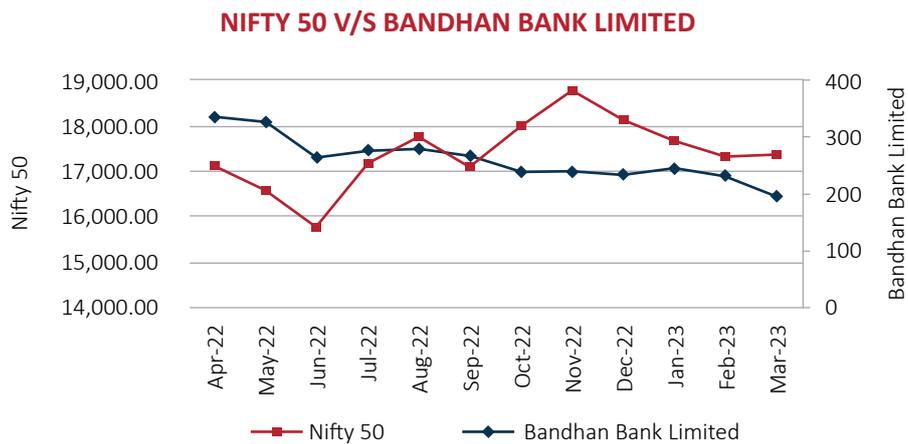
Category-wise Shareholding

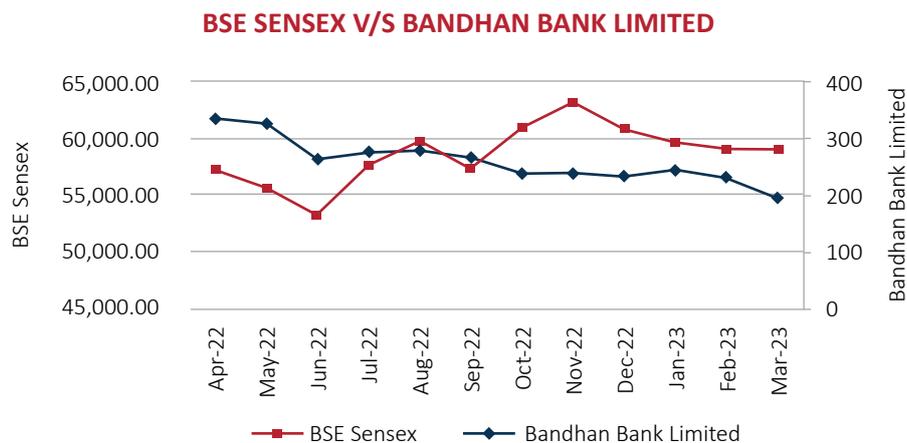
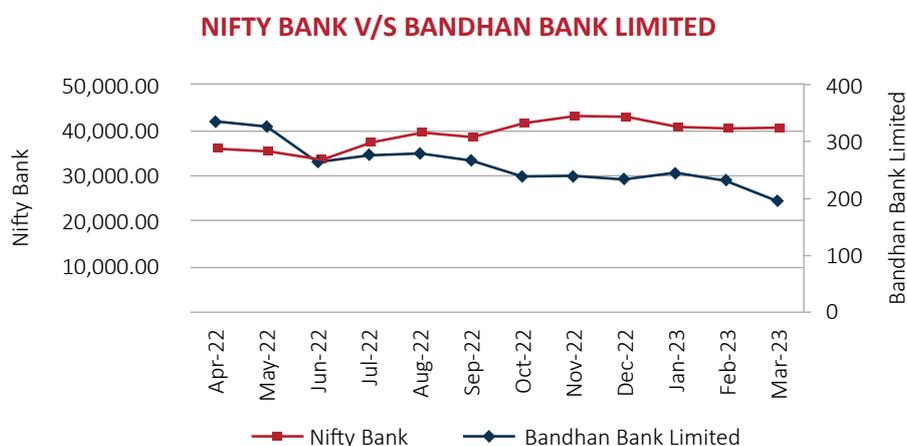


Market Price Data: High and Low during each month of the financial year 2022-23

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-22	344.70	303.20	21,93,87,700	344.65	303.80	1,68,780
May-22	349.55	299.00	17,12,96,923	349.50	299.00	1,40,927
Jun-22	335.50	262.40	13,07,16,741	335.50	262.70	99,794
Jul-22	294.70	259.05	14,67,62,610	294.60	259.05	1,06,115
Aug-22	302.20	269.50	13,85,87,918	302.20	269.55	1,15,818
Sep-22	314.80	251.50	19,50,06,717	314.75	251.55	1,52,428
Oct-22	275.90	237.25	14,24,16,282	275.70	235.75	93,977
Nov-22	241.00	209.55	25,29,95,861	241.95	209.45	2,08,591
Dec-22	255.95	223.50	21,91,80,118	255.85	221.00	1,46,933
Jan-23	250.75	232.50	16,00,08,325	250.75	232.65	96,511
Feb-23	248.85	222.50	10,91,50,069	248.70	222.60	85,135
Mar-23	238.25	182.15	20,33,43,663	238.00	182.20	1,12,723

Performance of the Bank's Equity Shares as compared with NSE Nifty Index during the FY 2022-23



Performance of the Bank's Equity Shares as compared with S&P BSE SENSEX during the FY 2022-23**Performance of the Bank's Equity Shares as compared with Nifty Bank Index during the FY 2022-23****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 not having any listed debt securities during the financial year 2022-23. However, the details of Debenture Trustee for unlisted NCDs are as under:

IDBI Trusteeship Services Limited

Universal Insurance Building,
Ground Floor, Sir P.M. Road, Fort,
Mumbai- 400001, India

Contact: 022-40807005, 022-40807000, +91 8097474605

Email ID: gauri@idbitrustee.com

Website: <https://idbitrustee.com>

Plant Locations

Being in the banking business, your Bank does not have any plant. However, your Bank had 4,588 Banking Units and 1,411 Branches as on March 31, 2023. The total number of ATMs as on March 31, 2023 was 438. The locations of the banking outlets are displayed on your Bank's website.

Rating of Various Debt Instruments (As on March 31, 2023)

Details of rating of various debt instruments of your Bank for the financial year 2022-23 have 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 the SEBI LODR. The quarterly / annual certificate(s) for all the quarters / year on financial results were also placed before the ACB/ Board in terms of Regulation 33(2) of the SEBI LODR.

Secretarial Audit Report

The Bank has obtained a Secretarial Audit Report for the financial year 2022-23, in Form MR-3, in terms of Section 204 of the Companies Act and Regulation 24A(1) of the SEBI LODR, from CS Hansraj Jaria, Practicing Company Secretary (FCS No.: 7703/CP No.: 19394). 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 for the financial year 2022-23, in the format prescribed by the 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 and Circulars dated March 16, 2023 and April 10, 2023 issued by the NSE and BSE, respectively, from CS Hansraj Jaria, Practicing Company Secretary (CP No.: 19394). 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.

Compliance Certificate

A Certificate from CS Anjan Kumar Roy, Practicing Company Secretary (CP No.: 4557), regarding compliance with the conditions of Corporate Governance, as stipulated in the 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 (CP No.: 4557) is annexed to this Report forming part of the Annual Report.

Directors E-KYC

The MCA, vide the Companies (Appointment and Qualifications of Directors) Rules, 2014, has mandated KYC of all the Directors through the e-form DIR-3 KYC / web-form DIR-3 KYC-WEB. 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'), any dividend declared by the Bank, which remains unclaimed or unpaid for a period of seven years from the date of transfer to the respective 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 such shares.

Your Bank was incorporated on December 23, 2014. Since inception, your Bank has declared dividend in its 4th, 5th and 7th AGMs held in 2018, 2019 and 2021, respectively.

Hence at present, your Bank is not required to transfer any unclaimed dividend amount to the 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 were required to be transferred to the IEPF during the FY 2022-23. 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 dividends that remained unclaimed for seven years, have also been transferred to the IEPF during the FY 2022-23.

The details of unclaimed dividends and shares transferred to IEPF Authority during FY 2022-23 are as follows:

Relevant Financial Year	Amount of unclaimed dividend transferred (Amount in ₹)	Number of shares transferred
2014-15	30,43,566.00	4,44,492

The concerned shareholder/claimant who has a legitimate claim on the transferred dividends/shares may claim the same from the 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, if any; 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. Additionally, the shareholders/claimants may scan the whole set of documents and send the same to the Bank by e-mail at companysecretary@bandhanbank.com to enable quick processing, followed by original physical copy.

In terms of the provisions of the IEPF Rules, your Bank is required to submit an e-verification report to the IEPF Authority within 30 days from the date of filing of web-based e-form IEPF-5. Accordingly, shareholders/claimants 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, 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 shall 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 were also published in the newspapers and the details of unclaimed dividends and shareholders whose shares were liable to be transferred to the IEPF Authority are available on the Bank's website under the investor relations section <https://bandhanbank.com/unclaimed-dividend>.

The following tables give information relating to unclaimed dividends and the dates by which they can be claimed by the Shareholders from the Bank. The unclaimed dividends thereafter, shall be transferred to the IEPF as stated above.

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
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 of the SEBI LODR, read with Schedule I thereto, 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 is entitled to use the bank account details of the shareholders available with the Bank/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). Updating of E-mail IDs and Mobile No(s). will enable sending communication relating to the credit of dividend, uncashed dividend, etc.

3) Information for 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 March 16, 2023, 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, wherein any one of the cited document / details are not available, on or after October 01, 2023.

Actionable:

Subject Matter	Action to be taken by Physical Shareholders		
Compulsory Linking of PAN with AADHAAR by June 30, 2023	Shareholders are requested to link their PAN with their AADHAAR number before June 30, 2023 or any other date, as may be specified by the SEBI or any other regulatory authority, so as to have valid PAN and avoid freezing of their folio.		
Compulsory furnishing of the following:	In case any of below-mentioned 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	Form No. ISR - 1
• 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	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.	
	Demat Account details, if available	Client Master List ('CML') of Demat Account, duly signed by the Depository Participant with stamp.	

Subject Matter	Action to be taken by Physical Shareholders		
<ul style="list-style-type: none"> 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"> Self-certified copy of Bank passbook; or Bank Statement attested by Bank, in original; or Original cancelled cheque leaf, bearing the name of the shareholder printed on it 	
<ul style="list-style-type: none"> 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"> Original cancelled cheque, bearing the name of the shareholder printed on it; or Self-certified copy of Bank Passbook/ Bank Statement; 	Form No. ISR-1 Form No. ISR - 2
	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	Form No. SH-13
	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	Form No. SH-14
<ul style="list-style-type: none"> 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	Form No. ISR - 3
	Cancellation of existing 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"> Original copy of Cancellation of Nomination Form as provided in the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014; and Form for 'Declaration to Opt out' is also required to be submitted 	Form No. SH-14 Form No. ISR - 3

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	
Claim from Unclaimed Suspense Account	
Renewal / Exchange of securities certificate	
Endorsement	ISR – 4
Sub-division / Splitting of securities certificate	(along with relevant documents)
Consolidation of securities certificates/folios	
Transmission	
Transposition	ISR – 5
	(along with relevant documents)

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, 2023. The details of the fees paid to M. M. Nissim & Co LLP, Chartered Accountants, and M/s. Singhi & Co., Chartered Accountants, Joint Statutory Auditors of the Bank, for FY 2022-23, are as under:

Nature of Services	Amount in ₹ Crore
Audit Fees	1.17
Certification and Other Fees to Auditors	0.55
Tax Audit Fees	0.09
Others	0.38
TOTAL	2.19

At the 8th AGM of the Bank, the Shareholders while approving the appointment and remuneration of the Joint Statutory Auditors have given the powers to the ACB/Board to alter and vary the terms and conditions of appointment, including 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 with the Joint Statutory Auditors, and to alter and vary the terms of remuneration during the current tenure of Joint Statutory Auditors, etc. Further, it was also mentioned that the remuneration paid to the Joint Statutory Auditors will be disclosed in the Report on Corporate Governance as well as the Annual Financial Statement of the Bank.

Accordingly, the fees paid to the Joint Statutory Auditors approved by the ACB and the Board under the power given by the Shareholders and disclosed hereinabove as well as in the notes to the Annual Financial Statement forming part of this Annual Report.

5) Equity Shares in the Unclaimed Suspense Account

In terms of Regulation 39(4) of the SEBI LODR, read with Schedule VI thereto, the details of Equity shares lying in the Unclaimed Suspense Account are given below, which include the equity shares issued by the Bank pursuant to the amalgamation of GRUH into and with the Bank against shares lying in the suspense account of erstwhile GRUH:

Particulars	No. of cases	No. of shares
Aggregate number of Shareholders and the outstanding shares as on April 01, 2022	288	4,13,939
Shareholders who approached the Bank for transfer of shares during the financial year	1	1,136
Shareholders to whom shares were transferred during the financial year	1	1,136
Shareholders whose shares were transferred to the demat account of the IEPF Authority as per Section 124 of the Companies Act	286	4,12,763
Shareholders whose shares got transferred to the Unclaimed Suspense Account during the financial year 2022-23	117	1,72,444
Aggregate number of Shareholders and the outstanding shares as on March 31, 2023	118	1,72,484

The voting rights on the equity shares lying in the suspense account as on March 31, 2023 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 by submitting details in form ISR- 1 as explained above, 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: May 26, 2023

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, 2023, the members of the Board of Directors and the Senior Management Personnel of the Bank have affirmed compliance with the provisions of the Bank's Code of Conduct for Board of Directors and the Code of Conduct for Senior Management, respectively.

Chandra Shekhar Ghosh
Managing Director & CEO
(DIN: 00342477)

Place: Kolkata

Date: May 17, 2023

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 and Head Office at 12th to 14th Floor, Adventz Infinity@5, BN 5, Sector V, Salt Lake City, Kolkata 700 091 (hereinafter referred as '**the Bank**') during the financial year ended March 31, 2023, pursuant to the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('**SEBI LODR**') and also read with the provisions of Companies Act, 2013 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 in accordance with the applicable provisions and requirements of the SEBI LODR. That compliance of corporate governance norms and procedures is the responsibility of the Bank. That our audit and certificate is neither an opinion on financial statement 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, as furnished by the Bank and its officers, we confirm that the Bank has complied with the corporate governance norms and procedures as per the provisions and requirements of the SEBI LODR, 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: F005684E000343991

Peer Review Certificate No.: 869/2020

Place: Kolkata
Date: May 26, 2023

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and clause (10)(i) of Para C of Schedule V 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 forms and disclosures received from the Directors of **Bandhan Bank Limited** having CIN:-L67190WB2014PLC204622 and having registered office at DN-32, Sector-V, Salt Lake, Kolkata – 700091 and Head Office at 12th to 14th Floor, Adventz Infinity@5, BN 5, Sector V, Salt Lake City, Kolkata 700 091 (hereinafter 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, sub-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 verifications [including Directors Identification Number (**DIN**) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ended on March 31, 2023, have been debarred or disqualified from being appointed or continuing as Directors of the Bank by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other 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. Ratan Kumar Kesh	10082714	March 31, 2023
4.	Dr. Allamraju Subramanya Ramasastry	06916673	August 08, 2018
5.	Dr. Aparajita Mitra	09484337	July 13, 2022
6.	Ms. Divya Krishnan	09276201	May 11, 2022
7.	Dr. Holger Dirk Michaelis	07205838	February 12, 2016
8.	Mr. Narayan Vasudeo Prabhutendulkar	00869913	May 08, 2020
9.	Mr. Philip Mathew	09638394	June 15, 2022
10.	Mr. Santanu Mukherjee	07716452	January 07, 2019
11.	Mr. Subrata Dutta Gupta	08767943	March 19, 2021
12.	Mr. Suhail Chander	06941577	March 19, 2021
13.	Mr. Vijay Nautamlal Bhatt	00751001	May 08, 2020

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 the 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: May 26, 2023

UDIN: F005684E000344022
Peer Review Certificate No.: 869/2020

Management Discussion & Analysis Report

A. Global and Indian Economic Scenario

1. Global economy – Headwinds persist

The recovery in global growth post pandemic lagged expectations. This has majorly been a consequence of both exogenous shocks as well as lack of swift reversal of key macro-economic and logistic pressure points. Three major drivers shaping global finance are: (a) geopolitical uncertainty and high inflation; (b) multi-year high interest rates; and (c) rapidly evolving technology and innovation.

Inflation in advanced economies rose to multi-decade highs:

Global financial system was flushed with liquidity while policy rates for most economies trended lower during the pandemic years. Easing of supply-chain bottlenecks, on the other hand, was tepid, especially given the severe geopolitical headwinds since the break out of the Russia-Ukraine war in February 2022. Consequently, inflation hit multi-decade highs in 2022 for several major economies.

Tightening of global policy rates to tame inflation:

Given this challenging macro backdrop, central banks across economies have responded with sharp and often synchronised hikes in policy rates. The idea was to deter demand by rapidly raising the cost of credit, to convey the policy commitment to combat inflation in unequivocal terms, and thereby contain prices and anchor inflation expectations. For instance, US Fed increased the Fed Funds Rate (FFR) cumulatively by 5 percentage points (from near zero rates) over just one year. This is the fastest rate hiking cycle since the 1980s.

However, the rapid tightening of policy rates and withdrawal of excess liquidity by large central banks created growth uncertainties and also resulted in exposing fragile segments of the financial sector in some of the advanced economies. Stretched balance sheets of some banks on the back of the rate hiking cycle along with questionable risk management practices, led to the downfall of some financial institutions in US and Euro Area. While the banking crisis seems to have been abated with timely government interventions since then, policymakers clearly remain extra-vigilant against any fresh manifestation or spill-over of such risks.

Amid all the uncertainty in global macro-economic setup, innovation in business and services has been growing at a brisk pace. Innovation in artificial intelligence (AI), decentralised applications in fintech and widespread use of digitisation are expected to change the business (and potentially the world) order much faster than anticipated.

Significant impact of digital technology on financial services:

Fintech, the application of digital technology to financial services, is reshaping the future of finance. Digital

technologies are revolutionizing payments, lending, investment, insurance, and other financial products and services – a process that the COVID-19 pandemic has accelerated. These technological advancements are challenging the pillars of traditional finance, whereby coverage and quality of financial products across both advanced and emerging economies are expected to scale up in the next few years.

Data is being leveraged to answer key questions regarding – customer base, product development, product management, target customers, financial innovation and inclusion. These advancements in technologies and data management will continue to blur the boundaries of both financial firms and the financial sector. The pace of innovations is only going to garner pace and, policymakers are adjusting swiftly to maximise utility.

Policymakers are currently faced with a unique cocktail of uncertain global growth outlook, expectation of slowdown in inflation amid record high interest rates while technological advancements in finance continue to challenge the status quo in traditional finance.

Global growth to remain somewhat soft:

Tightening monetary conditions due to high policy rates and banking turmoil, along with lingering geopolitical uncertainty expected to slow down global growth.

Commodity price cycle along with growth in key economies like China remains crucial for global growth and inflation outlook. Impact on productivity, jobs and wages would start to get pronounced in the next few years as automation and digitisation impact major business and service sectors.

2. Indian Economy

India – A bright spot despite global headwinds

IMF has described India as ‘a bright light’ at a time when the world is facing imminent pronounced risks. Moderation in inflation means that bulk of the policy rate hike is behind for India while advanced economies continue to raise rates.

Rapid digital innovation along with buoyant domestic demand is expected to cushion India from adverse external impacts (global growth slowdown).

The Indian economy has moved on post its encounter with the pandemic, staging a strong recovery ahead of many nations and positioning itself to ascend to the pre-pandemic growth path in FY 2022-23. The Indian growth story has been underpinned by strong investment activity bolstered by a strong push in government- capex along with buoyant private consumption.

Even though weak external demand and high inflation have tempered growth expectations, Indian economy continued exhibiting resilience as national output grew over 7 per cent. during FY 2022-23 [as estimated by India's National Statistics Office (NSO)]. The underlying growth dynamics of the Indian economy, during the year, are enumerated below:

India growth dynamics: Service sector expected to remain robust while growth in investment, consumption and agriculture set to pick up in FY 2023-24

a. Service sector continues to remain robust:

India's services sector staged a strong rebound since COVID, driven by pent-up demand for contact intensive activities such as tourism, retail trade, hotel, entertainment and recreation which took the biggest hit from the pandemic. S&P Global's India Services Purchasing Managers' Index (PMI), a leading indicator of services growth, rose to 62 in April 2023 from 57.8 in March 2023, signalling the fastest expansion in output since mid-2010.

Consistent surge in India's services exports, which hit a record high of USD 333 billion during FY 2022-23¹, has provided a boost to India's balance of trade. Service exports are no longer being driven by IT services alone but also by more lucrative offerings such as consulting and research & development.

b. Manufacturing sector growth was tepid in FY 2022-23:

Manufacturing sector registered soft single digit growth during FY 2022-23 as against a growth of 11.1 per cent. during the previous year. This softness was primarily due to two factors i.e. high raw material prices and weak external demand.

c. Recovery in domestic consumption underway:

Private Final Consumption Expenditure (PFCE) recorded robust growth of over 7 per cent. during FY 2022-23. The recovery in rural consumption post the pandemic has been quite pronounced while urban consumption has remained steady.

i. Rural consumption expected to trod the recovery path, overcoming the twin shock of lockdown and rising input costs:-

- o Agriculture sector remains steady: According to National Statistics Office (NSO), agriculture, forestry and fishing recorded a growth of 4 per cent. during FY 2022-23, compared to 3.5 per cent. during the last fiscal. Total food-grain production in India is estimated at a

record 330 million tonnes² in FY 2022-23, an increase of nearly 5 per cent. compared to the previous year.

- o After months of slackening, rural wage growth has shown a rebound, accompanied by falling inflation. Rural wages rose by 7 per cent. for agricultural workers in FY 2022-23³. For non-agricultural workers, wages have risen by more than 5 per cent. for the consecutive past six months³ (October 2022 – March 2023).

- o Barring adverse climatic scenarios, a good Rabi harvest would keep the sector in an upward direction for prolonged time during FY 2023-24.

ii. Urban consumption ended FY 2022-23 at over three-year high-

- o Increased domestic passenger vehicle sales, GST e-way bills, cargo traffic and credit card transactions signal improving urban demand.

- o A bit of demand slowdown is expected in FY 2023-24 as the cumulative effect of rate hikes by the central bank sets in.

d. Domestic investment sentiment remains upbeat:

Central Government has continued to support investment activity with capital expenditure outlay reaching ₹5.7 lakh crore in FY 2022-23, which is nearly 30 per cent. higher on year-on-year basis. Gross Capital Formation (GCF) increased by 9.6 per cent. year-on-year during FY 2022-23. Private investment exhibited encouraging signs during FY 2022-23, partially driven by the crowding-in effect by public capex, robust credit flow along with strengthening of the balance sheets of the corporates. To put this into context, new projects worth ₹11.9 trillion were announced in Q4 FY 2022-23⁴. This represents a 23 per cent. rise over the previous year.

India's growth story has been ably aided by a healthy and robust banking sector, which has managed to record steady recovery post the pandemic. RBI data for FY 2022-23 indicates that credit growth, which is vital for output growth, came in at robust 15 per cent. Bank deposits continued to expand at a steady pace at 9.6 per cent. year-on-year during FY 2022-23, against 8.9 per cent. year-on-year growth observed during FY 2021-22. Banking industry remains a crucial component for the success of the India shining story.

¹ Reserve Bank of India

² Third Advance estimate, Ministry of Agriculture and Farmers Welfare.

³ Labour statistics, Ministry of Labour and Employment

⁴ Centre for Monitoring Indian Economy (CMIE)

B. Indian Banking Sector: Key Developments

Indian Banking Sector: Robust and healthy

Credit offtake came in at 11 year high during FY 2022-23, as it overcame the pandemic induced lag with respect to deposit growth. The significant aspect of this growth is that it remained robust amid challenging factors, such as rising interest rates, geo-political uncertainties and slowing global growth.

The growth of credit has been broad-based across segments:

- Credit to agriculture and allied activities came in strong¹.
- Industry credit growth moderated slightly during FY 2022-23¹. In terms of scale-distribution, credit growth to MSMEs continue to be robust while credit growth accelerated for large industries.
- Personal Loans and Non-Banking Financial Corporations (**'NBFCs'**) have been the key credit growth drivers for FY 2022-23²:
 - Credit growth to services sector accelerated to 19.8 per cent. in March 2023 from 8.7 per cent. a year ago, due to the improved credit offtake to NBFCs and trade.
 - Personal loans registered a growth of 20.6 per cent YoY in March 2023 as compared with 12.6 per cent a year ago, primarily driven by housing loans.

Sector	Growth (year-on-year)	
	March 2023	March 2022
Agriculture & allied activities	15.4%	9.9%
Industries	5.7%	7.1%
I. Micro and Small	12.3%	21.5%
II. Medium	19.6%	71.4%
III. Large	3.0%	0.9%
Services	19.8%	8.9%

- Non-Performing Assets (**'NPAs'**) continue to recover post pandemic jitters – Both gross non-performing asset (**'GNPA'**) and net non-performing assets (**'NNPA'**) moved to multi-year lows in FY 2022-23.
- The FSR also highlights that the Indian banking sector would be able to withstand severe stress conditions in credit, as per extensive macro stress tests. This underscores India's banking sector strength with respect to any significant spill-overs from a possible banking crisis in the developed economies.
- According to a latest report by PwC and Association of Microfinance Institutions of India, global Microfinance Institutions (**'MFI'**) industry is expected to grow at

compound annual growth rate of 11.6 per cent. MFIs, which have acted as a financial support system to low-income households by offering credit access, will continue to play a leading role in the growth process of India. Following data indicates the continued growth and widening scale of MFI in India³ :

- As per the latest data from Microfinance Institutions Network (**'MFIN'**), total Gross Loan Portfolio (**'GLP'**) of microfinance stood at ₹3.20 lakh crore, with NBFC-MFIs share at 39 per cent. followed by banks at 36 per cent., Small Finance Bank (**'SFB'**) at 16 per cent. and NBFCs at 8 per cent.
- The portfolio growth has been pronounced for NBFC-MFIs (41 per cent. year-on-year) and NBFCs (40 per cent. year-on-year). Portfolio for banks rose by 11 per cent. while for SFB the growth came in at 22 per cent.
- The industry currently serves 6.4 crore unique borrowers through 12.6 crore loan accounts.
- The top 10 states (based on universe data) constitute 83.1 per cent. in terms of GLP. Bihar has emerged as the largest state in terms of portfolio outstanding followed by Tamil Nadu and West Bengal.

With strong and ever-improving public and financial institutions in place, India stands at an opportune moment to ride the next cycle of growth in the coming decades.

India's age of economic strengthening

India is already the fastest-growing large economy in the world, having recorded a steady 5.5 per cent. average Gross Domestic Product (**'GDP'**) growth over the past decade. India's per-capita income has been rising steadily - the annual per capita (net national income) at current prices is estimated at ₹1,72,000 in FY 2022-23, up from ₹86,647 in FY 2014-15, suggesting an increase of about 99 per cent⁴.

