INDEPENDENT AUDITOR'S REPORT

To,
The Members of Bandhan Bank Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Bandhan Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31 March 2016, the Profit and Loss Account and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Bank's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank and the Guidelines issued by the Reserve Bank of India. 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 the design, implementation and maintenance of adequate internal financial control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for the banking companies and give a true and fair view of the state of affairs of the Bank as at 31 March 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 read with Section 133 of the Companies Act, 2013 and read with Rule 7 of the Companies (Accounts) Rules, 2014.

2. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the appointment letter dated 28 April 2016, 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; and

   c. The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 25 branches for the purpose of our audit.

3. Further, as required by section 143(3) of the Companies Act, 2013, we further 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 purpose 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, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. On the basis of written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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 over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report; 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, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Bank does not have any pending litigations which would impact its financial positions.

   ii. The Bank does not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For S. R. Batliboi & Associates LLP
Chartered Accountants
Firm's Registration No.: 101049W/E300004

Sd/-
per Amit kabra
Partner
Membership Number: 94533
Place of Signature: Kolkata
Date: 11/05/2016

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BANDHAN BANK LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Bandhan Bank Limited

We have audited the internal financial controls over financial reporting of Bandhan Bank Limited ("the Bank") as of March 31, 2016 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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 the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Bank, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. R. Batliboi & Associates LLP
Chartered Accountants
Firm's Registration No.: 101049W/E300004

Sd/-
per Amit kabra
Partner
Membership Number: 94533
Place of Signature:
Date:11/05/2016

BANDHAN BANK LIMITED

BALANCE SHEET AS AT 31 MARCH, 2016

	Schedule	As at 31 March 2016 (₹)	As at 31 March 2015 (₹)
Capital & Liabilities			
Capital	1	10,951,410,340	5,010,500,000
Reserves & Surplus	2	22,393,616,202	5,760,406
Deposits	3	120,887,480,801	-
Borrowings	4	30,516,475,970	-
Other liabilities and provisions	5	14,408,319,538	252,618,392
Total		**199,157,302,851**	**5,268,878,798**
Assets			
Cash and balances with Reserve Bank of India	6	8,102,865,512	101,048
Balance with Banks and Money at call and short notice	7	23,631,129,422	4,012,502,224
Investments	8	37,580,336,328	-
Advances	9	124,375,461,153	-
Fixed Assets	10	2,372,311,281	1,086,120,891
Other Assets	11	3,095,199,155	170,154,635
Total		**199,157,302,851**	**5,268,878,798**
Contingent liabilities	12	49,018,264	-
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 S.R. Batliboi & Associates LLP
Chartered Accountants
Firm Registration Number :- 101049W/E300004

For Bandhan Bank Limited

Sd/-
Per Amit Kabra
Partner
Membership Number : 94533

Sd/-
Dr. A. K. Lahiri
Chairman

Sd/-
Chandra Shekhar Ghosh
Managing Director & CEO

Sd/-
C.M. Dixit
Director

Sd/-
Indranil Banerjee
Company Secretary

Sd/-
Sunil Samdani
Chief Financial Officer

Place : Kolkata
Date : 11 May 2016

BANDHAN BANK LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2016

	Schedule	Year ended 31 March 2016	Period ended 31 March 2015
		(₹)	(₹)
I. Income			
Interest Earned	13	15,812,546,510	-
Other Income	14	1,499,998,255	79,527,849
Total		**17,312,544,765**	**79,527,849**
II. Expenditure			
Interest Expended	15	6,485,253,686	-
Operating Expenses	16	6,159,175,334	56,480,383
Provisions & Contingencies	18.1	1,915,645,814	17,287,060
TOTAL		**14,560,074,834**	**73,767,443**
III. Net Profit for the year (I-II)			
Net Profit for the year / period		2,752,469,931	5,760,406
Balance in Profit & Loss Account brought forward from previous year		5,760,406	-
IV. Amount available for appropriations		**2,758,230,337**	**5,760,406**
V. Appropriation			
Transfer to Statutory Reserves		689,557,584	-
Transfer to Other Reserves		-	-
Transfer to Government /		-	-
Proposed Dividends / Balance carried over to Balance Sheet		2,068,672,753	5,760,406
Total		**2,758,230,337**	**5,760,406**
VI. Earnings per Share	18.14		
Basic & Diluted (₹)		3.40	0.01
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 and Loss Account			

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm Registration Number :- 101049W/E300004

For Bandhan Bank Limited

Sd/-
Per Amit Kabra
Partner
Membership Number : 94533

Sd/-
Dr. A. K. Lahiri
Chairman

Sd/-
Chandra Shekhar Ghosh
Managing Director & CEO

Sd/-
C.M. Dixit
Director

Sd/-
Indranil Banerjee
Company Secretary

Sd/-
Sunil Samdani
Chief Financial Officer

Place : Kolkata
Date : 11 May 2016

BANDHAN BANK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Particulars		31 March 2016 (₹)	31 March 2015 (₹)
A. Cash flow from Operating Activities :			
Profit Before Taxation		4,135,105,490	23,046,000
Adjustments for :			
Depreciation and amortization		357,741,556	46,653
Provision on Standard Assets		511,705,831	-
Provision for non - performing assets		21,304,425	
Interest income on fixed deposit		(40,590,930)	(79,528,000)
Operating Profit Before Working Capital Changes		**4,985,266,372**	**(56,435,347)**
Movements in working capital :			
Increase in Advances		(45,779,503,128)	(90,823,000)
Increase in Other Assets		(481,114,989)	-
Increase in Investment		(14,318,926,295)	-
Increase in Deposit		120,887,480,801	-
Increase in Other Current Liabilities and Provisions		7,184,365,169	151,998,000
Cash generated from operations		**72,477,567,930**	**4,739,653**
Direct Taxes Paid		(2,981,612,838)	-
Net Cash flow generated from Operating Activities	**(A)**	**69,495,955,092**	**4,739,653**
B. Cash flow from Investing Activities :			
Purchase of Fixed Assets/Capital work-in-progress		(1,601,502,628)	(1,011,350,000)
Payment for Business Acquisition (Refer Note No 18.29)		(12,331,464,159)	-
Interest received on fixed deposits		40,590,930	8,713,619
Increase in Held to Maturity Investment		(23,259,410,033)	-
Deposits (created)/encashed with banks and financial institutions		12,492,000	(12,492,000)
Net Cash flow used in Investing Activities	**(B)**	**(37,139,293,890)**	**(1,015,128,381)**
C. Cash flow from Financing Activities :			
Proceeds from share issue(Including share premium)		25,504,328,090	5,010,500,000
Share issue expenses		(13,172,266)	-
Repayment of borrowings		(62,717,534,034)	-
Net Cash (used in)/from Financing Activities	**(C)**	**(37,226,378,210)**	**5,010,500,000**
Net (Decrease)/increase In Cash And Cash Equivalents (A+B+C)		**(4,869,717,008)**	**4,000,111,272**
Cash And Cash Equivalents At The Beginning of the Year		4,000,111,272	-
Add: Cash Acquired on acquisition of assets and liabilities from BFSL (Refer Note No 18.29)		32,603,600,670	-
Cash And Cash Equivalents At The End of the Year		**31,733,994,934**	**4,000,111,272**
Components of Cash and Cash Equivalents :			
1 Cash and Balances with Reserve Bank of India (Refer Schedule 6)		8,102,865,512	101,048
2 Balances With Banks		-	10,224
3 Balance with Banks and Money at call and short notice		23,631,129,422	4,000,000,000
		31,733,994,934	**4,000,111,272**

