

Annual Report 2019-20



**Nurturing
Relationships**



**Driving
Efficiency**



**Creating
Value**

Stories Inside

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Forward-looking Statement

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

About this report

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

To view this report online, please visit: www.bandhanbank.com



In a world that is increasingly connected yet impersonal, Bandhan Bank brings the human touch to banking, extending a helping hand for financial inclusion and economic development. The Bank builds relationships for life with millions of Indians who are most in need of such an uplift. This is achieved through state-of-the-art technology operational efficiency, and doorstep services that fulfil this country's unique requirements. The result is substantial value created for both the Bank and its customers... and, ultimately, for India.



Nurturing Relationships

The Bank engages with its customers through a one to one connect. It strives to become the 'first bank of choice' for all their banking and financial requirements, deepening and strengthening its relationships with customers over the years. With the ultimate aim of last-mile banking, the Bank is taken to the customers, introducing them to the Bank's value-accretive and tech-driven products and services.



Driving Efficiency

Well supported by its hi-touch and hi-tech business model, the Bank has always focussed on strengthening its internal processes, improving services, and optimising capital efficiency. The Bank's in-depth knowledge gained about individual customers through personal interaction helps it to take better credit decisions, drive productivity and increase profitability.

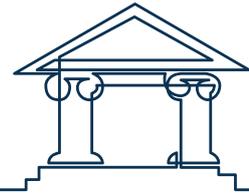


Creating Value

The Bank aims to constantly enhance its value proposition for its stakeholders. The differentiated business model is based on strong liquidity, capital adequacy, asset quality, highly ethical and effective governance. The Bank lives by its mission of creating value through a committed team that fully believes in the Bandhan goal of aiding financial empowerment.

The Bank remains true to its overarching mission of not just creating value for all stakeholders, but also simultaneously delivering consistent value for the nation.

A Young and Modern Bank



Bandhan Bank's core fibre

Bandhan started in 2001 as a not-for-profit enterprise that stood for financial inclusion and women empowerment through sustainable livelihood creation. It turned into a non-banking financial company (NBFC) a few years later. In 2015, the Reserve Bank of India (RBI) gave Bandhan the universal banking licence. On August 23, 2015, Bandhan Bank was born with a bouquet of products for customers in all segments. In all the avatars of Bandhan, the objective has remained reaching out to the unbanked and the under-banked, and providing last-mile banking for all, big or small. The core purpose has graduated from financial inclusion to inclusive banking.

One of India's youngest universal banks

Bandhan Bank is driven by a constant desire to serve its 2.01 crore customers better. It offers world-class banking products and services to urban, semi-urban and rural customers.

Key differentiators

The experienced management, diversified team, and a well-entrenched distribution network, all of which makes the Bank well poised to meet the aspirations of customers and all other stakeholders, are its key differentiators.

The service that your Bank provides to its customers stands out, as it strives every day to nurture every relationship, listening closely to customers, and bringing solutions to them that truly cater to their needs.

Expanding network

The Bank expanded its network to establish 4,559 banking outlets across 34 out of 37 States and Union Territories. This includes 1,018 bank branches, 3,346 banking units and 195 home loan centres.



Vision

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



Mission

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



Values that drive Bandhan Bank

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

CREATE

Cost effective and simple

Respect for all

Exemplary governance

Accountability, professionalism, and discipline

Transparency and integrity

Effective teamwork & commitment

Scaling new benchmarks

Serving the unserved and under-served



Key Highlights

₹57,082 crore

Total Deposits

₹1,28,928 crore

Total Advances and Deposits

64.29%

Share of Microloans in
Total Advances

36.84%

CASA Ratio

3.64%

ROAA

21.07%

ROAE

78.43%

Share of Retail in Total Deposits

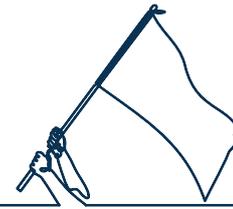
27.43%

Capital Adequacy Ratio

4,559

Banking Outlets

Five Years of The Bank; Nearly Two Decades of Bandhan



2001

- Bandhan started as a society that stood for **financial inclusion and women empowerment** through sustainable livelihood creation.
- Started microfinance operations in rural Bengal.

2006

Bandhan acquired an **NBFC** and established Bandhan Financial Services Private Limited, yet the core objective remained that of financial inclusion.

2009

The microfinance portfolio was transferred from society to NBFC.

2010

Bandhan became the **largest microfinance institution (MFI)** in the country.

2015

- Bandhan Bank started operations as a **universal bank** on August 23.
- It became the first microfinance company in India to get a universal banking licence.
- On the day of the launch, the Bank started with 2,523 banking outlets.

2018

On the day of listing itself, Bandhan Bank emerged as the **8th most valued bank** on the basis of market capitalisation.

2019

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

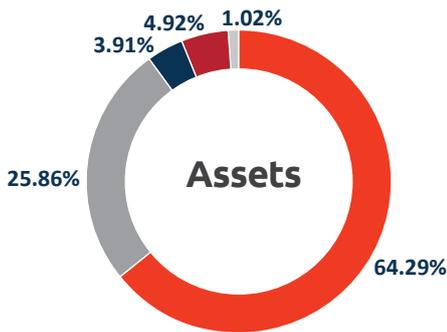
2020

The Bank set up its **1,000th** bank branch and **4,000th** banking outlet.

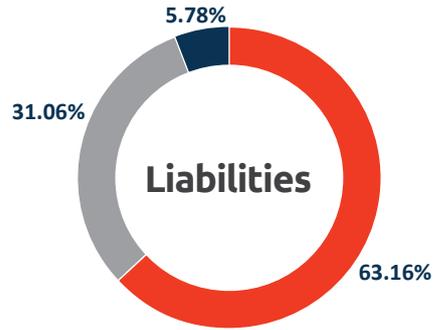
A Consistent Performance Trajectory



Business Mix in FY 2019-20

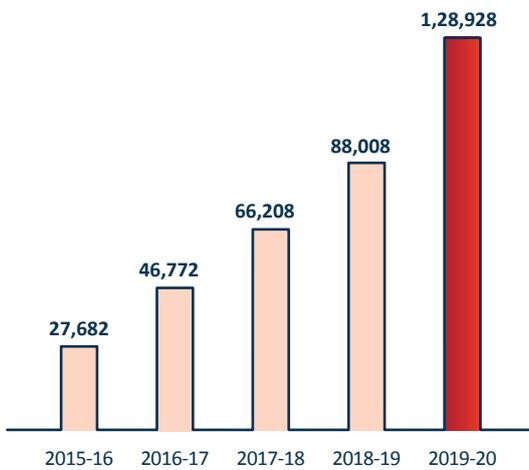


- Microloans
- Mortgage
- SME Loans
- NBFC
- Other Retail Loans

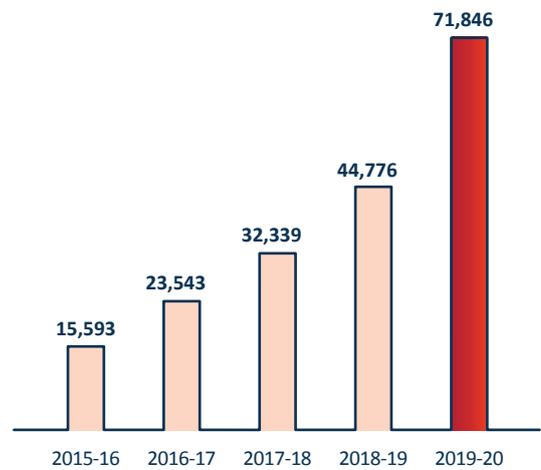


- Term Deposit
- Savings Account
- Current Account

Total Business **CAGR 46.91%** ▲
 (₹ in crore)



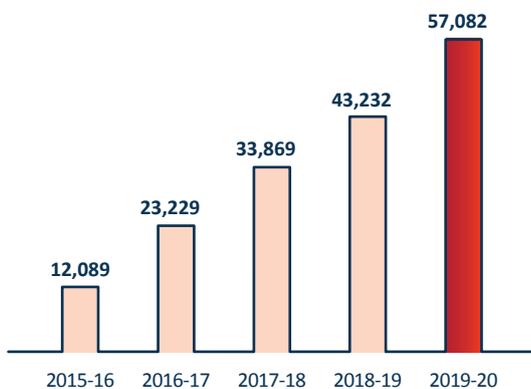
Advances **CAGR 46.51%** ▲
 (₹ in crore)



Deposits

(₹ in crore)

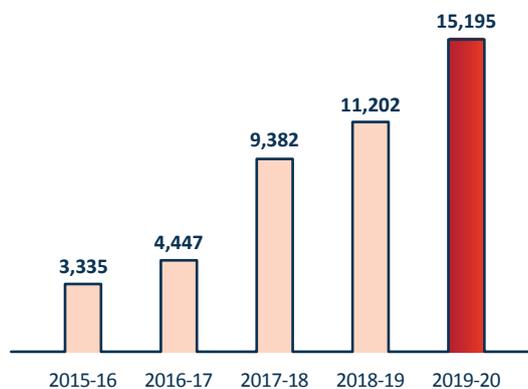
CAGR 47.41% ▲



Net Worth

(₹ in crore)

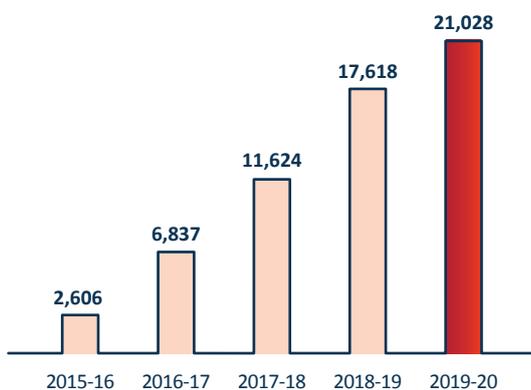
CAGR 46.10% ▲



CASA

(₹ in crore)