The Indian story in the next few decades is likely to be driven by the broad themes of:- a) demographic dividend, b) effective and transformative policy making, c) sustainability, d) extensive digitisation, and e) increased and improved credit access.

a. Young working population to fuel multi-decadal growth:

- India is at the cusp of reaping significant demographic dividends with the current median age at 28.4 years and is expected to rise to just 31.7 years by 2030. Over the next decade, India likely to account for roughly 20 per cent. of the global

¹ RBI Sectoral Deployment of Bank Credit – March 2023

² https://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=55589

³ MFIN-Micrometer Synopsis December 2022

⁴ Second advance estimate, National Statistics Office

workforce growth, largest workforce growth of any single country in the world¹.

- Policy reforms enabling women entrepreneurship, like The Mahila Kisan Sashaktikaran Pariyojana (MKSP) scheme and Pradhan Mantri Mahila Shakti Kendra scheme, could potentially be a game-changer in the long-run.
- Widening middle class and demographic dividend will support growth engine via the channels of consumption and job creation.

b. Transformational policy making would have multiplier effect on growth:

- Production Linked Incentive ('PLI') scheme could be crucial to lead India up the global value chain:
 - o PLIs were a set of industrial policies introduced at the outset of the pandemic, aimed at drawing foreign investments in strategic industries. Beginning with three industries (pharmaceuticals, electronics, and medical devices) in March 2020, the PLIs were expanded to cover another ten industries in November 2020.
 - o One of the major successful instances of PLI has been Ministry of Electronics and Information Technology's scheme for Large-Scale Electronics Manufacturing ('LSEM'). Post this scheme, approximately 97 per cent. of the phones used in India are made in India².
- Significant infrastructure drive:
 - o India's infrastructure drive has taken off post the pandemic period, with capital expenditure outlay increased to a new record of ₹10 lakh crore for the latest budget FY 2023-24, which is almost 200 per cent. increase in expenditure from FY 2019-20.
 - o Road construction has been healthy:
 - a. The budget estimate for road ministry in FY 2023-24 is ₹2.7 lakh crore, which is more than five-and-a-half times higher than FY 2015-16.
 - b. In terms of outcomes, the performance has been nothing short of impressive: highway construction rate is seen to average around 30 km per day for April 2021- March 2023³.
 - o Pradhan Mantri Awas Yojana (PMAY) which is a housing scheme has also been a great success, primarily in rural India.

- o Improved coverage and quality infrastructure would have a multiplier effect on India's growth through job creation and improved productivity.

c. Digital infrastructure development key to drive productivity gains:

- Another significant success story is the ever-increasing usage of UPI (Unified Payments Interface). It has now the highest payment transaction volumes globally⁴.
- India is also making rapid strides to adopt 5G connectivity at the earliest. Accessible and extensive innovation will continue to positively impact the coverage and quality of different products (especially in finance) in the next few years.
- The central government has taken extensive measures to digitise services and data records. One such successful latest initiative is the 'Ayushman Bharat Digital Mission', which enabled integrating digital health infrastructure including personal health records.
- Data security and management regulated by efficient institutions, would be one of the key focus areas in upcoming years as new technologies dominate the landscape of business and services.

d. Switch to clean energy would enhance efficiency and promote sustainable growth:

- India has become the only G20 nation to achieve its 2030 targets from COP21 –nine years ahead of schedule in 2021. At present, 174 Gigawatts (GW) of the country's 410 GW installed capacity (approx. 43 per cent.) is fuelled by renewable sources⁵.
- Pradhan Mantri Ujjwala Yojana (PMUY) was launched to provide poor households with a clean cooking fuel – LPG.
- India is also making efforts to emerge as a Green Hydrogen leader, with the official launch of the National Green Hydrogen Mission under the stewardship of the Ministry of New and Renewable Energy (MNRE). With a total financial outlay of ₹19,744 crore (\$US2.4 billion) to stimulate green hydrogen supply and demand, the mission aims to put India on the world map as a leader in the green hydrogen transition⁶.

e. Improving financial access remains vital to the success of the Indian growth story:

- Access to affordable credit remains one of the primary determinant of India's overall growth trajectory.

¹ United Nations Population Fund (UNFPA)- State of World Population Report 2023 (SWP 2023)

² <https://www.gadgets360.com/mobiles/news/smartphones-97-percent-made-in-india-locally-manufactured-mos-it-rajeev-chandrasekhar-3465842>

³ Ministry of Road Transport and Highways

⁴ ACI Worldwide Report, 2021

⁵ Press Information Bureau (PIB)

⁶ <https://pib.gov.in/PressReleasePage.aspx?PRID=1888547>

- Micro, Small and Medium Enterprises ('MSMEs') credit drive: Central Government in its Union Budget 2023-24 has underscored the importance of credit and have undertaken policy measures to boost the MSME sector by enabling higher credit flow and simplifying compliances.

With the launch of a revamped credit guarantee scheme worth ₹9,000 crore for MSMEs¹, government expects enabling of collateral-free credit of ₹2 lakh crore loans to small businesses.

- Recent data have indicated that credit access² to women has doubled in the last 5 years. The loan penetration among women borrowers has shot up to 14 per cent. in 2022 from 7 per cent. in 2017³. This is an excellent acknowledgement of government's efforts to enhance credit access to traditionally underserved segments.

Potential threats

- The impediment to the Indian growth story mainly stems from the external sector
 - significant slowdown in overseas demand could materially temper India's exports
 - persisting global inflation could feed in as higher domestic inflation.

- Resumption of supply-chain bottlenecks:

Another risk to growth could be from worsening supply-chain bottlenecks (for e.g. due to persisting tension between Ukraine and Russia). This may result in pick-up of inflation along with tempering of growth expectations.

- Protracted banking turmoil:

Spill-over from protracted banking turmoil in the advanced economies still remains a risk. This may result in global liquidity tightening and risk-off environment. This risk, if resurfaces and worsens further, could have severe knock-on impacts.

- Technological innovation continues to gather pace in various sectors of the global economy. Rapid technological disruption may require traditional enterprises to rejig their business model quicker than expected.
- Adverse climatic changes remain a key threat to growth and development of the modern world. These changes range from erratic rainfall to rising water-levels. Businesses and policymakers would need to be cognizant of the potential of such changes while making decisions.

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 and efficient team, robust practices, superior systems and technology while continuing to deepen its customer reach.

In line with the India growth story, your Bank continued on its upward trajectory in terms of extending businesses and remain in course to achieve its broad targets. Your Bank has been able to maintain steady growth in business through operational innovations and expanding geographical footprint:

- Your Bank has managed to outpace industry deposit growth as growth came in 12 per cent. YoY. This compares to around 10 per cent. YoY rise in industry-level deposits.
- The growth was driven by a high CASA ratio of 39.3 per cent. at the end of FY 2022-23 and a high share of retail deposits (71 per cent.).
- Your Bank is revamping its digital infrastructure at a brisk pace. Some of the key highlights in our digital banking space are as follows:
 - Fully Digital Saving Account Neo+. The pilot for Neo+ Account with v-KYC has been launched in August 2022 across select branches and online customers.
 - Our new and improved CIB platform was launched in May 2022 and this platform has won the Award for "Best Digital Channel/Platform Implementation" (December 2022) by IBS Intelligence.
- Your Bank has maintained its pace of growth in terms of employees and geographical footprint: During the year under review, manpower has increased by 16 per cent. from 60,211 as on March 31, 2022 to 69,702 as on March 31, 2023. Your Bank has additionally enhanced its geographical network with 1,411 retail branches, 4,390 banking units and 198 home loan centres in FY 2022-23.
- The advances of your Bank remained robust as growth came in at 10 per cent. YoY during the FY 2022-23. The growth was mainly driven by retail (232.5 per cent. YoY), commercial (72.4 per cent. YoY), housing (12.8 per cent. YoY) and SEBAL (18.2 per cent. YoY).

We are set on our endeavours to up-scale the business on the back of upgrading technologies, portfolio & product diversification and competent hiring. As global macro-economic uncertainty subsides, your Bank is confident that the virtuous combination of ongoing digital transformation, incorporation of technical know-how along with competent manpower recruitment will continue to drive consistent multi-year growth.

¹ Union Budget 2023-24

² Credit access is defined as the ratio of women borrowers to the total adult population

³ TransUnion (TU) Cibil report-2023

Keeping in line with its long-term goals, your Bank's long-term vision lays down the following objectives:

- Be a banker for the new Indian, through every step of their aspirational journey.
- Serve the needs of emerging India through innovative products and dedicated service.
- Enable entrepreneurs with timely resources in order to scale-up their businesses.
- Be a value-based 'employer of choice' – to attract high-quality and motivated talent.

In order to drive this vision of your Bank, the following would be the key focus areas in the coming years:

- Given the huge untapped opportunity in the financial services space in India, your Bank in the medium term will continue to expand its current geographical reach.
- Diversification and improvement in quality of asset portfolio with modern and tightened underwriting and collection capabilities.
- Strengthening people capabilities, including hiring of fresh talent and focused learning of technical know-how.
- Extensive digital transformation: - greater investment in in-house technology, data analytics and digital capabilities. This would be further used to generate new products and devise strategies to deepen customer base.
- Improving the underlying linkages between technology and manpower to improve overall efficiency.
- Increased focus on strengthening various segments of retail loans as Small and Medium Enterprises ('SME') segment is expected to contribute strongly to the growth story in the country.

- Leveraging key strengths to enhance value-addition:-
 - Your Bank will also continue leverage its microcredit experience in strengthening its customer reach.
 - Your Bank will also continue to strengthen its presence in affordable housing segment.

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 ninth 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.

On the back of innovative products and robust core business growth, your Bank has delivered robust performance in terms of financial metrics. Below section discusses some of the key financial details.

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, 2023	March 31, 2022
Deposits:	1,08,069.31	96,330.62
Advances (Net):	1,04,756.77	93,974.92
Total Assets/Liabilities	1,55,769.97	1,38,995.17
Net Interest Income	9,259.62	8,714.47
Non-Interest Income	2,468.55	2,822.50
Operating Expenses (excluding depreciation)	4,494.17	3,413.52
Profit before Depreciation, Provisions and Tax	7,234.00	8,123.44
Less: Depreciation	142.65	110.04
Less: Provisions	4,198.37	7,884.78
Profit Before Tax (PBT)	2,892.98	128.62
Less: Provision for Tax	698.35	2.83
Profit After Tax (PAT)	2,194.64	125.79
Balance in Profit & Loss Account brought forward from previous year	6,009.94	6,171.00
Less: Appropriations	750.79	286.86
Balance carried over to Balance Sheet	7,453.79	6,009.94
EPS (Basic) (in ₹)	13.62	0.78
EPS (Diluted) (in ₹)	13.62	0.78

The financial performance of your Bank during the financial year ended March 31, 2023, remained healthy with the Total Net Revenue (Net Interest Income plus Other Income) rising by 1.66 per cent. to ₹11,728.17 crore from ₹11,536.96 crore during the previous financial year. Net Interest Income grew by 6.25 per cent. to ₹9,259.62 crore. The Net Interest Margin ('NIM') was 7.2 per cent. during FY 2022-23 against 8.2 per cent during the FY2021-22.

Operating (Non-Interest) Expenses increased to ₹4,636.82 crore from ₹3,523.56 crore during FY 2022-23. Staffing expenses contributed to 27.18 per cent. of this increase. During the FY under review, your Bank has set up 222 new branches and 138 new Banking Units. Employee strength increased to 69,702 during FY 2022-23 from 60,211 as on March 31, 2022. Staff expenses also went up due to annual wage revisions and there was a 15.76 per cent. increase in staff strength. Consequently, the cost to income ratio increased to 39.5 per cent. from 30.5 per cent. for FY 2021-22.

The Profit After Tax ('PAT') for FY 2022-23 stood at ₹2,194.64 crore, an increase of more than fifteen times over the previous financial year. The Total Provisions and Contingencies (including tax provisions) was ₹4,896.71 crore as compared to ₹7,887.61 crore in FY 2021-22. Consequently, the Return on Average Equity ('ROAE') was 11.8 per cent. for FY 2022-23 against 0.8 per cent. for FY 2021-22. Return on Average Asset ('ROAA') was 1.6 per cent. for FY 2022-23 against 0.1 per cent for FY 2021-22. Your Bank's basic as well as diluted Earnings Per Share ('EPS') increased from ₹0.78 for FY 2021-22 to ₹13.62 for FY 2022-23.

However, reflecting on steady growth in the balance sheet, Total Liabilities (including capital and reserves) increased by 12.07 per cent. from ₹1,38,995.17 crore as on March 31, 2022 to ₹1,55,769.97 crore as on March 31, 2023 whereas Total Advances (Net) stood at ₹1,04,756.77 crore, a growth of 11.47 per cent. over FY 2021-22. Total Business of your Bank increased to ₹2,17,191 crore [Gross Advances: ₹1,09,122 crore (includes PTC and TLTRO) and Deposits: ₹1,08,069 crore as on March 31, 2023] from previous year of ₹1,95,669 crore [Gross Advances: ₹99,338 crore (includes PTC and TLTRO) and Deposits: ₹96,331 crore] as on March 31, 2022.

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 2022-23, your Bank's PSL was ₹54,175.67 crore as on March 31, 2023 as compared to ₹56,397.10 crore as on March 31, 2022. At the end of FY 2022-23, PSL as a proportion of the gross advances of ₹1,08,827.12 crore was 50 per cent.

Key Ratios

Particulars	FY 2022-23	FY 2021-22
Fee to total income [@]	13.44%	16.91%
Cost to income [#]	39.54%	30.54%
Earnings per share [*]	₹13.62	₹0.78
Book value per share [*]	₹114.24	₹100.14
Return on average assets [*]	1.56%	0.11%
Return on average net worth [*]	11.77%	0.76%
Operating Profit to Average Total Assets [§]	5.03%	6.76%
Net Interest Margin	7.21%	8.17%

[@] lower fee to total income for the current FY due to lower PSLC fee income

[#] increased cost to income ratio due to increase in operational costs

^{*} increase due to higher profit for the FY as compared to previous FY

[§] due to increase in Average Total Assets in current FY compared to previous FY

E. Business Segment-wise Performance

1. Banking Unit (BU) Business

Your Bank is dedicated to enhance banking abilities to achieve the dreams and achievements of borrowers at the bottom of the pyramid for their development and transformation. During FY 2022-23, your Bank opened 138 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 23,77,606 new borrowers during FY 2022-23. The portfolio for Group Loans and SBAL stood at ₹38,059 crore and ₹18,765 crore, respectively, at the end of FY 2022-23 as your Bank worked towards bringing additional measures in credit control in order to improve the quality of portfolio.

Your Bank now has nine loans products under its Group Loans, SBAL and other categories which are provided from Banking Unit outlets to cater better to the varied demands and needs of its customers:

Group loans

- **Srishti Loan:** Timely funds to start a new business or grow an existing one. Loan size is from ₹15,000 to ₹1,00,000.
- **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.
- **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

- **Sahayata Loan:** Loan to fund growing business needs of individuals involved in an array of income generation activities. Loan amount is from ₹50,001 to ₹3,00,000.
- **Suyog Loan:** Loan amount is up to 50 per cent. of the disbursement amount of running Sahayata loan. Sanctioned to help customers fulfil their additional short-term business requirement during their ongoing loan.
- **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.

Other loans

- **Micro Home Loan:** Your Bank offers Micro Home Loan ranging from ₹1,00,000 to ₹10,00,000 to existing Banking Unit 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 Banking Unit Borrowers.

During the FY 2022-23, your Bank has taken various initiatives:

- 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.
- To overcome digital-based 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 always placed strong emphasis on training and development to up-skill and reskill (through online and offline programs).
- Your Bank has taken several initiative to strengthen the credit assessment process for Group loan and SBAL, and other loans in order to have a better portfolio.

2. Branch Banking

Your Bank takes pride in offering a wide range of retail liability products that cater to your diverse financial needs. Your Bank has a strong focus on customer service and constantly strives to provide innovative and convenient banking solutions.

During FY 2022-23, your Bank's deposit portfolio witnessed robust growth, with a total deposit base of ₹1,08,069.31 crore as of March 31, 2023. This represents a YoY growth of 12 per cent. in the overall deposit franchise.

Your Bank has implemented various initiatives to ensure that the retail deposit portfolio remains competitive and meets the evolving needs of customers, with extra attention to the Affluent segment. Your Bank has leveraged technology to enhance the customer experience and offer digital payment solutions that are secure and convenient. Your Bank's strong network of branches is a key element of the success and enables it to serve customers effectively. A total of 222 Branches were added during this financial year taking your Bank's footprint to 1,411 branches, covering a wide range of locations across the country.

The launch of "SMART- Android PoS" is a testament to the commitment to providing innovative and customer-centric solutions to merchants. Your Bank is confident that this product will further strengthen the current account customer base as a leading player in the POS space and will help to continue delivering value to customers. Your Bank is confident that the merchants will be excited about the range of offerings and features that SMART- Android POS brings to the table. Your Bank will keep leveraging technology to offer new and enhanced digital solutions that are secure, convenient, and user-friendly.

Your Bank remains committed to providing customers with best-in-class banking solutions and looks forward to serving them with the same zeal and commitment in the future.

3. Commercial Banking

In order to ensure inclusive book growth along with effective portfolio monitoring, the SME Segment under Commercial Banking was separated into two Groups, i.e., Business Banking Group ('BBG') and Mid-Market Group ('MMG').

a. Business Banking Group ('BBG')

BBG offers loan products at competitive rates of interest to SME borrowers for meeting their working capital or capital expenditure requirements, including non-fund-based facilities. These are secured loans generally between ₹ 25 lakh to ₹ 5 crore extended to businesses involved in manufacturing, trading, and services, 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. The BBG fund based Book was at ₹535 crore as on March 31, 2023 as against ₹297 crore as on March 31, 2022, registering a growth of about 80 per cent. during FY 2022-23.

b. Mid-Market Group ('MMG')

MMG offers loan products at competitive rates of interest to majorly medium enterprises and mid corporate borrowers for meeting their working capital or capital expenditure requirements, including non-fund-based facilities. These are secured loans of generally more than ₹5 crore extended to businesses involved in manufacturing, trading, and services, 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. The MMG fund based Book was at ₹3,605 crore as on March 31, 2023 as against ₹1,871 crore as on March 31, 2022, registering a growth of about 93 per cent. during FY 2022-23.

In line with various government initiatives and regulatory instructions, Board-approved Credit and related Policies are in place to continue extending support in the aftermath of the COVID-19 pandemic, in the form of Emergency Credit Line Guarantee Scheme, Resolution Framework, etc., to the deserving and eligible borrowers, based on requests.

c. Commercial - LAP

Your Bank caters to proprietorship, partnership, private limited companies, public limited companies (not listed on exchange) and individual business for Loans Against Property ('LAP'). This is in line with your Bank's overall objective of increasing the secured lending portfolio.

Launched towards the end of FY 2022-23, your Bank has laid an ambitious plan to scale up and build quality book by end of FY 2023-24. As your Bank moves along, it would use technology for better turnaround time. Your Bank has a bouquet of programs to cater to most of the sectors in the market in the LAP space, with hiring of people underway. The book-size stood at ₹53.14 crore, as on March 31, 2023.

d. Financial Institution Group

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 HFCs) 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 ₹5,519.34 crore as on March 31, 2022, which has grown to ₹10,386.72 crore as on March 31, 2023. The Institutional book, comprising lending to NBFCs and MFIs, has grown by 88 per cent. Your Bank has expanded its reach while building Books through diversified asset class as well as geographies during the FY under review.

4. Small Enterprises Loan (SEL)

The Small Enterprise Loan vertical of your Bank empowers small businesses which are regularly in need of short to medium-term funding to expand their business by extending to them business loans tailored to suit their needs.

The following products are presently offered under SEL:

- **SEL Term Loans (₹1.01 lakh to ₹10 lakh)**
These are term loans with a tenure of one to three years, and they are aimed towards financing working capital or asset creation needs of small businesses or other short-term business requirements.
- **SEL Max Loans (₹10.01 lakh to ₹25 lakh)**
This is similar to SEL Term Loans, however it is targeted towards slightly larger enterprises in terms of revenue.
- **SEL Secured Overdraft Loans (₹10.01 lakh to ₹25 lakh)**
This overdraft product has been added to your Bank's SEL product bouquet during FY 2022-23.

5. Agribusiness Loans

Your Bank recognizes the importance of agricultural sector and offers a wide range of credit facilities to provide financial support to all participants in the Agri value-chain system. Currently, your Bank provides KCC loans to borrowers engaged in farming activities, including animal husbandry, pisciculture etc. with competitive interest rates and minimal documentation. Moreover, your Bank is expanding its reach by offering both fund-based and non-fund-based facilities to entities involved in agri-ancillary services, such as food and agri processors, agri input dealers, etc. Additionally, your Bank provides credit facilities to support development of agricultural infrastructure.

6. Housing Finance

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

During the year under review, the Housing loan services were extended from additional 33 Centres taking the presence to 389 Centres across 20 states and 2 Union Territories. Your Bank disbursed ₹6,129 crore during the FY, clocking a growth in disbursement of 17 per cent. Consequently, the loan book has grown to ₹26,577 crore indicating a growth of 12.8 per cent.

While your Bank continues to focus on Affordable Home Loans and a majority of loans are having a ticket size below ₹20 lakh, during the FY, your Bank continued a special campaign for higher ticket loans that was launched last year offering attractive and competitive rates of interest. The

campaign received a very good response. Your Bank has also started a Direct Sales Agent (DSA) channel for sourcing of home loans. The DSA channel has picked up well and the contribution from the channel has been increasing.

7. Retail Assets

With an objective to serve the financing needs of a larger population and to diversify the risk, your Bank has launched and strengthened several retail asset products during FY 2022-23. Customers can now avail various loans, like Gold Loans, Personal Loans, Two-Wheeler Loans, Car Loans and CVCE Loans from the Bank:

- **Gold Loan:** Gold loans are given for a ticket size ranging from ₹10,000 to ₹40,00,000 for a tenure up to 3 years with a competitive rate of interest.
- **Personal Loan:** Personal loans are given for ticket size from ₹50,000 to ₹25,00,000 for tenure up to 5 years at a competitive rate of interest.
- **Two-Wheeler Loans:** The two wheeler loan caters to the customer's needs by giving loans starting from ₹5,000 to ₹5,00,000.
- **Car Loan:** Your Bank has built a sizable book of new car loans. Such loans are ranging from ₹1 lakh to ₹1 crore. Your Bank has also launched new product Used car Loan during the second half of FY 2022-23.
- **CVCE Loan:** CVCE product was launched this year for self-employed customers & non-individual entities, looking for a loan from ₹1 lakh to ₹15 crore.

8. Third Party Products

Your Bank currently distributes mutual funds, life insurance and general insurance, including health insurance products. The FY under review has been a year of collaboration and resurgence. Your Bank has also been working tirelessly to build an analytics and technology driven business franchisee to offer the best in class insurance solutions to its customer base. Your Bank has launched the distribution of Mutual Funds through its Retail Internet Banking (RIB) platform this year in its continuous efforts towards offering customers further convenience and benefits.

The total mutual fund AUM managed under your Bank's code during FY 2022-23 was ₹582.79 crore, earning an income of ₹5.14 crore. A total of ₹207.21 crore and ₹497.07 crore of general and retail life insurance business, respectively, was garnered through the retail network during FY 2022-23, earning a fee income of ₹26.65 crore and ₹153.52 crore, respectively. During FY under review, the life insurance business through the existing arrangement in all asset verticals amounted to ₹1,146.29 crore, earning an income of ₹58.10 crore. Your Bank has also earned ₹0.11 crore as commission for distribution of Atal Pension Yojana, NPS Lite Swavalamban schemes of PFRDA and others during the FY 2022-23.

9. Merchant Acquiring Business

Our terminals are now capable of accepting NFC transactions - the key idea is to replace the swipe & PIN features for small value transactions by tapping the card on the terminal. During the FY under review, your Bank has launched first of its kind "Android PoS", a testament to the commitment to providing innovative and customer-centric solutions to merchants.

During FY 2022-23, your Bank has installed 3,780 EDC-PoS terminals, and numbers grew by 134 per cent. as compared to previous FY. Transactions worth ₹5,314 crore were carried out on your Bank's installed terminals. Our new POS models are NCMC (National Common Mobility Card) certified which will help to accept mobility cards in circulations.

10. Digitising Bandhan 2.0

New and transformative technologies are rapidly entering the workplace enabling businesses to innovate and thrive in an increasingly digital world. Digital transformation requires a shift away from traditional thinking and towards a more collaborative, experimental approach.

To ensure we continue to be a bank of choice for our customer and constantly build on the foundation of your trust, your Bank is committed to its digital transformation journey. Bandhan Bank aspires to move towards a Digitally enabled bank in the near future by:

- Delivering a host of digital products across liability, Asset and Payments in a paperless and presence less manner.
- Digitizing physical transactions and make it available in a seamless and intuitive manner
- Build a future ready Digital and Technology landscape to drive product innovation
- Create an infrastructure for business scale

Key Digital Initiatives for FY 2022-23

Your Bank has launched Fully Digital Saving Account Neo+. The pilot for Neo+ Account with vKYC has been launched in August 2022 across select branches and online customers.

Your Bank has also launched its all new Corporate Banking platform. Our new and improved CIB platform was launched in May 2022 and this platform has won the Award for "Best Digital Channel/Platform Implementation" (December 2022) by IBS Intelligence.

The bank is working on the launch of the All New Internet Banking and Mobile Banking . The new platforms will offer a host of additional features to help our customers meet their everyday banking needs.

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 back end 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 Statement 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

Emerging from the post pandemic induced economic slowdown, your Bank has taken confident steps to revamp the strategic initiatives in Business development and emphasized on building capabilities and capacities to enhance employee skills, promoting ethical practices and ensuring employee engagement. Your Bank has specifically emphasized its expansion into new Business Verticals and continued branch expansion for better penetration across

the country, reaching out to new locations. Your Bank has made digital strides in all areas, demonstrating an exemplary example of an Empathetic work Culture.

As a testimony of our effort towards Human resources, your Bank has been awarded "Gallup Exceptional Workplace Award", where we rank amongst the most elite organizations that are truly making a difference in changing the perception of Life.

Building Capabilities and Capacities

Your Bank's key talent acquisition processes remained on track during FY 2022-23; manpower increased by 16 per cent. from 60,211 in FY 2021-22 to 69,702 as of March 31, 2023. Since the inception of your Bank, the overall manpower has increased by 275 per cent., and the number of branches has increased by 138 per cent. during the same period. Your Bank has enhanced its geographical network with 1,411 Retail Branches, 4,390 Banking Units, and 198 Home Loan centres in FY 2022-23.

Your Bank has introduced several new channels, such as Merchant Acquisition Business, Current account business, Government business, and Affluent business, creating a platform of pronounced business penetration.

Talent Acquisition and Management

Your Bank continues to engage in hiring and nurturing young talent from premier institutes in the country. Conducted both offline and online campus creating a base of enthusiastic and energetic fresher talent base of Campus recruits. Your Bank across the country has covered almost 154 Campuses, recruiting 1,102 fresh talents across Tiers.

Revamping the Retail Asset structure with the addition of 1,229 manpower during FY 2022-23 compared to 1,100 manpower during FY 2021-22. 31 Retail Asset Centres were introduced during the FY.

Employee Engagement

Your Bank aims to create a workplace of high engagement, resilience, and empathy. Your Bank conducted a survey in association with Gallup, creating an opportunity for 40,000 employees to voice their opinions, feelings intended towards understanding the quality of employee engagement. Your Bank is dedicated to improving the employee engagement levels by creating a culture of transparency and the highest ethical standards.