The accompanying notes are an integral part of these financial statements

As per our report of even date

For Bandhan Bank Limited

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm Registration Number :- 101049W/E300004

Sd/-
Per Amit Kabra
Partner
Membership Number : 94533

Sd/-
Dr. A. K. Lahiri
Chairman

Sd/-
Chandra Shekhar Ghosh
Managing Director & CEO

Sd/-
C.M. Dixit
Director

Sd/-
Indranil Banerjee
Company Secretary

Sd/-
Sunil Samdani
Chief Financial Officer

Place : Kolkata
Date : 11 May 2016

BANDHAN BANK LIMITED

Schedules forming part of the Balance sheet as at 31 March 2016

Schedule 1- Capital	**As at 31 March 2016 (₹)**	**As at 31 March 2015 (₹)**
Authorized Capital		
5,000,000,000 (Previous Year: 5,000,000,000) equity shares of ₹ 10/- each	50,000,000,000	50,000,000,000
Issued, subscribed and fully paid-up capital		
1,095,141,034 (Previous Year: 501,050,000) Equity Share of ₹ 10/- each	10,951,410,340	5,010,500,000
Total	**10,951,410,340**	**5,010,500,000**

Schedule 2 - Reserves and Surplus	**As at 31 March 2016 (₹)**	**As at 31 March 2015 (₹)**
I. **Statutory Reserve**		
Opening Balance	-	-
Additions during the year	689,557,584	-
Deduction during the year	-	-
Total	**689,557,584**	-
II. **Capital Reserve**		
Opening Balance	-	-
Additions during the year	-	-
Deduction during the year	-	-
Total	-	
III. **Share Premium Account**		
Opening Balance	-	-
Additions during the year	19,563,417,750	-
Less Share issue expenses	13,172,266	-
Total	**19,550,245,484**	
IV. **Revenue & other Reserves**		
Opening Balance	-	-
Additions during the year	-	-
Deduction during the year	-	-
Total	-	-
V. **Balance in Profit and Loss Account**	2,068,672,753	5,760,406
Adjustment on acquisition of assets & liabilities from BFSL (Refer Note No. 18.29)	(163,976,455)	-
Adjustment for deferred tax assets (Refer Note No. 18.12)	249,116,836	-
Total	**2,153,813,134**	**5,760,406**
GRAND TOTAL (I+II+III+IV+V)	**22,393,616,202**	**5,760,406**

Schedule 3 - Deposits	**As at 31 March 2016 (₹)**	**As at 31 March 2015 (₹)**
A. I. Demand Deposits		
i) From Banks	54,781,441	-
ii) From Others	2,290,720,526	-
II. Savings Bank Deposits	23,710,504,093	-
III. Term Deposits		
i) From Banks	41,685,761,791	-
ii) From Others	53,145,712,950	-
Total	**120,887,480,801**	-
B. I. Deposits of branches in India	120,887,480,801	-
II. Deposits of branches outside India	-	-
Total	**120,887,480,801**	-

Schedule 4 - Borrowings	**As at 31 March 2016 (₹)**	**As at 31 March 2015 (₹)**
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other banks	20,147,509,302	-
iii) Other Institutions & agencies *	10,368,966,668	-
II. Borrowings outside India	-	-
Total	**30,516,475,970**	-
Secured borrowings included in I(ii & iii) above	**22,749,809,302**	

* Borrowings from other institutions and agencies includes Subordinated Debt of ₹ 1,600,000,000 in the nature of Non-Convertible Debentures.

Schedule 5 - Other liabilities and provisions		As at 31 March 2016 (₹)	As at 31 March 2015 (₹)
I.	Bills Payable	-	-
II.	Inter-office Adjustments(Net)	-	-
III.	Interest accrued	240,388,077	-
IV.	Contingent Provision against Standard Assets	1,231,530,253	-
V.	Provision for Income Tax	1,751,190,175	26,576,895
VI.	Others (Including provisions)	11,185,211,033	226,041,497
	Total	**14,408,319,538**	**252,618,392**

Schedule 6 - Cash and balances with Reserve Bank of India		As at 31 March 2016 (₹)	As at 31 March 2015 (₹)
I.	Cash In hand	847,803,201	101,048
II.	Balance with Reserve Bank of India		
	i) In Current Account	4,005,062,311	-
	ii) In Other Accounts	3,250,000,000	-
	Total	**8,102,865,512**	**101,048**

Schedule 7 - Balances with Banks and Money at call and short notice		As at 31 March 2016 (₹)	As at 31 March 2015 (₹)
I.	In India		
i)	Balance with Banks		
	a) In Current Account	1,746,430,199	10,224
	b) In Other Deposit Accounts	2,525,000	4,012,492,000
ii)	Money at call & short notice		
	a) With banks	1,000,000,000	-
	b) With other institutions	20,882,174,223	-
	Total	**23,631,129,422**	**4,012,502,224**
II.	Outside India	-	-
	Total	-	-
	GRAND TOTAL (I+II)	**23,631,129,422**	**4,012,502,224**

Schedule 8 - Investments		As at 31 March 2016 (₹)	As at 31 March 2015 (₹)
I.	Investment in India in		
	i) Government Securities	37,578,336,328	-
	ii) Other Approved Securities	-	-
	iii) Shares	2,000,000	-
	iv) Debentures & Bonds	-	-
	v) Subsidiaries and /or joint ventures	-	-
	vi) Others	-	-
	Total	**37,580,336,328**	-
II.	Investments outside India	-	-
	Total	-	-
	GRAND TOTAL (I+II)	**37,580,336,328**	-

Schedule 9 - Advances		As at 31 March 2016 (₹)	As at 31 March 2015 (₹)
A.	i) Bills Purchased & Discounted	-	-
	ii) Cash credits, overdrafts and loans repayable on demand	844,624,221	-
	iii) Term loans *	123,530,836,932	-
	Total	**124,375,461,153**	-

* Net of loans sold under Inter bank participation certificate ₹ 25,601,361,638 and assignment ₹ 5,722,210,225.