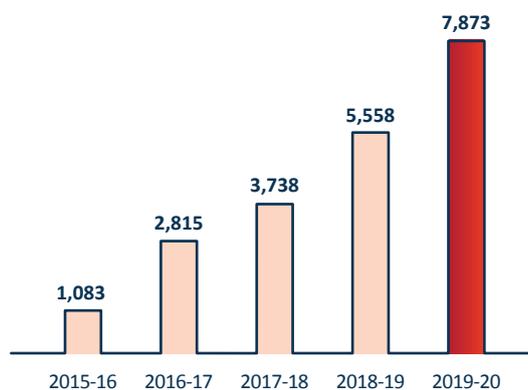
CAGR 68.54% ▲



Total Income

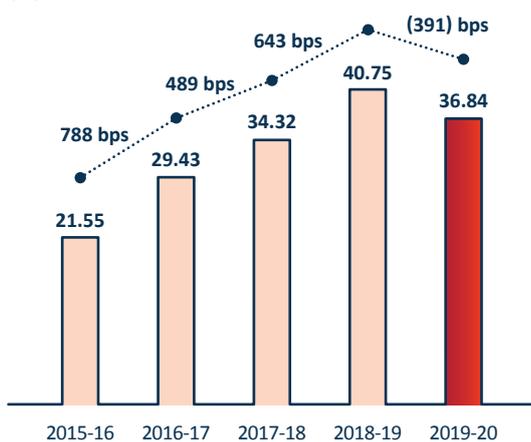
(₹ in crore)

CAGR 64.20% ▲



CASA Ratio

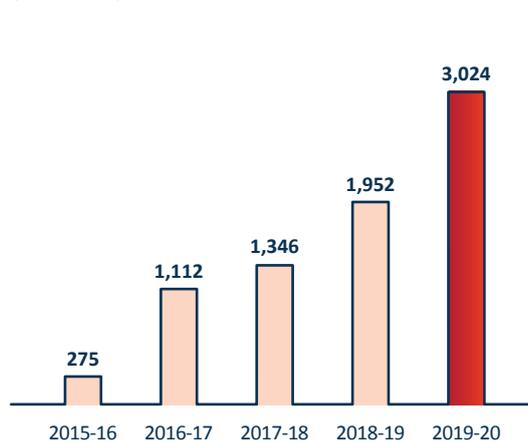
(%)



Profit After Tax

(₹ in crore)

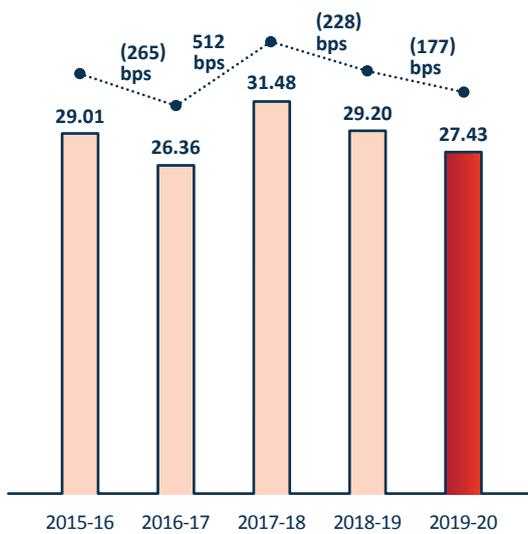
CAGR 82.10% ▲





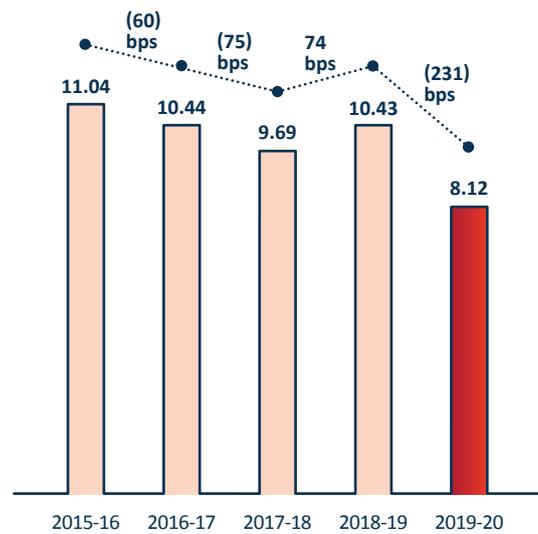
Capital Adequacy Ratio

(%)



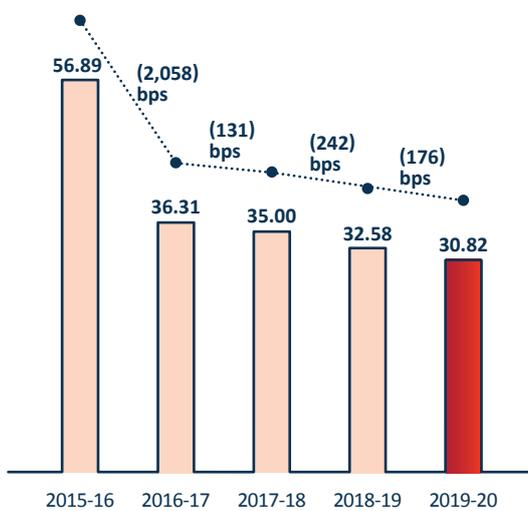
Net Interest Margin

(%)



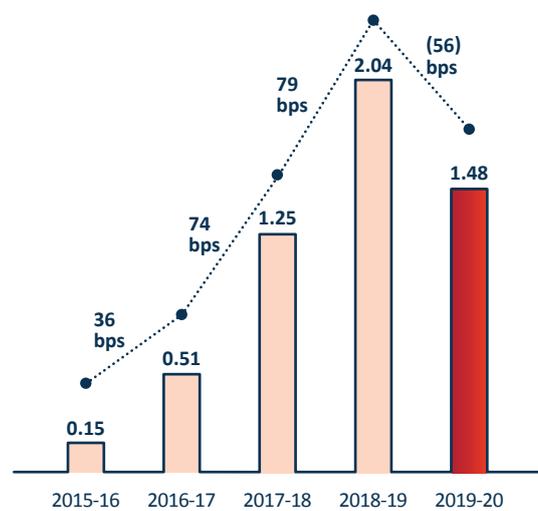
Cost to Income Ratio

(%)



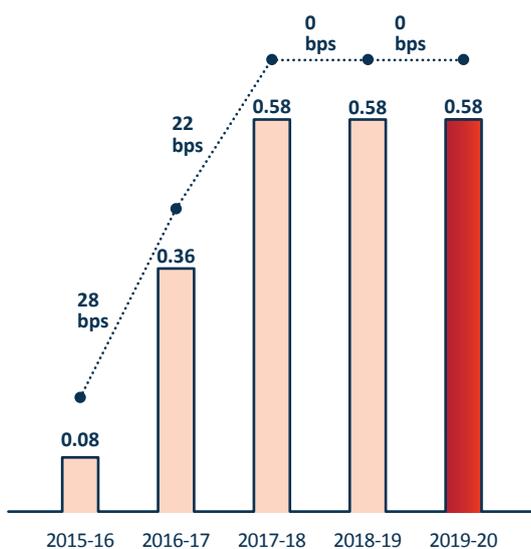
Gross NPA

(%)

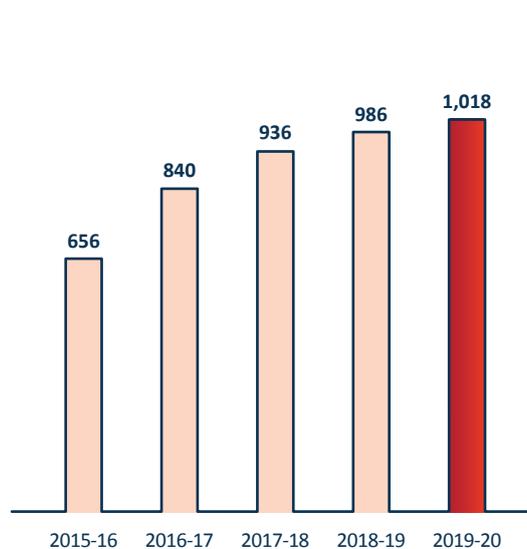


Net NPA

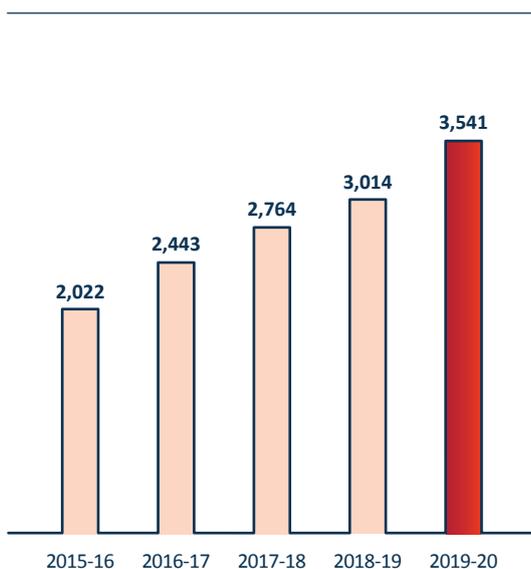
(%)



Branches

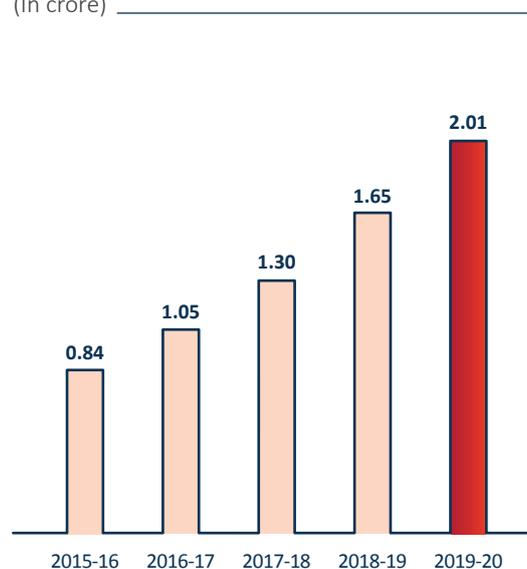
CAGR 11.61% ▲


Banking Units

CAGR 15.04% ▲


Number of Customers

(In crore)

CAGR 24.37% ▲


A Growing Bandhan of Trust



With a large population still excluded from the formal financial ecosystem in India, Bandhan Bank continues expanding across the country, reaching out to the unserved and under-served population. The Bank hand-holds them in their journey from being small credit customers to users of other essential banking services, thus exposing them to the real potential of their money.

Your Bank's name is what it really stands for when it comes to customer approach. The Bank believes in and works towards establishing a strong 'bond' ('bandhan') with its customers. More than 50% of the small credit customers have remained with your Bank for a period ranging from 4 years to 19 years (right since Bandhan's

inception in 2001) and they have had multiple cycles of credit with the Bank, clearly reflecting the trust they have placed in the Bandhan brand and the role the Bank has played in uplifting their lives. From being small credit customers, they are now banking customers, enjoying various products from Bandhan Bank.