Performance Management

Your Bank conducted a competency based grade promotion, and 9,307 employees were promoted during FY 2022-23. Another 5,690 employees were identified for role elevation during FY 2022-23 in the Bank to provide opportunities to home grown talent.

Your Bank implemented a structured and framework based Succession plan across key roles in the year to put up a talent pipeline in place.

Data Analytics and Technology Adoption

In its adaptation towards Digitization for an enhanced employee experience, your Bank has transformed the Loan Origination System process in Retail assets and developed new applications like Bandhan Express in Auto Loan Business.

To further enhance the focus on analytics and data science, your bank has constituted a separate function to leverage data driven decision making.

HR operations has automated key employee initiatives like Internal Job postings, talent acquisition and management modules thereby increasing speed and efficiency in these operations

Learning & Development

Your Bank has continued to invest in the training, skilling, and development of its workforce. During the FY, 99 per cent. of the employees attended at least one training. Over 16 lakh training hours were provided to your Bank's personnel in the year, with each employee receiving an average of 21.7 hours of learning.

Your Bank has assessed the ongoing capacity-building programs of numerous renowned institutions (CAFRAL, CAB, IDRBT, NIBM, IIBF, XLRI, IIBM, COS, ASCI, etc.) and enrolled 2,272 employee nominations in external training programs for building capacity and developing employees.

To foster a culture of ethics, values, and good governance, your Bank has organized different training programs through internal and external channels. A total of 40,626 employees have been trained internally, and 83 senior management employees participated in a comprehensive external training course on "Ethics in Banking" during FY 2022-23.

To increase staff awareness of RBI requirements and enhance understanding of KYC-AML and CFT regulations on a continuous basis, your Bank has organized and provided training through a variety of channels, including internal, external, and e-learning programs.

Employee Wellbeing

Your Bank recognises the priority of employee well-being to create and foster a healthy and engaged workforce. These

initiatives encompass a range of programs at enhancing the physical, mental and emotional well-being of employees. Your Bank offers free unlimited online video based medical consultations, and other benefits to its employees and introduced "Practo- B Well Digi care Plan".

I. 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.

In the journey of over seven years, your Bank has strengthened its workforce by 4.3x 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.

J. Disclosure of Accounting Treatment

The Financial Statement 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 the Financial Statement conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the RBI from time to time, the accounting standards notified under Section 133 of the Companies Act, 2013, read together with the Companies (Accounting Standards) Rules, 2021, 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: May 26, 2023

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

Business Responsibility & Sustainability Report

FY 2022-23

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity	L67190WB2014PLC204622
2. Name of the Listed Entity	Bandhan Bank Limited
3. Year of Incorporation	2014
4. Registered Office Address	DN-32, Sector – V, Salt Lake, Kolkata – 700 091, West Bengal
5. Corporate Address	Floors 12-14, Adventz Infinity@5, BN-5, Sector V, Salt Lake City, Kolkata - 700 091, West Bengal
6. E-mail	investors@bandhanbank.com
7. Telephone	+91 33 6609 0909
8. Website	www.bandhanbank.com
9. Financial Year for which reporting is being done	April 1, 2022 – March 31, 2023
10. Name of the Stock Exchange(s) where shares are listed	<ul style="list-style-type: none"> National Stock Exchange of India Limited ('NSE') BSE Limited ('BSE')
11. Paid-up Capital	₹1610,83,64,800 (161,08,36,480 Equity Shares)
12. Name and Contact Details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR Report	Siddhartha Sanyal, Executive Vice President Telephone No.: 033-66090909 / 033-40456456 Email ID: info@bandhanbank.com
13. Reporting Boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)	The Bank is not required to prepare consolidated financial statement, hence, this Report is made on a standalone basis.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

Sl. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the Entity
1.	Banking Products & Services	The banking products and services include treasury, retail banking, microfinance, corporate/wholesale banking and other third party product distribution.	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's turnover):

Sl. No.	Product/Service	NIC Code	% of total Turnover Contributed
1.	Banking Products & Services	64191	100%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of branches / offices, BU and ATMs	Total
National	Not Applicable	6,437*	6,437*
International		0	0

*4,588 Banking Units, 1,411 Branches, 438 ATMs

17. Markets served by the entity:

	Locations	Number
a. Number of locations	National (No. of States)	34 States and Union Territories
	International (No. of Countries)	Not applicable
b. What is the contribution of exports as a percentage of total turnover of the entity?	Not applicable	
c. A brief on types of customers	The Bank caters to a diversified customer base, including individuals, government, corporates, MSMEs, societies and trusts, start-ups, farmers, education institutions, etc., who has account with the Bank and/or are in business relationship with the Bank.	

IV. Employees**18. Details as at the end of Financial Year, i.e., FY 2022-23**

a. Employees and workers (including differently abled):

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	69,702	62,526	89.70%	7,176	10.30%
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total employees (D + E)	69,702	62,526	89.70%	7,176	10.30%
WORKERS						
4.	Permanent (F)					
5.	Other than Permanent (G)					Not Applicable
6.	Total workers (F + G)					

b. Differently abled employees and workers

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	6	6	100%	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	6	6	100%	-	-
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)					
5.	Other than permanent (G)					Not Applicable
6.	Total differently abled workers (F + G)					

19. Participation/inclusion/representation of women

	Total (A)	No. and the percentage of females	
		No. (B)	% (B/A)
Board of Directors	13	2	15.38%
Key Management Personnel*	4	-	-

*includes two directors

20. Turnover rate for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	31.60%	43.43%	32.78%	23.25%	33.00%	24.19%	17.38%	24.70%	18.11%
Permanent Workers	Not Applicable								

V. Holding, Subsidiary and Associate Companies (including joint venture)

21. a. Name of the holding/subsidiary / associate companies / joint ventures –

The Bank does not have any holding/subsidiary/ associate companies / joint ventures.

b. Do the entities indicated above participate in the Business Responsibility initiatives of the listed entity? (Yes/No)

Not Applicable

VI. CSR details

22. i. Whether CSR is applicable as per Section 135 of the Companies Act, 2013:

Yes

ii. Turnover:

₹18,37,32,503 ('000) [FY 2022-23]

iii. Net Worth:

₹18,40,19,639 ('000) [FY 2022-23]

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)

Stakeholder group from whom complaint is received	Grievance Redressal Mechanisms in Place (Yes/No) (If yes, then provide web-link for grievance redressal policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks
Communities	Yes-CSR Policy & Policy on Inclusive Growth & Equitable Development (CSR-Policy-2021_1.pdf (bandhanbank.com), Business-Responsibility-and-Sustainability-Reporting-policy-210123.pdf (bandhanbank.com))	1	1	A case was filed by the pro-Bengali advocacy organization Bangla Pokkho entailing all banking documents published by the Bank should be in English, Hindi and Bengali.	0	0	-
Investors (other than shareholders)	Yes	0	0	-	0	0	-
Shareholders	Yes-Policies on Principle 4- Business-Responsibility-and-Sustainability-Reporting-policy-210123.pdf (bandhanbank.com)	169	3	The Bank's robust grievance redressal system ensured swift resolution of all cases. Pending complaints have since been resolved by the time of the publication of this report.	424	0	-
Employees	Yes-Policies on Principle 4- Business-Responsibility-and-Sustainability-Reporting-policy-210123.pdf (bandhanbank.com)	514	62	Includes 41 carry-forward court cases and 6 new cases out of which 12 have been disposed of. All the complaints have been redressed by the time of publication of this report.	209	69	Includes 41 pending court cases

Stakeholder group from whom complaint is received	Grievance Redressal Mechanisms in Place (Yes/No) (If yes, then provide web-link for grievance redressal policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks
Customers	Yes-Grievance Redressal Policy (Microsoft Word - Board Approved Customer Policy- June 2021 Version 7 (bandhanbank.com)	37,951	1,734	Out of 1,734 cases, 314 are court cases, of which 13 have been disposed of by the time of publication of this report.	35,972	587	Includes 214 pending court cases.
Value Chain Partners	Yes-Policies on Principle 4- Business-Responsibility-and-Sustainability-Reporting-policy-210123.pdf (bandhanbank.com)	0	0	-	0	0	-
Regulators/ Govt. Agencies	Yes	10	0	10 instances are pertaining to penalties imposed by RBI on account of cash outage and service deficiency	-	-	-

24. Overview of the entity's material responsible business conduct issues:

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk, along with its financial implications, as per the following format:

Materiality assessment is the process of determining topics (issues) that can impact economic, environmental, social and governance attributes in banking operations. It has the potential to influence the decisions of stakeholders, who are willing to partner like customers, shareholders, lenders and investors. The preliminary step in materiality assessment is to identify and consult with the right set of stakeholders (or representatives) who can provide useful insights. The materiality assessment process includes –

- Identification of sector specific material topics:** The process involves identifying relevant peer companies across the banking sector and mapping standards like Global Reporting Initiative ('GRI'), United Nations Sustainable Development Goals ('UN SDGs'), International Integrated Reporting Council ('IIRC') requirements, to understand the appropriate material topics.
- Identification of external stakeholders:** The Bank assesses the impact of its banking operations on its investors, customers, employees, community, regulatory bodies, government, value chain partners, media, civil and societies to evaluate ways to further improve stakeholder value creation.
- External stakeholder consultation:** The Bank liaisons with external stakeholders and seeks their perception and comments on the identified material topics. Such material topics are further prioritized basis of the importance it holds to each stakeholder group and their feedback.
- Prioritization of material topics relevant to the Bank:** External stakeholder responses are first assessed and collated. The collated material topics are categorized into low, medium and high categories and finally the materiality map is finalized post consultation with the decision-making committee and senior leadership team.

The Bank remains committed towards implementing relevant policies to ensure responsible banking conduct and undertake required sustainability initiatives. Based on the prioritized material topics, the Bank has identified relevant risks and opportunities that are mentioned below. This report includes information, which is material to all stakeholders of the Bank, and it presents an overview of the Bank's businesses and associated activities. The Bank discloses matters that substantially impact or affect the Bank's ability to create value. To ensure effective mitigation of identified risks, the Bank carries out a materiality analysis, to identify topics material to the Bank and its stakeholders. The sensitivity of an issue to stakeholders and the Bank, in terms of importance, forms the basis of the materiality analysis, which in turn guides the processes for identifying, managing, and devising specific action plans for addressing these material aspects. Every material topic is taken into account, and the Bank has policies and procedures in place to address these topics in order to create sustainable growth and long-term value.

Sl. No.	Material issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Positive/ Negative Financial Implications
1.	Climate Change Related Risks	Risk	<ul style="list-style-type: none"> Climate-related risks refer to the potential risks that may arise from climate change or from efforts to mitigate climate change, its impact and the economic and financial consequences. It can impact the financial sector through two broad channels- physical risks and transition risks. Physical Risk: The physical impacts from climate change will feed through to an economy in a various ways, including damages to physical assets through extreme weather, reduced agricultural productivity, heat-related health and medical issues, and loss of biodiversity. Transition Risk: It refers to the risks arising from the process of adjustment towards a low-carbon economy. A range of factors influences this adjustment, including changes in climate related policies and regulations, the emergence of newer technologies, shifting sentiments and behaviour of customers. The process of transition, i.e., reducing carbon emissions may have a significant impact on the economy. The uncertainty about the timing and severity of climate related risk like physical risk and transition risk threatens the safety, soundness and resilience of regulated entities (REs) and in turn it affects the overall stability of the financial system. Financial, reputational, regulatory and market risk implications are becoming increasingly prominent with increased threat of climate change such as but not limited to floods, droughts, erratic rainfall, supply chain disruptions, change in market perception and shift towards more environmentally friendly products and services. 	<ul style="list-style-type: none"> The Bank has a robust governance structure to develop climate related risk mitigation strategy, ensure effective implementation of the identified levers and monitor performance against such risks at regular intervals. The Bank ensures that climate related risks like water risk assessment outcomes, emission and energy consumption portfolios are properly reflected in all financial decisions such as in Internal Capital Adequacy Assessment Process (ICAAP)* and conduct stress testing or vulnerability analysis. *(ICAAP under Basel accord – a mechanism to ensure institutions strategic focus, business plan and internal procedures for ensuring adequate possession of long-term capital resources to cover all material risks.) The Bank is deliberating to embark on a journey of advocating sustainability in its value chain, such as assessment of GHG emission footprint of its lending portfolio, lender's customer targets and commitments on ESG resource optimization, evaluating quantum of collateral positioned in high-risk flood / drought prone areas, checking green building certifications of real estate portfolios, social inclusivity of corporates, SME & MSME customers. Within its operation, the Bank is considering greening of the branches and data centres, eliminating the use of paper in the operations, introducing option of e-receipts on registered mobile numbers at their ATMs, evaluating options of switching over to renewable energy for sourcing power gradually and future proofing operations against regulatory requirements. 	<p>Negative financial implications:</p> <ul style="list-style-type: none"> Financial/Credit risk: Rising frequency and severity of extreme weather events can impair the value of assets held by the Banks' customers, or impact supply chains affecting customers' operations and profitability and lead to higher loan defaults and NPAs. Market risk: Increased volatility in investments because of shifts in investor preferences or climate induced adverse effects might lead to decline in lending portfolio valuation. Reputational risk: Failure to address the challenging climate change vulnerabilities will affect stakeholders' trust resulting in loss of customer base.

Sl. No.	Material issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Positive/ Negative Financial Implications
2.	Employee Engagement	Opportunity	<ul style="list-style-type: none"> • People transformation is one of the agenda for the Bank's Vision 2025. People are at the forefront of customer interactions and also the strongest brand ambassadors on ground. • The Bank's Human Resources (HR) policies and practices are designed with the objective of empowering people and providing them an environment where they can deliver their best every day. • Building an innovative work environment to foster employee well-being, enhance relationships and sustain long-term productivity by providing work life balance, better career progression, healthy & safe working environment and aim towards becoming an appealing employer. 	-	<p>Positive financial implication:</p> <p>Employee welfare initiatives might lead to higher talent retention and improves the Bank's brand image and impact performance of the employees.</p> <p>Our human resources management strategy is centred on creating a supportive, interesting, and collaborative workplace while continuing to be customer-centric, performance-driven, and future-ready. Your Bank has received the "Gallup Exceptional Workplace Award" in recognition of its efforts in the area of employee engagement. We rank among the most prestigious companies that are genuinely altering how people perceive work and life as an award winner.</p>
3.	Customer Value	Opportunity	<ul style="list-style-type: none"> • Ensuring customer satisfaction and maintaining transparency are essential for business growth, as they help to maintain customer trust and make them feel valued. • Our fast-paced growth momentum and agility opens up scope for tapping changing needs of customers and address their emerging preferences. 	-	<p>Positive financial implication:</p> <p>Improved customer satisfaction through customized customer experiences will ensure improved business through customer retention and factor existing customer recommendations for tapping new customers.</p> <p>The Bank scored 46 on the Nielsen's Net Promoter Score ('NPS'), which was higher than the industry benchmark.</p>
4.	Community Engagement and Development	Opportunity	<ul style="list-style-type: none"> • Facilitating socio-economic development of the disadvantaged communities through programmes on health, education, livelihood and environment. 	-	<p>Positive financial implication:</p> <p>The Bank can acquire benefits of promoting social equality and reap significant rewards in terms of value creation and increased tax savings.</p>
5.	Human Rights	Opportunity	<ul style="list-style-type: none"> • The Bank plays a vital role in building the economy, as it has substantial leverage over a range of sectors and business activities. • The Bank advocates for safeguarding fundamental human rights of its people and work towards developing a diverse workforce. 	-	<p>Positive financial implication:</p> <p>Protecting human rights across value chain is an affirmative action, it creates competitive advantage and enhances brand reputation.</p>

Sl. No.	Material issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Positive/ Negative Financial Implications
6.	Regulatory & Statutory Compliance	Risk	<ul style="list-style-type: none"> Financial institutions face expanding regulatory and reporting requirements to ensure transparency in their operations for building stakeholder confidence and benchmarking themselves against the best practices in Corporate Governance. Growing footprint has accelerated the hiring process with increased manual interventions across various banking operations. Thus, there is risk of unintended slippages resulting in non-compliance. 	<ul style="list-style-type: none"> The Bank has a robust due diligence mechanism for monitoring transactions, performing customer background checks and evaluating all lending decisions for tackling litigation matters timely. Similarly, the Bank's, processes, policies, procedures, systems and tools ensure that there are no regulatory non-compliances arising in its operations. The Bank also obliges with all statutory reporting requirements. 	<p>Negative financial implication:</p> <p>Failure to comply with regulatory laws may result in substantial fines, penalties and cause damage to the Bank's reputation.</p>
7.	Business Ethics & Governance	Risk	Corporate conduct and ethical practices are central to safeguard reputation and business success of financial institutions.	<ul style="list-style-type: none"> By adopting a strong ethical culture, the Bank maintains its reputation as a trusted financial institution. Effective governance practices help in minimising its exposure to business and ethics related risks like fund embezzlement, insider trading and money laundering. The Bank takes control of their compliance mechanism and monitors performance diligently and periodically. 	<p>Negative financial implication:</p> <ul style="list-style-type: none"> The Bank will incur legal expense resulting from breach of maintaining ethical and governance standards. Customer preference might get influenced if they perceive that the Bank is not governed effectively, leading to reduced business scope. Failure to conduct proper customer due diligence may result in higher fraud funding and greater loan defaults.
8.	Risk & Crisis Management	Risk	Integration of ESG risks in banking operations is a must for building resilient organization. These risks are increasingly becoming uncertain and volatile.	<ul style="list-style-type: none"> The Bank has developed a robust crisis management framework to respond to trying situations and provide training to all executives, board members and key employees on how to tackle such situations. 	<p>Negative financial implication:</p> <p>Absence of proactive crisis management practices might lead to unanticipated losses on account of market disruptions, change in policy, data service disruptions.</p>
9.	Data Privacy & Digitalization	Risk	Owing to regulatory requirements, the Bank must comply with data protection and privacy regulations to ensure that customer data is kept secure and confidential to avoid any penal measures such as fines, and penalties.	<ul style="list-style-type: none"> The Bank ensures implementation of robust cybersecurity measures and data protection policies and procedures to prevent data breaches, cybercrimes and provides guaranteed confidentiality of customer information. The Bank ensures that customers' data is treated sensitively & sensibly across the entire value chain of its business. The Bank ensures that the customer data used for various assessment processes follow the required regulatory guidelines. 	<p>Negative financial implication:</p> <p>Failure to ensure protection of customer data, prevention of cyber-attacks can result in reputational damage, regulatory action, loss of business and incur legal liability.</p>

Sl. No.	Material issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Positive/ Negative Financial Implications
10.	Financial Inclusion	Opportunity	As the economy progresses, we need to include weaker sections of the society. This section includes women, rural India, people moving up the economic ladder and people having new banking need; thus, these new segments will help to build tomorrow's economy hence their needs should be addressed.	-	Positive financial implication: Providing innovative financial products to individuals and businesses to those who are currently excluded from the traditional banking system will provide deeper market penetration and will unleash the Bank's true growth potential.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

The National Guidelines for Responsible Business Conduct ('**NGRBC**') as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect and make efforts to protect and restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Y/N)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Y/N)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web link of the policies, if available	https://bandhanbank.com/sites/default/files/2023-01/Business-Responsibility-and-Sustainability-Reporting-policy-210123.pdf								
2. Whether the entity has translated the policy into procedures. (Y/N)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Y/N)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/ certifications/ labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	National Guidelines on Responsible Business Conduct, 2019, Ministry of Corporate Affairs, Government of India								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Nil								
6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	Not applicable								

GOVERNANCE, LEADERSHIP AND OVERSIGHT

7. Statement by director responsible for the business responsibility report, highlighting ESG-related challenges, targets, and achievements

Dear Shareholders,

The global banking sector is increasingly recognising the importance of ESG considerations in the operations, owing to its inherent risk mitigation, growth and innovation spurring capacity. During the climate conference, members of the Glasgow Financial Alliance for Net Zero (GFANZ), representing more than 450 of the world's biggest banks and pension funds across 45 countries, committed to limiting greenhouse gas emissions. The growing trends of green bonds, sustainability bonds, social & SDG bonds, ESG loans, and financed emissions have led to a significant revolution in sustainability-linked financial instruments. The Bank recognises that, in the Indian context, ESG considerations are still emerging and there is a need for greater awareness and action. Your Bank, however, remains focussed on being a part of the transformation such as enhanced regulatory stringency, greater investor enquiry on financial institution robustness and increased customer awareness on ESG products, among others.

The macroeconomic environment has become challenging as companies are paving their way into ESG transition. They are dealing with inflated prices of energy, carbon, and commodities over a longer period of time than first envisaged. The Bank is focussed on working on sustainable initiatives, investing in green energy, digitalisation, increasing energy efficiency, water conservation efforts, sustainable product design, improved human well-being and social equity. All of these initiatives are driving 'greenflation' (long-term structural inflationary pressures), which weighs on companies' profit margins and is also challenging politics and society – especially when corporates are passing on their higher input costs to end consumers. Your Bank remains committed to providing the most optimum transition strategy to the stakeholders and lowering the pressure on access to capital and cost of capital advocating adherence to all regulatory requirements to ensure adequate liquidity in the economy.

As a responsible Bank, your Bank focuses on overcoming the challenges of affordability and reachability, and incentivising the unbanked, not-so-developed communities and promote financial literacy. The Bank prioritises the social and economic well-being of the stakeholders and thus offers various initiatives and programmes to support communities. The Bank takes pride in its commitment in upholding high standards of business responsibility and sustainability.

The Bank's aim is to contribute responsibly towards the ESG transition journey by evaluating all significant environmental and social impact on its operations and incorporating the concept of sustainability in the Bank's value chain. Such trends may include greater disclosures on non-financial products and other metrics, accounting for the quantum of purchased electricity, the use of diesel generator sets at branches, along with the use of paper in banking forms, statements, and value human capital. The Bank has embraced the era of digitalisation and has undertaken strategic initiatives to make processes more seamless, agile, and efficient. Moreover, as a responsible Indian corporate, the Bank has embarked on a journey towards Net Zero and is currently in the process of evaluating the baseline GHG emission and remodifying its strategies and processes to align with India's commitment towards Net Zero Green House Gas (GHG) Emissions by 2070.

It is a great pleasure to announce the release of the Bank's Business Responsibility and Sustainability Report, which is based on the prescribed SEBI guidelines and adheres to the core elements of the NGRBC principles. BRSR is the next step towards sensitising greater scrutiny of corporate sustainability efforts by investors, regulators, financial rating agencies and the broader public to assess the robustness of processes and procedures, internal control mechanism of non-financial performance. Having understood that, Bandhan Bank's journey to become a responsible banker of the future focusses on ensuring all its stakeholders and value chain partners utilise natural resources in a manner that it creates value for the future generations.

Chandra Shekhar Ghosh
Managing Director & CEO
(DIN: 00342477)

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Board of Directors
9. Does the entity have a specified Committee of the Board/ Director responsible for decision-making on sustainability related issues? (Yes / No). If yes, provide details	Yes. The Corporate Social Responsibility & Sustainability Committee of the Board (' CSR&SCB ') is responsible for the oversight of the sustainability related matters.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow-up action	✓	✓	✓	✓	✓	✓	✓	✓	✓									
	The CSR&SCB reviewed the Compendium of the BRSR policies that are based on the 9 principles of the NGRBC guidelines and based on the recommendation of the CSR&SCB, the Board of the Bank approved the same. The BRSR disclosures were reviewed by the CSR&SCB and approved by the Board.									Annually								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Bank operates in compliance with applicable laws and regulations. All statutory requirements are complied with across all banking operations. The compliance department and the Inspection & Audit department independently monitor the compliance of all statutory requirements at the management level. The Audit Committee of the Board and the Risk Management Committee of the Board review the compliances.									Annually								

11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.

Yes. The processes and compliances are subject to scrutiny by internal auditors and regulatory bodies, as applicable. From a best practices perspective as well as from a risk perspective, policies are periodically reviewed/evaluated and updated by various department heads and approved by the Board. The report has been reviewed by the department in charge of Policy Implementation and Process Management. However, the Limited Assurance of the Integrated Report of FY 2023 is provided by Ernst & Young Associates LLP.

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE**PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable****ESSENTIAL INDICATORS****1. Percentage coverage by training and awareness programmes on any of the principles during the financial year.**

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	3	<ul style="list-style-type: none"> Governance & Assurance Financial Markets IT & Cyber Security 	46%
Key Managerial Personnel (KMP)*	5	<ul style="list-style-type: none"> Code of Conduct POSH Health Bytes Zero Tolerance Risk Culture 	100%

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Employees other than Board of Directors or KMPs	173	<ul style="list-style-type: none"> • Induction Training • Business Ethics & Policies • Code of Conduct • Gender sensitivity • Women empowerment • Employment Laws • Consumer Protection & Grievance Redressal • Compliance in Banking • KYC-AML & CFT • Risk Management • POSH • Health Bytes • Zero Tolerance • Risk Culture 	100%
Workers	NA	-	NA

*includes two directors

2. **Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format [Note: The entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website]:**

Monetary					
	NGRBC Principle	Name of the regulatory / enforcement agencies / judicial institutions	Amount (₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine Settlement Compounding Fee	No fine/ penalty/ punishment/ award/ compounding fee/ settlement amount was paid in proceedings by the entity or by directors/KMPs with regulators/law enforcement agencies/judicial institutions, in FY 2022-23 that was material to the Bank and disclosed as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. For any other details please refer to Schedule 18.8 to the Financial Statement provided in the Annual Report of the Bank for FY 2022-23.				
Non-Monetary					
	NGRBC Principle	Name of the regulatory / enforcement agencies / judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)	
Imprisonment Punishment		NIL			

3. **Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not applicable	

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes.

Link:- <https://bandhanbank.com/sites/default/files/2023-01/Business-Responsibility-and-Sustainability-Reporting-policy-210123.pdf>

The Bank has an anti-bribery and anti-corruption policy embedded in the Code of Conduct section of the HR Policy and is also available on the website as part of the Compendium of BRSR Policies. Every new joinee signed the hard copy and also digitally in the HRMS portal for the first time use. Subsequently, every year in the month of April all employees including KMP and senior management digitally undertake the annual code of conduct declaration, containing the anti-bribery and anti-corruption provisions of the Bank.

Additionally, the Bank has a formal Policy on Vigilance and whistleblower mechanism, which aims to effectively implement systems and procedures to prevent corruption, serving as a deterrent for any wrongdoing. The Bank has established a two-tier system, viz.,

(i) the Chief of Internal Vigilance ('CIV') and (ii) the Disciplinary Committee which bears the responsibility of (a) investigating any alleged or proven misconduct employees by an employee and (b) taking necessary punitive actions, respectively.