B.	i) Secured by tangible assets	32,694,078,690	-
	ii) Covered by Bank/Government Guarantees	-	-
	iii) Unsecured	91,681,382,463	-
	Total	**124,375,461,153**	-
C.	**I)** Advances in India		
	I) Priority Sector	122,603,521,363	-
	ii) Public Sector	-	-
	iii) Banks	-	-
	iv) Others	1,771,939,790	-
	Total	**124,375,461,153**	-
	II) Advances Outside India	-	
	Total	-	-
	GRAND TOTAL (I+II)	**124,375,461,153**	-

Schedule 10 - Fixed Assets	**As at 31 March 2016 (₹)**	**As at 31 March 2015 (₹)**
I) Premises		
Gross Block		
At cost as at 31 March of the preceding year	-	-
Addition during the Year	989,255,742	-
Deduction during the Year	-	-
Total	**989,255,742**	-
Depreciation		
As at the beginning of the Year	-	-
Charge for the year	58,157,931	-
Deduction during the Year	-	-
Depreciation to date	**58,157,931**	-
Net Block	**931,097,811**	-
II) Other Fixed Assets (Including Furniture & Fixture)		
Gross Block		
At cost as at 31 March of the preceding year	1,322,363	-
Addition during the Year	1,734,717,656	1,322,363
Deduction during the Year	-	-
Total	**1,736,040,019**	**1,322,363**
Depreciation		
As at the beginning of the Year	46,653	-
Charge for the year	299,583,628	46,653
Deduction during the Year	-	-
Depreciation to date	**299,630,281**	**46,653**
Net Block	**1,436,409,738**	**1,275,710**
III) Capital Work-in-progress (including capital advances)	**4,803,733**	**1,084,845,181**
GRAND TOTAL (I+II+III)	**2,372,311,281**	**1,086,120,891**

Schedule 11 - Other Assets		**As at 31 March 2016 (₹)**	**As at 31 March 2015 (₹)**
I)	Inter-Office adjustments (net)	-	-
II)	Interest Accrued	756,738,490	70,814,813
III)	Tax paid in advance/tax deducted at source	1,592,302,811	-
IV)	Stationery and stamps	7,158	-
V)	Non banking assets acquired in satisfaction of claims	-	-
VI)	Others *	746,150,696	99,339,822
	Total	**3,095,199,155**	**170,154,635**

* Includes Deferred Tax Assets of ₹ 587,972,073 (P.Y ₹ 8,515,750) (Refer Note No. 18.12)

Schedule 12 - Contingent liabilities		**As at 31 March 2016 (₹)**	**As at 31 March 2015 (₹)**
I)	Claims against the Bank not acknowledged as debts	262,000	-
II)	Liability for partly paid investments	-	-
III)	Liability on account of outstanding forward exchange contracts	-	-
IV)	Guarantees given on behalf of constituents		
	(a) In India	3,110,000	-
	(b) Outside India	-	-
V)	Acceptances, endorsements and other obligations	-	-
VI)	Other items-Capital Commitments	45,646,264	-
	Total	**49,018,264**	-

BANDHAN BANK LIMITED
Schedules forming part of the Profit and Loss Account for the year ended 31 March 2016

Schedule 13 - Interest Earned	Year ended 31 March 2016 (₹)	Period ended 31 March 2015 (₹)
I) Interest/discount on advances/bills	12,827,887,030	-
II) Income on investments	1,310,928,532	-
III) Interest on balances with Reserve Bank of India and other inter-bank funds	566,670,467	-
IV) Others (Includes gain on assignment /IBPC)	1,107,060,481	-
Total	**15,812,546,510**	**-**

Schedule 14 - Other Income	Year ended 31 March 2016 (₹)	Period ended 31 March 2015 (₹)
I) Commission, exchange and brokerage	1,454,212,571	-
II) Profit/(Loss) on sale of investments (net)	21,119,270	-
III) Profit/(Loss) on sale of fixed assets	-	-
IV) Profit on exchange/derivative transactions	-	-
V) Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VI) Miscellaneous income	24,666,414	79,527,849
Total	**1,499,998,255**	**79,527,849**

Schedule 15 - Interest Expended	Year ended 31 March 2016 (₹)	Period ended 31 March 2015 (₹)
I) Interest on deposits	2,210,257,593	-
II) Interest on Reserve Bank of India/Inter-bank borrowings	3,508,323,415	-
III) Others	766,672,678	-
Total	**6,485,253,686**	**-**

Schedule 16 - Operating Expenses	Year ended 31 March 2016 (₹)	Period ended 31 March 2015 (₹)
I) Payments to and provisions for employees	3,250,748,752	14,242,712
II) Rent, taxes and lighting	532,422,247	25,536,813
III) Printing and stationery	313,949,977	4,079,556
IV) Advertisement and publicity	341,698,950	2,106,894
V) Depreciation on bank's property	357,741,556	46,653
VI) Directors' fees, allowance and expenses	4,658,384	-
VII) Auditors' fees and expenses	5,690,628	337,080
VIII) Law charges	6,956,855	-
IX) Postage, telegrams, telephones etc.	122,366,820	-
X) Repairs and maintenance	1,253,357	-
XI) Insurance	29,839,201	-
XII) Other expenditure	1,191,848,607	10,130,675
Total	**6,159,175,334**	**56,480,383**

1. Background

Bandhan Bank Limited (the 'Bank'), incorporated on 23 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 17 June 2015, the Bank has commenced its banking operations from 23 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 paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India.

3. Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) as at the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods. Actual results could differ from estimates.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue Recognition

Interest income is recognised in the profit and loss account on an accrual basis, except in the case of interest on non-performing assets, which is recognised as income on realisation, as per the income recognition and asset classification norms of RBI.

Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit on sale of investments in 'Held to Maturity' category is appropriated (net of applicable taxes and amount required to be transferred to statutory reserve) to 'Capital Reserve Account'.

Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Loan processing fees is accounted for upfront when it becomes due.

All other fees are accounted for as and when they become due.

4.2. Investments

A) Classification

Investments are classified into three categories, viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) at the time of purchase.

Basis of classification:

Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".

Investments that are held principally for sale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".

Investments, which are not classified in any of the above two categories, are classified as "Available for Sale (AFS)" investments.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/ Joint Ventures and Others.

An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to similar income recognition and provisioning norms as prescribed by RBI for non-performing advances.

B) Valuation

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to Profit and Loss account. Cost of investments is computed on weighted average cost method.

Investments marked as AFS and HFT are marked-to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and depreciation /appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

'Held to Maturity' securities is carried at their acquisition cost or at amortised cost if acquired at a premium over the face value. Any premium paid on acquisition, over the face value, is amortised over the remaining period of maturity by applying constant yield method. 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 made.

Treasury bills being discounted instruments are valued at current cost.

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 Fixed Income Money Market and Derivatives Association ("FIMMDA") as at the balance sheet date. 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 FIMMDA.

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.

Transfer of securities between categories of investments is accounted as per the RBI Guidelines

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.