With its deep knowledge of customer lifecycles and of their lending and income needs, the Bank analyses, designs, develops and delivers products as per their changing requirements.

Serving the unserved

With 71% of its banking outlets located in rural and semi-urban areas, your Bank is reaching out to the unbanked and under-banked individuals in the hinterlands of India and giving them access to organised finance, in line with its purpose of inclusive banking.

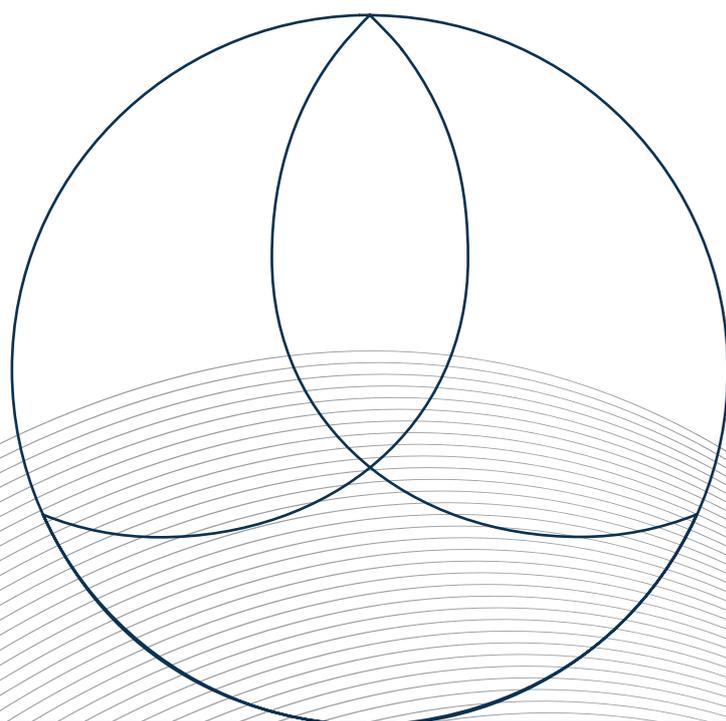
Through liability products, small credit, MSME (micro, small and medium enterprises) loans, affordable housing finance, and third-party products, among others, your Bank meets all its customers' banking requirements, enabling them to access all services under one roof. For example, small credit borrowers gradually migrate to MSME loans to further expand their businesses. They also seek deposit products that help them manage their finances better. In the general lifecycle of such customers, the next step is to seek a housing loan to secure their future and the future of their children. Your Bank is fully equipped to cater to this need, with its strong housing finance vertical.

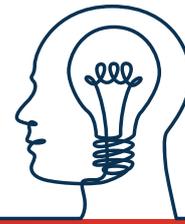
Hand-holding customers

As your Bank focusses on regions with sub-optimal availability of formal financial services, the simplicity of the product offerings is critical. With a wide range of products and services, the Bank hand-holds its customers through their entire lifecycle and builds a strong bond with them. As and when they engage with the Bank, they increase their financial awareness and literacy.

Keeping the customer interest in focus

To empower the microloan customer even further, your Bank reduced the interest rate on microcredit in the year under review by 70 basis points (bps) to 17.95%. Since the commencement of its universal banking operations in 2015, your Bank has reduced its loan rates by 445 basis points – from 22.40% to 17.95%.





Rethinking, Reimagining Banking

Armed with a service-focussed culture, Bandhan Bank's resolve is to increasingly empower its customers.

Five years of Bandhan Bank

While Bandhan Bank is about to reach the five-year milestone as a universal bank, Bandhan as an entity will soon complete 20 years, having started out in 2001; thus, its experience in understanding customers is rich and diverse. In nearly five years of operations as a Bank, it has scaled up rapidly. Today, your Bank is serving across the value chain through its wide range of asset and liability products.



Bringing hi-touch and hi-tech together

It is the accessibility to borrowers through its hi-touch and hi-tech business model that gives your Bank a market edge. While it emphasises on compassionate and hi-touch customer service, it simultaneously focusses on the technology that helps deliver this hi-touch service and also helps customers enjoy self-service options through their mobile phones and computers.



Hi-touch

The microloan customers of Bandhan Bank do not have to come all the way to their banking outlet to pay their instalment or deposit funds. Instead, the Bank meets them at a place close to their residence, so that they save on the time and money needed to visit the branches. The Bank's Relationship Officer of the Banking Unit meets customers on a regular basis, as much as 52 times in a year. This helps the Bank fully understand its customers' needs and enables them meet their goals. Many of the micro banking customers work on a daily running income basis through their business set-up, and meeting the Relationship Officer of the Banking Unit in this manner eliminates the need to be away from work in order to visit a banking outlet.

The banking outlet staff also keeps in constant touch with its customers through telephone calls and in certain cases, also does home visits, particularly for its senior citizen customers.



Hi-tech

By embracing digital transformation, the Bank is able to deliver superior experiences to customers. It leverages digitalisation to evolve to the next level, and gather more information about customers that enables it to take better credit decisions. The Relationship Officer of the Banking Unit carries hand-held devices that have data connectivity and provide basic banking transactions on-the-go. Through these devices, the Relationship Officer of the Banking Unit collects instalment payment and also accept deposits in their savings accounts, both on a real-time basis. They are also able to provide account-related financial information to the customers. Your Bank's robust internet banking and mobile banking services enable customers to bank on the move. Using various channels of communication, the Bank encourages its customers to adopt digital modes to experience faster and more convenient banking.

Building a loyal customer base

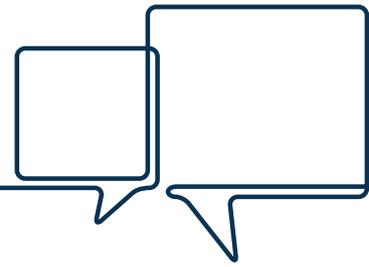
The ability to forge and maintain strong customer relationships has made the Bank a differentiated player today. Deposits are a true indicator of customer trust and as on March 31, 2020, its total deposit base along with term deposits stood at ₹57,082 crore. The Bank is building upon its existing relationships to construct a robust deposit base, with CASA making up 36.8% of the total deposits, and increasing at a healthy rate.

Future focus

The Bank is enhancing its performance across parameters by benchmarking itself against best-in-industry standards. It will continue to focus on growing its book size, while also improving customer experience through hi-tech digital interventions and its hi-touch relationship building. By constant upskilling of its staff, the Bank will ensure better efficiency through the organisation, resulting in increased value creation for all its stakeholders.



Message from the Chairman



For the holistic development of any nation, both economic growth and the overall development of people have to go hand in hand 

Dear Shareholders,

Your Bank is about to turn five. In this brief yet fulfilling journey, the Bank has established itself as a caring and customer-focussed organisation with a comprehensive range of products and services, keenly focussed on customers' needs. Your Bank was established with inclusive banking at its core, and to achieve that, the Bank has made available mainstream financial services to the unbanked and under-banked people of the nation. What has helped the Bank in its stride forward is a deep understanding of its customers, a robust technology, product and service efficiencies, a truly committed and capable workforce, and the core values on which the Bank has been built.

The pre-COVID scenario

In the pre-COVID period, the Indian economy faced strong headwinds with growth numbers dipping for four quarters. Credit growth was also tepid, and the liquidity crunch continued to be experienced over successive quarters. Bandhan Bank, however, remained on its growth trajectory in a measured and calibrated manner. The quality of the asset book has also been praiseworthy.

The COVID-19 effect

The financial year ended with an unprecedented situation. The COVID-19

pandemic, and the countrywide lockdown to limit its transmission, has had an adverse impact on overall economic growth. Domestic consumption and private investment spending have weakened considerably.

India's reaction to COVID-19 pandemic was quick and the measures were stringent. The early and sudden lockdown ensured the primary containment of the pandemic. Given what other countries faced, the lockdown seems to have been the right decision, though it came at a significant cost. The disruption was severe and the impact was felt by many.

The Government of India and the Reserve Bank of India came up with proactive and bold set of policy measures to help people, the industry and the economy. These measures were aimed at supporting a lot of businesses rather than a few large ones alone. A special budget was allocated to support the economy aimed at helping a lot of segments of the population, including those at the bottom of the pyramid. The actions were aimed to bring immediate relief. The benefits of these measures will be available to a large number of industries, including micro, small and medium enterprises. Some of these measures aim to equip the population with tools that can nurture the spirit of entrepreneurship. The Reserve Bank of India has also focussed on avoiding a liquidity crisis in the wake of the lockdown. The lowering of the repo rate to the lowest in a decade and the slashing of the Statutory Liquidity Ratio (SLR) were key steps in that direction. The impact of the policies will be realised gradually in the medium to long term depending on how well they are executed.

The lockdown came as a shock to almost all businesses. However, given the dependence of the smaller enterprises on local supply chains, the disruption in this segment was contained to some extent. With the gradual lifting of the lockdown, they are in a better position to quickly bounce back since the goods and services they produce typically cater to the basic demands of the population they serve, and do not constitute discretionary demand. Also, the local supply chains are better placed to rapidly achieve full functionality than the complex large supply chains.

Other than the immediate impact of the pandemic and lockdown, there have been some developments which seem to be here to stay for a while. For instance, the urban-rural equation has changed. Many workers who had moved to urban centres to earn livelihoods, have returned to their places of origin, and are determined to earn their livelihoods locally from home. In such a scenario, your Bank is in a good position with the significant presence in semi-urban and rural centres, which will enable it to serve the growing local needs. The early efforts of unlocking have surprised us favourably. As we move forward, we will have to learn to

recalibrate ourselves on a regular basis and more often than in the pre-COVID times.

Continuing the Bandhan agenda

Bandhan Bank is committed to its goal of inclusive banking, working towards making formal banking a habit, and taking that habit to the remotest corners of India and different cross-sections of people. This is a bigger responsibility for the Bank now, given the impact of the pandemic we are witnessing.

What works in your Bank's favour during these challenging times is its demonstrated ability to run a full-service value-based bank, with a well-formulated strategy for expanding inclusion, and a culture of compliance and integrity. The social impact that the Bank's operations have had on its customers, has helped create a differentiated positioning of its brand image.

Enabling wealth generation

For the holistic development of any nation, both economic growth and the overall development of people have to go hand in hand. In terms of Gross Domestic Product (GDP), India ranks number 7 in the world, with France and the UK being the countries with an immediately higher ranking than India. However, in terms of the Human Development Index (HDI), we are at number 130 in the world with countries like Namibia and Tajikistan as the ones ranked just above us. Only when we rise both in HDI and GDP, we will be able to really see a prosperous and happy nation.