The Bank is extremely strict in taking measures against wrongdoings, misconduct and cases of bribery and corruption, adhering to its zero-tolerance practice. Furthermore, the CIV takes measures to prevent bribery by conducting periodic reviews and checks on high-value purchases made by the Bank, scrutinizing assets held or declared by senior management and employees and probing into any reported cases of conflicts of interest involving employees. These measures ensure 100% compliance from all employees, as the Bank strives towards zero cases of non-compliance. The CIV apprises the MD & CEO about the monthly vigilance activities and submits the report to the Audit Committee of the Board.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	FY 2022-23	FY 2021-22
Directors	NIL	NIL
KMPs	NIL	NIL
Employees	NIL	NIL
Workers	NA	NA

6. Details of complaints with regard to conflict of interest

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of Directors	NIL	NA	NIL	NA
Number of complaints received in relation to issues of Conflict of Interest of KMPs	NIL	NA	NIL	NA

7. Provide details of any corrective action taken or under way on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

NIL.

The Bank's internal robust mechanism, controls, check and balances ensure that there has been no such cases of non-compliance and hence, no corrective actions were required.

LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year.

Total number of awareness programmes held	Topics / principles covered under the training	Percentage of value chain partners covered (by value of business done with such partners) under the awareness programmes
NIL	-	NIL

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes. The Bank has framed the Code of Conduct for Directors in terms of Regulation 17(5) of the SEBI LODR relating to Corporate Governance and is available on the Bank's website.

Link to policy:- <https://bandhanbank.com/sites/default/files/2020-12/Code-Conduct-for-Directors.pdf>

The Code of Conduct for the Board of Directors of the Bank is laid down with an aim to ensure transparency and high ethical standards in managing the affairs and operations. A Board member is required to disclose any actual or prospective conflicts of interest on his appointment and on annual basis. The Board members have made full and complete disclosure of any actual/potential conflict of interests on appointment / annual basis. Non-disclosure of conflict of interest by any Board member would be treated as a non-compliance.

During the year under review, the Bank has not entered into any materially significant transactions with its Directors or Relatives of the Directors, which could lead to potential conflict of interest between the Bank and these parties, other than transactions entered into in the ordinary course of its business.

All the members of the Board of Directors of the Bank have affirmed compliance with the said Codes as applicable to them.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe
ESSENTIAL INDICATORS

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	NA	NA	The Bank is a service provider and a regulated entity and operates as per the Banking Regulations. Therefore, the scope of R&D to improve environmental and social impacts is not material to the Bank.
Capex	NA	NA	<p>The Bank is a service provider and a regulated entity and operates as per the Banking Regulations. Therefore, the scope of Capex to improve environmental and social impacts is not material to the Bank. However, the Bank has taken several environmental and social initiatives, as mentioned below.</p> <p>Environmental – The Bank has transitioned effectively into a digital banking ecosystem. This has helped the Bank in reducing its usage of paper across its branches and operations. The Bank has also invested in various innovative technologies and IT transformations across all its branches. The bank has launched a Fully Digital Saving Account Neo+. The pilot for Neo+ Account with vKYC has been launched in August 2022 across select branches and online customers. The Bank has also launched its all new Corporate Banking platform. Our new and improved CIB platform was launched in May 2022 and this platform has won the Award for ‘Best Digital Channel/Platform Implementation’ (December 2022) by IBS Intelligence.</p> <p>The energy efficient lighting system and water-saving technology have led to a reduction of power and water usage. The seamless transactions through mobile and net banking have led to reduction in commuting time to the branches, thereby considerably reducing vehicular emission and cost from commutation and energy consumption.</p> <p>Social – The Bank has established banking outlets catering to the underbanked rural and semi-urban areas leading to greater financial inclusion in the remote areas. The Bank has brought banking to the doorsteps of marginalised and economically backward communities through these Business Units. The Bank has taken several initiatives of financial literacy and financial empowerment amongst vulnerable groups such as rural housewives, and women entrepreneurs, ensuring inclusivity and ease of access for all sections of society, to banking services.</p> <p>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.</p> <p>To overcome digital-based challenges, the Bank is providing training to enhance customer awareness on the benefits of digital payments and various other aspects, such as seeding bank accounts with mobile numbers and Aadhaar.</p> <p>During the FY under review, your Bank launched the first of its kind ‘Android PoS’, a testament to the commitment to providing innovative and customer-centric solutions to merchants and promoting digital payments in remote areas.</p>

2. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

No. Owing to the nature of the banking products and services offered, sustainable sourcing may not be a significant material topic for the Bank. However, the Bank endeavours to integrate sustainability in the supply chain(s) for its products and services across its business portfolio.

The Bank’s supply chain includes outsourced agencies, third-party service providers, transporters, suppliers of materials and capital goods, franchisees, dealers and distributors. The Bank recognizes the need to work closely with the suppliers to reduce waste, improve efficiency and reduce carbon footprint and continuously work towards ensuring greater integration of environmental factors in its procurement practices.

The Bank has developed a dedicated policy on sustainable sourcing as part of its commitment to BRSR Principle 2. The policy encourages the Bank to raise awareness of supply chain members to comply with applicable laws and regulations. The CSR&SCB shall oversee the compliance with the policy.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for:
- Plastics (including packaging),
 - E-waste,
 - Hazardous waste, and
 - Other waste.

The products and services offered by the Bank do not entail the usage of a high quantum of plastic or any hazardous material. Hence, owing to the insignificant footprint, the reclamation for reusing and recycling is not material to the Bank.

- Plastics – The plastic usage in the products is minimal, hence, reclamation of plastics is not applicable.
- E-waste – E-waste generated from the banking operations across all offices and branches are responsibly disposed of by third-party service providers.
- Hazardous Waste – Owing to the nature of the operations as a banking facility, there isn't much scope for the generation of hazardous waste from the Bank's branches and offices that are owned and controlled by third parties.
- Other Waste – Paper waste is disposed of for recycling by third-party service providers.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

No. As the Bank does not have major plastic usage in its products and services, the Bank does not qualify for any EPR obligation. The Bank will also phase out any plastic usage, however minuscule in quantum, from its operations.

LEADERSHIP INDICATORS

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Not applicable					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with action taken to mitigate the same.

Name of Product / Service	Description of the risk/concern	Action Taken
Not applicable		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23	FY 2021-22
Not applicable		

4. Of the products and packaging reclaimed at the end of life of products, amount (in metric tonnes) reused, recycled and safely disposed.

Bandhan Bank Limited is a service provider and the Bank's services do not include any significant packaging material, except for the new account opening kits.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable	

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent employees											
Male	62,526	62,526	100%	62,526	100%	NA	-	-	-	-	-
Female	7,176	7,176	100%	7,176	100%	7,176	100%	NA	NA	-	-
Total	69,702	69,702	100%	69,702	100%	7,176	100%	-	-	-	-
Other than Permanent employees											
Male											
Female											Not Applicable
Total											

Note: From April, 2023 onwards, 100% male employees are eligible for paternity benefits.

b. Details of measures for the well-being of workers:

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent workers											
Male											
Female											Not Applicable
Total											
Other than Permanent workers											
Male											
Female											Not Applicable
Total											

2. Details of retirement benefits for the current and previous financial years:

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
	PF	100%	NA	Y	100%	NA
Gratuity	100%	NA	NA*	100%	NA	NA*
ESI	NA	NA	NA	NA	NA	NA
Others – please specify	NA	NA	NA	NA	NA	NA

*Gratuity is deposited with the Bandhan Bank Gratuity Fund Trust

3. Accessibility of workplaces: Are the premises/offices accessible to differently abled employees and workers as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the Bank has developed a dedicated policy on Human Rights as part of the commitment to BRSR Principle 5 and ensures non-discrimination and fair treatment for all its employees. The Bank's branches and offices have appropriate systems and processes in place to ensure compliance with the policy and with statutory provisions.

The Bank has taken several measures to create an inclusive environment such as installing ramps, signage and elevators for ease of movement of people with locomotive disability. The Bank ensures that doorways and corridors are wide enough for wheelchair users. Additionally, we have made the restrooms, workstations, and common areas accessible and equipped with the necessary accommodations. The Bank is also committed to promote digital accessibility where information and communication technology is accessible to all and/or compatible with assistive technology devices.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the Bank has equal opportunity statement in its HR policy and the extract of the same is also available in the Compendium of BRSR policies under Principle 5.

Web-link: <https://bandhanbank.com/sites/default/files/2023-01/Business-Responsibility-and-Sustainability-Reporting-policy-210123.pdf>

The Bank believes that promoting equal opportunity in the workplace based on merit and ability can create an environment conducive to higher engagement and productivity. The Bank has achieved this by communicating the coverage of the policy to all employees in an appropriate and meaningful manner. In line with sustainable development ethos of non-discrimination, inclusive growth, the hiring and performance evaluation, compensation, training and employee benefits, are devoid of any discrimination based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organization or majority/minority group.

5. Return to work and retention rates of permanent employees that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	The Bank has taken proactive measures to incorporate systems and procedures for its employees to take paternity leave w.e.f. April 2023		NA	NA
Female	68.61%*	95.37%	NA	NA
Total	68.61%*	95.37%	NA	NA

*Includes employees that are scheduled to return to work post March 31, 2023

Note: With respect to the above 68.61%, additional 4% have since returned and 18.39% are on extended leave.

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

Yes/No (If Yes, then give details of the mechanism in brief)	
Permanent Workers	Not applicable
Other than Permanent Workers	Not applicable
Permanent Employees	<p>Yes. The HR policy of the Bank incorporates the Policy on Prevention of Sexual Harassment (POSH) for addressing issues related to sexual harassment. An Internal Committee (IC) consisting of one Presiding Officer and three members is constituted at the head office to enquire into and provide redressal of Sexual Harassment complaints. The composition of the IC consists of at least one external member and one-half of the total member are women officials. In addition to POSH, the Bank has also built an in-house grievance redressal system and is available in the HRMS portal of the Bank. The grievance redressal mechanism lays down guidelines that need to be followed by the organization, which include the following:</p> <p>Conflict Resolution An employee who feels that he or she is being subjected to harassment should first, where possible, make his / her disapproval clearly known to the individual(s) concerned and ask that the behaviour be stopped. If there is no apparent change in the behaviour of the respondent, the employee concerned can make use of either an informal or formal resolution process for redressing their complaint.</p> <p>Freedom from Retaliation A person who in good faith brings a complaint of harassment against another person, shall not be subjected to any form of retaliation. The Bank prohibits retaliation against anyone who files a complaint in good faith, and retaliation in itself constitutes misconduct subject to disciplinary action. Discriminating against an employee who has made a complaint of harassment or deleteriously affecting the terms and conditions of employment or work environment of the employee will be construed as retaliation.</p> <p>Confidentiality All employees who are aware of a harassment complaint, or involved in its resolution, must recognize the seriousness of the situation and respect the sensitivity and confidentiality that must be accorded to the matter. The employees must refrain from discussing the complaint amongst themselves or with anyone who does not have a 'need to know'. Every effort will be made to preserve the dignity and self-respect of the parties to the complaint.</p> <p>Action against false complaints False or malicious complaints can seriously damage a person's reputation, career, and relationships. If anyone makes a false or malicious complaint of harassment and it is so established after a thorough and proper investigation, the complainant will face disciplinary action, depending on the situation.</p>
Other than Permanent Employees	Not applicable

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

The Bank promotes freedom of association; however, the employees are not part of any trade union and the Bank does not engage in any collective bargaining agreements. The Bank ensures that all employee grievances are reported anonymously and addressed by the management after conducting a detailed investigation.

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	69,702	-	-	60,211	-	-
Male	62,526	-	-	54,414	-	-
Female	7,176	-	-	5,797	-	-
Total Permanent Workers						
Male						Not Applicable
Female						

8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures*		On Skill upgradation		Total (D)	On Health and safety measures*		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% E/D)	No. (F)	% (F/D)
Employees										
Male	62,526	62,526	100%	61,634	98%	54,414	14,848	27%	50,293	92%
Female	7,176	7,176	100%	6,950	98%	5,797	2,332	40%	5,101	88%
Total	69,702	69,702	100%	68,584	98%	60,211	17,180	29%	55,394	92%
Workers										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

*Includes digital awareness campaign

9. Details of performance and career development reviews of employees and workers:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	62,526	48,722	78%	54,414	41,204	76%
Female	7,176	4,781	67%	5,797	3,975	69%
Total	69,702	53,503	77%	60,211	45,179	75%
Workers						
Male						
Female						Not Applicable
Total						

*The performance management system is available to all employees and the new joiners who have joined before September. The new joiners after September are considered for the next year performance management cycle.

The policy on performance management is provided in the HR Policy and is available in the HRMS portal of the Bank for all employees. The Bank has a dedicated learning and development wing that provides ample learning opportunities to all employees. The learning management system provides online training to all employees. The performance appraisal system of the Bank provides career development opportunities and feedback for continuous improvement. The performance appraisal process starts with the employee conducting self-appraisal followed by the assessment of the supervisor via appraisal feedback and discussion. The performance appraisal ratings are reviewed/ calibrated by a committee. Once the ratings are finalized, promotion and recognition announcements are initiated and key performance areas (KRA) for the next year are set.

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage of such system?

Yes. The Bank is cognizant of the responsibility towards providing a healthy and safe work environment to the employees and has developed a dedicated policy as part of the commitment to BRSR Principle 3. Sustainability Compliance Review Committee (SCRC) shall be responsible for monitoring the compliance of EHS performance of the Bank. The Bank is in the process of evaluating the scope of occupational health and safety management system to outline safety standards for the employees and customers to ensure regulatory compliance and promotion of public health and safety. The Bank organizes regular trainings, such as mock drills on its premises for its employees on matters of fire safety, emergency response, and basic first aid.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Bank in collaboration with building management team of the office premises organizes and participates in mock fire drill sessions to create awareness amongst employees on how to evacuate in the event of fire or any other unforeseen contingency. Fire Marshalls and Fire Warden are nominated and trained for ensuring adequate support if any such event occurs.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)

Not applicable as there are no workers associated in the Bank's operations.

- d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes. The Bank continuously reviews human resource development and evaluates the best practices offered in the banking sector, to gain competitive advantage within the industry. The Bank offers extended insurance coverage to the employees in the form of top-ups, flexibility to pay monthly premiums to spread the payment over a year and aim for higher cover and enhanced coverage of dependents to encompass parents-in-law. It also provides for digital medical services/tele medication by way of typing up with leaders like Practo in this field thereby not only catering to its employees but their dependent family members also. The Bank also has introduced a Medical Assistance rider to cater to Accident cases for its employees.

11. Details of safety-related incidents

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.08	-
	Workers	Not applicable	Not applicable
Total recordable work-related injuries	Employees	11	-
	Workers	Not applicable	Not applicable
No. of fatalities (safety incident)	Employees	4	-
	Workers	Not applicable	Not applicable
High consequence work-related injury or ill-health (excluding fatalities)	Employees	7	-
	Workers	Not applicable	Not applicable

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Bank has developed a dedicated policy on Workplace Health and Safety, as part of its commitment to BRSR Principle 3 and is committed to conduct its operations with due regard for the environment and ensure a safe and healthy workplace for its employees. The good health and safety of employees are of great importance to the Bank. While the Bank has put in place internal systems and procedures for the creation and maintenance of a safe and healthy environment at the workplace, employees are required to follow safety guidelines and internal processes. The Senior Management Personnel, through members of the respective Management Committees, will ensure the implementation of this Policy while the Sustainability Compliance Review Committee (SCRC) will be regularly monitoring the compliance with the Policy, under the supervision of the CSR&SCB. The Bank provides safety training programs for all its employees, including emergency preparedness training, safety training, basic first aid training. The Bank is also committed to encourage a culture of personal safety, implementation of which is done by conducting trainings for employees and service providers.

13. Number of complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	NIL	NIL	-	NIL	NIL	-
Health and Safety	NIL	NIL	-	NIL	NIL	-

14. Assessments for the year:

% of your plants and offices that were assessed (by entity or statutory authorities or third parties)	
Health and Safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health and safety practices and working conditions.

The Bank has formulated its Security policy, Procedures and guidelines in line with recommendation of Indian Banks' Association, directives issued by RBI, advisories issued by Govt. authorities and industry best practices. All the Banking outlets, ATMs and offices are equipped with latest security & safety gadgets required to create a safe working environment for customers and employees of the Bank and protect the assets of the Bank by creating viable deterrence to miscreants.

The Bank confirms –

- Installation of electronic surveillance system at all the ATMs. All Banking outlets and ATMs across the country are complied with adequate physical security measures as per advisory issued by RBI.
- Implementation of all the Physical Security measures at Currency Chests of the Bank as per RBI guidelines.
- Full Compliance of all regulatory and statutory norms pertaining to the security & safety of the units.
- Conducting regular security & safety awareness training programmes to promote and sustain the security culture across the Bank.

LEADERSHIP INDICATORS
1. Does the entity extend any life insurance or any compensatory package in the event of death of?

(Y/N)	
Employees	Y
Workers	Not Applicable

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Bank conducts periodic review meetings with value chain partners such as vendors and service providers to assess their performance and adherence to statutory norms. The Bank inculcate in its agreement a sense of accountability and transparency in all operations across the supply chain partners. Invoices of value chain partners are cleared subject to deduction of any applicable TDS. The Bank also takes confirmation of the GST deposited by the vendors on the payments made by the Bank.

3. Provide the number of employees/workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
	Employees	11	-	-
Workers	Not Applicable			

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes. The Bank offers transition assistance support to facilitate continued employability to people attaining retirement age. Requisite approvals are sought for to evaluate the competency of the candidate based on the performance showcased during his/her service tenure and requisite retention terms are reviewed before advancing extended employment offer. Retired personnel may be rehired to act as consultants or strategic advisors to the Bank and are eligible for all employee benefits except Provident Fund contribution.

5. Details on assessment of value chain partners

% of value chain partners (by value of business done with such partners) that were assessed	
Health and Safety practices	None
Working Conditions	None

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not applicable

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

The Bank's stakeholder identification approach takes into consideration the dependency, spontaneity, responsibility, vulnerability, and influence while identifying key stakeholder groups, taking into consideration all entities who have a direct and indirect influence on the business operations, such as:

- Shareholders and Investors
- Customers
- Regulatory bodies
- Suppliers
- Communities
- Employees
- Media

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group

Key Stakeholders	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/ Half Yearly/ Quarterly / Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders and Investors	No	<ul style="list-style-type: none"> • Annual General Meeting • Email • Investors meet • Press releases • Newspaper advertisements • Website 	<ul style="list-style-type: none"> • Yearly • Quarterly • Periodically 	<ul style="list-style-type: none"> • Improved profitability and growth of the organization • Robust corporate governance mechanisms • Compliance • Transparent and effective communication • Investor servicing
Customers	No	<ul style="list-style-type: none"> • Surveys • Print, digital and social media • 24X7 toll-free number • Direct interaction with bank employees • Doorstep banking centres and home visits • Financial Literacy programme and customer meets 	<ul style="list-style-type: none"> • Ongoing Activity 	<ul style="list-style-type: none"> • Convenience and Ease of Transaction • Quick response to issues raised through grievance redressal mechanisms • Innovative technology Applications • Transparent communication Product/ service availability • On-time delivery of product/service
Employees	No	<ul style="list-style-type: none"> • Induction programmes / trainings /workshops • Individual performance appraisal • Periodic communication meetings anchored by leadership • Employee engagement, wellness, team building and celebration events 	<ul style="list-style-type: none"> • Need Basis • Periodically 	<ul style="list-style-type: none"> • Caring and empowering work environment • Personal development and growth • Health and safety • Responsive grievance handling process • Employee benefits and Competitive compensation • Employee welfare and social security • Employee alignment to common organisation goals

Key Stakeholders	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/ Half Yearly/ Quarterly / Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Local communities	Some members of the local communities belong to SHGs, low income groups.	<ul style="list-style-type: none"> • Collaboration with independent parties/civil society organisations • Formation of village institutions and regular meetings thereon 	<ul style="list-style-type: none"> • Need Basis 	<ul style="list-style-type: none"> • Strengthening of livelihood opportunities • Improvement of social infrastructure for a hygienic and healthy living environment • Economic and social empowerment • Financial literacy and improving access to financial services
Vendors and suppliers	Some of the vendors are identified as a part of vulnerable/ marginalized group (Women entrepreneur)	<ul style="list-style-type: none"> • Vendor meets • Pre-agreement negotiations • Procurement agreements 	<ul style="list-style-type: none"> • Need Basis 	<ul style="list-style-type: none"> • Regular communication and updates on business plans • Inclusion of local medium and small-scale enterprises in the vendor base • Competency development of local vendors • Stability/ tenure of relationship • Ordering and payment routines • Purchase prices
Central and State Government	No	<ul style="list-style-type: none"> • Government circulars • Formal notifications 	<ul style="list-style-type: none"> • Weekly • Ongoing • Need basis • Annually 	<ul style="list-style-type: none"> • New financial regulations
Regulatory bodies	No	<ul style="list-style-type: none"> • Periodic meetings / interactions with regulatory bodies • Mandatory filings with regulators including RBI, SEBI, Stock Exchanges, and MCA • Participation in policy forums 	<ul style="list-style-type: none"> • Ongoing • Need basis 	<ul style="list-style-type: none"> • Compliance with rules and regulations • Know the customer • Fair treatment of customers • Role in the development of the financial system • Banks act as the first line of defence against financial crimes
Media	No	<ul style="list-style-type: none"> • One-on-one media interaction • Press conferences/press releases • Advertisements/ promotions • Interviews with senior management • Dedicated corporate communication team • Media section on the Bank's website • Dedicated email and contact for media 	<ul style="list-style-type: none"> • Ongoing • Need basis 	<ul style="list-style-type: none"> • Disclosure to stakeholders • Responsible corporate citizenship • Corporate reputation

LEADERSHIP INDICATORS**1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The Bank believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. The Bank accordingly anchors its stakeholder engagement on the principles of the following features:

- Materiality- taking prioritised consideration of the economic, environmental and social impacts identified to be important to the organisation as well as its stakeholders.
- Completeness- understanding the stakeholders' key concerns and expectations.
- Responsiveness- responding coherently and speedily to such issues and concerns.

The key stakeholder groups include the Central and State Governments, regulatory/statutory agencies, media, shareholders, clients, employees, local communities, channel partners, and suppliers. Attributes including dependency, accountability, immediacy, and influence are used to identify stakeholders. The engagement strategy recognizes the individuality and distinct set of priorities of each stakeholder group. Stakeholder engagement insights support the Bank's performance and help to create fresh viewpoints.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. The management representatives of the Bank analyses the impact of shortlisted material topics and how it affects the day-to-day business and operations of the Bank. In view of the Bank's sustainability objectives, business strategies, operational policies, and global market trends, the responses and feedbacks gathered during stakeholder engagement are reviewed by top management to understand stakeholders' perspectives. Post review and assessment of material topics, the management team validates the prioritised material topics and strategies are framed to incorporate those material topics within the operations.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

The Bank has an appropriate mechanism to engage with its stakeholders, especially marginal and weaker sections of the society and it is covered in the Corporate Social Responsibility ('CSR') policy of the Bank. The CSR initiatives undertaken by the Bank are firmly embedded in its vision and mission to improve quality of life of the communities. Having understood the prevailing social needs within the communities, interventions and strategies are formulated by CSR&SCB. The CSR&SCB has carefully reviewed and recommended the CSR programmes targeting societal development by conducting studies on CSR intervention area identification. Based on these studies, the curated CSR programmes are run by CSR Project Implementing Agency ('PIA').

Each programme of the PIA 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. The Bank's CSR Programmes are in alignment with the Sustainable Development Goals and the Schedule VII to the Companies Act, 2013, details of which are provided below:

- Targeting the hard-core poor programme
- Bandhan Health programme
- Bandhan Education programme
- Bandhan Employing the unemployed programme
- Bandhan Financial Literacy Programme
- Bandhan Sustainable livelihoods programme
- Bandhan Climate action programme

Details of such programme are also provided in the Annual Report on CSR Activities forming part of the Annual Report for FY 2022-23.

PRINCIPE 5: Businesses should respect and promote human rights
ESSENTIAL INDICATORS
1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (C/D)
Employees						
Permanent	69,702	69,702	100%	60,211	60,211	100%
Other than permanent	0	0	-	0	0	-
Total	69,702	69,702	100%	60,211	60,211	100%
Workers						
Permanent						
Other than permanent						
Total						

Note: All employees are provided training on human rights and other HR related policies including digitally acknowledging the code of conduct on annual basis.

2. Details of minimum wages paid to employees and workers:

Category	FY 2022-23				FY 2021-22					
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	62,526	96	0.20%	62,430	99.80%	54,414	117	0.20%	54,297	99.80%
Female	7,176	20	0.30%	7,156	99.70%	5,797	26	0.40%	5,771	99.60%
Other than Permanent										
Male										
Female										Not Applicable
Workers										
Permanent										
Male										
Female										Not Applicable
Other than Permanent										
Male										
Female										Not Applicable

3. Details of remuneration/salary/wages:

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category in ₹*	Number	Median remuneration/ salary/wages of respective category in ₹*
Board of Directors (BoD)	13	38,25,000	3	19,10,000
Key Managerial Personnel (other than BoD)	2	1,32,96,039	0	NA
Employees other than BoD and KMP	62,522	2,51,059	7,176	2,63,041
Workers	NA	NA	NA	NA

* Annual Remuneration

Note:

- There is no difference in the sitting fee rates based on gender. However, the variance is on account of sitting fees paid to the members based on the number of Board meetings and Board Committee meetings attended by the members.
- Ms. Divya Krishnan, Mr. Philip Mathew and Dr. Aparajita Mitra have been appointed as directors of the Bank with effect from May 11, 2022; June 15, 2022; and July 13, 2022, respectively.
- Mr. Ranodeb Roy, Mr. Snehomoy Bhattacharya and Ms. Thekedathumadam Subramani Raji Gain ceased to be directors of the Bank, with effective May 11, 2022; July 09, 2022; and August 06, 2022, respectively.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impact or issues caused or contributed to by the business? (Yes/No)

Yes. The HR team overlooks Human Rights issues as a whole, but the Bank ensures that all its employees are trained to uphold the dignity of all its stakeholders, especially, the vulnerable and marginalised groups and promotes awareness and realisation of human rights across its network. The Bank believes in the Principle of Natural Justice and treats all employees equally with dignity.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Bank extends many avenues to its employees to raise any grievances including human rights. The integrated Human Resource Management System (HRMS) platform is available for employees to access the entire Employee Life Cycle Management on their own devices and at their own disposal which enables employees to get their grievances redressed. In a nutshell, the grievance redressal mechanism incorporated into the HRMS, the employees have a one-stop solution for any queries or complaints.

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	13	03	The pending cases have since been closed.	13	02	The pending cases have since been closed.
Discrimination at workplace	0	0	-	0	0	-
Child labour	0	0	-	0	0	-
Forced labour /Involuntary labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights-related issues	0	0	-	0	0	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

The Bank has a vigil mechanism which acts as a channel for the employees to report on any act of unethical behaviour, actual or suspected fraud or violation of the Code of Conduct to the management. The terms of the vigil mechanism are laid down in the 'Whistle Blower Policy ' and 'Vigilance Policy', as required under Section 177 of the Companies Act, Regulation 22 of the SEBI LODR and applicable circulars issued by the RBI. The Bank safeguards employees from being victimised while assuring the confidentiality and protection of the Whistle Blower against any form of retaliation.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. The Bank's BRSR policy on Principle 5 has been incorporated, which aligns with the Bank's processes and procedures ensure that the value chain partners are compliant with all Human Rights requirements.