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 lending portfolio, a general provision on standard advances is maintained at 1% which is higher than the minimum provisioning requirement as specified in the RBI guidelines. Provision made against standard assets is Included in "Other liabilities & provisions".

4.4 Tangible Assets

All fixed assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Asset under development as at the balance sheet date are shown as Capital Work in Progress. Advance paid towards such development are shown as capital advance.

4.5 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.

4.6. Depreciation

Depreciation is provided on straight line basis as per the life prescribed under Schedule II of the Companies Act, 2013, which is in accordance with management estimate of the useful life of the underlying assets.

Leasehold improvements are depreciated over a period of three years.

Softwares are amortised over a period of three years.

4.7 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.8 Foreign Currency transactions

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.

Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date.

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.

Exchange differences arising on the settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

4.9 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.

Long term Compensated absences are provided for based on actuarial valuation which is done as per projected unit credit method at the end of each financial year. Short term Compensated absences are provided for based on estimates of encashment / availment of leave.

Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

4.10 Income Taxes

Tax expenses comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Bank has carried forward unabsorbed depreciation and tax losses, all deferred tax assets is recognised only to the extent that there is. a virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax assets can be realised.

At each reporting date, the Bank re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date.The Bank writes down the carrying amount of deferred tax assets to the extent that it is no longer reasonably certain or virtually certain as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available.

4.11 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 equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period, except where the results are anti-dilutive.

4.12 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.

4.13 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.

4.14 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.

Schedule 18 -Notes to accounts forming part of the financial statements for the year ended 31 March 2016

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.

(₹ in crore)

18.1

"Provisions & Contingencies" recognised in the Profit & Loss Account comprise of:	Year ended 31 March 2016
Provision for Income Tax	
- Current tax	169.54
- Deferred tax (Refer Note No. 18.12)	(31.28)
Total Tax Expenses	**138.26**
Provision for Standard assets	51.17
Provision for non-performing assets	2.13
Provision for depreciation in value of investments	-
Provision for restructured assets	-
Provision for unhedge foreign currency exposure	-
Provision for country risk	-
Provision for other contingencies	-
Total	**191.56**

18.2 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

(₹ in crore)

	As at 31 March 2016
Capital adequacy (%)	
Common Equity Tier 1 (%)	26.72
Tier 1 capital ratio (%)	26.72
Tier 2 capital ratio (%)	2.29
CRAR (%)	29.01
Amount of equity capital raised (including share premium)	2,550.43
Amount of additional Tier I capital raised of which:	-
Perpetual Non-Cumulative Preference Shares (PNCPS)	-
Perpetual Debt Instruments (PDI)	-
Amount of Tier II capital raised of which:	-
Debt capital instrument*	160
Preferential capital instrument	-
Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares	-

* Acquired from BFSL (Refer note no. 18.29)

The Bank has not redeemed any subordinated debt during the year ended 31 March, 2016.

18.3 Investments

A) The Details of investments are set out below:

(₹ in crore)

Value of Investments	As at 31 March 2016
1. Gross value of Investments	
a) In India	3,758.03
b) Outside India	-
2.(i) Provision for Depreciation	
a) In India	-
b) Outside India	-
(ii) Provision for Non- Performing Investments	
a) In India	-
b) Outside India	-
3. Net value of Investments	
a) In India	3,758.03
b) Outside India	-

B) Repo Transactions (in face value terms) (₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2016
Securities sold under Repo				
i. Government securities	-	1.04	0.00	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	4,362.80	903.08	338.00
ii. Corporate debt securities	-	-	-	-

C) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments (₹ in crore)

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)
(i) Public Sector Units	-	-	-	-	-
(ii) Financial Institutions	-	-	-	-	-
(iii) Banks	-	-	-	-	-
(iv) Private Corporates	0.20	-	-	0.20	0.20
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
(vi) Others	-	-	-	-	-
(vii) Provision held towards depreciation	-	-	-	-	-
Total	**0.20**	**-**	**-**	**0.20**	**0.20**

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.

ii) Non performing Non-SLR investments

The Bank does not have any Non performing Non-SLR investment as on 31 March 2016

D) Sale and transfers of Securities to / from HTM Category

There has been no sale or transfer of securities to/from HTM category.

18.4 Derivatives

The Bank has not entered into any derivative transaction during the year.

18.5 Asset Quality

A) Non Performing Assets (₹ in crore)

Particulars	As at 31 March 2016
i) Net NPAs to Net Advances (%)	0.08%
ii) Movement of NPAs (Gross)	
a) Opening balance	-
b) Additions during the year	18.77
c) Reductions during the year	-
d) Closing balance	18.77
iii) Movement of Net NPAs	
a) Opening balance	-
b) Additions during the year	10.24
c) Reductions during the year	-
d) Closing balance	10.24
iv) Movement of provisions for NPAs (excluding provisions on standard assets)	
a) Opening balance	-
b) Provisions made during the year	8.53
c) Write-off / write-back of excess provisions	-
d) Closing balance	8.53

B) Particulars of accounts restructured

The Bank does not have any restructured account as at and for the year ended 31 March 2016.

C) Details of Financial Assets sold to Securitisation / Reconstruction company for Reconstruction

The Bank did not sell any Financial Assets to Securitisation / Reconstruction company for Reconstruction during the year.

D) Details of Non Performing Financial Assets Purchased / Sold

The Bank did not purchase/sell any Non Performing Financial Assets during the year.

E) Provisions on Standard Assets (₹ in crore)

Particulars	As at 31 March 2016
Provisions towards Standard Assets	123.15

18.6 The key business ratios and other information is set out below: (₹ in crore)

Particulars	As at 31 March 2016
Interest income as a percentage to working funds [1]	10.77%
Non-interest income as a percentage to working funds [1]	1.02%
Operating profit as a percentage to working funds [1,2]	3.18%
Return on assets [1]	1.88%
Profit per employee (₹ in crore) [3]	0.01
Business (deposits less inter-bank deposits plus advances) per employee (₹ in crore) [3]	1.03

1. 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.
2. Operating profit is profit for the year before considering provisions and contingencies.
3. Productivity ratios are based on average number of employees for the year.

18.7 Exposures

A) Exposure to Real Estate Sector

(₹ in crore)

Category	As at 31 March 2016
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.	5.11
(ii) Commercial Real Estate	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	
a. Residential	-
b. Commercial Real Estate	-
b) Indirect exposure	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-
Total Exposure to Real Estate Sector	**5.11**

B) Exposure to Capital Market

(₹ in crore)

Category	As at 31 March 2016
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	0.20
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	-
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)	-
Total Exposure to Capital Market	**0.20**

C) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Bank

During the year ended 31 March 2016 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 31 March 2016 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.

18.8 Miscellaneous

Disclosure of penalties imposed by RBI

No penalty has been levied on the Bank by RBI during the year.

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 plans.