Using the 'trickle-up' effect, your Bank is helping its customers generate higher incomes, thereby creating wealth where it is needed most. With a belief in community development, the Bank has been able to create millions of entrepreneurs who, in turn, provide employment to others. Even if one job is created by each of the small loan borrowers of your Bank, jobs must have been created for at least one crore

people. The Bank also runs various development programmes in the field of livelihood promotion, education, health, employment generation and financial literacy, which help participants achieve their dreams and goals.

Towards modern banking

Though your Bank is about to complete five years of operations as a universal bank, it still seems like the beginning of the journey. Your Bank is focussed on strengthening the various pillars of business and continues with its key objective of being a Bank for all, thus ensuring progress for all. Your Bank has created a successful business model that is based on varied and value-added product offerings, simple yet robust processes, and a consistent focus on relationship development. Your Bank's long-standing track record and inherent franchise strengths like customer loyalty and hi-touch model are helping it navigate the current environment. Moving ahead, the Bank is confident of continuing along its growth trajectory, driven by the trust that all stakeholders have placed in it and the strong foundation the Bank has built in these five years.

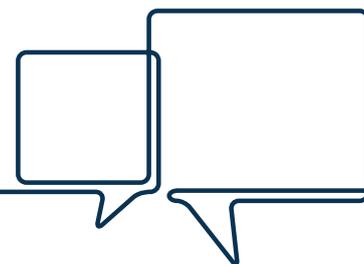
Conclusion

Overall, the Board is pleased with the Bank's performance in FY 2019-20, a period of significant uncertainty in the macro-economic and social environment. There is still much work to be done though, as your Bank continues its tireless efforts to improve returns for its shareholders, delivering better service for its customers, and taking inclusive banking to the next level.

Dr Anup Kumar Sinha

Non-Executive (Independent)
Chairman

Message from the Managing Director & Chief Executive Officer



Technology will be another thrust area and the focus will be on further strengthening back-end technology to provide better front-end support and also create platforms for better customer engagement and experience through self-service platforms 

Dear Shareholders,

The year 2020 will be remembered for reasons more than one. Bandhan Bank turns five this year and this is a reason to cheer. On the other hand, the world is facing an unprecedented crisis in the form of the COVID-19 pandemic. While there is excitement in turning five, there is far more excitement and exuberance about the journey ahead as we contribute towards the rebuilding of our society, economy, and the nation.

The COVID-19 impact

Even as the global economy continued to face turbulence on account of disruptions in trade flows, the onset of COVID-19 was a huge blow. The real economic impact of the pandemic and related lockdown will manifest itself only in the days to come. COVID-19 has severely disrupted lives in many parts of the country, yet, recovery should be quicker given that there hasn't been asset loss unlike in the case of other calamities.

Your Bank ensured unhindered services to customers during the lockdown, while respecting all directives given by the local administration, government, industry bodies, and regulators. The Bank's staff members remained in touch with their customers through phone calls and ensured that there was no disruption in

services being provided to them. The Bank is proud of its staff in customer-facing roles and also at the back office, who ensured that Bandhan Bank customers are not inconvenienced for banking requirements during these already testing times.

As the results reveal, while the Bank was in virtual lockdown in the last couple of weeks of the financial year, which also happens to be the key period of spike in year-end economic activities, your Bank maintained steady business, thanks to the efforts of the bravehearts.

I am happy to share that even in the first quarter of FY 2020-21, when the effects of the lockdown were truly experienced, your Bank has been able to garner growth. In the early days of the end of lockdown in various parts of the country, your

Bank saw encouraging signs of revival of business. What's even more heartening to note is that your Bank was able to grow its deposit book during this period, which is the true indication of the trust and faith that customers repose in your Bank. The entire micro banking asset book was under moratorium for as long as the lockdown was in force. Once the lockdown was lifted, your Bank saw encouraging collection numbers and the trend has an upward curve giving us immense confidence. This is yet another example of the resilient character of your Bank.

FY 2019-20 in brief

The year in review had many highlights. Your Bank opened its 1,000th bank branch. The GRUH Finance merger with the Bank was completed in record time. With this, your Bank now has a fair mix

of secured and unsecured loans. Your Bank also crossed ₹1 lakh crore of total business, while its customer strength crossed the two-crore mark. These are a few of the most prominent ones among the key achievements of the year. What makes these achievements even more special is that your Bank hit these milestones even before completing five years of its operations.

When I look back, there is a sense of satisfaction in what the Bank achieved in the year. FY 2019-20 ended on an uncertain note because of the pandemic, yet, with your Bank's hi-tech backed by hi-touch business model, I am hopeful that it will weather adversities, as it has done in the past.

Performance – financial & business overview

During the year, your Bank maintained a robust traction in key operating metrics and business performance. The asset book grew to ₹71,846 crore, a growth of 60.46% over the previous year. Deposit accretion remained healthy and grew 32.04% to ₹57,082 crore. What was encouraging is the growth rate of deposits by zones. The growth in deposits was 22% in east and north-east put together, whereas it was 51% in the other regions.

The Net Interest Income was ₹6,324 crore, up by 40.69% over the previous year. Operating Profit was ₹5,446 crore, a growth of 45.30%, while Profit After Tax increased 54.96% at ₹3,024 crore from ₹1,952 crore. Your Bank has always had a prudent approach to cost. This helped record a low Cost to Income Ratio of 30.8%, whereas the Operating Expenses Ratio to Average Assets was 2.8%. Your Bank has always maintained a healthy Capital Adequacy Ratio (CAR), which for the period under review was 27.4%, whereas the average CAR for banks in India is approximately 10.88%.

Net NPA remained flat at 0.58%. It is noteworthy that despite the challenges faced by the financial sector as a whole, your Bank was successful in maintaining a low NPA percentage and stable asset quality.

In line with the focus on retail, the ratio of Retail Deposit to Total Deposit in the Bank was 78.4% as against 77.4% in the previous year. The micro banking deposits remained strong and steady even in the last couple of weeks of the financial year when the nation was in lockdown.

Widening presence

Towards the end of February 2020, the RBI lifted the restriction on the Bank for opening of banking outlets. Within a few days of the lifting of the restriction, your Bank opened 125 banking outlets. As on March 31, 2020, the total number of banking outlets stood at 4,559, up from 4,000 in the previous year. This consists of 1,018 branches and 3,346 banking units and 195 home loan centres, as compared with 986 branches and 3,014 banking units as on March 31, 2019.

Having completed the merger of GRUH Finance during the year, your Bank looks forward to augmenting the housing franchise through a well-experienced team, well-tested model, a large distribution network, and a growing customer base. The Bank has already established processes to build synergies among home loan centres, branches and banking units, so that banking services can be availed by the customer from any of the outlets. As the Bank moves ahead with its expansion plans, its primary aim is to bring in branch-level efficiency and optimum space utilisation. With the home loan offerings from the Bank, customers would have the option of moving into the next level – from establishing livelihoods, to improving living standards and now, owning homes – all with the support and partnership of Bandhan Bank.

Challenges faced

The year brought with itself a few challenges for the Bank. Starting end-October 2019, we experienced the Assam microfinance crisis. Due to the vintage and expanse of the presence of brand Bandhan in Assam, it is synonymous with microfinance. A position of strength became a challenge for the Bank as any negative for microfinance was being reflected as a poor show by Bandhan Bank. I am happy to inform you that with the concerted effort of the Assam staff and the leadership in the head office, your Bank was able to withstand the crisis. What also helped in navigating through the crisis was the support the Bank received from policymakers and administration, across levels. The Bank leadership met senior government and administrative officers on a number of occasions to update them about the Bank's steps in combating the crisis and seeking suggestions on the same.

Another challenge, a global one, is the COVID-19 pandemic. The lockdown which started in the second half of March 2020, continued through the first quarter of the financial year. The future of the world in the COVID-19 scenario is uncertain. Yet, if we go by the early signs in the end of Quarter 1 and the beginning of Quarter 2 of FY 2020-21, your Bank should live up to its resilient identity. I remain hopeful of your Bank's customers bouncing back to their businesses soon. Your Bank will be with them in these testing times and will guide them towards a brighter future.

Strategic blueprint

Your Bank has a large customer base, a sharp focus on the retail segment, a wide presence in semi-urban and rural areas, a robust technology back-end and an employee force that is passionate, dedicated and motivated. These facets give your Bank a position of unique advantage for the next spurt of growth. In the next few years, with the expansion of the distribution network, your Bank will aim to diversify and continue to increase its loan book further, and build a dependable and sizeable deposit franchise as well.

Technology will be another thrust area and the focus will be on further strengthening back-end technology to provide better front-end support and also create platforms for better customer engagement and experience through self-service platforms. Human capital will remain an area of emphasis for the Bank as it moves towards the goal of establishing itself as a value-based employer of choice. Continual training and development has been and will continue to be the key to achieving the goals that the Bank has set for itself.

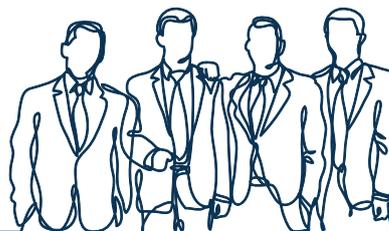
Before I conclude, I wish to thank the Reserve Bank of India, the SEBI and other regulatory authorities, all Board Members, the management team, colleagues and the larger stakeholder fraternity for their continued guidance and support.

Warm regards,

Chandra Shekhar Ghosh

Managing Director & CEO

Board of Directors



Dr Anup Kumar Sinha

Non-Executive (Independent) Chairman

Dr Sinha, an economist of repute, has till recently been the Director of Heritage Business School ('HBS') and currently designated as the Chief Mentor at HBS. He served three terms on the Board of Governors at Indian Institute of Management – Calcutta (IIMC) and was also the Dean from 2003-06. He was a Professor of Economics at IIMC for 25 years. He was also on the Board of the National Bank for Agriculture and Rural Development (NABARD). He has been actively engaged in training and consulting for a number of organisations in the public and private sector, as well as for international agencies in the field of economics. He has also authored publications on various topics including economics, rural economy and management. Dr Sinha holds a Ph.D. in Economics from the University of Southern California, Los Angeles, and M.S. in Economics, University of Rochester, USA.



Mr Chandra Shekhar Ghosh

Managing Director & Chief Executive Officer

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

Mr Ghosh is the immediate Past Chairman, Confederation of Indian Industry (CII), Eastern Region. He has also been the Chairman of CII's Economic Affairs, Finance & Taxation Committee. He Co-Chairs the Financial Inclusion Committee of Federation of Indian Chambers of Commerce and Industry (FICCI). He is the Past President of the Bengal Chamber of Commerce and Industry (BCC&I). Mr Ghosh was elected as 'Senior Ashoka Fellow' in 2007 by Ashoka Foundation (social entrepreneurship award).