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	
Forced/involuntary labour	
Sexual harassment	In addition to the Vigilance team, the Bank's Audit and Inspection teams conduct 100% branch compliance audits. These audit procedures include a review of branches' compliance with statutory laws.
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

In cases where allegations are established, investigation findings are shared with 'Disciplinary and Ethics Management Team' (D&EM) for further proceedings. Post completion of investigation, the cases are presented to the 'Audit Committee of the Board'.

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

All operational units including branches have suggestion / grievance redressal boxes, HR team frequently monitors the nature of complaints received during the year and has an efficient system to resolve the same. During the FY 2022-23, there have been no complaints received on human rights.

2. Details of the scope and coverage of any Human Rights due diligence conducted.

Human Rights due diligence are conducted for all employees across the Bank. Several initiatives are undertaken, like –

- Periodic surveys are conducted to assess employee well-being. Suggestions received are scrutinized to evaluate proposed improvement ideas.
- HR service helpdesk helps in addressing grievances and concerns received from employees.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, most of the Bank's key establishments including offices, branches and banking unit premises are accessible to the differently abled visitors. The Bank has taken several measures to create an inclusive environment such as installing ramps, signage and elevators for ease of movement of employees as well as customers with locomotive disability. Similarly, the Bank ensures that doorways and corridors are wide enough for wheelchair users. Additionally, the Bank's restrooms, workstations, and common areas are accessible and equipped with necessary retrofits that are easily accessible by person with disability. The Bank remains committed to promote digital accessibility where information and communication technology is accessible to all and/or compatible with assistive technology devices.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	The Bank has already incorporated policies to ensure responsible supply chain. During the year,
Discrimination at workplace	no adverse complaints/cases were reported.
Child labour	
Forced labour/Involuntary labour	The Bank follows and is compliant to all extant laws of the land in terms of assessment of value chain partners. Further, as a way forward, the Bank is incorporating relevant processes and
Wages	procedures in order to conduct the Human rights assessment of value chain partners from
Others – please specify	April 2023 onwards.

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. Details of total energy consumption (in Joules or multiples) and energy intensity

Parameter	FY 2022-23	FY 2021-22
	TJ	TJ
Total electricity consumption (A)	6.51*	5.75*
Total fuel consumption (B)	0.0064 [#]	0.0018 [#]
Energy consumption through other sources (C)		
Total energy consumption (A+B+C)	6.5164	5.7518
Energy intensity per rupee of turnover (Total energy consumption/ (turnover in rupees)	-	-
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

*Electricity consumption data is captured from the Head Office and Mega Project of the Bank. It does not cover any other sites or branches.

[#]Fuel consumption data is only from the Head Office of the Bank. It does not cover any other sites or branches.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Ernst & Young Associates LLP has provided limited assurance.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

The Bank does not belong to an energy intensive sector, and is not notified to be part of the 13 sectors identified as designated consumers (DCs).

3. Provide details of the following disclosures related to water.

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kiloliters)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	65,195*	52,711*
(iv) Seawater/ desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	65,195*	52,711*
Total volume of water consumption (in kilolitres)	-	-
Water intensity per rupee of turnover (Water consumed / turnover)	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

*The water consumption numbers are based on the usage at the Head Office and Mega Projects of the Bank and does not cover any of the branches.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Ernst & Young Associates LLP has provided limited assurance.

While the Bank has implemented policies on Principle 6, however, the Bank already has a robust process in place to reduce its resource footprint. Though water consumed in the Bank's operation is primarily for domestic purposes like drinking, the Bank, in collaboration with respective premise management team, monitors the amount of water consumed, ensuring that there is minimal wastage of water in its operation.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Majority of the Bank units are rented premises, thus mechanism for zero liquid discharge is not material for the Bank's operations. The primary water usage in offices and branches are for domestic consumption.

5. Please provide details of air emissions (other than GHG emissions) by the entity.

Parameter	Please specify unit	FY 2022-23	FY 2021-22
NOx	-	34.7*	-
SOx	-	8.2*	-
Particulate matter (PM)	-	192*	-
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

*Air Emissions (SOx, NOx, and PM) data is only covering Mega Projects of the Bank

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Ernst & Young Associates LLP has provided limited assurance.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity

Parameter	FY 2022-23	FY 2021-22
Total Scope 1 emissions - Metric tonnes of CO2 equivalent (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	0.47*	0.13*
Total Scope 2 emissions - Metric tonnes of CO2 equivalent (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	1,284.25*	1,134.02*
Total Scope 1 and Scope 2 emissions (per rupee of turnover)- tCO2e	-	-
Total Scope 1 and Scope 2 emission intensity (optional)- the relevant metric may be selected by the entity	-	-

*Scope 1 and Scope 2 emissions cover only Head Office and Mega Projects of the Bank. No other sites or branches are covered

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Ernst & Young Associates LLP has provided limited assurance.

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

The Bank has allocated considerable resources to enhance afforestation initiatives such as developing a 'Bio-shield' to save the mangroves in the Bharuch district of Gujarat. The key highlights of this project includes plantation of 67,540 saplings in 20 hectares along a stretch of 1 kilometer of the coastline and also plantation of other medical plant species and fodder species, which approximately resulted in sequestering over 4,400 tonnes of CO2 equivalent annually to date.

The Bank has also initiated Climate Action Programme under its CSR initiatives that has carried out afforestation in rural areas and greening urban spaces. Details of the climate action programme are available on the Annual Report of the Bank.

The Bank's consciously evaluates and adapts its operation throughout its value chain to reduce adverse environmental impacts and its Sustainability Compliance Review Committee (SCRC) shall oversee the initiatives that reduces overall resource footprint of the Bank and carbon sequestration initiatives being one of the cornerstones.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (In MT)	FY 2021-22 (In MT)
Total waste generated (in metric tonnes)		
Plastic waste (A)	-	-
E-waste (B)	-	-
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	-	-
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	-	-
Total (A+B + C + D + E + F + G + H)	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycle	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	-	-
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Ernst & Young Associates LLP has provided limited assurance

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The services offered by the Bank to its customers does not entail usage of hazardous or toxic chemicals. The Bank is working towards making the waste management practices more efficient and have partnered with third party service providers for shredding paper in the corporate office. The Bank's processes and procedures are designed in a manner that optimization of resource usage and waste generation is minimal. Similarly, battery and e-waste are responsibly recycled and disposed of through certified vendors across all operational units. Sustainability Compliance Review Committee (SCRC) shall oversee the initiatives undertaken to address and improve waste management practices.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

Sl. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not applicable			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
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Bandhan Bank Limited has undertaken Head Quarter Project named 'Mega Project'. The current project is a construction project of 'Corporate Building' which is comprising of 1 No. Business Building' B1+B2+G+23 floors and a G+3 storied Service Utility Building. The construction activities of the project are near completion. Construction work has started from April 2020. The Environmental impact assessment has been conducted by independent external agency, however the results are not communicated in the public domain.

Environmental Clearance from SEIAA- 905 / EN / T-II-1 /083/ 2018 dated, 08.07.2020 as per provisions of the EIA notification no. SO. 1533 (E) dated, 14th September, 2006 of MoEFCC, GOI.

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances.

Sl. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties /action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Yes, the Bank is compliant.				

LEADERSHIP INDICATORS

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 22-23	FY 21-22
From renewable sources		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	-	-
From non-renewable sources		
Total electricity consumption (D)	-	-
Total fuel consumption (E)	-	-
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Provide the following details related to water discharged:

Parameter	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
(ii) To Groundwater		
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
(iii) To Seawater		
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
(IV) Sent to third parties		
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
(v) Others		
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- Name of the area
- Nature of operations
- Water withdrawal, consumption, and discharge in the following format

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kiloliters)		
(i) To Surface water	-	-
(ii) To Groundwater	-	-
(iii) Third party water	-	-
(IV) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres)	-	-
Total volume of water consumption (in kilolitres)	-	-
Water intensity per rupee of turnover (Water consumed / turnover)	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
(ii) Into Groundwater		
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
(iii) Into Seawater		
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
(iv) Sent to third parties		
• No treatment	-	-
• With treatment – please specify level of treatment	-	-

Parameter	FY 2022-23	FY 2021-22
(v) Others		
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	-	-	-
Total Scope 3 emissions per rupee of turnover	-	-	-
Total Scope 3 emissions intensity (optional)- the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as the outcome of such initiatives, as per the following format:

Sl. No.	Initiative undertaken	Details of the initiative (<i>Web-link, if any, may be provided along with summary</i>)	Outcome of the Initiative
1.	The corporate office is located in GBC-GOLD rated Green Building-certified property	AdventzInfinity@5 is a superlative green IT/ITes building with about 8.5 lakh square feet of high energy work space situated at the heart of Salt lake, Sector V, Kolkata. The entire infrastructure is designed to maximize daylight and a superior indoor air flow of humidity controlled fresh air. AdventzInfinity@5 is certified IGBC-GOLD rated green building and hence will use the latest innovations in energy and water efficiency, sustainable practices, resource recycling and green building practices. https://www.infinityitpark.com/adventzinfinity	The building is advocating a low-carbon economy.
2.	Water treatment facility in the Corporate Office	Plumbing- 100% waste water recycle plant (STP); use of water efficient sanitary fixtures. https://www.infinityitpark.com/adventzinfinity	Advocating a waste water recycling
3.	All offices, branches and business units are equipped with energy-efficient LED lighting systems	All offices, branches and business units are equipped with energy-efficient LED lighting systems	Advocating a low-carbon economy.
4.	All offices' air conditioners are set at 24-25°C as per the latest standards of ASHRAE and BEE	https://www.mca.gov.in/Ministry/pdf/AcTempNotice_21082018.pdf https://www.ashrae.org/technical-resources/bookstore/standards-62-1-62-2#:~:text=ANSI%2FASHRAE%20Standards%2062.1%20and,adverse%20health%20effects%20for%20occupants	Advocating a low-carbon economy.

Sl. No.	Initiative undertaken	Details of the initiative (<i>Web-link, if any, may be provided along with summary</i>)	Outcome of the Initiative
5.	CSR Initiatives on Climate Change adaptation	https://bandhanbank.com/beyond-banking	Carbon sequestration through afforestation and plantation activities
6.	CSR initiatives on water conservation	https://bandhanbank.com/beyond-banking	Created rain water harvesting potential for irrigation purposes and saving the area from ground water depletion

- 7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web-link.**
The Bank has put in place a Business Continuity and Management Framework with the objective to recover critical activities and systems within defined timelines, ensure safety of its people and assets, communicate with stakeholders during an emergency and manage reputational risk. The Business Continuity & Planning Management Committee (BCPMC) has laid down procedures that needs to be followed to address crisis management events like bank-wide disasters such as pandemic, terrorist attacks, ransomware attacks, fire, cyclone, earthquake, city-level floods, cyber-attacks and data center outages.
- 8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**
Not applicable
- 9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**
Not applicable

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

- 1. a. Number of affiliations with trade and industry chambers/associations.**
The Bank is associated with 3 associations as listed in answer 1(b) of this section.
- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such a body) the entity is a member of/affiliated to.**

Sl. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	IBA (Indian Banks' Association)	National
2	CII (Confederation of Indian Industries)	National
3	BCC&I (Bengal Chambers of Commerce & Industries)	State

- 2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
There has not been any cases related to anti-competitive conduct of the Bank.		

LEADERSHIP INDICATORS

- 1. Details of public policy positions advocated by the entity:**

Sl. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
The Bank does not engage in public policy advocacy and has not partnered with any association for setting any benchmark.					

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**ESSENTIAL INDICATORS****1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
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No such projects have been undertaken by the Bank for which SIA needs to be carried out as per applicable laws.

However, the Bank conducts its CSR activities proactively and has performed Impact Assessment of the same, details of which are furnished on the website of the Bank.

To evaluate the impact of the CSR initiatives and understand the perception of the beneficiaries and stakeholders, Bandhan Bank Limited appointed external consultant, KPMG, to conduct an impact assessment study of 11 selected CSR projects including the five of their flagship projects, and six key projects in Gujarat for the period FY2016 to FY2022. The 5 flagship projects that were included are as follows:

- Bandhan Health Programme
- Targeting the Hard-core Poor Programme
- Bandhan Education Programme
- Employing the Unemployed Programme
- Bandhan Financial Literacy Programme

The expected benefits from the study were:

- Captured perceptions of the respondents and stakeholders
- Guiding more effective investment
- Recommendations on improvement in programme delivery
- Enhancing the understanding of impact of various CSR initiatives

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.

Sl. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not applicable						

3. Describe the mechanisms to receive and redress grievances of the community.

The Bank always makes an effort to establish a reliable relation with the local communities in the areas where it operates. The Bank provides facilities for improving education, healthcare, and social welfare while considering community voices, addressing their needs, and working to improve the standard of living in the area.

Any community and beneficiary who are involved supported by the Bank through the project implementing agency – Bandhan Konnagar, has the right to report and raise complaints directly or indirectly by mailing at the e-mail ID: grievance@bandhan.org.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers.

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers		
Sourced directly from within the district and neighboring districts		Not applicable

LEADERSHIP INDICATORS**1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
Not applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sl. No.	State	Aspirational District	Amount spent (In ₹)
1	Assam	A total of 63 districts are covered in 8 states out of which 21 are aspirational district	₹52,93,45,346
2	Bihar		
3	Jharkhand		
4	Madhya Pradesh		
5	Odisha		
6	Tripura		
7	Uttar Pradesh		
8	West Bengal		

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No)

No

(b) From which marginalised / vulnerable groups do you procure?

Not applicable

(c) What percentage of total procurement (by value) does it constitute?

Not applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.

Sl. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
				Not applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
		Not applicable

6. Details of beneficiaries of CSR Projects

Sl. No.	CSR Project	No. of persons benefited from CSR projects	% of beneficiaries from vulnerable and marginalised groups
1	Targeting Hard Core Poor Programme - 10	5,000	100%
2	Targeting Hard Core Poor Programme - 11	10,000	
3	Targeting Hard Core Poor Programme - 12	3,000	
4	Bandhan Education Programme - 1	4,387	
5	Bandhan Education Programme - 2	55,278	
6	Bandhan Education Programme - Academy	2,909	
7	Bandhan Health Programme - SMILE-V	39,881	
8	Bandhan Health Programme - SMILE-VI	99,444	
9	Bandhan Health Programme - SMILE-VII	29,223	
10	Bandhan Health Programme TCTD-I	2,878	
11	Bandhan Health Programme TCTD-II	3,119	
12	Bandhan Health Programme - Safe Water	47,497	
13	Employing Unemployed Programme	2,220	
14	Bandhan Financial Literacy Programme - 2	85,172	
15	Bandhan Climate Action Programme - 1	10	
16	Bandhan Climate Action Programme - 2	600	
17	Bandhan Sustainable Livelihood Programme - 1	63	
18	Bandhan Sustainable Livelihood Programme - 2	0	
19	Bandhan Financial Literacy Programme - 1	6,982	

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner**ESSENTIAL INDICATORS****1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

As a service organization, customer service and customer satisfaction are the prime concern of any bank. The Bank believes that providing prompt & efficient service is essential not only to attract new customers, but also to retain existing ones. The Bank has a robust customer dispute resolution mechanism, which the Bank has implemented in the form of a CRM application named, 'Telisma'.

The customer complaints received through multiple channels are supervised by a committed Banking Ombudsman core team for identifying product shortcomings, staff behavioral issues, service delivery issues, and the team also focuses on developing a real time resolution process with minimum delay.

The Bank also sensitizes employees by providing training on management of customer complaints. The Bank ensures that the redressal is just, fair, efficient and governed by necessary rules and regulation.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	
Safe and responsible usage	Not applicable to the Bank
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2022-23			FY 2021-22		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Others	37,752*	1,420*	-	35,865*	373*	-

*Excludes court cases

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls		
Forced recalls		Not applicable as the Bank belongs to the service industry

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes. The Bank is highly committed to providing its utmost attention to the customers and providing them with superior services and the freedom of choice in the selection and usage of banking services. Bandhan Bank Limited recognizes that maintaining trust and regard of customers are important for the Bank's success and longevity, in a fiercely competitive market. Through digital platforms and initiatives, the Bank will provide customers, the flexibility to access and consume banking services over any digital platform of their choice and recognizes that product quality and service delivery is vital for business growth. The Bank seeks to achieve this by regularly reviewing service levels and capturing feedback from customers.

Abiding by Customer Privacy policy, the Bank will continue to treat customers' data with utmost sensitivity and privacy. The Bank also undertakes initiatives to combat cybercrime and data theft using a comprehensive mechanism of information and data security.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

One of the major areas applicable to the Bank related to corrective actions taken to resolve issues, is cybersecurity and data privacy of the customers. To combat such issues, the Bank has formed a committee equipped with tools specific to handling these kinds of

threats, known as the 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. The primary role of the committee includes:

- Formulation of IT Strategy;
- Amend the IT policy to keep it aligned with current market trends;
- Update the Board on progress of IT levers and current global landscape of the IT in banking sector;
- Review periodically the Bank's IT strategy and ensured its alignment with the current trends in the banking sector;
- Review IT risks;
- Ensure proper balance of IT investments for sustaining the Bank's growth;
- Oversee the aggregate funding of IT at the Bank-level;
- Ascertain if the management has adequate resources to ensure proper administration of IT risks;
- Review the contribution of IT.

LEADERSHIP INDICATORS

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information relating to all the loan products and services provided by the Bank are available on its website. In addition, the Bank actively uses various social media and digital platforms to disseminate information on its loans and deposits. Additionally, the Bank also has dedicated mobile apps available known as 'mBandhan' which is an all-purpose app wherein customers can access their accounts and subscribe to online banking facilities. Advertisements and information related to products and offerings are also available on such portal. Further, such details are also provided in the Annual Report.

The Bank's Website link- <https://bandhanbank.com/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Activities undertaken for enhancement of customer awareness during the FY2022-23:

1. The Bank, in collaboration with RBI officials, has conducted focused programs to raise public awareness on the types and characteristics of digital frauds, safe banking practices, customer rights and responsibilities and details of various schemes and services offered by the Bank. In FY 2022-23, seven such programs have been conducted at rural / semi-urban / urban centers.
2. The Bank has actively participated in the nationwide intensive awareness campaign, launched by the CEPD, Reserve Bank of India (RBI) to enhance public awareness on financial rights of customers. The campaigns were conducted both through in-person outreach programs and digital channels & print media. The details of the programs are as follows:
 - In Person Outreach Programs: 901 meetings held which 37,938 persons attended.
 - Campaigns through Digital Channels & Print Media: Posts in all Social Media platforms on eight different dates in November, 2022.
 - Banners on safe digital banking practices were published on the Bank's website throughout the month of November, 2022.
 - Four advertisements were published in print media in November, 2022.
3. Salient features of the Integrated Ombudsman Scheme launched by the RBI and the internal grievance redressal mechanism of the Bank are displayed on the Bank's website, ATM screens and in all the branches of the Bank. The displayed messages are drafted in regional languages like English, Hindi, Bengali for enhancing public awareness.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

In the Banking sector, one of the major security concerns that exist is related to cyber-attacks and digital banking frauds. The Bank has taken certain initiatives in order to inform and educate customers regarding the risks associated with digital banking frauds and methods to avoid being subjected to such attacks. Some of the steps taken by the Bank are the following:

- a) Introduction of dynamic OTP based authentication in addition to login password as an additional security feature in Retail Internet Banking application.
- b) Disallowing premature / partial withdrawal of term deposits, held in joint names, through internet banking platform to prevent unauthorized withdrawals of TDs.

- c) Incorporation of additional security features (the mandatory security features prescribed by RBI as per CTS-2010 standards), i.e., Micro lettering of 'Bandhan Bank' as well as 'Customer Account Number' in account number box and amount box on the cheque's leaves issued to customers, to reduce chances of misuse of cheques by cloning, tampering, alterations, etc.
- d) One of the key features of BCP framework of the Bank is- Crisis communication plan. The Bank proactively communicates its customers about any planned or unplanned disruption / discontinuation of essential services through SMS and email.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

The banking industry is facing a rapidly changing market, technological disruptions, economic uncertainties, increasing competition, and especially more demanding customers. The income and business growth of the Bank depends on loyal and satisfied customers. The Bank understands and continuously aims to evolve the way to handle personal and business finances. The Bank believes that great customer service comes with efficient, flawless operations including keeping pace with both live and digital options to ensure seamless and hassle-free service to customers. Amidst strong market competition, the Bank continuously strives to improve its relationship with its customers by providing them with necessary product information and creating customer awareness.

The Bank conducts customer satisfaction surveys and workshops with senior citizens, women customers, low-income groups at bank branches to collect insight into parameters like –

- Reliability
- Responsiveness
- Empathy
- Assurance

Feedbacks from the customers are collated for generating scores to evaluate the performance and behaviour of employees handling customers across all bank branches and offices.

5. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along-with impact: NIL
- b. Percentage of data breaches involving personally identifiable information of customers: NIL

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

Place: Kolkata
Date: May 26, 2023

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

Financial Statement

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, 2023, and the Profit and Loss Account and the Cash Flow Statement for the year then ended, and notes to the Financial Statements including a summary of significant accounting policies and other explanatory information ("the Financial Statements").
- 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 as well as the Companies Act, 2013 ("the Act") and the circulars and guidelines issued by Reserve Bank of India, in the manner so required for banking companies and are in conformity with the accounting principles generally accepted in India including the accounting standards specified under Section 133 of the Act as applicable to banks and give a true and fair view of the state of affairs of the Bank as at March 31, 2023, and its profit and its cash flows for the year ended on that date.

Identification and Provisioning of Non-performing Advances (NPA):

Total NPA as at March 31, 2023: ₹5298.62 Crores

Provision for NPA as at March 31, 2023: ₹4070.35 Crores

(Refer Schedule 9 & 18.6 to the Financial Statements)

Key Audit Matter	How our audit addressed the key audit matter
<p>Identification of NPA and measurement of provision on account of NPA is made based on the assessment of various criteria stipulated in the Reserve Bank of India ('RBI') guidelines on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances' ('IRACP').</p> <p>The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.</p>	<ul style="list-style-type: none"> Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring, and recovery of loans, monitoring overdue/stressed accounts, identification of NPA, provision for NPA, and valuation of security including collateral. Testing of Application controls includes testing of automated controls, reports and system reconciliations. Evaluated the governance process and tested controls over calculations of provision on non-performing advances, basis of provisioning in accordance with the Board approved policy. Selected the 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 the IRACP norms and Bank policy.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of 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 together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 year. 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:

Key Audit Matter

The provision against advances is based on criteria such as past due status, out of order status etc. The provision in respect of such NPAs are made based on ageing and classification of NPAs, recovery estimates, value of security, nature of loan products and other qualitative factors and is subject to minimum provisioning levels prescribed by the RBI and approved policy of the bank in this regard. In addition to this, for restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with the RBI guidelines. Further, NPA classification is made borrower wise whereby if one facility of the borrower becomes NPA then all facilities of such a borrower will be treated as NPA.

We have identified 'Identification of NPA and Provisioning on Advances' as a key audit matter in view of the significant level of estimation involved, as well as the stringent compliances laid down by the RBI in this regard.

How our audit addressed the key audit matter

Performed other substantive procedures including but not limited to the following:

- Selected sample of performing loans and assessed them independently as to whether these should be classified as NPA;
- For sample selected, examined the security valuation, financial statements and other qualitative information of the borrowers;
- 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;
- Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needs to be considered as NPA;
- Assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of overdue ageing, assessment of borrower level, NPA identification and verification of applicable provision rates as per IRACP norms and Bank's Policy on test check basis; and assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.

Information Technology ("IT") Systems and Controls impacting Financial Reporting

The Bank has a complex IT architecture to support its day-to-day business operations. High volume of transactions are processed and recorded on single or multiple applications.

The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.

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.

Our procedures with respect to this matter included the following:

In assessing the controls over the IT systems of the Bank, we involved our technology specialists to obtain an understanding of the IT environment, IT infrastructure and IT systems. We evaluated and tested relevant IT general controls over the "in-scope" IT systems and IT dependencies identified as relevant for our audit of the financial statements and financial reporting process of the Bank. On such "in-scope" IT systems, we have tested key IT general controls with respect to the following domains:

- Program change management, which includes that program changes are moved to the production environment as per defined procedures and relevant segregation of environment is ensured.
- User access management, which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties to ensure that privilege access to applications, operating systems and databases in the production environment were granted only to authorized personnel.
- Program development, which includes controls over IT application development or implementation and related infrastructure, which are relied upon for financial reporting. In addition, understood where relevant, changes made to the IT landscape during the audit period.
- IT operations, which includes job scheduling, monitoring and backup and recovery.

We also evaluated the design and tested the operating effectiveness of relevant key IT dependencies within the key business process, which included testing automated controls, automated calculations/accounting procedures, interfaces, segregation of duties and system generated reports, as applicable.

We communicated with those charged with governance and management and tested a combination of compensating controls or remediated controls and/or performed alternative audit procedures, where necessary.

Other Information

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the Financial Statements and our auditor's report thereon. The annual report 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 we 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of management and those charged with governance for the Financial Statements

6. 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 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, and the provisions of Section 29 of the Banking Regulations Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. 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 and Board of Director either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

8. The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

9. 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.
10. 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 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 internal financial controls with reference to the Financial Statements 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 management of the Bank.
 - 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.

11. 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.
12. 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.
13. 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 year 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

14. The Financial Statements of the Bank for the previous year ended March 31, 2022, were jointly audited by Deloitte Haskins & Sells and M M Nissim & Co LLP, who, vide their report dated May 13, 2022, expressed an unmodified opinion on those Financial Statements.

Our opinion on the financial statements is not modified in respect of the above matter.

Report on other legal and regulatory requirements

15. In our opinion, the Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act.
16. As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - (c) During the course of our audit, we have visited 29

branches and 50 banking units to examine the books of account and other records maintained at the branch and performed other relevant audit procedures. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally at the Bank's Head Office located in Kolkata, as all the necessary records and data required for the purposes of our audit are available there.

17. As required by Section 143(3) of the Act, 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;
 - (b) 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;
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the guidelines prescribed by RBI;
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Bank and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - (g) 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, 2014 (as amended), 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 12 & 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 has been no delay in transferring amounts, required to be transferred, to the Investor

- Education and Protection Fund by the Bank, during the year ended March 31, 2023;
- iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Schedule 18.31 to the Financial Statements, no funds 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, whether, 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;
- (b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Schedule 18.31 to the Financial Statements, no funds 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, whether, 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; and
- (c) Based on such audit procedures that we 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 (a) and (b) contain any material misstatement.
- v. As stated in Schedule 18.3 to the Financial Statements, the Board of Directors of the Bank have proposed dividend for the financial year 2022-23 which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable, until the date of this report.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for maintaining books of account in accounting software having a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled, is applicable to the Bank only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.
18. In our opinion and to the best of our information and according to the explanations given to us, the provisions of Section 197 of the Act are not applicable to the Bank by virtue of Section 35B(2A) of the Banking Regulation Act, 1949. Accordingly, the reporting under Section 197(16) of the Act regarding payment/ provision for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act, is not applicable.