(₹ in crore)

Particulars	As at 31 March 2016
i) Table Showing changes in present value of Defined Benefit obligation:	
Present value of defined benefit obligations as acquired from BFSL	13.25
Interest cost	1.06
Current service cost	5.16
Benefit Paid	0.03
Actuarial loss on obligations	2.08
Present value of defined benefit obligations as at end of the year	21.52
ii) Table showing fair value of plan assets:	
Fair value of plan assets acquired from BFSL	7.20
Expected return on plan assets	0.70
Contributions paid	7.07
Benefits Paid	0.03
Acquisition Adjustment	1.00
Actuarial gain on plan assets	0.05
Fair value of plan assets at end of the year	15.89
iii) Actuarial (Gain)/Loss recognised:	
Actuarial loss on obligations	2.08
Actuarial gain for the year-Plan assets.	(0.05)
Actuarial loss recognised in the year	2.13
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	21.52
Fair value of plan assets at the end of the year	15.89
Net liability recognised in balance sheet	5.63
v) Expenses Recognised in Profit and Loss Account:	
Current Service Cost	5.16
Interest Cost	1.06
Expected return	0.70
Net Actuarial loss recognised in the year	2.13
Expenses recognised in profit and loss account	7.65
Actual return on plan assets	7.12
vi) The Principal assumptions used in the actuarial valuation are shown below :	
Discount Rate	8%
Salary Escalation	8%
Withdrawal Rate	7.00%
Expected rate of return on assets	7.00%

vii) Amounts for the current year as follows:

(₹ In crore)

Particulars	As at 31 March 2016
a) Defined Benefit Obligations	21.52
b) Plan Assets	15.89
c) Deficit	(5.63)
d) Experience adjustments on plan liabilities [(Gain)/Loss]	-
e) Experience adjustments on plan assets [Gain/(Loss)]	-

viii) The Major categories of Plan Assets as a percentage of the fair value of Total Plan Asset are as follows:

	As at 31 March 2016
Insurance Managed Fund	100%

ix) The Bank was incorporated on 23 December 2014 and did not have any employees in the previous financial year.

x) 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.

xi) The Bank expects to contribute ₹ 4 crore to gratuity fund in 2016-17.

xii) The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

B) Provident Fund

Amount incurred as expense for defined contribution to Provident Fund is ₹ 11.48 Crore.

18.10 Segment Reporting

A) Segment Identification

The business of the Bank is divided into segments: Treasury, Retail Banking and Corporate/Wholesale Banking. These segments have been identified based on the RBI's revised guidelines on Segment Reporting issued on 18 April, 2007 vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07. The principal activities of these segments are as under.

Primary (Business Segment) :

The principle activities of business segments of the Bank are as under:

i) Treasury :

Treasury operations include investments in sovereign securities and trading operations. The Treasury segment also includes the central funding unit.

ii) Retail banking :

Constitutes 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 the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services and NRI services.

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.

The Bank does not have any para banking activities for the year ended 31st March, 2016.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

The liabilities of the Bank are first used by the units generating the same. Any excess liabilities of the units are pooled to central funding unit (Treasury). Treasury then lends these funds to other units at appropriate rates.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

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	Total
				31 March 2016
Segment Revenue				
Gross interest income (external customers)	187.76	1,393.18	0.31	1,581.25
Other income	2.36	147.53	0.11	150.00
Total income as per profit and Loss Account	**190.12**	**1,540.71**	**0.42**	**1,731.25**
Add: Inter segment interest income	267.45	-	-	267.45
Total segment revenue	**457.57**	**1,540.71**	**0.42**	**1,998.70**
Less: Interest expenses	427.50	220.86	0.16	**648.52**
Less: Inter segment interest expenses	-	267.29	0.16	**267.45**
Less: Operating expenses	22.31	593.55	0.06	615.92
Operating Profit	**7.76**	**459.01**	**0.04**	**466.81**
Less: Provisions for non performing assets/others	-	**53.30**	-	**53.30**
Segment results	**7.76**	**405.71**	**0.04**	**413.51**
Less: provisions for tax				**138.26**
Net profit				**275.25**
Other Information				
Segment assets	6,316.75	13,349.77	31.18	19,697.70
Unallocated assets				218.03
Total assets	**6,316.75**	**13,349.77**	**31.18**	**19,915.73**
Segment liabilities*	6,509.43	13,219.79	11.39	19,740.61
Unallocated liabilities				175.12
Total liabilities	**6,509.43**	**13,219.79**	**11.39**	**19,915.73**
Capital Expenditure	-	**272.88**	-	**272.88**
Depreciation	-	**35.77**	-	**35.77**

*Treasury segment liabilities includes share capital and reserve & surplus

ii) Secondary (Geographic Segment) (₹ in crore)

Particulars	Domestic	International	Total
			31 March 2016
Revenue	1,731.25	-	1,731.25
Assets	19,915.73	-	19,915.73

18.11 Related Party disclosure

A) Names of related parties and nature of relationship

Entities	**Nature of relationship**
Bandhan Financial Services Limited (BFSL)	Ultimate Parent Company
Bandhan Financial Holdings Limited	Parent Company
Key Management Personnel	
Mr. Chandra Shekhar Ghosh	Managing Director & Chief Executive Officer
Mr. Indranil Banerjee	Company Secretary
Mr. Sunil Samdani	Chief Financial Officer

Relatives of Key Management Personnel

Nilima Ghosh, Angshuman Ghosh, Suchitra Ghosh, Vaskar Ghosh, Dibakar Ghosh, Nidhi Samdani, Sohan Samdani, Manju Somani, Asha Baheria,Usha Kothari, Saswati Banerjee, Arati Banerjee, Ishaan Banerjee, Mousumi Mukherjee.

B) Transactions and Balances

i) Outstanding as at 31 March 2016 (₹ in crore)

Particulars	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposit	291.67	21.62	0.35	0.33	313.97
Reimbursement of expenses	- (11.46)	- -	- -	- -	- -

ii) Maximum outstanding during the year (₹ in crore)

Particulars	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposit	896.49	42.00	1.07	0.38	939.94

iii) Transactions during the year ended 31 March 2016 (₹ in crore)

Particulars	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Interest expenditure	16.07	1.05	0.01	0.01	17.14
Remuneration	-	-	2.55	0.49	3.04
Acquisition of assets and liabilities from Bandhan Financial Services Limited (Refer note no 18.29)	1233.15	-	-	-	1,233.15
Reimbursement of expenses	37.53	-	-	-	37.53
	(33.29)	-	-	-	(33.29)
Rent	0.01	-	-	-	0.01
	(0.003)	-	-	-	(0.003)
Proceeds from issue of share capital	-	2,068.83	-	-	2,068.83
	-	(501.05)	-	-	(501.05)

Previous year figures are shown in"()".