An M.Sc. in Statistics, he also attended the HBS-ACCION programme on Strategic Leadership at Harvard Business School in April 2006. He has completed a Certification Programme in IT & Cyber Security conducted by Institute for Development and Research in Banking Technology (IDRBT), established by the Reserve Bank of India.

He has been the Managing Director & CEO of the Bank since July 10, 2015.



Dr Allamraju Subramanyu Ramasastry

Independent Director

Dr Ramasastry is at present the Director of the Institute for Development and Research in Banking Technology (IDRBT). He is also on the Boards of IDBI Intech Limited, Data Security Council of India and Indian Institute of Banking and Finance. He was the Chief General Manager-in-Charge of the Department of Information Technology at RBI, where he spearheaded significant projects including the implementation of the Next Generation RTGS, adoption of XBRL and ISO 20022, and preparation of IT Vision of RBI for 2011-17.

He guided Bank of Mauritius, Bank of Malaysia and Bank of Uganda on implementation of Data Warehouse and XBRL. At the International Monetary Fund and Bank of International Settlements, he delivered talks on standards and technology for data reporting. He has authored two books titled 'Quantitative Methods for Valuation of Assets' and 'Quantitative Methods for Banking and Finance'. He holds a Ph.D. in Finance from IIT, Madras, and was a top ranker in M.Sc. (Statistics), Madras University. He also attended Advanced Management Programmes at the University of Oxford and Kellogg School of Management.

He is the Chairman of the IT Strategy Committee of the Bank.



Mr Bhaskar Sen

Independent Director

Mr Sen retired as the Chairman and Managing Director (CMD) of United Bank of India. During his tenure as CMD, United Bank of India got listed and went through a major transition, particularly in the areas of systems, processes, corporate governance, financial inclusion, etc. He also served as the Executive Director of Dena Bank where he took major initiatives in IT and put the Bank on a robust CBS platform.

He started his career as Probationary Officer with Union Bank of India in the year 1974 and went on to become the General Manager. During his stint there, he handled general banking, rural banking, treasury functions and overseas expansion. He was also on the Board of FIMMDA, National Insurance Company Limited, Industrial Investment Board of India (as CMD) and West Bengal Financial Corporation. He was also the Deputy Chairman of Indian Banks' Association (IBA), Mumbai. Mr Sen is an honours graduate from University of Calcutta and a CAIB.

He is the Chairman of Corporate Social Responsibility Committee of the Bank.

Mr Chintaman Mahadeo Dixit

Independent Director



Mr Dixit is a Senior Partner at GD Apte & Co., Chartered Accountants, and has over 39 years of professional experience in the finance and accountancy sector. He is on the Boards of SBI Pension Funds Private Limited, GDA Management Consulting Private Limited and SBI DFHI Limited. He has been associated in the audits of large public sector undertakings, public and private limited companies, nationalised and scheduled banks, NBFCs, Life Insurance Corporation of India, and co-operative banks. He rendered consultancy services to public sector banks in the areas of turnaround strategies, restructuring, takeover, investigation among others. He was on the Boards of Dena Bank, Indian Bank, Hindustan Antibiotics Limited and Stock Holding Corporation of India.

He has been the Chairman of Audit Committee and Nomination & Remuneration Committee of the Bank. Mr Dixit retired on July 08, 2020 on completion of his second term as an Independent Director of the Bank.

Mr Harun Rasid Khan

Independent Director



Mr Khan is currently a Senior Adviser (part-time) with KPMG India, Non-Executive Chairman of NSE Clearing Limited and Nominee Director of the Asian Development Bank on the Board of India Mortgage Guarantee Corporation Private Limited. He retired as the senior Deputy Governor of the Reserve Bank of India (RBI) in July 2016, after nearly 38 years of service. He has been the nominee Director of RBI on the Board of several Indian banks. He is also the Chairman of the Steering Committee on the Code for Responsible Lending (CRL) set up by MFIL and Sa-Dhan.

At the RBI, he handled diverse areas and spearheaded major projects relating to financial markets, payment and settlement systems, financial inclusion, foreign exchange management and, banking regulation and supervision. He was instrumental in the formulation of the Payment System Vision 2015-2018 of the RBI. He has overseen some of the major projects of the RBI like establishment of CCIL, Core Banking Solutions, revamping of NEFT, Payment system initiatives like new generation RTGS, introduction of UPI for retail payment, etc. He is an M.Phil. from Jawaharlal Nehru University and a PGDM graduate from the Narsee Monjee Institute of Management Studies.

Dr Holger Dirk Michaelis

Nominee Director (Caladium Investment Pte. Ltd)



Dr Michaelis is currently a Senior Vice-President of GIC Private Limited, overseeing GIC's direct investments into financial sector companies globally. He has significant experience in the financial sector and in private equity. He has worked extensively as a strategic adviser as well as member of financial services companies. Previously, he was a Partner and Managing Director at the Boston Consulting Group, where he worked in Germany and China. Dr Michaelis pursued his post-graduation in Business Administration (Finance) from UT Austin, USA, and holds a doctorate degree in Economics from WHU Koblenz, Germany.

Mr N V P Tendulkar

Additional Director (Independent)



Mr Tendulkar is a qualified Chartered Accountant and Company Secretary. He has more than 37 years of experience in Finance, General Management & Operations in IT, Telecom, Manufacturing industries with American & European based multinational organisations.

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

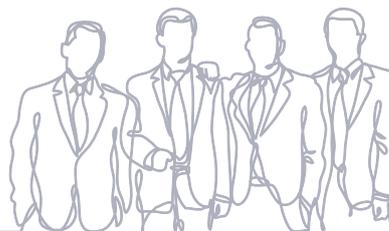
Mr Tendulkar is the Chairman of Stakeholders Relationship Committee of the Bank.

Mr Ranodeb Roy

Non-Executive Non-Independent Director



Mr Roy is the founder of RV Capital Management Private Limited and is currently the CEO of its asset management company based in Singapore. He started his career with Bank of America in 1992 in Mumbai. He has worked at Merrill Lynch and at Morgan Stanley as a Managing Director in the Fixed Income Division. He holds an M.B.A. from IIM, Ahmedabad, with a major in Finance and Marketing, and a B.Tech. in Computer Science & Engineering from IIT, Kanpur.



Mr Santanu Mukherjee

Independent Director

Mr Mukherjee is the former Managing Director of the State Bank of Hyderabad. He has around four decades of experience in the fields of banking, finance and risk management in various capacities. From 2013 to mid-2014, he was the acting Chief General Manager of the State Bank of Bikaner and Jaipur. He has also worked as the CEO of the State Bank of India, Paris, from 2004 to 2008. Currently, he is on the Board of companies including Donear Industries Limited, Muthoot Housing Finance Company Limited, Suven Life Sciences Limited, Sumedha Fiscal Services Limited, etc. He is also on the Board of Governors of the Institute of Management and Technology, Hyderabad. He holds a B.Sc. (Hons.) from Presidency College and is a CAIIB.

He is the Chairman of the Risk Management Committee of the Bank.



Mr Sisir Kumar Chakrabarti

Independent Director

Mr Chakrabarti is currently the Independent Director on the Boards of Merino Industries Ltd. and Merino Panel Products Ltd. He retired as the Deputy Managing Director of Axis Bank in 2011 after serving the Bank in various capacities at several locations for 17 years. Before joining Axis Bank, he started his career as an Officer with the State Bank of Bikaner and Jaipur and worked for 21 years. He was also a member of the Committee of Directors of Axis Bank and Chairman of the Audit Committee of Executives. He was the Chairman of Axis Sales & Securities Ltd. and Nominee Director of Experian Credit Information Services Ltd. and Busan Auto Finance Ltd. He is a graduate with honours in English Literature and a CAIIB.

He is the Chairman of Special Committee for Monitoring High Value Frauds.



Mr Snehomoy Bhattacharya

Independent Director

Mr Bhattacharya has 36 years of experience in the banking industry. He began his career as a Probationary Officer with State Bank of Bikaner and Jaipur (since merged with State Bank of India), worked in various roles and held the position of Chief Manager, International Banking before moving to Axis Bank as an Asst. General Manager. In Axis Bank, he was the Head of Human Resources for 9 years and thereafter its Executive Director (Corporate Affairs). As an Executive Director, he oversaw the functioning of the Human Resources, Internal Audit, Compliance, Legal, Corporate Communications and Corporate Infrastructure departments. He was also the bank's nominee director on the Board of Axis Private Equity Limited. Post his retirement, he worked as Advisor to Axis Bank on Leadership Development and Talent Management.

Mr Bhattacharya is the Chairman of the Nomination and Remuneration Committee and Customer Service Committee of the Bank.



Ms Thekedathumadam Subramani Raji Gain

Independent Director

Ms Gain currently is the CGM and State in Charge of Madhya Pradesh of National Bank for Agriculture and Rural Development (NABARD) and till very recently, she was an Executive Director at Bankers Institute of Rural Development (BIRD). She has worked in various capacities in NABARD, where she was involved in capacity-building and conducted programmes on organisational and institutional development, microfinance, self-help groups, gender and participatory management. She is a postgraduate in Agricultural Physics from Indian Agricultural Research Institute, New Delhi.



Mr Vijay N Bhatt

Additional Director (Independent)

Mr Vijay N Bhat is a qualified Chartered Accountant and Bachelors in Law (Gen). He has 35 years of experience in large, medium and small Indian and multinational businesses. Being in the profession of auditing, he is adept at understanding business environment, business risks, controls, accounting and financial reporting issues relevant to business operations in India.

He was with KMPG for over 10 years as a Senior Independent Director, with E&Y for two years and with R S M & Co. Chartered Accountant for 19 years and few months with Lovelock Lewis. He has been a member of various committees of the Institute of Chartered Accountants of India like Accounting Standard Board, Audit Standard Board, Information Technology Committee, Financial Reporting Review Group, Professional Development Committee of WIRC. Currently, he is on the Board of Qontrac Prints Private Limited.

Mr Bhatt is the Chairman of Audit Committee of the Bank.