For M M Nissim & Co LLP

Chartered Accountants
(Firm Registration No. 107122W/ W100672)

Navin Kumar Jain

Partner
Membership No. 090847
UDIN: 23090847BGXVAV7363
Place: Kolkata
Date: May 19, 2023

For Singhi & Co

Chartered Accountants
(Firm Registration No. 302049E)

Ankit Dhelia

Partner
Membership No. 069178
UDIN: 23069178BGYIGJ3403
Place: Kolkata
Date: May 19, 2023

Annexure A to Independent Auditor's Report

Referred to in paragraph 16(f) of the Independent Auditor's Report of even date to the members of Bandhan Bank Limited on the financial statements for the year ended March 31, 2023

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to Financial Statements of Bandhan Bank Limited ("the Bank") as of March 31, 2023, 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

2. The Banks'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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 Banks'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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Banks's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to Financial Statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with

reference to Financial Statements, 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Banks's internal financial controls system with reference to Financial Statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A Banks's internal financial controls with reference to Financial Statements 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 Banks's internal financial controls with reference to Financial Statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to Financial Statements, 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 with reference to Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Financial Statements 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, the Bank has, in all material respects, an adequate internal financial controls system with reference to Financial statements and such internal financial controls with reference to

Financial Statements were operating effectively as at March 31, 2023, 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 issued by ICAI.

For **M M Nissim & Co LLP**

Chartered Accountants

(Firm Registration No. 107122W/ W100672)

Navin Kumar Jain

Partner

Membership No. 090847

UDIN: 23090847BGXVAV7363

Place: Kolkata

Date: May 19, 2023

For **Singhi & Co**

Chartered Accountants

(Firm Registration No. 302049E)

Ankit Dhelia

Partner

Membership No. 069178

UDIN: 23069178BGYIGJ3403

Place: Kolkata

Date: May 19, 2023

Balance Sheet

as at March 31, 2023

(₹ in '000)

Particulars	Schedule	As at March 31, 2023	As at March 31, 2022
Capital & Liabilities			
Capital	1	16,108,365	16,107,659
Reserves & Surplus	2	179,733,160	157,703,848
Deposits	3	1,080,693,125	963,306,131
Borrowings	4	247,108,226	199,212,280
Other liabilities and provisions	5	34,056,805	53,621,823
Total		1,557,699,681	1,389,951,741
Assets			
Cash and balances with Reserve Bank of India	6	73,265,829	49,425,645
Balance with Banks and Money at call and short notice	7	9,231,410	43,787,883
Investments	8	323,658,918	290,787,101
Advances	9	1,047,567,691	939,749,267
Fixed Assets	10	8,545,906	5,878,851
Other Assets	11	95,429,927	60,322,994
Total		1,557,699,681	1,389,951,741
Contingent liabilities	12	82,774,443	124,055,253
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 and on behalf of Board of Directors

For Bandhan Bank Limited

For M M NISSIM & CO LLP

Chartered Accountants
Firm Registration Number :
107122W / W100672

For SINGHI & CO

Chartered Accountants
Firm Registration Number :
302049E

Sunil Samdani

Chief Financial Officer
Kolkata

Indranil Banerjee

Company Secretary
Kolkata

Navin Kumar Jain

Partner
Membership Number : 090847
Place : Kolkata
Date : May 19, 2023

Ankit Dhelia

Partner
Membership Number : 069178
Place : Kolkata
Date : May 19, 2023

Vijay Nautamlal Bhatt

ACB Chairman & Independent Director
Kolkata
DIN: 00751001

Ratan Kumar Kesh

Executive Director
Kolkata
DIN: 10082714

Chandra Shekhar Ghosh

Managing Director & CEO
Kolkata
DIN: 00342477

Anup Kumar Sinha

Non-Executive Chairman
Kolkata
DIN: 08249893

Profit & Loss Account

for the year ended March 31, 2023

(₹ in '000)

Particulars	Schedule	Year ended March 31, 2023	Year ended March 31, 2022
I. Income			
Interest Earned	13	159,046,996	138,715,662
Other Income	14	24,685,507	28,224,993
Total		183,732,503	166,940,655
II. Expenditure			
Interest Expended	15	66,450,814	51,571,016
Operating Expenses	16	46,368,194	35,235,604
Provisions & Contingencies	18.1	48,967,115	78,876,095
Total		161,786,123	165,682,715
III. Net Profit for the year (I-II)		21,946,380	1,257,940
Balance in Profit & Loss Account brought forward from previous year		60,099,356	61,710,030
IV. Amount available for appropriations		82,045,736	62,967,970
V. Appropriation			
Transfer to Statutory Reserves		5,486,596	314,485
Transfer to Statutory Reserve u/s 36(1)(viii) of Income Tax Act 1961		1,692,035	424,522
Transfer to Capital Reserve		17,404	159,996
Transfer to Investment Reserve		-	252,391
Transfer to Investment Fluctuation Reserve		311,888	106,546
Dividend Paid		-	1,610,674
Balance carried over to Balance Sheet		74,537,813	60,099,356
Total		82,045,736	62,967,970
VI. Earnings per Share			
Basic (₹)		13.62	0.78
Diluted (₹)		13.62	0.78
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 M M NISSIM & CO LLP

Chartered Accountants
Firm Registration Number :
107122W / W100672

For SINGHI & CO

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Kolkata
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Cash Flow Statement

for the year ended March 31, 2023

Particulars	(₹ in '000)	
	Year ended March 31, 2023	Year ended March 31, 2022
A. Cash flow from Operating Activities :		
Profit Before Taxation	28,929,842	1,286,231
Adjustments for :		
Depreciation and amortization	1,426,456	1,100,374
Provisions & Contingencies	41,983,653	78,847,804
Interest Income from fixed deposits	(29,180)	(42,908)
Profit on sale of Held-to-maturity (HTM) securities	(31,009)	(285,076)
Interest Income from Investments in Held-to-maturity (HTM) securities	(13,357,140)	(11,226,727)
Provision/(reversal of provision) for depreciation in value of investments	7,719,732	(449,702)
Employee Stock Options Expense	67,060	52,396
Profit / (Loss) on sale of fixed assets	4,581	(4,057)
Operating Profit Before Working Capital Changes	66,713,995	69,278,335
Movements in working capital :		
Increase in Advances	(173,525,532)	(175,285,772)
Increase in Other Assets	(35,255,329)	(35,993,597)
Increase in Investment in HFT & AFS securities	(15,594,406)	(23,214,573)
Increase in Deposits	117,386,993	183,583,883
Increase/(Decrease) in Other Current Liabilities and Provisions	5,001,416	(2,451,214)
Cash flows generated from operations	(35,272,863)	15,917,062
Direct Taxes Paid (net of refunds)	(7,173,296)	(6,895,194)
Net Cash flows generated from/(used in) Operating Activities (A)	(42,446,159)	9,021,868
B. Cash flow from Investing Activities :		
Purchase of Fixed Assets/Capital work-in-progress	(4,120,858)	(2,118,859)
Sale of Fixed Assets/Capital work-in-progress	22,765	10,811
Interest Income from fixed deposits	29,045	42,787
Interest Income from Investments in Held-to-maturity (HTM) securities	12,855,870	11,231,025
(Increase) in Held to Maturity Investment	(24,966,133)	(15,283,874)
Deposits (created) with banks and financial institutions	(91)	(162)
Net Cash flows generated from/(used in) Investing Activities (B)	(16,179,402)	(6,118,272)
C. Cash flow from Financing Activities :		
Dividend paid	-	(1,610,674)
Proceeds from share issue (Including share premium)	16,576	30,009
(Repayment)/Proceeds of short term borrowings	43,321,878	(21,087,254)
Proceeds from long term borrowings	4,574,067	50,695,963
Net Cash flows generated from Financing Activities(C)	47,912,521	28,028,044
Net Increase/ (Decrease) In Cash And Cash Equivalents (A+B+C)	(10,713,040)	30,931,640
Cash And Cash Equivalents At The Beginning of the year	93,187,995	62,256,355
Cash And Cash Equivalents At The End of the year	82,474,955	93,187,995
Components of Cash and Cash Equivalents :		
Cash and Balances with Reserve Bank of India (Refer Schedule no. 6)	73,265,828	49,425,646
Balance with Banks and Money at call and short notice (Refer Schedule no. 7)*	9,209,127	43,762,349
	82,474,955	93,187,995

*Cash and Cash Equivalents excludes lien marked Fixed Deposits of ₹ 0.54 crore (Previous Year: ₹ 0.53 crore) with original maturity of more than three months & amount transferred to Unpaid Dividend account of ₹ 1.69 crore (Previous Year: ₹ 2.02 crore)

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 M M NISSIM & CO LLP

Chartered Accountants
Firm Registration Number :
107122W / W100672

For SINGHI & CO

Chartered Accountants
Firm Registration Number :
302049E

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Anup Kumar Sinha

Non-Executive Chairman
Kolkata
DIN: 08249893

Schedules

forming part of the Balance sheet as at March 31, 2023

Schedule 1 - Capital

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
Authorized Capital		
3,200,000,000 (Previous Year: 3,200,000,000) equity shares of ₹ 10/- each	32,000,000	32,000,000
Issued, subscribed and fully paid-up capital		
1,61,08,36,480 (Previous Year: 1,61,07,65,867) Equity Share of ₹ 10/- each	16,108,365	16,107,659
Total	16,108,365	16,107,659

Schedule 2 - Reserves & Surplus

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. Statutory Reserve		
Opening Balance	25,099,557	24,785,072
Additions during the Year	5,486,596	314,485
Total	30,586,153	25,099,557
II. Statutory Reserve U/S 36(1)(VIII) OF Income Tax Act 1961		
Opening Balance	8,711,235	8,286,713
Additions during the Year	1,692,035	424,522
Deduction during the Year	-	-
Total	10,403,270	8,711,235
III. Capital Reserve		
Opening Balance	6,460,447	6,300,451
Additions during the Year ¹	17,404	159,996
Deduction during the Year	-	-
Total	6,477,851	6,460,447
IV. Share Premium Account		
Opening Balance	54,172,016	54,143,674
Additions during the Year ⁴	15,871	28,342
Deduction during the Year	-	-
Total	54,187,887	54,172,016
V. Investment Fluctuation Reserve		
Opening Balance	1,812,993	1,706,447
Additions during the Year	311,888	106,546
Deduction during the Year	-	-
Total	2,124,881	1,812,993
VI. Investment Reserve		
Opening Balance	304,024	51,633
Additions during the Year ²	-	252,391
Deduction during the Year	-	-
Total	304,024	304,024
VII. Additional Reserve ³		
Opening Balance	277,389	277,389
Additions during the Year	-	-
Deduction during the Year	-	-
Total	277,389	277,389

Schedules

forming part of the Balance sheet as at March 31, 2023

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
VIII. General Reserve		
Opening Balance	714,436	714,436
Additions during the Year	-	-
Deduction during the Year	-	-
Total	714,436	714,436
IX. Employee Stock Option Reserve		
Opening Balance	52,395	-
Additions during the Year	67,061	52,395
Deduction during the Year	-	-
Total	119,456	52,395
x. Balance in Profit and Loss Account	74,537,813	60,099,356
GRAND TOTAL (I+II+III+IV+V+VI+VII+VIII+IX+X)	179,733,160	157,703,848

1. Appropriations made for profit on sale of investments in held to maturity category, net of taxes and transfer to Statutory reserve.
2. 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.
3. 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.
4. Includes ₹ 0.39 crores related to Employees stock option plan exercised in earlier years.

Schedule 3 - Deposits

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
A. I. Demand Deposits		
i) From Banks	2,885,980	2,330,829
ii) From Others	61,284,565	52,292,322
II. Savings Bank Deposits	360,381,016	346,168,624
III. Term Deposits		
i) From Banks	193,950,945	164,230,541
ii) From Others	462,190,619	398,283,815
Total	1,080,693,125	963,306,131
B. I. Deposits of branches in India	1,080,693,125	963,306,131
II. Deposits of branches outside India	-	-
Total	1,080,693,125	963,306,131

Schedule 4 - Borrowings

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other banks	10,000,000	11,152,737
iii) Other Institutions & agencies	237,108,226	188,059,543
II. Borrowings outside India	-	-
Total	247,108,226	199,212,280
Secured borrowings included in (I&II) above	45,574,615	1,100,000

Schedules

forming part of the Balance sheet as at March 31, 2023

Schedule 5 - Other liabilities and provisions

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. Bills Payable	3,077,567	6,602,212
II. Inter-office Adjustments(Net)	5,075	45,229
III. Interest accrued	1,195,556	1,103,648
IV. Contingent Provision against Standard Assets	10,097,847	33,816,165
V. Provision for Income Tax (Net of Advance tax and Tax deducted at source)	11,957	851,591
VI. Others	19,668,803	11,202,978
Total	34,056,805	53,621,823

Schedule 6 - Cash and balances with Reserve Bank of India

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. Cash In hand (including foreign currency notes)	12,223,863	11,730,810
II. Balance with Reserve Bank of India		
i) In Current Account	45,041,966	37,694,835
ii) In Other Accounts	16,000,000	-
Total	73,265,829	49,425,645

Schedule 7 - Balances with Banks and Money at call and short notice

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. In India		
i) Balance with Banks		
a) In Current Account	9,117,395	9,401,187
b) In Other Deposit Accounts	5,399	5,307
ii) Money at call & short notice		
a) With banks	-	34,000,000
b) With other institutions	-	249,993
Total	9,122,794	43,656,487
II. Outside India		
a) In Current Account	108,616	131,396
b) In Other Deposit Accounts	-	-
c) Money at call & short notice	-	-
Total	108,616	131,396
GRAND TOTAL (I+II)	9,231,410	43,787,883

Schedules

forming part of the Balance sheet as at March 31, 2023

Schedule 8 - Investments

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. Investment in India in		
i) Government Securities	314,828,973	280,221,062
ii) Other Approved Securities	-	-
iii) Shares	3,095,865	3,285,869
iv) Debentures & Bonds	3,552,617	2,883,459
v) Subsidiaries and /or joint ventures	-	-
vi) Others (Mutual Fund units, Certificate of Deposits and Pass Through certificates)	10,319,551	4,815,067
Total	331,797,006	291,205,457
Less- Provision for Depreciation on Investment	(8,138,088)	(418,356)
Total	323,658,918	290,787,101
II. Investments outside India	-	-
Total	-	-
GRAND TOTAL (I+II)	323,658,918	290,787,101

Schedule 9 - Advances

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
A. i) Bills Purchased & Discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	220,486,362	171,547,832
iii) Term loans *	827,081,329	768,201,435
Total	1,047,567,691	939,749,267
B. i) Secured by tangible assets (Including Advances against fixed deposits and book debts)	450,023,926	311,499,914
ii) Covered by Bank/Government Guarantees	10,860,945	57,597,555
iii) Unsecured	586,682,820	570,651,798
Total	1,047,567,691	939,749,267
C. I) Advances in India		
i) Priority Sector	526,806,232	544,720,228
ii) Public Sector	-	-
iii) Banks	23,151,167	-
iv) Others	497,610,292	395,029,039
Total	1,047,567,691	939,749,267
II) Advances Outside India	-	-
Total	-	-
GRAND TOTAL	1,047,567,691	939,749,267

* Including loans outstanding under Inter bank participation certificate ₹ 2,153.77 crores (Previous Year: ₹ 1,911.30 crores)

The total amount received from Credit Guarantee Fund for Micro Units (CGFMU) is ₹ 916.01 crore (Previous Year- ₹ NIL).

The above Net Advances includes Provision made against amount received (net) from (CGFMU) held pending adjustment ₹ 717.05 crore (Previous Year- ₹ NIL)

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forming part of the Balance sheet as at March 31, 2023

Schedule 10 - Fixed Assets

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I) Premises		
Gross Block		
At cost as at March 31, of the preceding year	1,537,625	1,537,193
Addition during the Year	139,539	859
Deduction during the Year	-	(427)
Total	1,677,164	1,537,625
Depreciation		
As at the beginning of the Year	85,479	62,885
Charge for the year	21,831	23,000
Deduction during the Year	-	(406)
Depreciation to date	107,310	85,479
Net Block	1,569,854	1,452,146
II) Other Fixed Assets (Including Furniture & Fixture)		
Gross Block		
At cost as at March 31, of the preceding year	8,015,308	7,213,039
Addition during the Year	2,257,589	932,472
Deduction during the Year	(324,640)	(130,203)
Total	9,948,257	8,015,308
Depreciation		
As at the beginning of the Year	5,321,628	4,367,724
Charge for the year	1,404,626	1,077,374
Deduction during the Year	(297,294)	(123,470)
Depreciation to date	6,428,960	5,321,628
Net Block	3,519,297	2,693,680
III) Capital Work-in-progress (including capital advances)	3,456,755	1,733,025
GRAND TOTAL (I+II+III)	8,545,906	5,878,851

Schedule 11 - Other Assets

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I) Inter Office adjustment (Net)	-	-
II) Interest Accrued	9,672,082	10,351,100
III) Advance Income Tax (Net of Provision)	436,230	-
IV) Stationery and stamps	-	-
V) Non banking assets acquired in satisfaction of claims	500,674	585,643
VI) Others *	84,820,941	49,386,251
Total	95,429,927	60,322,994

* Includes Deferred Tax Assets of ₹ 1,113.08 crore (Previous Year: ₹ 1,218.43 crore) (Refer Note. 18.12)

* Includes Deposits in Rural Infrastructure and Development Fund amounting to ₹ 6,797.36 crore (Previous Year: ₹ 3,300.28 Crore)

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forming part of the Balance sheet as at March 31, 2023

Schedule 12 - Contingent liabilities

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I) Claims against the Bank not acknowledged as debts	2,011,773	555,877
II) Liability for partly paid investments	-	-
III) Liability on account of outstanding forward exchange contracts	66,123,053	115,280,150
IV) Guarantees given on behalf of constituents		
(a) In India	9,352,101	3,677,906
(b) Outside India	-	-
V) Acceptances, endorsements and other obligations	2,639,602	2,266,652
VI) Other items-Capital Commitments	2,647,914	2,274,668
Total	82,774,443	124,055,253

Schedule 13 - Interest Earned

(₹ in '000)

	Year ended March 31, 2023	Year ended March 31, 2022
I) Interest/discount on advances/bills	137,751,578	121,838,960
II) Income on investments	18,863,036	14,783,033
III) Interest on balances with Reserve Bank of India and other inter-bank funds	693,675	1,405,144
IV) Others (Includes gain on IBPC)	1,738,707	688,525
Total	159,046,996	138,715,662

Schedule 14 - Other Income

(₹ in '000)

	Year ended March 31, 2023	Year ended March 31, 2022
I) Commission, exchange and brokerage	14,704,038	13,548,403
II) Profit/(Loss) on sale of investments (Net)	740,380	2,320,827
III) Profit/(Loss) on revaluation of investments (Net)	(1,800,167)	449,702
IV) Profit/(Loss) on sale of fixed assets (Net)	(4,581)	4,057
V) Profit/(Loss) on exchange/derivative transactions (Net)	(24,876)	6,238
VI) Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VII) Miscellaneous income (Refer Note 18.32)	11,070,713	11,895,766
Total	24,685,507	28,224,993

Schedule 15 - Interest Expended

(₹ in '000)

	Year ended March 31, 2023	Year ended March 31, 2022
I) Interest on deposits	54,536,942	43,181,992
II) Interest on Reserve Bank of India/Inter-bank borrowings	636,248	146,294
III) Others	11,277,624	8,242,730
Total	66,450,814	51,571,016

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forming part of the Balance sheet as at March 31, 2023

Schedule 16 - Operating Expenses

(₹ in '000)

	Year ended March 31, 2023	Year ended March 31, 2022
I) Payments to and provisions for employees	27,150,708	21,348,825
II) Rent, taxes and lighting	2,827,627	2,511,323
III) Printing and stationery	469,915	305,229
IV) Advertisement and publicity	534,023	266,545
V) Depreciation on bank's property	1,426,457	1,100,374
VI) Directors' fees, allowance and expenses (Refer Note 18.34)	58,682	33,411
VII) Auditors' fees and expenses (including branch auditors) (Refer Note 18.35)	21,862	19,847
VIII) Law charges	207,187	167,029
IX) Postage, telegrams, telephones etc	766,120	571,004
X) Repairs and maintenance	658,288	567,521
XI) Insurance	1,373,311	1,080,289
XII) Other expenditure (Refer Note 18.32)	10,874,014	7,264,207
Total	46,368,194	35,235,604

Schedule 17 – Significant accounting policies forming part of the financial statements for the year ended March 31, 2023

1. Background

Bandhan Bank Limited (the 'Bank'), incorporated on 23rd December, 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 17th June 2015, the Bank has commenced its banking operations from 23rd August, 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 the Companies (Accounting Standards) Rules, 2021 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 shall be 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. Accrual of income shall also be suspended on certain other loans, including projects under implementation where the implementation has been significantly delayed and in the opinion of the management significant uncertainties exist as to the final financial closure and/or date of completion of the project.

The Bank shall not charge and take to income account interest on any NPA. This will apply to Government guaranteed accounts also. However, interest on advances against Term Deposits, National Savings Certificates (NSCs), Indira Vikas Patras (IVPs), Kisan Vikas Patras (KVPs) and Life policies is taken to income account on the due date, provided adequate margin is available in the accounts.

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

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forming part of the Balance sheet as at March 31, 2023

appropriated (net of applicable taxes and amount required to be transferred to statutory reserve) to 'Capital Reserve Account'.

Income from hire purchase operations is accrued by applying the interest rate implicit on outstanding investments.

Income from leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding on the lease over the primary lease period.

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 and when the right to receive the dividend is established.

Loan processing fees is accounted for upfront when it becomes due.

Fees other than loan processing fees received as a compensation of future interest sacrifice are amortized over the remaining period of the facility.

Compromise on settlement is accounted on receipt of settlement money.

Arranger's fee is accrued proportionately where more than 75% of the total amount of finance has been arranged.

Guarantee / Letter of credit (LC) commission is recognised over the period of the guarantee / LC.

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 (PSLC) is recognized in the Profit & Loss Account during the quarter on an equated basis from the quarter in which the sale has occurred and the remaining amount will be recognized in the Profit & Loss Account over the remaining quarters of that financial year.

Appropriation of recovery in NPAs and prudential written off accounts: Any recoveries in NPA accounts and prudential written off accounts will be first appropriated to fees/charges outstanding, if any, then interest outstanding and then principal outstanding except in those cases where bank has specific agreement with the borrower w.r.t appropriation of recoveries.

"The sale of NPA and technically written off portfolio is accounted as per guidelines prescribed by RBI :-
i. When the Bank sells its financial assets to Securitisation Company (SC)/Reconstruction Company (RC), the same is removed from the books. ii. If the sale is at a price below the net book value (NBV) (i.e., book value less provisions held), the shortfall is debited to the profit and loss account in the year of sale. iii. If the sale is for a value higher than the NBV, the excess provision is reversed in the year the amounts are received, as permitted by the RBI."

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.

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Investments in subsidiaries, joint ventures and associates shall be classified as HTM.

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.

Treasury bills being discounted instruments shall be valued at current cost.

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, 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 instalments 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)

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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 tangible 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 and Amortisation

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 Moduler	5
Furniture & Fixtures Others	10
Office equipments (including air conditioners)	5
Motor vehicles	4
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.

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.

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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.

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.

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.

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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 net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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, 2023

Schedule 18 -Notes to accounts forming part of the financial statements for the year ended March 31, 2023

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)	
	Year ended March 31, 2023	Year ended March 31, 2022
Provision for Income Tax		
- Current Tax	589.74	1,010.87
- Deferred tax	108.60	(990.02)
- Income tax (previous years)	-	(18.02)
Total Tax Expenses	698.34	2.83
Provision for Standard assets	(1,330.20)	1,535.42
Provision for non-performing assets [Includes bad debts written off ₹ 6,071.78 crore (Previous Year: ₹ 3,244.13 crore)]	6,555.91	5,163.17
Provision for restructured assets	(1,041.63)	1,167.59
Provision for unhedged foreign currency exposure	6.64	0.50
Provision for country risk	-	-
Provision for One time Settlement	14.80	3.36
Provision for other contingencies	(7.15)	14.74
Total	4,896.71	7,887.61

18.2 Capital

During the year ended March 31, 2023, the Bank has allotted 70,613 Equity Shares (Previous Year- 1,66,666) of ₹ 10/-each in respect of stock option exercised aggregating to ₹ 1.27 crore (Previous Year- ₹ 3.00 crore) . Accordingly, share capital increased by ₹ 0.07 crore (Previous Year- ₹ 0.17 crore) and share premium increased by ₹ 1.20 crore (Previous Year- ₹ 2.83 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, 2023	As at March 31, 2022
At the beginning of the year	1610.77	1610.60
Addition pursuant to share issued during the year	0.07	0.17
Outstanding at the end of the year	1610.84	1610.77

18.3 Proposed dividend

The Board of Directors at its meeting held on May 19, 2023, has proposed a dividend of ₹ 1.50 per share (Previous Year- ₹ NIL per share) for the year ended March 31, 2023 subject to approval of the members at the ensuing Annual General Meeting. 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) Rules, 2021, the Bank has not accounted for proposed dividend aggregating to ₹ 241.63 crore (previous year: ₹ NIL) as a liability for the year ended March 31, 2023. Effect of the proposed dividend has been reckoned in determining capital funds in the computation of capital adequacy ratios as at March 31, 2023 and March 31, 2022.

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18.4 Regulatory Capital

A) Composition of Regulatory Capital

(₹ in crore)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
i) Common Equity Tier 1 capital (CET 1)	19,019.70	17,136.83
ii) Additional Tier 1 capital	-	-
iii) Tier 1 capital (i + ii)	19,019.70	17,136.83
iv) Tier 2 capital	1,071.88	1,097.40
v) Total capital (Tier 1+Tier 2)	20,091.58	18,234.23
vi) Total Risk Weighted Assets (RWAs)	101,697.20	90,697.31
vii) CET 1 Ratio	18.70	18.89
viii) Tier 1 Ratio	18.70	18.89
ix) Tier 2 Ratio	1.06	1.21
x) Capital to Risk Weighted Assets Ratio (CRAR)	19.76	20.10
xi) Leverage Ratio	12.06%	12.23
xii) Percentage of the shareholding of Government of India	NIL	NIL
xiii) Amount of paid-up equity capital raised during the year	1.27	3.00
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, 2023 and March 31, 2022.

Schedules

forming part of the Balance sheet as at March 31, 2023

18.5 (A) Investments

a) Composition of Investment Portfolio As at March 31, 2023

Particulars	Investments in India					Investments outside India					Total Investments	
	Government Securities	Other Approved Securities	Shares @	Debtentures 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
Held to Maturity												
Gross	22,555.29	-	-	-	-	-	22,555.29	-	-	-	-	22,555.29
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	22,555.29	-	-	-	-	-	22,555.29	-	-	-	-	22,555.29
Available for Sale												
Gross	8,603.18	-	309.59	305.35	-	1,031.96	10,250.08	-	-	-	-	10,250.08
Less: Provision for depreciation and NPI	75.20	-	-	1.80	-	736.81	813.81	-	-	-	-	813.81
Net	8,527.98	-	309.59	303.55	-	295.15	9,436.27	-	-	-	-	9,436.27
Held for Trading												
Gross	324.42	-	-	49.91	-	-	374.33	-	-	-	-	374.33
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	324.42	-	-	49.91	-	-	374.33	-	-	-	-	374.33
Total Investments	31,482.89	-	309.59	355.26	-	1,031.96	33,179.70	-	-	-	-	33,179.70
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	75.20	-	-	1.80	-	736.81	813.81	-	-	-	-	813.81
Net	31,407.69	-	309.59	353.46	-	295.15	32,365.89	-	-	-	-	32,365.89

Other Investments include investments in Alternative Investment Fund (AIF), Commercial paper (CP), Security Receipts (SR) and Pass through Certificate (PTC).