18.12 The major components of Deferred Tax Assets (DTA) arising out of timing differences are as under :

(₹ in crore)

Particulars	As at 31 March 2016	As at 31 March 2015
Deferred Tax Assets		
Deferred Tax Assets on account of depreciation on fixed assets.	1.61	-
Deferred Tax Assets on account of provisions for loan losses*	42.62	-
Deferred Tax Assets on expenditure charged to the profit & Loss account in the current year but allowed for tax purposes on payment basis	14.57	0.85
Net Deferred Tax Assets	**58.80**	**0.85**

* Includes DTA of Rs. 24.91 crore adjusted through revenue reserves on standard asset provision of Rs.71.98 crore acquired from Bandhan Financial Services Limited.(Refer note no 18.29.)

18.13 Liability for Operating Leases

Premises taken on operating lease are given below: (₹ in crore)

Particulars	As at 31 March 2016	As at 31 March 2015
a) Not later than 1 year	47.03	-
b) Later than 1 year and not later than 5 years	202.28	-
c) Later than 5 years	108.36	-
d) Amount of lease payments recognised in the P&L Account for the year.	44.23	-

18.14 Earnings per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share". "Basic earnings" per share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year.

(₹ in crore)

Particulars	As at 31 March 2016	As at 31 March 2015
a) Number of Equity Shares outstanding at the beginning of the year	50.11	-
b) Number of Equity Shares issued during the year	59.41	50.11
c) Number of Equity Shares outstanding at the end of the year	109.51	50.11
d) Weighted average number of equity shares used in computing basic earnings per share	80.86	50.11
e) Weighted average number of shares used in computing diluted earnings per share	80.86	50.11
f) Net profit	275.25	0.58
g) Basic earnings per share (₹)	3.40	0.01
h) Diluted earnings per share (₹)	3.40	0.01
i) Nominal value per share (₹)	10	10

18.15 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 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. 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.

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.

18.17 Additional Disclosures

A) Floating Provisions

The Bank does not have any floating provision as at 31st March, 2016

B) Draw Down from Reserve

There has been no draw down from reserves during the year ended March 31, 2016.

C) Disclosure of customer complaints

a) Customer Complaints:

Particulars	As at 31 March 2016
i) No. of complaints pending at the beginning of the year	Nil
ii) No. of complaints received during the year	29
iii) No. of complaints redressed during the year	29
iv) No. of complaints pending at the end of the year	Nil

b) Awards passed by the Banking Ombudsman

Particulars	As at 31 March 2016
i) No. of unimplemented Awards at the beginning of the year	Nil
ii) No. of Awards passed by the Banking Ombudsmen during the year	Nil
iii) No. of Awards implemented during the year	Nil
iv) No. of unimplemented Awards at the end of the year	Nil

The above information is as certified by the Management and relied upon by the auditors.

D) Letter of Comfort (LOC's) issued by the Bank

The Bank has not issued any Letter of Comfort (LOC) during the year ended 31 March 2016

E) Provision coverage ratio

The provision coverage ratio of the Bank computed in terms of the RBI guidelines as at 31 March 2016 is 45.46%.

F) Bancassurance Business

The Bank has not engaged in bancassurance business during the year ended 31 March 2016.

G) Concentration of Deposits, Advances Exposures & NPAs

I) Concentration of Deposits (₹ in crore)

Particulars	As at 31 March 2016
i) Total Deposits of twenty largest depositors	3,617.04
ii) Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	29.92%

II) Concentration of Advances (₹ in crore)

Particulars	As at 31 March 2016
i) Total Advances to twenty largest borrowers	70.38
ii) Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	0.57%

III) Concentration of Exposures (₹ in crore)

Particulars	As at 31 March 2016
i) Total Exposure to twenty largest borrowers / customers	70.38
ii) Percentage of Exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	0.57%

IV) Concentration of NPAs (₹ in crore)

Particulars	As at 31 March 2016
Total Exposure to top four NPA accounts	0.08

V) Movement of NPAs (₹ in crore)

Particulars	As at 31 March 2016
Gross NPAs - as on 1 April 2015	-
Additions (Fresh NPAs) during the year	18.77
Sub total (A)	18.77
Less :-	
(i) Upgradations	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	-
(iii) Technical / Prudential Write offs	-
(iv) Write offs other than those under (iii) above	-
Sub total (B)	-
Gross NPAs as on 31 March 2016 (A-B)	**18.77**

VI) Overseas Assets, NPAs and Revenue

The Bank does not have any overseas assets as on March 31, 2016.

VII) Off-balance Sheet SPVs sponsored

The Bank has not sponsored any special purposes vehicle which is required to be consolidated as per accounting norms.

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 31 March, 2016, the NRC comprises of the following directors.

Shri Bhaskar Sen - Chairman
Shri B. Sambamurthy
Shri Snehomoy Bhattacharya
Shri C S Ghosh

The NRC functions with the following main objectives:

(a) 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;

(b) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and decide their 'fit & proper' status;

(c) 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;

(d) To oversee the framing, implementation and review of the Remuneration of the WTDs/MD/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;

(e) 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;

(f) To review and recommend to the Board, the succession policy at the level of Managing Director & CEO, other WTDs, senior management one level below the Board and key roles.

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy

Objectives of the Remuneration Policy

The Compensation Policy reflects the Bank's objectives for good corporate governance as well as sustained and long-term value creation for stakeholders. The aims of the Bank's remuneration framework are to:
i) Attract, motivate and retain people with requisite skill, experience and ability to deliver the Bank's strategy;
ii) Create an alignment and balance between the rewards and risk exposure of shareholders and interests of employees;
iii) Link rewards to creation of long term sustainable shareholder value consistent with strategic goals and appropriate risk management; and
iv) Encourage behavior consistent with the Bank's values and principles.

To achieve the above objectives, the philosophy adopted by the Bank is as follows:
i) Market referenced: offer employees competitive salary, achieved through benchmarking with peer groups.
ii) Making fixed salary the main remuneration component.
iii) Ensure that jobs of similar internal value are grouped and pegged within a range guided by market benchmarked jobs.
iv) Risk factoring: A significant portion of the senior and top management compensation will be variable, of which, for some key roles, part of the variable compensation may be deferred.
v) Focus on 'Total rewards', all aspects of compensation, rewards and well defined benefits, including rewarding work environment and personal development.
vi) The focus will be to ensure that the Bank is competitive in its overall salary offer to its employees without being excessively expensive for the Bank.

The compensation structure for the MD & CEO also mirrors the Bank's philosophy of aligning with the principles of sound compensation practices to ensure:
i) Effective and independent governance of compensation.
ii) Effective alignment of compensation with prudent risk taking.
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 one form of performance -based variable remuneration, viz.,cash bonus. Stock linked instruments and ESOPs, as and when implemented, shall be formulated in accordance with relevant statutory provisions and regulatory guidelines.

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 and 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 focussed only on the achievement of short term goals, variable payout is deferred, if it exceeds 50% of the fixed pay.