Management Team

Sudhin Choksey

Head - Housing Finance

Deepankar Bose

Head - Corporate Centre

Sanjeev Naryani

Head - Business

Santanu Banerjee

Head - Human Resources

Sunil Samdani

Chief Financial Officer

Biswajit Das

Chief Risk Officer

Siddhartha Sanyal

Chief Economist and Head - Research

Nand Kumar Singh

Head - Banking Operations and Customer Services

Ronti Kar

Chief Information Officer

Srinivasan Balachander

Chief Compliance Officer

Sujoy Roy

Head - Branch Banking

Subhro Kumar Gupta

Chief Audit Executive
Retired on May 31, 2020

Ravi Lahoti

Chief Audit Executive
w.e.f. June 1, 2020

Arvind Kanagasabai

Head - Treasury

Ronendra Choudhury

Head - Micro banking

Saurabh Jain

Head - Commercial Banking

Indranil Banerjee

Company Secretary



Extending Pan-India Reach



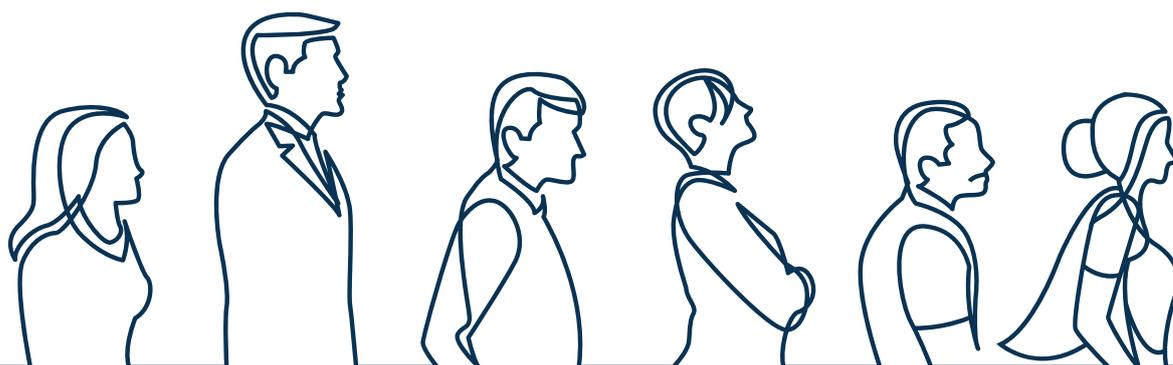
The Bank has grown its pan-India presence in 34 States and Union Territories. The total banking outlets today stand at 4,559, comprising a network of 1,018 branches, 3,346 banking units and 195 home loan service centres. A key milestone of the year has been the opening of Bandhan Bank's 1,000th branch.

Ever since the launch of the Bank, it has been expanding its presence beyond the home turf. Today, the Bank has 40% of its presence outside of east and north-east parts of the country. Notably, the growth in deposits in these regions has been much faster than the east and north east. While your Bank is based out of Kolkata, it truly is a pan-India Bank.

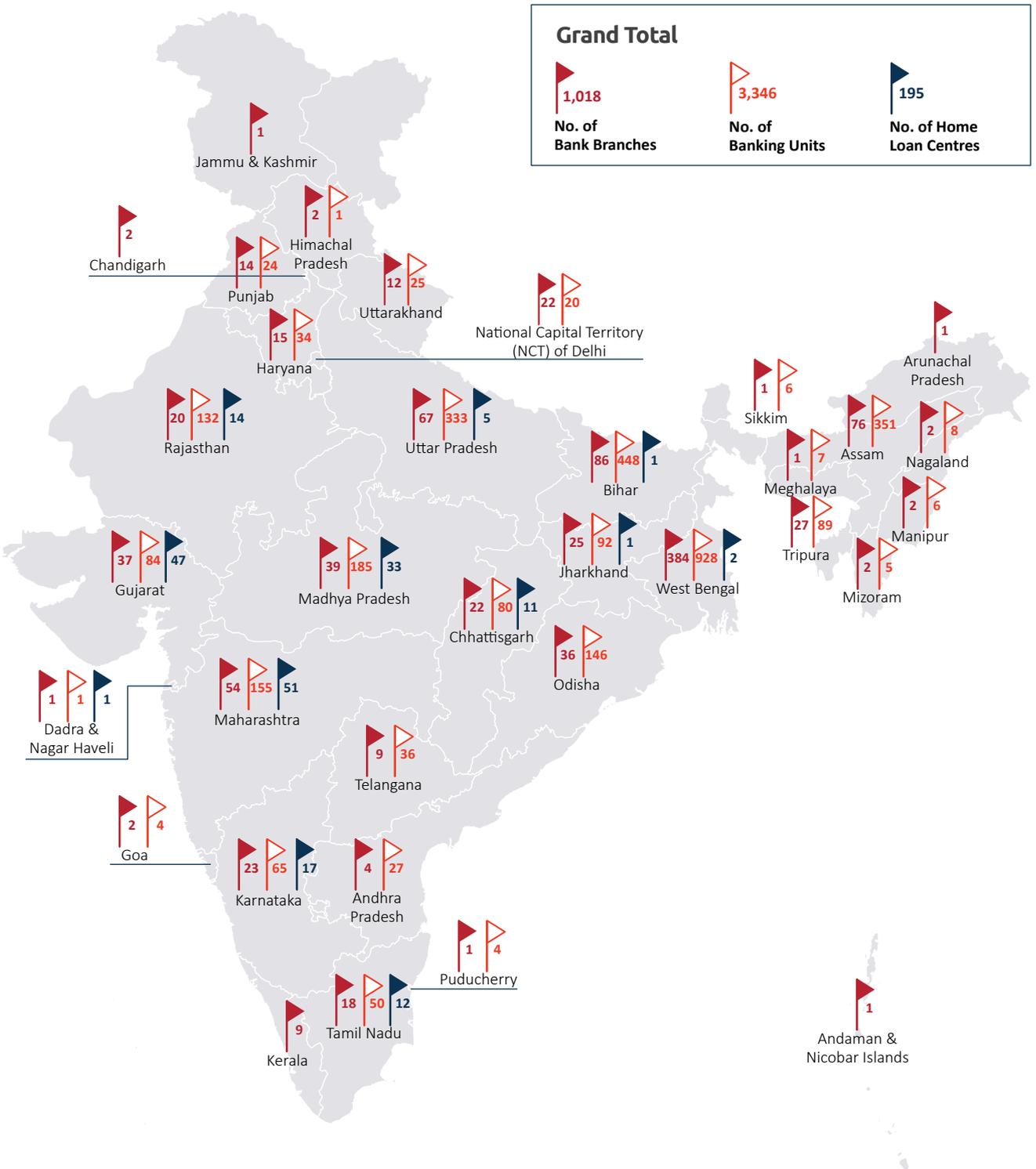
After the RBI lifted restrictions on the opening of new branches during the year, the Bank opened 125 banking outlets across 15 states. These outlets will enable the Bank to further the cause of inclusive banking and drive economic development.

Growing customer base

Customer acquisition continues to remain healthy. The Bank added 36 lakh customers during the year, taking the total customer base to 2.01 crore by March 31, 2020. On an average, nearly 3 lakh new customers were added every month. Your Bank, as a strategy, is focussed on the retail segment. The share of retail deposits to total deposits rose to a high of 76.2%.



Bandhan Bank's Presence



A Wide Spectrum of Offerings



The Bank provides a comprehensive, uniquely designed and growing product portfolio with attractive features and new offerings. The wide spectrum of asset and liability products and services are designed for the customers in metro, urban, semi-urban and rural India.

RETAIL LIABILITY PRODUCTS

Savings Account

a. Elite Savings Account

This account is specially designed for mass affluent segments and offers eligible premium customers preferential banking services, higher insurance cover, and a host of special offers on shopping, dining, travel, online payments etc. The accounts are offered at an average monthly balance of ₹5 lakh in Savings Account or a Fixed Deposit relationship of ₹25 lakh or a Total Relationship Value (TRV) of ₹15 lakh (with minimum ₹2 lakh balance in Savings Account and the rest in Fixed Deposit).

b. Premium Savings Account

This account is offered at a Monthly Average Balance (MAB) of ₹1 lakh. It offers hassle-free banking with seamless banking privileges and complimentary premium services to the customers.

c. Advantage Savings Account

At ₹25,000 MAB, this account offers exclusive banking benefits and unique services, including access to a higher rate of interest and higher transaction limits.

d. Standard Savings Account

This account offers a superior banking experience with minimum monthly balance requirements, meeting higher quality banking needs.

e. Special Savings Account

This is a carefully crafted banking product for the differently abled with diverse needs. Being sensitive to their needs, the Bank offers higher benefits with lower MAB maintenance facilities.

f. Sanchay Savings Account

This account allows improved access to money and enables easy tracking of account activity. The Bank offers complete doorstep services to Sanchay customers.

g. TASC Savings Account

Designed to support non-profit entities, the SB-TASC (Trust, Association, Society and Club) is a savings account for all the above-mentioned entities and also NGOs, hospitals, educational and research institutes and other entities eligible for a Savings Account as per the RBI Guidelines.

h. GOS Savings Account

This account is available to government departments/bodies/agencies for grants/subsidies released for the implementation of various programmes and schemes, sponsored by the Government of India/State Governments, as per RBI Guidelines.

i. BSBDA Savings Account

The product promotes financial inclusion, targeting the unbanked segments of society that have limited or no access to banking services in any form.

j. BSBDA Small Savings Account

Designed to enable the common man to open and maintain a bank account, the zero balance BSBDA Small-Basic Savings Bank Account can be opened with minimum documentation.

Savings Accounts: Key Benefits

6%* interest on balances above ₹1 lakh

Exclusive banking services and lifestyle privileges for Elite and Premium Savings Accounts

Higher transaction limit at branches and through Debit Card

Mobile and Internet Banking services for ease of tracking transactions and services

NIL penal charges on non-maintenance of Monthly Average Balance

*Daily Balance above ₹1 lakh to ₹10 crore – 6%,
Daily Balance above ₹10 crore to ₹50 crore – 6.55%,
Daily Balance above ₹50 crore – 7.15%

NRI Accounts

These accounts are packed with exciting features and benefits. They also offer flexibility to earn attractive returns on savings and fixed deposits. Customers can remit money to their NRI account seamlessly through Remit2India or SWIFT from overseas with competitive conversion rates.

NRI Accounts: Key Benefits

Secure channel for fund transfer

Direct credit to your Bandhan Bank account

Convenient channel for creating Foreign Currency Non-Resident (FCNR) deposits

Inward remittances allowed in USD, GBP, and EUR

Secured and Seamless remittance through Remit2India

Corporate Salary Account

The Bandhan Bank Corporate Salary offering is designed to provide a range of banking solutions that offers customers instant access of banking solutions through internet and mobile banking and exciting offers and discounts on Bandhan Bank ATM/Debit card. For employers, the Bank offers speedy and efficient salary disbursement through Corporate Internet Banking using bulk upload facility, NEFT/RTGS etc.