@ Shares include investment in both quoted & unquoted Equity and Preference Shares

Schedules

forming part of the Balance sheet as at March 31, 2023

b) Composition of Investment Portfolio As at March 31, 2022

Particulars	Investments in India										Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares @	Debentures and Bonds	Subsidiaries and/or joint ventures	Others #	investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Investments outside India				
											India	outside India			
Held to Maturity															
Gross	20,055.58	-	-	-	-	-	20,055.58	-	-	-	-	-	-	20,055.58	
Less: Provision for non- performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net	20,055.58	-	-	-	-	-	20,055.58	-	-	-	-	-	-	20,055.58	
Available for Sale															
Gross	7,917.14	-	328.59	288.34	-	481.51	9,015.58	-	-	-	-	-	-	9,015.58	
Less: Provision for depreciation and NPI	41.84	-	-	-	-	-	41.84	-	-	-	-	-	-	41.84	
Net	7,875.30	-	328.59	288.34	-	481.51	8,973.74	-	-	-	-	-	-	8,973.74	
Held for Trading															
Gross	49.39	-	-	-	-	-	49.39	-	-	-	-	-	-	49.39	
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net	49.39	-	-	-	-	-	49.39	-	-	-	-	-	-	49.39	
Total Investments	28,022.11	-	328.59	288.34	-	481.51	29,120.55	-	-	-	-	-	-	29,120.55	
Less: Provision for non-performing investments	41.84	-	-	-	-	-	41.84	-	-	-	-	-	-	41.84	
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net	27,980.27	-	328.59	288.34	-	481.51	29,078.71	-	-	-	-	-	-	29,078.71	

Other Investments include investments in Alternative Investment Fund (AIF), Commercial paper (CP), Security Receipts (SR) and Pass through Certificate (PTC).

@ Shares include investment in both quoted & unquoted Equity and Preference Shares

Schedules

forming part of the Balance sheet as at March 31, 2023

B) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Movement of provisions held towards depreciation on investments		
a) Opening balance	41.84	86.80
b) Add: Provisions made during the year	1,568.22	92.74
c) Less: Write off / write back of excess provisions during the year	(796.25)	(137.70)
d) Closing balance	813.81	41.84
ii) Movement of Investment Fluctuation Reserve		
a) Opening balance	181.30	170.65
b) Add: Amount transferred during the year	31.19	10.65
c) Less: Drawdown	-	-
d) Closing balance	212.49	181.30
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	2%	2%

C) Sale and transfers of Securities to / from HTM Category

During the year ended March 31, 2023 and the previous year ended March 31, 2022 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, 2023
Securities sold under Repo*				
i. Government securities	-	3,078.00	162.10	-
	-	(7,696.31)	(2,511.27)	-
ii. Corporate debt securities	-	-	-	-
iii. Any Other Securities	-	-	-	-
Securities purchased under reverse repo*				
i. Government securities	-	7,475.00	522.56	-
	(320.00)	(8,928.00)	(3,994.72)	(3,325.00)
ii. Corporate debt securities	-	-	-	-
iii. Any Other Securities	-	-	-	-

Previous year figures are shown in "()".

*Amount reported are based on lending\borrowing amount under LAF/MSF

Schedules

forming part of the Balance sheet as at March 31, 2023

E) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(₹ in crore)

Particulars	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(i) Public Sector Units	149.29	-	-	-	-
	(13.66)	-	-	-	-
(ii) Financial Institutions	150.97	-	-	-	-
	(50.01)	-	-	-	-
(iii) Banks	251.00	251.00	-	-	-
	(472.49)	(472.49)	-	-	-
(iv) Private Corporates	800.36	795.36	-	-	10.00
	(91.03)	(91.03)	-	-	(30.00)
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
	-	-	-	-	-
(vi) Others	345.18	316.80	-	3.70	-
	(476.52)	(456.52)	-	-	-
(vii) Provision held towards depreciation	738.60	-	-	-	-
	-	-	-	-	-
Total	958.20	1,363.16	-	3.70	10.00
	(1,103.71)	(1,020.04)	-	-	(30.00)

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, 2023 and March 31, 2022.

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		
Gross Standard Advances and NPAs						
Opening Balance	92,410.70	1,746.28	464.81	4,168.91	6,380.00	98,790.70
	(78,751.84)	(5,067.21)	(259.40)	(431.15)	(5,757.76)	(84,509.60)
Add: Additions during the year					9,662.69	
					(9,430.27)	
Less: Reductions during the year*					10,744.07	
					(8,808.03)	
Closing balance	103,528.50	1,531.88	559.74	3,207.00	5,298.62	108,827.12
	(92,410.70)	(1,746.28)	(464.81)	(4,168.91)	(6,380.00)	(98,790.70)
*Reductions in Gross NPAs due to:						
i) Upgradation					1,493.51	1,493.51
					(4,996.68)	(4,996.68)
ii) Recoveries (excluding recoveries from upgraded accounts)					808.57	808.57
					(554.62)	(554.62)
iii) Technical/ Prudential Write-offs					6,071.78	6,071.78
					(3,244.13)	(3,244.13)
iv) Write-offs other than those under (iii) above					53.89	53.89
					(2.73)	(2.73)
v) Sale to ARC's					2,316.32	2,316.32
					(9.87)	(9.87)

Schedules

forming part of the Balance sheet as at March 31, 2023

Particulars	Standard		Non -Performing		Total Non - Performing Advances	Total
	Total Standard Advances	Sub -standard	Doubtful	Loss		
(₹ in crore)						
**Provisions (excluding Floating Provisions)						
Opening balance of provisions held	3,381.62	399.48	247.38	4,168.91	4,815.77	8,197.39
	(678.61)	(2,326.91)	(138.66)	(431.15)	(2,896.72)	(3,575.33)
Add: Fresh provisions made during the year					8,735.87	
					(6,217.86)	
Less: Excess provision reversed/ Write-off loans					9,481.29	
					(4,298.82)	
Closing balance of provisions held	1,009.78	585.39	277.96	3,207.00	4,070.35	5,080.13
	(3,381.62)	(399.48)	(247.38)	(4,168.91)	(4,815.77)	(8,197.39)
Net NPAs						
Opening Balance		1,346.80	217.43	-	1,564.23	
		(2,740.30)	(120.74)	-	(2,861.04)	
Add: Fresh additions during the year					926.82	
					(3,212.41)	
Less: Reductions during the year					1,262.78	
					(4,509.22)	
Closing Balance		946.50	281.77	-	1,228.27	1,228.27
		(1,346.80)	(217.43)	-	(1,564.23)	(1,564.23)

Previous year figures are shown in“()”.

**Closing balances of provision for NPAs include CGFMU claims received (net) and held pending adjustment of ₹ 717.05 crore (Previous Year ₹ NIL).

B) Classification of Advances and Provisions Held

Particulars	Standard		Non -Performing		Total Non - Performing Advances	Total
	Total Standard Advances	Sub -standard	Doubtful	Loss		
(₹ in crore)						
Floating Provisions						
Opening Balance	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Add: Additional provisions made during the year						-
						(-)
Less: Amount drawn down during the year						-
						(-)
Closing balance of floating provisions						-
						(-)
Technical write - offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						5,867.88
						(3,011.88)
Add: Technical/ Prudential write-offs during the year						6,071.78
						(3,244.13)
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						374.28
						(388.13)
Less: Sale to ARC						11,511.03
						(-)
Closing balance						54.35
						(5,867.88)

Previous year figures are shown in“()”.

Schedules

forming part of the Balance sheet as at March 31, 2023

C) Ratios (in per cent)

Particulars	As at March 31, 2023	As at March 31, 2022
Gross NPA to Gross Advances	4.87%	6.46%
Net NPA to Net Advances	1.17%	1.66%
Provision coverage ratio (without Prudential write-offs)	76.82%	75.48%
Provision coverage ratio (including Prudential write-offs)	77.05%	87.23%

Note: Net NPAs are non-performing assets net of specific provisions, claims received from Credit Guarantors held pending adjustment.

D) Overseas Assets, NPAs and Revenue

The Bank does not have any overseas assets as on March 31, 2023 and March 31, 2022.

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) Divergence in asset classification and provisioning

In terms of the RBI guidelines, banks are required to disclose the divergence in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever the additional provisioning assessed / additional gross NPAs identified by RBI exceeds the threshold specified by RBI. The threshold for provisioning is 10 per cent of the reported profit before provisions and contingencies for the reference period and that for additional gross NPAs is 10 per cent of the published incremental Gross NPAs for the reference period.

There was no divergence in asset classification and provisioning for NPAs for the years ended March 31, 2023 and 2022.

G) Transfer of Loan Exposures

Details of loans excluding through Inter- Bank Participation Certificate (IBPC) transferred & acquired during the year ended March 31, 2023 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 and Investment made in Security Receipts during the Year ended March 31, 2023 to ARCs for technically written off and NPA accounts are given below:

Particulars	Value (To ARCs)
No of accounts	2,702,211
	(8)
Aggregate principal outstanding of loans transferred (₹ in crores)	13,827.3
	(9.87)
Weighted average residual tenor of the loans transferred (in years)	0.78
	(2.57)
Net book value of loans transferred (at the time of transfer) (₹ in crores)	369.73
	(8.39)
Aggregate consideration (₹ in crores)	1,540.82
	(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)	(1,170.20)
	(1.48)
*** Investment in Security Receipts (SR) (₹ in crores)	764.33
	(-)

Previous year figures are shown in "()".

Note:

**The net credit to Other Income is ₹ 433.39 crore (after adjusting ₹ 144.86 crore provision for diminution on value of Investments in Security Receipts)

*** The Investment in Security Receipts (SR) are not rated and are accounted at ₹ 27.51 crore (net of provision) as per RBI guidelines.

Schedules

forming part of the Balance sheet as at March 31, 2023

ii) Details of Non Performing Financial Assets Purchased

The Bank did not purchase any Non Performing Financial Assets during the year ended March 31, 2023 and March 31, 2022.

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, 2023 and March 31, 2022.

iv) Details of Loan Acquired through assignment

Details of Loan not in default acquired through assignment during the year ended March 31, 2023 and March 31, 2022 are given below:

Particulars	Value
Aggregate amount of loans acquired (₹ in crores)	486.04
	(403.83)
Weighted average residual maturity (in years)	1.49
	(1.38)
Weighted average holding period by originator (in years)	0.66
	(0.54)
Retention of beneficial economic interest by the originator	12.11%
	(12.05)%
Tangible security coverage (%)	15.41%
	(-)

Previous year figures are shown in "()".

Note:

The loans acquired are not rated.

H) Disclosure of Provision for Frauds

(₹ in crore)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
No. of Frauds reported during the year to Reserve Bank of India	233	344
Amount involved in such Frauds	30.51	450.03
Amount involved in such Frauds net of recoveries / write-offs	28.94	449.23
Amount of provision made/held for such frauds	28.94	449.23
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.

RBI vide circular No: DoS.CO.FMG.No. S332/23.04.001/2022-23 dated 13.01.2023, has directed Banks to report all UEBT (Unauthorized Electronic Banking Transactions) incidents on the XBRL platform (which is the same platform used to report frauds through FMR). These UEBT transactions are to be reported irrespective of whether customers have shared OTP/bank account credentials or not.

Accordingly, a total of 599 UEBT incidents amounting ₹ 1.92 crores (not classified by the Bank as fraud) for the period- January 30, 2023 till March 31, 2023 pertaining to FY 2022-23 were reported by the Bank to the RBI.

Schedules

forming part of the Balance sheet as at March 31, 2023

I) 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, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2023 ¹	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, 2023
Personal Loans (Housing)	877.39	110.82	-	55.09	711.48
	(1,147.62)	(125.34)	-	(11.83)	(1,010.44)
Corporate persons	32.84	-	-	2.75	30.09
	(50.20)	-	-	(15.60)	(34.60)
Of which, MSMEs	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Others	2,592.80	2,253.55	83.06	85.81	253.44
	(7,120.33)	(175.68)	(26.43)	(1,019.18)	(5,899.04)
Total	3,503.03	2,364.37	83.06	143.65	995.01
	(8,318.15)	(301.02)	(26.43)	(1,046.61)	(6,944.08)

Previous year figures are shown in“()”.

¹Includes cases which have been written off during the period.

*Represents debt that slipped into NPA and was subsequently written off during the half year ended March 31, 2023.

**Net of increase in exposure during the period.

J) Provisions on Standard Assets

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Provisions towards Standard Assets*	1,009.78	3,381.62

*Includes accelerated provision of ₹ 399.67 crores (Previous Year- ₹ 394.92 crores) and also includes provision against advances restructured under the Resolution Framework for COVID-19-related Stress amounting to ₹ 188.00 crores (Previous Year- ₹ 2,680.74 crores)

K) Disclosure on Advances

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Gross Advances (Including IBPC/Assignment)	108,827.12	98,790.70
Less: Managed Advance (IBPC/Assignment)	-	-
Gross Advances (Excluding IBPC/Assignment)	108,827.12	98,790.70
Less: Provision on NPA	4,070.35	4,815.77
Net Advances (Refer Schedule 9)	104,756.77	93,974.93

Schedules

forming part of the Balance sheet as at March 31, 2023

18.7 Exposures

A) Exposure to Real Estate Sector

(₹ in crore)

Category	As at March 31, 2023	As at March 31, 2022
a) Direct exposure*		
(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.	27,152.27	24,234.13
(ii) Commercial Real Estate- represents lending secured by mortgages on commercial real estate	741.73	860.18
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	-	-
1. Residential	-	-
2. Commercial Real Estate	-	-
b) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	938.10	485.07
Total Exposure to Real Estate Sector	28,832.10	25,579.38

* Includes purchase of retail mortgage loans through IBPC route.

Note:

Exposure is higher of limits sanctioned or the amounts outstanding as at the year end.

B) Exposure to Capital Market

(₹ in crore)

Category	As at March 31, 2023	As at March 31, 2022
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	309.59	328.59
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	891.79	40.00
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)	3.70	-
Total Exposure to Capital Market	1,205.08	368.59

Note:

Exposure is higher of limits sanctioned or the amounts outstanding as at the year end.

Schedules

forming part of the Balance sheet as at March 31, 2023

C) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Bank

During the year ended March 31, 2023 and March 31, 2022, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

D) Unsecured Advances against Intangible Collaterals

During the year ended March 31, 2023 and March 31, 2022, 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, 2023 and March 31, 2022.

F) Unhedged Foreign Currency Exposure

During the year ended March 31, 2023, the Bank made provision of ₹ 6.64 crores (Previous Year ₹ 0.50 crores) towards un-hedged foreign currency exposure. As on March 31, 2023, the Bank held cumulative provision towards un-hedged foreign currency exposure of ₹ 7.20 crores (Previous Year ₹ 0.56 crores). As on March'23, the Bank is required to provide additional Capital of ₹ 8.87 crores (Previous year ₹ 4.58 crores) 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, 2023 and March 31, 2022.

H) Factoring Exposures

The Bank did not have any factoring exposure during the year ended March 31, 2023 and March 31, 2022.

18.8 Miscellaneous

A) Disclosure of penalties imposed by RBI

Penalty amounting to ₹ 0.006 Crore has been levied on the Bank by RBI during the year ended March 31, 2023 and ₹ 1.00 crore as on March 31, 2022. The details are specified below:

Details	Particulars
Nature of Breach	Penalty for Cash outages in ATMs
Number of Instances of default	2
Quantum of penalty imposed	₹ 0.002 Crore
Other details	In terms of extant regulatory guidelines, banks have to ensure that the Cash is available in all ATMs continuously. Any Cash outages continuously for a period beyond 10 hours will attract penalty of ₹ 10,000 per instance. During the financial year 2022-23, penalties were imposed on the Bank for two such instances."
Nature of Breach	Penalty for Deficiency in services (exchange of soiled / mutilated / defective currency notes) identified by RBI during Incognito Visit.
Number of Instances of default	4
Quantum of penalty imposed	₹ 0.004 Crore
Other details	In terms of extant regulatory guidelines all branches of banks in all parts of the country are required to mandatorily accept / exchange soiled / mutilated / defective currency notes. During the financial year 2022-23, RBI has imposed penalties in four instances, with ₹ 10,000 each, due to deficiency in services identified during their incognito visits.

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.

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forming part of the Balance sheet as at March 31, 2023

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Table Showing changes in present value of Defined Benefit obligation:		
Present value of defined benefit obligations as at beginning of the year	168.13	135.09
Interest cost	11.49	8.96
Current service cost	33.50	27.32
Acquisitions cost	-	-
Benefit Paid	8.11	4.73
Actuarial loss/(gain) on obligations	(2.62)	1.48
Present value of defined benefit obligations as at end of the year	202.39	168.13
ii) Table showing fair value of plan assets:		
Fair value of plan assets as at beginning of the year	140.82	102.12
Acquisitions cost	-	-
Expected return on plan assets	11.37	8.68
Contributions paid	40.00	40.00
Benefits Paid	8.11	4.73
Acquisition Adjustment	-	-
Actuarial (loss) on plan assets	(7.60)	(5.25)
Fair value of plan assets at end of the year	176.48	140.82
iii) Actuarial Gain/(Loss) recognised:		
Actuarial (gain)/loss on obligations	(2.62)	1.48
Actuarial (loss)/gain for the year-Plan assets.	(7.60)	(5.25)
Net Actuarial gain/(loss) recognised in the year	(4.98)	(6.73)
iv) The amounts to be recognised in the Balance Sheet and Profit and Loss Account:		
Present value of obligations at the end of the year	202.39	168.13
Fair value of plan assets at the end of the year	176.48	140.82
Net liability recognised in balance sheet	25.91	27.31
v) The Principal assumptions used in the actuarial valuation are shown below :		
Discount Rate	7.20%	7.00%
Salary Escalation	8.00%	8.00%
Withdrawal Rate	For Ages <=35 - 16%; For Ages >35- 8%	8.00%
Expected rate of return on assets	7.25%	7.25%

vi) Expenses Recognised in Profit and Loss Account:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Current Service Cost	33.50	27.32
Interest Cost	11.49	8.96
Expected return	(11.37)	(8.68)
Net Actuarial loss/(Gain) recognised in the year	4.98	6.73
Expenses recognised in profit and loss account	38.60	34.33
Actual return on plan assets	3.77	3.43

vii) Amounts for the current and previous year are as follows:

(₹ in crore)

Particulars	As at March 31 2023	As at March 31 2022	As at March 31 2021	As at March 31 2020	As at March 31 2019
a) Defined Benefit Obligations at the end of the period	(202.39)	(168.13)	(135.09)	(107.96)	(65.07)
b) Plan Assets at the end of the period	176.48	140.82	102.12	59.90	18.65
c) Deficit	(25.91)	(27.31)	(32.97)	(48.06)	(46.42)
d) Experience adjustments on plan liabilities [(Gain)/Loss]	2.62	1.48	2.29	18.83	6.03
e) Experience adjustments on plan assets [Gain]/(Loss)]	(7.60)	(5.25)	(2.43)	(1.51)	(0.13)

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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:

Particulars	As at March 31, 2023	As at March 31, 2022
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 ₹ 40.00 crores to gratuity fund in 2023-24 (Previous year ended March 31, 2022: ₹ 20.00 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 ₹ 141.11 Crore (Previous year ended March 31, 2022 : ₹ 115.50 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 ₹ 55.55 Crore (Previous Year ₹ 43.42 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.

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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.

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
Segment Revenue					
Gross interest income (external customers)	1,950.55	13,113.81	840.34	-	15,904.70
	(1,590.62)	(11,804.70)	(475.80)	-	(13,871.12)
Other income	35.50	2,028.52	-	404.53	2,468.55
	(277.67)	(2,197.23)	-	(347.92)	(2,822.82)
Total income as per profit and Loss Account	1,986.05	15,142.33	840.34	404.53	18,373.25
	(1,868.29)	(14,001.93)	(475.80)	(347.92)	(16,693.94)
Add: Inter segment interest income	182.38	-	-	-	182.38
	-	(192.67)	-	-	(192.67)
Total segment revenue	2,168.43	15,142.33	840.34	404.53	18,555.63
	(1,868.29)	(14,194.60)	(475.80)	(347.92)	(16,886.61)
Less: Interest expenses	1,250.64	4,971.55	422.89	-	6,645.08
	(887.83)	(4,094.60)	(174.67)	-	(5,157.10)
Less: Inter segment interest expenses	-	40.24	140.40	1.74	182.38
	(130.43)	-	(60.89)	(1.35)	(192.67)
Less: Operating expenses	135.59	4,347.72	145.25	8.26	4,636.82
	(122.46)	(3,312.20)	(83.48)	(5.30)	(3,523.44)
Less: Provisions for non performing assets/others	-	4,151.17	47.20	-	4,198.37
	-	(7,816.11)	(68.67)	-	(7,884.78)
Segment results	782.20	1,631.65	84.60	394.53	2,892.98
	(727.57)	(-1,028.31)	(88.09)	(341.27)	(128.62)
Less: provisions for tax					698.34
					(2.83)
Net profit					2,194.64
					(125.79)

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forming part of the Balance sheet as at March 31, 2023

Particulars	(₹ in crore)				
	Treasury	Retail Banking	Corporate/ Wholesale Banking	Other banking business	Total
Other information					
Segment assets	39,777.48	97,986.48	16,789.31	22.16	154,575.43
	(37,427.20)	(93,258.04)	(6,910.55)	(31.68)	(137,627.47)
Unallocated assets					1,194.54
					(1,239.08)
Total assets	39,777.48	97,986.48	16,789.31	22.16	155,769.97
	(37,427.20)	(93,258.04)	(6,910.55)	(31.68)	(138,866.55)
Segment liabilities*	45,138.62	100,104.19	10,402.92	-	155,645.73
	(38,896.27)	(94,983.20)	(4,784.45)	-	(138,663.92)
Unallocated liabilities					124.24
					(202.63)
Total liabilities	45,138.62	100,104.19	10,402.92	-	155,769.97
	(38,896.27)	(94,983.20)	(4,784.45)	-	(138,866.55)
Capital Expenditure	-	387.56	24.52	-	412.08
	-	(204.66)	(7.23)	-	(211.89)
Depreciation	26.57	107.59	8.49	-	142.65
	(18.54)	(87.74)	(3.75)	-	(110.03)

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

The RBI vide its circular dated April 7, 2022 on establishment of Digital Banking Units (DBUs), has prescribed reporting of Digital Banking Segment as a sub-segment of Retail Banking Segment. The Bank does not have any DBUs, hence Digital Banking Segment disclosures is not applicable.

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

Key Management Personnel

Mr. Chandra Shekhar Ghosh	Managing Director & Chief Executive Officer
Mr. Ratan Kumar Kesh	Executive Director (w.e.f March 31, 2023)
Mr. Sunil Samdani	Chief Financial Officer
Mr. Indranil Banerjee	Company Secretary

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, Antara Kesh, Ashalata Kesh, Rajarshi Kesh, Manik Chand Kesh, Sulekha Sam, Sipra Roy.

In accordance with paragraph 5 & 6 of AS-18, the Bank has not disclosed certain transactions with entity in which Key management personnel or their 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, 2023 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	804.74	2.83	3.84	811.41
	(2,952.72)	(2.96)	(3.82)	(2,959.50)
Deposits placed	-	-	-	-
Advances given	-	3.04	-	3.04
	-	(3.04)	-	(3.04)
Dividend paid	-	-	-	-
Interest received	-	0.06	-	0.06
Interest paid	135.01	0.13	0.18	135.32
Rendering of services	0.00	0.00	0.003	0.003
Remuneration paid	-	5.78	0.71	6.49
Stock options exercised during the year	-	-	-	-
Other reimbursements	-	0.04	0.01	0.05

Figures in bracket () indicate maximum balance outstanding during the year.

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	2,829.52	1.34	2.20	2,833.06
	(5,596.87)	(2.55)	(5.94)	(5,605.36)
Deposits placed	-	-	-	-
Advances given	-	-	-	-
Dividend paid	64.41	0.17	0.00	64.58
Dividend received	-	-	-	-
Interest paid	114.03	0.11	0.22	114.36
Rendering of services	0.06	-	0.003	0.06
Remuneration paid	-	6.14	1.47	7.61
Stock options exercised during the year*	-	0.90	-	0.90
Other reimbursements	-	0.01	0.01	0.02

Notes:

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, 2023 and March 31, 2022 are given below

Particulars	Entity having Significant influence (Promoter)	Key Management Personnel	(₹ in crore)	
			Relatives of Key Management Personnel	
Deposit				
Bandhan Financial Services Limited	309.09			
	(425.01)			
Bandhan Financial Holdings Limited	495.64			
	(2,404.51)			
Advances				
Sunil Samdani		2.30		
		(-)		
Indranil Banerjee		0.74		
		(-)		
Dividend paid				
Bandhan Financial Holdings Limited	-			
	(64.41)			
Interest paid				
Bandhan Financial Services Limited	20.55			
	(18.79)			
Bandhan Financial Holdings Limited	114.46			
	(95.24)			
Interest received				
Sunil Samdani		0.06		
		(-)		
Rendering of services				
Nidhi Samdani				#
				(-)
Nilima Ghosh				#
				(-)
Saswati Banerjee				#
				(-)
Bandhan Financial Services Limited	-			
	(0.03)			
Bandhan Financial Holdings Limited	-			
	(0.03)			
Stock Options exercised				
Chandra Shekhar Ghosh		-		
		(0.90)		
Other reimbursements				
Sunil Samdani		0.03		
		(0.01)		
Dibakar Ghosh			0.01	
			(-)	
Indranil Banerjee		0.01		
		(-)		
Vaskar Chandra Ghosh				0.01
				(0.01)

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forming part of the Balance sheet as at March 31, 2023

Particulars	Entity having Significant influence (Promoter)	Key Management Personnel	(₹ in crore)	
			Relatives of Key Management Personnel	
Remuneration paid				
Chandra Shekhar Ghosh		3.21 (3.85)		
Sunil Samdani		1.57 (1.51)		
Indranil Banerjee		1.00 (0.79)		
Dibakar Chandra Ghosh			0.18 (0.94)	
Vaskar Chandra Ghosh			0.53 (0.53)	

Denotes amount less than ₹ 1 lacs
Previous year figures are shown in "()".

18.12 Deferred Tax

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Deferred Tax Assets arising out of		
Depreciation on fixed assets	34.59	26.47
Provisions for loan losses	1004.75	991.81
Provision for depreciation in value of investments	204.82	10.53
Expenditure charged to reserve but allowed for tax purposes as per provision or on actual basis	3.13	4.86
Expenditure charged to the profit & Loss account in the current year but allowed for tax purposes on payment basis	125.34	401.74
Total (a)	1372.63	1435.41
Deferred Tax Liability arising out of		
Special Reserves	(259.55)	(216.98)
Total (b)	(259.55)	(216.98)
Deferred tax asset (net) (a-b)	1113.08	1218.43

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 ₹ 234.03 crore (Previous year ended March 31, 2022: ₹ 210.33 crore).