The Bank's compensation policy aims to ensure that both ex-ante estimates and ex-post outcomes of risk affect payoffs; so that one or the other, can better address the various situations or risks.

d) Description of ways in which the Bank seeks to link performance, during a performance measurement period with levels of remuneration.

The Bank has a performance measurement framework in place to assess the achievements of the organization as a whole, its business lines and organizational units as well as individual employees. In order to maximise the incentive to deliver adequate performance and to take into account any risks of the business activities, the Bank seeks to closely link remuneration outcomes with performance and risk outcomes. Accordingly, the Bank's performance management and compensation philosophy is designed in a manner to help achieve the Bank's business objectives.

The performance management system in the Bank is aligned to the balanced scorecard approach. The goal setting process helps individuals to have clarity on their roles and align their profiles in line with the broad organization strategy. Both quantitative / financial and qualitative / non-financial performance measures are considered. The qualitative or non-financial measures include customer service, adherence to risk and compliance standards, behavior and values such as accountability, team work, etc., which builds a culture conducive to sustainable business performance.

The performance appraisal process starts with the employee conducting self-appraisal followed by the assessment of the supervisor via appraisal feedback and discussion. For all employees of the Bank, half-yearly appraisal is followed by the annual appraisal. The mid-year feedback process includes feedback on performance and on competencies with an objective of a mid-course review, to help plan and prioritize corrective actions for employees to remain aligned to achievement of their business goals and self-development. The performance appraisal ratings is reviewed/ calibrated by a committee comprising senior leaders.

Individual fixed pay increases and variable remuneration are based on the final performance ratings. In addition, the fixed pay increase is also influenced by an employee's position in the salary range and relevant market salaries. Performance related variable compensation is linked to corporate performance, business performance and individual performance. The performance ratings based bonus distribution matrix is reviewed by the NRC.

Employees engaged in all control functions including Compliance and Risk do not carry business profit targets in their goal sheets and hence are compensated based on their achievement of key result areas as per the balance score card. The aim is to ensure that the remuneration system and outcomes relating to such control functions maintain the independence of the function and Bank's robust risk management framework.

In the case of performance evaluation of the Managing Director and Chief Executive Officer of the Bank, factors such as financial performance measures, cost management initiatives, other strategic initiatives, prudential risk and compliance management, recognition and awards to the Bank, etc., is taken into account, which may vary from year to year depending on the Bank's strategic priorities. Based on the inputs from NRC, the Board reviews the performance and recommends the rate of bonus to be paid, and the increments for the MD & CEO, for regulatory approval in terms of Section 35B of the Banking Regulation Act, 1949 (B.R. Act, 1949).

e) Bank's policy on deferral and vesting of variable remuneration and bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

In terms of RBI guidelines, the Compensation Policy specifically addresses the following categories of employees:

Category I : MD&CEO / Whole Time Directors

Category II : Risk Control and Compliance Staff

Category III: Other Categories of Staff

The following principles are applied for grant and deferral of performance-based variable remuneration for the above categories of employees.

Category I

i) Variable Remuneration will not exceed 70% of annual Fixed Pay.

ii) If the Variable Remuneration exceeds 50% of annual Fixed Pay, 40% of the Variable Remuneration will be deferred over a period of 3 years, on a proportionate basis.

iii) In case the variable remuneration is a mix of cash and stock linked instruments (other than ESOP), a proper balance between cash and share / stock linked instruments will be ensured.

iv) In the event of negative contributions of the Bank, the unvested deferred variable remuneration of the reference year will be held back (malus). In such cases, the vested / paid variable remuneration will also be subject to suitable clawback arrangements.

Category II

i) The mix of Fixed Pay and Variable remuneration will be weighed towards Fixed Pay.

ii) The parameters of assessment will be independent of the performance of the business areas they oversee.

iii) The compensation will be commensurate to their key role in the Bank.

Category III

i) Variable Remuneration will be as per the NRC approved pay-out levels in terms of grade and role matrix.

ii) In case the variable remuneration is a mix of cash and stock linked instruments (other than ESOP), a proper balance between cash and share / stock linked instruments will be ensured.

iii) If the Variable Remuneration exceeds 50% of annual Fixed Pay, 40% of the Variable Remuneration will be deferred over a period of 3 years, on a proportionate basis.

iv) In the event of negative contributions of the relevant line of business, the unvested deferred variable remuneration of the reference year will be held back (malus). In such cases, the vested / paid variable remuneration will also be subject to suitable clawback arrangements.

Negative contribution of the Bank and / or relevant line of business is defined as:

i) If there is reasonable evidence of employee malfeasance and breach of integrity; or

ii) 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.

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. Stock linked instruments and ESOPs, as and when implemented, shall be formulated in accordance with relevant statutory provisions and regulatory guidelines.

Quantitative disclosures :

The quantitative disclosures pertaining to the MD & CEO, employees in the grades of SVPs and above, for the year ended 31 March 2016 are given below:

Particulars	As at 31 March 2016
a) i) Number of meetings held by the Remuneration Committee during the financial year.	8
ii) Remuneration paid to its members (sitting fees)	₹ 2,55,000
b) Number of employees having received a variable remuneration award during the financial year.	N.A
c) Number and total amount of sign on awards made during the financial year.	N.A
d) Details of guaranteed bonus, if any, paid as joining / sign on bonus.	N.A
e) Details of severance pay, in addition to accrued benefits, if any.	N.A
f) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	N.A
g) Total amount of deferred remuneration paid out in the financial year.	N.A
h) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non deferred.	Fixed -₹4.14 Crore Variable - Nil Deferred - Nil Non-Deferred - Nil
i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	N.A.
j) Total amount of reductions during the financial year due to ex post explicit adjustments.	N.A.
k) Total amount of reductions during the financial year due to ex post implicit adjustments.	N.A.

18.19 Disclosure relating to Securitisation

There are no securitisation transactions undertaken by the Bank during the year ended 31 March 2016.

18.20 Credit default swaps

The Bank has not transacted in credit default swaps during the year ended 31 March 2016.

18.21 Intra Group Exposures

The Bank did not have any intra group exposure as at 31 March 2016.

18.22 Investor education and protection fund

During the year, the Bank was not required to transfer any amount to Investor Education and Protection Fund.

18.23 Unhedged Foreign Currency Exposure

The borrower of the Bank does not have any Unhedged Foreign Currency Exposure as at 31 March 2016.

The above information is as certified by the Management and relied upon by the auditors.

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 month-end 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 consisting of Managing Director and certain other Board members. The Committee is responsible for evaluating the overall risks faced by the bank including liquidity risk.

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation template.