Salary Account: Key Benefits

Higher transaction limit at other bank ATMs

Daily ATM cash withdrawal and shopping Account Number Portability

Anywhere, Anytime Banking using the Bank's Internet and Mobile Banking platforms

Current Account

- Biz Premium Current Account**
The Biz Premium Current Account allows you to enjoy a host of privileges with MAB requirement of ₹1 lakh.
- Biz Advantage Current Account**
This account provides improved services with MAB of ₹25,000, along with several enhanced benefits that help customers manage and grow their money with ease.
- Biz Standard Current Account**
This account offers best-in-class value to customers with MAB of ₹5,000. Best suited for small business owners who require seamless and simple banking services to grow their business and money.
- TASC Current Account**
TASC (Trusts, Associations, Society and Clubs) Current Account offers secure banking solutions to institutions, non-profit organisations, NGOs, trusts, associations, societies, clubs, hospitals and educational institutions. With MAB of ₹25,000, customers can enjoy complete banking solutions.
- GOS Current Account**
This account is a premium high-end current account aimed at handling the banking and transactional needs of government organisations. Carefully crafted to deliver a wide array of solutions.

Current Accounts: Key Benefits

Internet Banking

Anywhere free banking and higher cash deposits

Higher limit for other bank ATM withdrawals

Higher transaction limits

At-par cheque facilities in multiple cities

EDC-PoS Terminals

The Bank's merchant acquiring business was set up to increase penetration of point-of-sale terminals in smaller but cash-intensive towns and villages. The aim is to promote a less-cash economy, aligning with the needs of the government's digital economy goals.

Fixed Deposits

- Premium Fixed Deposit**
This deposit helps grow customers' money with added advantages and differential interest rates for high value deposits. Offers a minimum ₹2 crore deposit facility for select customers, for tenures ranging from 7 days to 10 years. Includes a range of privileged benefits, flexibility, and ease of account closure.
- Advantage Fixed Deposit**
With this reinvestment plan, one can earn interest that is compounded quarterly and reinvested with the principal amount.
- Standard Fixed Deposit**
The traditional fixed deposit has monthly and quarterly interest pay-out
- Tax Saver Fixed Deposit**
This deposit offers tax saving investment options under Section 80C of the IT Act, with minimum deposit of ₹1,000 and maximum of ₹1.5 lakh in a year. Helps save hard-earned income, with benefits and convenience of maximising wealth.
- Recurring Deposits**
A steady income option that can be operated singly or jointly and can be opened with a minimum instalment of ₹100, with tenures ranging from 6 months to 10 years.

Dhan Samridhhi

(Cash Certificate Scheme)

This helps in monetary growth by earning interest that is compounded quarterly and reinvested with principal amount. Maturity period ranges from 6 months to 10 years. Boosts income generation by helping meet future financial goals.

Fixed Deposit: Key Benefits

Automatic renewal feature for deposits with less than ₹2 crore of face value

Differential rates of interest for high-value deposits

Premature withdrawal option

Overdraft facilities offered against fixed deposits

ASSET PRODUCTS

Microloans

Your Bank offers a wide array of loans to benefit small business owners in need of financial assistance. These loans help grow additional income generation avenues and offer enhanced opportunity to women entrepreneurs to achieve their business goals.

Individual Business Loans

These loans are sanctioned to cater to the needs of micro entrepreneurs with established individual businesses.

Micro Home Loans

These loans are offered to micro banking customers for repair and construction of own house.

Retail Assets

Retail customers can opt for various loans like Personal Loan, Two Wheeler Loan, Home Loan and Gold Loan.

Home Loans include loans for acquisition and construction of new residential property, renovation of existing residential property and loan against property.

Gold Loan aims at fulfilling urgent and quick monetary needs with ease of access, simplified documentation process and quick turnaround time.

Agricultural Loans

Farmers can avail funding in the form of crop loans for cultivation, agriculture infrastructure creation, repair and maintenance, and consumption needs. The Bank offerings benefit the farmers with attractive interest rates, prompt service through dedicated Relationship Managers, and customised product solutions.

Small Enterprise Loans

Small businesses regularly need support in the form of funding for the short-to-medium term. Through the Bank's small enterprise loan offering, borrowers can avail unsecured loans up to ₹10 lakh at competitive interest rates.

SME Loans

The Small and Medium Enterprises need various means of finance for day-to-day operations and business expansion. Bandhan Bank offers an array of products to MSMEs for their working capital management, capital expenditure, and non-fund-based activities. These loans can be availed from the Bank's designated branches with the help of dedicated Relationship Managers. Your Bank is committed to serving these MSMEs in the best possible way to fuel their business growth.



THIRD-PARTY PRODUCTS

The Bank's strategy is focussed on leveraging its branch network, digital channels, partnerships and presence in various ecosystems to expand its customer base. In addition to the savings, investment and credit products to the customers, the Bank also cross-sells a comprehensive suite of products and services to customers, which is a key element of the Bank's strategy. The Bank seeks to adopt a "Right for Customers" approach for its policy on cross-selling Third Party Products. The Bank therefore assesses the customer's requirements and risk appetite before offering a product to the customer. In sync with the philosophy of financial inclusion, the Bank is committed to provide low cost and affordable insurance solutions to customers even at the bottom of the pyramid.

The strategy of the Bank is to provide a one-stop financial and investment solutions to all its customers.

Non-Life Insurance

Being prepared for eventualities ensures that savings do not get eroded while providing for unforeseen circumstances.

Events like hospitalisations, burglary at home or office, car thefts, natural disasters etc. can actually dent the savings of a person. To take care of the same, the Bank is presently offering Motor Insurance, Health Insurance, Fire and Allied Perils Insurance, Personal Accident Insurance, Home Insurance and Insurance for Critical Illness to its customers on a non-risk participation basis. Presently, the Bank acts as a Corporate agent of The New India Assurance Company Ltd. and Bajaj Allianz General Insurance Company Limited for distributing General Insurance products that are designed to fit into every need, every situation and every pocket.

Besides the Bank also acts as a Corporate Agent for HDFC Ergo Health Insurance Company Ltd. for distributing Health Insurance Products. Presently, the Bank distributes Group Assurance Health Plan (GAHP), an indemnity health insurance

product through all its branches on a non-risk participation basis. The Bank is presently leveraging data analytics and past customer experiences in purchasing the health insurance product to help its customers choose the product. The ever-evolving technology is also utilised by the Bank for offering policies across the counter wherever possible.

Life Insurance

Life insurance is a fixed payment made to the insurance companies at periodic intervals decided at the time of taking the policy. Life Insurance Policy is necessary for the financial well-being of the loved ones, in case of one's absence. It not only covers life, but also provides long-term savings, ensures planning for periodic life goals and also acts as an option for tax-savings.

Keeping this into account, the Bank has introduced several Life Insurance products across various segments of customers. The Bank presently acts as a Corporate Agent of Bajaj Allianz Life Insurance Co Ltd., HDFC Life Insurance Company Ltd and Kotak Mahindra Life Insurance Company Ltd. for providing a range of products on protection, savings and loan cover. The underwriting is done by the respective Insurance companies. Purchase of any insurance product by the customer is purely on a voluntary basis and is not linked to availment of any other facility from the Bank.

The Bank at present leverages technology-enabled platform to provide a hassle-free journey of insurance purchase for customers.

Bank increased the number of Composite Specified Persons during FY 2019-20 for augmenting Bancassurance business. Number of Composite Specified Persons posted in branches as on March 31, 2019 was 728 which increased to 977 in March 2020.



Mutual Funds

Mutual Funds provide benefits of flexibility of investments, they induce a discipline in investing and some of them also offer tax benefits.

The Bank helps its customers in risk profiling to determine the risk appetite, before offering the investment options through the Mutual Fund option.

The Bank offers a range of equity, hybrid and debt mutual fund products to its customers through select branches. The Bank is currently partnering with HDFC Mutual Fund, ICICI Prudential Mutual Fund, UTI Mutual Fund, Nippon India Mutual Fund, SBI Mutual Fund, Aditya Birla Sunlife Mutual Fund, Kotak Mutual Fund and Axis Mutual Fund to offer 29 (twenty-nine) schemes to the customers.

Bank increased the number of NISM certified staff members, essential for distribution of Mutual Funds through branches, from 460 as on March 31, 2019 to 534 in March 31, 2020.

Credit Cards

In order to enhance the capability of the Bank in offering new products, services and innovations, the co-branded credit card was launched with Standard Chartered Bank. The Bank at present offers three variants of cards to the customers:

- Bandhan Bank "One" Credit Card
- Bandhan Bank "Plus" Credit Card and
- Bandhan Bank "Xclusive" Credit Card

Reward points, fuel surcharge waiver and spend based higher reward points and benefits are the key features of the credit cards product.

The Bank utilises data analytics to provide a pre-approved card to the customers. The technology platform has been synchronised with the partner Bank to offer a seamless platform to the branches for card issuance.



DIGITAL BANKING

One of the primary strategies of the Bank is to offer digital solutions based on robust technological platforms to drive growth and reduce the cost of servicing the customer. The Bank's ability to undertake banking transactions through digital channels is an important key to its growth and success.

Mobile Banking (mBandhan App)

mBandhan is the mobile banking application of the Bank, designed to meet the daily banking needs of its customers. The user interface of mBandhan is extremely simple, making it easy for even non-tech-savvy customers to use mobile banking. Through this app, customers can access and manage their account 24X7 on their respective smartphones. They can check their account balance, make fund transfers, request a cheque book, open a fixed deposit, block a debit card, and do much more.

Internet Banking

The Bank offers feature-rich internet banking services to its customers to help them meet their regular banking needs. Some of the services on internet banking are inter-bank and intra-bank fund transfers, bill payments, mandate maintenance, cheque book requests, ATM PIN regeneration, and opening of fixed deposit accounts. Internet banking lets customers view account details, loan details, transaction status and cheque status. It also offers online fund transfer through NEFT, RTGS and IMPS, scheduling payments for future dates, setting up of standing transactions for recurring expenses, online opening of term deposits, modification of beneficiary for fund transfer, and online BillPay.