Particulars of future minimum lease payment in respect of Head office & Bank branches are as mentioned below :

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
a) Not later than 1 year	147.59	132.89
b) Later than 1 year and not later than 5 years	373.51	389.88
c) Later than 5 years	196.75	175.16

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forming part of the Balance sheet as at March 31, 2023

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	As at March 31, 2023	As at March 31, 2022
Basic		
Weighted Average Number of equity shares	1,610,809,940	1,610,691,061
Net Profit after tax available for equity share holders	2,194.64	125.79
Basic Earnings Per Share (FV ₹10/-)	13.62	0.78
Diluted		
Weighted Average Number of equity shares (including dilutive potential equity share)	1,611,088,297	1,611,193,362
Net Profit after tax available for equity share holders	2,194.64	125.79
Diluted Earnings Per Share (FV ₹10/-)	13.62	0.78
Nominal value per share	10.00	10.00

The dilutive impact is due to stock options granted to employees of the Bank.

18.15 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2nd October, 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, 2023 and March 31, 2022. 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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Complaints received by the bank from its customers		
1 Number of complaints pending at beginning of the year	373	447
2 Number of complaints received during the year *	37,752	35,865
3 Number of complaints disposed during the year *	36,705	35,939
3.1 Of which, number of complaints rejected by the bank	5,429	4,653
4 Number of complaints pending at the end of the year	1,420	373

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Particulars		Year ended March 31, 2023	Year ended March 31, 2022
Maintainable complaints received by the bank from office of Ombudsman			
5	Number of maintainable complaints received by the bank from OBOs	474	586
5.1	Number of complaints resolved in favour of the bank by Bos	227	535
5.2	Number of complaints resolved through conciliation/mediation/advisories issued by Bos	247	51
5.3	Number of complaints resolved after passing of Awards by BOs against the bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

* The above does not include 11,132 Nos. of complaints received and resolved within 24hrs as on March 31, 2023 (Previous Year- 9,376 Nos.)

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
Year ended March 31, 2023					
ATM/Debit Cards	206	18,570	(3.26)%	211	7
Internet/Mobile/Electronic Banking	70	5,003	(54.30)%	189	40
Account opening/difficulty in operation of accounts	62	9,829	100.96%	740	631
Loans and advances	14	2,311	556.53%	175	56
Mis-selling/Para-banking	14	573	264.97%	60	35
Others	7	1,466	372.90%	45	27
Total	373	37752		1420	796

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
Year ended March 31, 2022					
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	-
Total	447	35865		373	29

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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, 2023 and March 31, 2022.

C) Bancassurance Business

The following table shows breakup of income derived from sale of insurance /Mutual funds.

(₹ in crore)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
For selling life insurance policies	211.62	189.68
For selling non-life insurance policies	26.65	19.76
For selling mutual fund products	5.14	3.74
Others	0.11	0.39

D) Concentration of Deposits, Advances Exposures & NPAs

I) Concentration of Deposits

(₹ in crore)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
i) Total Deposits of twenty largest depositors	17,737.14	19,356.31
ii) Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	16.41%	20.09%

II) Concentration of Advances

(₹ in crore)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
i) Total Advances to twenty largest borrowers	7,168.11	3,790.66
ii) Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	6.38%	3.87%

Advances comprises credit exposure (funded and non-funded credit limits) and excludes Advances against Bank own deposit computed as per current exposure method in accordance with RBI guidelines.

III) Concentration of Exposures

(₹ in crore)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
i) Total Exposure to twenty largest borrowers / customers	7,558.87	4,756.56
ii) Percentage of Exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	6.60%	4.78%

Exposure comprises credit exposure (funded and non-funded credit limits), Investment exposure and excludes Advances against Bank own deposit in accordance with RBI guidelines.

IV) Concentration of NPAs

(₹ in crore)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Total Exposure to the top twenty NPA accounts	573.70	580.43
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	10.83%	9.10%

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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, 2023 the NRC comprises of the following directors.

Mr. Suhail Chander- Chairman

Dr. A S Ramasastra

Mr. Philip Mathew

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 behaviour 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:

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- i) Effective and independent governance of compensation.
- ii) Effective alignment of compensation with prudent risk taking.
- 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

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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 performance measures are considered. The qualitative or non-financial measures include customer service, adherence to risk and compliance standards, behaviour 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 : Managing Director & Chief Executive Officer / Whole Time Directors / Material Risk Takers

Category II : Risk Control and Compliance Staff

Category III: Other Categories of Staff (employees receiving share-linked variable pay)

The following principles are applied for grant and deferral of performance-based variable remuneration for the above categories of employees.

Category I

- i) Variable pay shall not exceed 3 (three) times the annual fixed pay for MD & CEO and WTDs.
- ii) Variable pay shall not exceed 2.5 (two and half) times the annual fixed pay for MRTs.
- iii) At minimum, variable pay shall be equal to the annual fixed pay.
- iv) If an executive is barred by regulation/ statute to receive grant of share-linked instruments, the variable pay shall be capped at 1.5 (one and half) times the annual fixed pay, but will be more than 50% of the annual fixed pay
- v) If variable pay is up to 2 (two) times the annual fixed pay, then at least 50% of the variable pay shall be in the form of share-linked instruments (i.e. non-cash).
- vi) If variable pay is between 2 (two) to 3 (three) times the annual fixed pay, then at least two-thirds of the variable pay shall be in the form of share-linked instruments (i.e. non-cash).
- vii) At least 60% of total variable pay shall be deferred including at least 50% of cash-based variable pay. However, in cases where the cash component of variable pay is under ₹ 25 lakh, the Bank at its discretion, may not necessarily have deferral requirements.

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- viii) Deferral of cash based variable pay shall be for 3 years on pro-rata yearly basis (annual vesting).
- ix) Deferral of share-linked variable pay shall be for 4 years on pro-rata yearly basis (annual vesting).

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 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.

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Quantitative disclosures :

The quantitative disclosures pertaining to the MD & CEO, WTDs & MRTs, for the year ended March 31, 2023 and March 31, 2022 are given below:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a) i) Number of meetings held by the Remuneration Committee during the year.	6	5
ii) Remuneration paid to its members (sitting fees)	₹ 11,40,000	₹ 11,40,000
b) Number of employees having received a variable remuneration award during the year.	7	25
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.	₹ 5.00 Cr (Cash) Unvested ESOP (Shares)-3,38,042	₹ 0.278 Cr (Cash) Unvested ESOP (Shares)- 22,81,919
g) Total amount of deferred remuneration paid out in the year (paid in cash)	₹ 0.092 Cr (Cash)	Nil
h) Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non deferred.	Fixed- ₹ 24.45 Crore, Variable - ₹ 0.38 Crore, Non-deferred - ₹ 0.38 Crore, Deferred- ₹ 5.00 Crore	Fixed- ₹ 24.26 Crore, Variable - ₹ 2.82 Crore, Non-deferred - ₹ 2.82 Crore, Deferred- ₹ 0.278 Crore
i) Shares granted under ESOP	1,783,116	1,635,786
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.	23	24
(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)- ₹ 0.0350 crore. The deviation of the pay of each of its WTDs from the mean pay- 1.45%	The mean pay for the Bank as a whole (excluding sub-staff)- ₹ 0.0320 crore.

* As on year ended March 31, 2023 and March 31, 2022 number of active MRTs are 17 and 19 respectively.

18.19 Disclosure relating to Securitisation

The Bank has not originated any securitisation transactions during the year ended March 31, 2023 and March 31, 2022.

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18.20 Disclosure on Derivatives

(i) Derivatives

The Bank has not entered into any derivative transaction during the year ended March 31, 2023 and March 31, 2022. Currently Bank is not entering into derivative transactions like Exchange Traded Derivatives, Forward Rate Agreements or 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, 2023 and March 31, 2022.

18.21 Transfer to Depositor education and awareness fund (DEA Fund)

The details of amount transferred to Depositor Education and Awareness Fund during the year ended March 31, 2023 and March 31, 2022:

Particulars	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
i) Opening balance of amounts transferred to DEA Fund	-	-
ii) Add: Amounts transferred to DEA Fund during the year	0.02	-
iii) Less: Amounts reimbursed by DEA Fund towards claims	-	-
iv) Closing balance of amounts transferred to DEA Fund	0.02	-

18.22 Transfer to Investor education and protection fund (IEPF)

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank during the years ended March 31, 2023 and March 31, 2022.

18.23 The key business ratios and other information is set out below :

a) Particulars	Year ended	
	March 31, 2023	March 31, 2022
Interest income as a percentage to working funds ¹	10.89%	11.06%
Non-interest income as a percentage to working funds ¹	1.69%	2.25%
Cost of Deposits	5.58%	5.25%
Net Interest Margin	7.21%	8.18%
Operating profit as a percentage to working funds ^{1,2}	4.86%	6.39%
Return on assets ¹	1.50%	0.10%
Profit per employee (₹ in crore) ³	0.034	0.002
Business (deposits less inter-bank deposits plus advances) per employee (₹ in crore) ^{3,4}	3.02	3.25

- 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, 2023 and March 31, 2022.
- 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, 2023 and March 31, 2022, the Bank has received ₹ 161.57 crore (Previous Year ₹ 133.85 crore) in respect of the marketing and distribution function (excluding bancassurance business) undertaken by them.

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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 half year to the RBI.

Further, RBI vide its communication dated August 08, 2021, had advised the bank to submit Proforma Ind AS financial statements every quarter.

Further on January 16, 2023 RBI released a discussion paper on the Expected Loss (EL) based approach for loan loss provisioning by banks to formulate a principle based guidelines supplemented by regulatory backstops wherever necessary.

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

Particulars	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
(i) Payment of DICGC Insurance Premium*	111.68	88.73
(ii) Arrears in payment of DICGC premium	-	-

(*) The amount includes GST.

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, 2023

(₹ in crore)

Particulars	Day end Average for quarter ended 30 June 2022			Day end Average for quarter ended 30 September 2022			Day end Average for quarter ended 31 December 2022			Day end Average for quarter ended 31 March 2023		
	Unweighted Value (Average)	Weighted Value (Average)	Total	Unweighted Value (Average)	Weighted Value (Average)	Total	Unweighted Value (Average)	Weighted Value (Average)	Total	Unweighted Value (Average)	Weighted Value (Average)	Total
High Quality Liquid Assets												
1) Total High Quality Liquid Assets (HQLA)	-	29,096.37	-	26,053.65	-	29,138.27	-	28,329.34	-	-	-	-
Cash Outflows												
2) Retail Deposits and deposits from small business customers, of which:												
a) Stable deposits	4,315.92	215.80	4,380.09	219.00	3,367.75	168.39	3,332.05	166.60				
b) Less stable deposits	46,479.62	4,647.96	48,724.98	4,872.50	51,347.43	5,134.74	54,041.32	5,404.13				
3) Unsecured wholesale funding, of which:												
a) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-	-	-	-	-
b) Non-operational deposits (all counterparties)	26,872.40	17,465.73	23,899.34	17,097.77	22,505.12	16,922.38	21,024.08	15,617.20				
c) Unsecured debt	-	-	-	-	-	-	-	-	-	-	-	-
4) Secured wholesale funding	-	-	-	-	-	-	-	-	-	-	-	-
5) Additional requirements, of which:	2,707.58	395.62	3,055.10	530.50	3,666.25	708.83	4,413.78	965.36				
a) Outflows related to derivative exposures and other collateral requirements	0.03	0.03	0.88	0.88	1.05	1.05	4.17	4.17				
b) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-				
c) Credit and liquidity facilities	2,707.55	395.59	3,054.22	529.62	3,665.20	707.78	4,409.61	961.19				
6) Other contractual funding obligations	2,444.10	2,444.10	2,206.12	2,206.12	2,128.03	2,128.03	2,457.16	2,457.16				
7) Other contingent funding obligations	623.83	18.71	629.87	19.00	1,222.18	43.87	1,655.34	59.48				
8) Total Cash outflows	25,187.92	24,944.89	25,106.24	24,944.89	25,106.24	24,669.93	24,669.93	24,669.93				
Cash Inflows												
9) Secured lending (eg. Reverse repos)	2,209.97	-	274.81	-	184.35	-	362.60	-				
10) Inflows from fully performing exposures	5,702.68	3,513.45	5,821.44	3,641.72	6,105.02	3,654.73	6,784.61	4,269.95				
11) Other cash inflows	57.60	57.60	256.98	256.98	79.12	79.12	245.93	245.93				
12) Total Cash Inflows	7,970.25	3,571.05	6,353.23	3,898.70	6,368.49	3,733.85	7,393.14	4,515.88				
13) Total HQLA	29,096.37	29,096.37	26,053.65	26,053.65	29,138.27	28,329.34	28,329.34	28,329.34				
14) Total Net Cash outflow	21,616.87	21,616.87	21,046.19	21,046.19	21,372.39	20,154.05	20,154.05	20,154.05				
15) Liquidity Coverage Ratio(%)	134.60%	136.60%	123.79%	123.79%	136.34%	140.56%	140.56%	140.56%				

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(c) Quantitative Disclosure as on March 31, 2022

Particulars	(₹ in crore)											
	Day end Average for quarter ended 30 June 2022			Day end Average for quarter ended 30 September 2022			Day end Average for quarter ended 31 December 2022			Day end Average for quarter ended 31 March 2023		
	Unweighted Value (Average)	Weighted Value (Average)	Total Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Total Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Total Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Total Value (Average)
High Quality Liquid Assets												
1) Total High Quality Liquid Assets (HQLA)	-	25,688.19	-	27,681.56	-	26,206.81	-	26,206.81	-	-	-	26,595.44
Cash Outflows												
2) Retail Deposits and deposits from small business customers, of which:	43,624.29	4,202.09	44,438.21	4,301.86	45,935.59	4,426.81	48,215.95	4,624.76	3,206.76	160.34	2,839.13	3,334.97
a) Stable deposits	40,417.53	4,041.75	41,599.08	4,159.90	42,600.62	4,260.06	44,279.35	4,427.93	23,032.87	15,882.69	25,316.93	16,786.39
b) Less stable deposits	-	-	-	-	-	-	-	-	23,032.87	15,882.69	25,316.93	16,786.39
3) Unsecured wholesale funding, of which:	-	-	-	-	-	-	-	-	23,032.87	15,882.69	25,316.93	16,786.39
a) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-	23,032.87	15,882.69	25,316.93	16,786.39
b) Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-	-	-	-	-
c) Unsecured debt	-	-	-	-	-	-	-	-	-	-	-	-
4) Secured wholesale funding	-	-	-	-	-	-	-	-	-	-	-	-
5) Additional requirements, of which:	1,819.39	161.00	1,863.12	168.31	1,823.68	160.72	2,107.89	176.70	0.72	0.72	0.44	0.44
a) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-	-	-	-	-
b) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-	-	-
c) Credit and liquidity facilities	1,818.67	160.28	1,862.68	167.87	1,821.77	158.81	2,107.39	176.20	4,240.83	4,240.83	1,553.67	1,553.67
6) Other contractual funding obligations	341.72	10.25	370.58	11.12	421.39	12.64	528.78	15.86	24,496.86	22,821.35	22,821.35	24,702.66
7) Other contingent funding obligations	-	-	-	-	-	-	-	-	24,496.86	22,821.35	22,821.35	24,702.66
8) Total Cash outflows	-	-	-	-	-	-	-	-	24,496.86	22,821.35	22,821.35	24,702.66
Cash Inflows												
9) Secured lending (eg. Reverse repos)	3,574.46	-	6,453.03	-	3,835.81	-	2,190.89	-	6,574.27	3,989.44	5,633.01	3,452.41
10) Inflows from fully performing exposures	75.68	75.68	121.63	121.63	53.35	53.34	4.05	4.05	10,224.41	4,065.12	12,207.67	3,574.04
11) Other cash inflows	-	-	-	-	-	-	-	-	10,224.41	4,065.12	12,207.67	3,574.04
12) Total Cash Inflows	3,650.14	75.68	6,574.27	121.63	3,889.16	53.34	7,394.11	4.05	25,688.19	27,681.56	26,206.81	26,595.44
13) Total HQLA	-	-	-	-	-	-	-	-	20,431.74	19,247.31	21,644.00	23,154.25
14) Total Net Cash outflow	-	-	-	-	-	-	-	-	125.73%	143.82%	121.08%	114.86%
15) Liquidity Coverage Ratio(%)	-	-	-	-	-	-	-	-	125.73%	143.82%	121.08%	114.86%

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18.25 Maturity pattern of certain items of assets and liabilities

Particulars	(₹ in crore)											
	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	Total	
Liabilities												
Borrowings	-	4,447.46	-	678.50	-	333.33	2,412.27	5,869.25	10,112.16	445.06	412.79	24,710.82
Deposits*	1,725.74	2,517.32	(50.00)	(1,475.00)	-	(889.48)	(1,873.69)	(3,715.83)	(10,482.86)	(577.59)	(856.77)	(19,921.22)
Foreign Currency Liabilities	(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)	(96,330.61)
	-	-	-	-	-	0.11	0.53	20.92	9.47	-	-	31.03
	-	-	-	(0.10)	-	(189.48)	(0.04)	(90.31)	(1.58)	-	-	(281.51)
Assets												
Advances	967.48	2,863.99	1,684.04	2,568.67	6,116.20	6,270.25	18,209.12	19,101.28	23,525.03	3,461.64	19,989.06	104,756.76
Investment	(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)	(93,974.94)
Foreign Currency Assets	-	167.95	48.73	155.81	1,552.22	747.37	786.82	1,973.26	2,274.88	4,213.53	20,445.32	32,365.89
	-	(51.69)	-	(1.60)	(99.43)	(466.96)	(3,481.60)	(1,928.32)	(920.14)	(2,472.34)	(19,656.63)	(29,078.71)
	10.86	-	-	-	-	-	-	-	24.65	-	-	35.51
	(13.14)	-	-	-	-	-	(75.79)	-	-	-	-	(88.93)

* Deposits includes Foreign Currency Liabilities which is 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 "()".

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18.26 Sector-wise advances

(₹ in crore)

Sr. No.	Sector	As at March 31, 2023			As at March 31, 2022		
		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
A	Priority Sector*						
1	Agriculture and allied activities #	8,646.56	531.09	6.14%	12,291.49	949.23	7.72%
2	Advances to industries sector eligible as priority sector lending #	5,612.03	355.77	6.34%	6,728.69	242.94	3.61%
3	Services	24,279.84	638.43	2.63%	18,850.46	541.98	2.88%
4	Personal loans	15,637.24	548.28	3.51%	18,526.46	1,029.59	5.56%
	Sub Total (A)	54,175.67	2,073.57	3.83%	56,397.10	2,763.74	4.90%
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry sector	6,269.01	717.68	11.45%	6,454.66	532.48	8.25%
3	Services	29,527.08	1,947.19	6.59%	21,800.78	1,563.18	7.17%
4	Personal loans	18,855.36	560.18	2.97%	14,138.16	1,520.60	10.76%
	Sub Total (B)	54,651.45	3,225.05	5.90%	42,393.60	3,616.26	8.53%
	Total (A+B)	108,827.12	5,298.62	4.87%	98,790.70	6,380.00	6.46%

*Priority sectors includes ₹ 15,175 crore (previous year : ₹ 41,837 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the year ended March 31, 2023, the Bank has bought PSLC amounting ₹ 6,330 crore (previous year : ₹ 18,986 crore), which is not included in above.

#The SFMF classification is based on Self certified Land Holding declaration as per approved PSL policy of the Bank and Turnover, Investment in P&M/Equipment is based on Udyam Registration Certificates for MSME classification.

As per Board approved PSL policy of the Bank and in line with RBI Master direction, of Priority Sector Lending as updated by FIDD-RBI from time to time, the portfolio classified as Priority Sector advances for the year ended March 31, 2023 stands at ₹ 54,175.67 crores (Previous year : ₹ 56,397.10 crores).

The bank has compiled the data for the purpose of this disclosure from the internal MIS. System/reports which has been furnished by the management and has been relied upon by the auditors.

18.27 Details of Priority sector lending certificates (category wise) sold and purchased:

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets in such transactions. The details of purchase / sale of PSLC during the year are as under:

(₹ in crore)

Sl No.	Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
		Sale	Purchase	Sale	Purchase
i)	PSLC – Agriculture	-	2,500.00	1,100.00	1,100.00
ii)	PSLC- Small & Marginal farmers(SFMF)	3,880.00	1,500.00	11,476.00	17,350.00
iii)	PSLC- Micro Enterprises	2,450.00	-	6,410.00	-
iv)	PSLC – General	-	11,175.00	-	23,387.00

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18.28 Details of Inter-Bank Participation Certificate (IBPC) outstanding

(₹ in crore)

SI No.	Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
		Sale	Purchase	Sale	Purchase
i)	Outstanding value of aggregate IBPCs entered	-	2,153.77	-	1,911.30
ii)	Outstanding value of aggregate consideration received/paid	-	2,153.77	-	1,911.30
iii)	Aggregate gain recorded	-	-	50.91	-
iv)	IBPCs outstanding [including principal amount of ₹ NIL (March 31, 2022 : ₹ NIL) collected against the pool sold and not yet due for payment and included under other liabilities]	-	-	-	-

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, 2023 and March 31, 2022, 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, 2023:

SI No.	Particulars	Number of options	Weighted average exercise price (₹)
i)	Options outstanding, beginning of year	22,645,881	376.99
ii)	Granted during the year	11,127,127	313.60
iii)	Exercised during the year*	80,611	180.00
iv)	Forfeited / Lapsed during the year	2,907,246	362.10
v)	Options outstanding, end of year	30,785,151	356.00
vi)	Options exercisable	11,672,459	397.30

*Includes 18,487 shares against which application money was received but pending allotment to ₹ 0.33 crore

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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	16,492,073	410.17
ii)	Granted during the year	8,370,166	315.14
iii)	Exercised during the year*	167,024	180.05
iv)	Forfeited / Lapsed during the year	2,049,334	407.48
v)	Options outstanding, end of year	22,645,881	376.99
vi)	Options exercisable	7,307,681	404.19

*Includes 8,489 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, 2023:

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	30,785,151	5.13	356.00

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	22,645,881	5.31	376.99

Fair value methodology

The weighted average fair value of stock option granted during the year was ₹ 105.85 . 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, 2023 are:

Particulars	March 31, 2023
Dividend yield (%)	0-0.42%
Expected volatility (%)	25.26%- 29.40%- 55.84%
Risk-free interest rate (%)	6.18%-6.49%- 6.88% - 7.06%- 7.42%
Expected remaining life of the options (yrs)	0.04- 8.96 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:

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(₹ in crore)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Profit after tax as reported	2,194.64	125.79
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method *	70.80	79.23
Proforma profit after tax	2,123.83	46.56
Weighted Average Number of equity shares	1,610,809,940	1,610,691,061
Weighted Average Number of equity shares (including dilutive potential equity share)	1,611,088,297	1,611,193,362
Earnings Per Share		
Basic		
- As reported	13.62	0.78
- Proforma	13.18	0.29
Diluted		
- As reported	13.62	0.78
- Proforma	13.18	0.29

* 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, 2023 is higher by ₹ 6.71 crores and the same is therefore not considered in above table.

18.30 Corporate Social Responsibility

- Gross amount required to be spent by the Bank during the year ended is ₹53.37 crore** (Previous year ended March 31, 2022: ₹ 70.49 crore)
- The following table sets forth, for the periods indicated, the amount spent by the Bank on CSR related activities;

Sl No.	Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
		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	53.37	-	53.37	66.57	3.92*	70.49

* An amount of ₹ NIL (Previous year ₹ 3.92 crore ended March 31, 2022) has been transferred to a special account "Unspent Corporate Social Responsibility Account" maintained with a scheduled Bank

**The amount of ₹ 53.37 crore includes the amount of ₹ 3.92 crore paid in cash from the previous year ended March 31, 2022

- 18.31** 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.

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18.32 Disclosure of Items that exceeds one percent under respective categories:

(₹ in crore)

Particulars		Year Ended March 31, 2023	Year Ended March 31, 2022
Other Operating Expenses includes-	IT Operating Expenses	220.27	182.60
	Bank Charges Paid	83.72	53.12
	Conveyance Expenses	91.96	69.48
	Guarantee Fee paid under Credit Guarantee Fund for Micro Units (CGFMU)	213.71	9.89
	Premium paid on purchase of Priority Sector Lending Certificate (PSLC)	46.92	69.11
Miscellaneous Income includes-	Bad Debt Recovery	286.06	388.29
	Net consideration on Portfolio Sale to Asset Reconstruction Company (ARC)	578.24	-

18.33 Other Assets includes Investment in RIDF (Rural Infrastructure Development Fund) amounting to ₹ 6,797.36 crore (previous year ended March 31, 2022 ₹ 3,300.28 crore)

18.34 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, 2023 amounting to ₹ 3.04 crore (previous year: ₹ 2.67 crore).

18.35 Details of payments to Auditors

(₹ in crore)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Statutory Audit Fees	1.27	1.07
Others	0.92	0.91

18.36 Accounting policies have been consistently applied by the Bank except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Any circular / direction issued by the RBI is implemented prospectively when it becomes applicable. During the year, the Bank has reassessed the estimated useful life of Motor Vehicles from existing 8 years to 4 years resulting in excess depreciation charge of ₹1.11 crore to the Profit & Loss Account.

18.37 Previous year figures have been regrouped/reclassified, wherever necessary, to conform to current year classification.

As per our report of even date

For and on behalf of Board of Directors

For Bandhan Bank Limited

For M M NISSIM & CO LLP

Chartered Accountants
Firm Registration Number :
107122W / W100672

For SINGHI & CO

Chartered Accountants
Firm Registration Number :
302049E

Sunil Samdani

Chief Financial Officer
Kolkata

Indranil Banerjee

Company Secretary
Kolkata

Navin Kumar Jain

Partner
Membership Number : 090847
Place : Kolkata
Date : May 19, 2023

Ankit Dhelia

Partner
Membership Number : 069178
Place : Kolkata
Date : May 19, 2023

Vijay Nautamlal Bhatt

ACB Chairman & Independent Director
Kolkata
DIN: 00751001

Ratan Kumar Kesh

Executive Director
Kolkata
DIN: 10082714

Chandra Shekhar Ghosh

Managing Director & CEO
Kolkata
DIN: 00342477

Anup Kumar Sinha

Non-Executive Chairman
Kolkata
DIN: 08249893

Corporate Information

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Head Office: Floors 12-14, Adventz Infinity@5,
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Tel. No.: 91 (33) 6609 0909

Email ID: investors@bandhanbank.com

Website: www.bandhanbank.com

Corporate Identity Number (CIN)

L67190WB2014PLC204622

Listed with Scrip Name

BSE Scrip Code: **541153**

NSE Symbol: **BANDHANBNK**

Registrars & Transfer Agents

KFin Technologies Limited

(formerly known as KFin Technologies Private Limited)

Selenium Building, Tower B, Plot Nos. 31 & 32,
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Hyderabad, Rangareddi, Telangana, India - 500 032

Toll Free No.: 1800 309 4001

Email ID: einward.ris@kfintech.com

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M/s. Singhi & Co., Chartered Accountants

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Secretarial Auditor

CS Hansraj Jaria, Practicing Company Secretary

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Auditor for Certificate on Corporate Governance

CS Anjan Kumar Roy, Practicing Company Secretary

M/s. Anjan Kumar Roy & Co., Company Secretaries
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