BANDHAN BANK LIMITED

Schedule 18 -Notes to accounts forming part of the financial statements for the year ended 31 March 2016

(b) Quantitative Disclosure

(₹ in crore)

Particulars	Average for the quarter ended 30 September 2015		Average for the quarter ended 31 December 2015		Average for the quarter ended 31 Mar 2016	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets						
1) Total High Quality Liquid Assets (HQLA)		380.17		690.37		862.64
Cash Outflows						
2) Retail Deposits and deposits from small business customers, of which:	314.22	31.42	605.80	60.58	1,597.22	159.72
a) Stable deposits	-	-	-	-	-	-
b) Less stable deposits	314.22	31.42	605.80	60.58	1,597.22	159.72
3) Unsecured wholesale funding, of which:	103.30	95.99	452.09	424.83	1,190.19	1,133.38
a) Operational deposits (all counterparties)	-	-	-	-	-	-
b) Non-operational deposits (all counterparties)	103.30	95.99	452.09	424.83	1,190.19	1,133.38
c) Unsecured debt	-	-	-	-	-	-
4) Secured wholesale funding	-	-	-	-	-	-
5) Additional requirements, of which:	-	-	-	-	-	-
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	-	-	-	-	-	-
6) Other contractual funding obligations	524.06	524.06	787.16	787.16	787.94	787.94
7) Other contingent funding obligations	-	-	-	-	0.10	0.00
8) Total Cash outflows	**941.58**	**651.47**	**1,845.05**	**1,272.57**	**3,575.45**	**2,081.04**
Cash Inflows						
9) Secured lending (eg. Reverse repos)	2,052.59	2,052.59	945.27	945.27	1,712.72	1,712.72
10) Inflows from fully performing exposures	565.89	282.94	697.09	348.55	905.85	452.93
11) Other cash inflows	-	-	-	-	-	-
12) Total Cash Inflows	**2,618.48**	**2,335.53**	**1,642.36**	**1,293.82**	**2,618.57**	**2,165.65**
13) Total HQLA		**380.17**		**690.37**		**862.64**
14) Total Net Cash outflow		**162.87**		**318.14**		**520.26**
15) Liquidity Coverage Ratio(%)		**233%**		**217%**		**166%**

Note: The above data represents simple average of monthly observations for the respective quarters.

BANDHAN BANK LIMITED
Notes forming part of the Balance sheet as at 31 March 2016

18.25 Maturity pattern of certain items of assets and liabilities

(₹ in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 month & up to 6 months	Over 6 month & up to 1 year	Over 1 Year & up to 3 years	Over 3 Years & up to 5 years	Over 5 years	Total
Liabilities											
Borrowings			9.09	31.58	374.25	563.82	770.26	1,042.65	100.00	160.00	**3,051.65**
Deposits	25.50	141.99	206.28	61.61	660.45	952.49	5,004.44	4,980.64	32.55	22.80	**12,088.75**
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Total	**25.50**	**141.99**	**215.37**	**93.19**	**1,034.70**	**1,516.31**	**5,774.70**	**6,023.29**	**132.55**	**182.80**	**15,140.40**
Assets											
Advances	67.21	265.21	324.63	298.10	2,781.42	1,697.89	4,814.41	2,183.25	0.49	4.94	**12,437.55**
Investment	1,105.08	24.46	35.53	72.59	172.69	250.83	1,004.94	1,005.05	55.20	31.66	**3,758.03**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Total	**1,172.29**	**289.67**	**360.16**	**370.69**	**2,954.11**	**1,948.72**	**5,819.35**	**3,188.30**	**55.69**	**36.60**	**16,195.58**

Classification of 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.

BANDHAN BANK LIMITED

Notes forming part of the Balance sheet as at 31 March 2016

18.26 Sector-wise advances

(₹ in crore)

Sr. No.	Sector*	Current year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**			
1	Agriculture and allied activities	6,426.79	13.67	0.21%
2	Advances to industries sector eligible as priority sector lending	1,027.86	1.63	0.16%
3	Services	4,788.62	3.19	0.07%
4	Personal loans	25.54	0.07	0.26%
	Sub Total (A)	**12,268.81**	**18.56**	**0.15%**
B	**Non Priority Sector**			
1	Agriculture and allied activities	-	-	-
2	Industry sector	64.70	0.01	0.01%
3	Services	89.78	0.11	0.12%
4	Personal loans	22.79	0.09	0.39%
	Sub Total (B)	**177.27**	**0.21**	**0.12%**
	Total (A+B)	**12,446.08**	**18.77**	**0.15%**

*The classification of advances into sector is based on sector wise industry bank credit return submitted to RBI.

18.27 Details of Inter-Bank Participation Certificate (IBPC) transactions

During the year, the Bank has sold its advances through IBPCs. The details are as follows:

Particulars	**(₹ in crore)**
i) Aggregate value of IBPCs entered during the year	3,200.00
ii) Aggregate consideration received	3,200.00
iii) Aggregate gain recorded during the year ended 31 March 2016	38.60
iv) IBPCs outstanding as at 31 March 2016 (including principal amount of Rs. 639.86 crore collected against the pool sold and not yet due for payment and included under other liabilities)	3,200.00

18.28 The disclosure requirement as stipulated by RBI guidelines for Banking companies have not been furnished for the previous year as the Bank has received the banking licence, during the current year.

18.29 Business Transfer

Pursuant to the approval received from Reserve Bank of India for commencement of banking operations, all assets and liabilities pertaining to the microfinance business of Bandhan Financial Services Limited ("BFSL") were transferred to the Bank on a slump sale basis for a consideration of Rs. 1,233.15 crore. The consideration has been determined as per the Business Transfer Agreement dated 11 February 2015 entered into between the Bank and BFSL. The acquired assets and liabilities were recorded at their existing carrying amount in BFSL in accordance with 'Pooling of Interest Method' guidance provided in AS-14, 'Accounting for Amalgamations'.Rs.16.40 crore being excess of consideration paid by the Bank over net assets acquired have been adjusted with the General Reserve in the books of the Bank.

The summary of assets and liabilities acquired is as follows:

(₹ in crore)

Description	**Amount**
Fixed Assets	4.23
Investments	0.20
Cash and Bank Balances	3,260.36
Other Assets	7,890.47
Total Assets	**11,155.26**
Other Liabilities & Provisions	9,938.51
Net Assets (A)	**1,216.75**
Consideration (B)	**1,233.15**
Excess* (B-A)	**16.40**

* The excess consideration is on account of consideration for fixed assets being paid based on the written down value of fixed assets as per Income Tax Act, 1961.

BANDHAN BANK LIMITED

Notes forming part of the Balance sheet as at 31 March 2016

18.30 Previous year figures have been regrouped/reclassified, wherever necessary, to conform to current year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm Registration Number :- 101049W/E300004

For Bandhan Bank Limited

Sd/-
Per Amit Kabra
Partner
Membership Number : 94533

Sd/-
Dr. A. K. Lahiri
Chairman

Sd/-
Chandra Shekhar Ghosh
Managing Director & CEO

Sd/-
C.M. Dixit
Director

Sd/-
Indranil Banerjee
Company Secretary

Sd/-
Sunil Samdani
Chief Financial Officer

Place : Kolkata
Date : 11 May 2016