Bandhan Bank UPI App

The BHIM Bandhan UPI App lets the users link multiple bank accounts in one app and make regular payments, check account balances and keep complete control over their accounts from a single banking app. Users can create a Bandhan Bank exclusive handle (virtual payment address) and make instant bank to bank payments, scan and pay UPI QR, send collect request, approve collect request, transfer money via MMID and mobile number, transfer money via account number and IFSC code, and view transaction history, among others.

SMS Banking

Without a smartphone and data plan activated, customers can access their account information with the help of short codes communication via SMS. Customers can send an SMS to 9223011000 from their registered mobile numbers with the transaction code for the service they wish to avail. A text SMS will be sent to the customer with updated information as a response.

Missed Call Banking

Missed Call Banking is a new service from Bandhan Bank where a customer can get his/her account balance and mini statement by giving a missed call to the pre-defined mobile numbers from their registered mobile number. Customers can give a missed call at 9223008666 for "balance enquiry" and 9223008777 for "mini statement".

Tab-based Banking

The Bank harnessed technology further to introduce tablet banking (tab-banking) facility for its micro banking customers. The tablet helps accelerate the account opening process and cut down on the overall turnaround time (TAT) of on-boarding a new customer. This process eases paper work on documentation, reduces cost, minimises human error and gives the flexibility of serving customers beyond bank branches.

Hand-held Devices

These time-tested hand-held point-of-sale devices (HHD) are utilised for taking deposits from the doorstep of customers, while also allowing them to withdraw money from their accounts. HHDs are used for collecting credit instalments from customers. Transactions through these devices by way of biometric authentication work out to be cost-effective even in metro locations. Banking Unit employees visit customers' residences and utilise these devices that are connected with the Bank's Core Banking System via data services to process their loan applications, thus ensuring low IT costs.

Cultivating Human Capital



Understanding and responding to the trends shaping the future of work enables Bandhan Bank to create the best possible environment for its workforce. It is through the empowerment of its own people and their dedication that the Bank stays on the path to achieve its mission with undaunted commitment.

Bandhan Bank is dependable, high performing, and human. The Bank's values help its employees make informed decisions and exemplify the organisation culture. The Bank firmly believes that people are its greatest asset and the primary factor behind its competitiveness in the industry. The

employees understand the Bank's mission, vision and values and, hence, are better equipped to act in a way that leads to attaining organisational goals.

In an era where automation is threatening jobs in many industries in India, Bandhan Bank has consistently been

a significant employment generator within the banking industry over the past few years. The Bank has more than trebled its workforce during these years – from 13,000 at the time of getting the licence to 39,906 at present, adding nearly 27,000 employees on its payrolls.

Adding the right capabilities

As the Bank scales up further, and new businesses and roles emerge, the focus is on building the right capabilities and capacities across levels. To get the right skill sets, the Bank has been hiring talent with relevant experience and attitude towards supporting customers. It is in your Bank's DNA to trust and empower people to take up higher responsibilities and prove their mettle – this is the very basis of its business philosophy of helping

people develop sustainable livelihoods. Many of the Bank's HR practices help drive performance effectiveness and results, develop employee capabilities, and facilitate communication and information exchange between employees and managers.

Building skill sets

Bandhan Bank strives to bring in the best talent from the BFSI (banking, financial services, and insurance) industry and also

groom the younger talent to develop their skill sets and competencies in becoming a better banker. The Bank has a mix of people who have moved cities and settled in Kolkata to work for Bandhan Bank, owing to the growth opportunities available as evidenced by the early success of the Bank. Today, Bandhan Bank is a pan-India bank with a diverse set of people from various cultures and backgrounds.

A digitally-enabled workforce

With a view to providing seamless employee experience, the Bank has digitised its HR processes and practices. The entire gamut of Employee Life Cycle Management has been made accessible with one click. Employees' personal details, leave applications, staff loans, compensation, attendance, reimbursements, process navigation guides, knowledge base are operated digitally.

Key ongoing initiatives

- Complete digitisation of the Talent Acquisition Module to make recruitment easier
- Selection and on-boarding process made digital
- Complete automation of the Performance Management System
- Learning and development module and training assessment surveys

Online Learning Management System

This is accessible to all Bank employees and enables them to take up specific online modules to develop knowledge, skills and competencies in their journey towards self-development. The system will shortly incorporate a mandatory on-boarding module for all new employees, to make them better equipped in their roles. The Bank is also in the process of introducing a chatbot along with an online Employee Query Portal for solving HR-related queries.

Training facilities

Training and development is vital in enhancing the skills of employees and making them ready for the next level. The Bank's focus is on aligning the training and development strategy with business needs. It believes in upskilling its staff members to meet the ever-evolving needs of customers – be it in customer-facing functions or back-end operations. Through its 11 residential training facilities across

the country, and through a wide range of training programmes, the Bank has provided 1,30,384 person-days of training to its employees. Every staff member undergoes one training programme in a year on soft skills like communications and interpersonal leadership, and technical skills.

'Train the Trainer' programmes are also organised to develop the pool of internal trainers. In addition to this, the Bank plans to introduce a structured Needs Assessment & Skill Gap Enhancement Module to specifically target training needs of the workforce in the coming months.

Talent grooming and retention

Through the various staff engagement programmes and training interventions, Bandhan Bank has been successful in retaining quality talent. High-vintage employees were offered employee stock options (ESOPs), largely for their commitment to taking the Bank to the next level. Communication between senior leadership and employees helps build a strong bond. The Bank also publishes quarterly and monthly magazines, carrying updates pertaining to customer appreciation, employee experiences, CSR, rewards and recognitions, and new product arrivals.

Performance Management System

The Bank fosters a performance-based culture that necessitates the adoption of a robust Performance Management System (PMS). In achieving its mission, goals and objectives, the Bank relies upon a well-structured PMS. The entire performance appraisal process has three stages – self assessment by employee against set KRA; assessment by the manager; and feedback for self-development. The Bank follows a hi-touch model of promotion evaluation, in line with the model that has been adopted as customer strategy. Each eligible candidate, above a certain grade, appears for promotion interviews

to determine if s/he is ready for the next level. The promotion process involves written test, psychometric test and face-to-face interview. The Bank is closing in on the launch of its online PMS module which will make the whole process much simpler, easily accessible and more efficient. As the Bank grows its employee base and expand its business, a relevant and appropriate PMS will drive the desired performance from employees, and to achieve that, it will continue to evaluate and evolve the process.

Attracting and retaining talent

The Bank has been strengthening its management team by hiring senior resources with strong banking experience. This includes a mix of professionals from various areas of expertise, geographies, and with credible banking experience. Attracting and retaining top talent from the industry has been one of Bandhan Bank's key focus areas. The Bank has introduced several HR initiatives like Club Memberships and Annual Health Check-Ups for senior management officials and Staff Loans at concessional rates for employees. Going forward, the Bank plans to upgrade its Learning Management System and introduce a Rewards & Recognition structure to retain as well as attract top talent across industry.

NextGen Bankers' Programme

Manpower requirement will be a constant factor for the Bank as it moves forward. At the branch level, it is important to recognise the differentiation that the Bank creates through the Bandhan way of doing things. In FY 2017-18, the Bank had launched the 'NextGen Bankers' Programme', a 9-month banking course. The graduates from this programme get placed in various branches within the Bank. The advantage built through the programme is that of having Bandhan's DNA infused in them from day 1. This programme has been a huge success and has improved performance across all branches.



Risk Monitoring and Management



Risk Management

“Adventure is the life of commerce, but caution is the life of banking.”

Risk management is a necessary and intrinsic part of the way the Bank works. It is part of your Bank’s responsibility to its customers, investors, employees and other stakeholders. The Bank keeps reviewing its principal risks on an ongoing basis, as it works in a dynamic environment where new risks are constantly emerging and existing ones are undergoing changes and even mutations.

The Bank believes that managing risks is the responsibility of all employees. Managers are accountable for successfully managing the risks they own. A range of policies and processes provides the framework that guides them and a set of both independent controls in terms of internal and external audits provides the assurance. Together, they aim to help the Bank under the overall guidance and supervision of the Board, and achieve its business objectives. This, while it continues cutting to an acceptable minimum the risk of operational failures, mis-statements, inaccuracies and errors, fraud and non-compliance with laws and regulations.

Risk Management Principles

“Being able to be repeated controllably is one key element in risk management.”

The Bank looks at risk in an integrated way. Holistically managing all types of risks through risk management processes; including credit risk, credit concentration risk, market risk, operational risk, fraud risk, outsourcing risk, liquidity risk, interest rate risk in banking book, strategic risk and business risk, reputational risk, legal and compliance risk and Information Security (InfoSec) risk. Scenarios and measurement approaches for quantifying risk and capital demand are implemented across the material risk types. Monitoring, stress testing tools and escalation processes are in place for key capital and liquidity thresholds and metrics. Systems, processes and policies are critical components of your Bank’s risk management capability.

Risk Governance

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

The Bank’s Board, through the Risk Management Committee of the Board (RMCB), is updated regularly and – as necessary – on special developments in its risk situation, risk management and risk controlling. The Risk Committee deliberates with the Management on the issues of aggregate risk disposition and risk strategy. It also supports the Board in monitoring the implementation of this strategy.

The Chief Risk Officer (CRO) has direct management responsibility for all the risk management functions such as Credit Risk Management, Market Risk Management, Operational Risk Management, Liquidity Risk Control and Information Security. In addition, the CRO is also responsible for monitoring,

analysing, and reporting risk on a comprehensive basis. Independence of the CRO is ensured through a fixed tenure, reporting structure and periodic reviews by the Board and RMCB.

Risk Culture

“Good Banking is produced not by good laws, but by good bankers.”

The issue of corporate culture in banking has surfaced in recent discussions as a topic of pivotal significance for addressing two concerns: restoring public trust in the banking system and enhancing financial stability. Culture can be a very complex issue as it involves behaviours and attitudes.

While various definitions of culture exist, the Bank focusses on norms, attitudes, and behaviours related to risk awareness, risk taking, and risk management as constitutions of the Bank’s risk culture. This culture is

nurtured with regular and adequate training of personnel in the business areas on their roles in risk management and through well-defined fraud risk management framework and a whistleblower policy to prevent and detect fraudulent and unethical activities.

Thereby, the Bank emphasises that risk is taken within a defined risk appetite, risk taken gets approved within the risk management framework, is continuously monitored and managed, and risk thus taken be adequately compensated.

Risk Appetite

“Not taking risk one doesn't understand is often the best form of risk management.”

To optimise risk and return, the Bank has a well-defined Board-approved

Risk Appetite Framework (RAF) in place. This has been framed through a dialogue between risk management and businesses and is quantifiable to the extent possible.

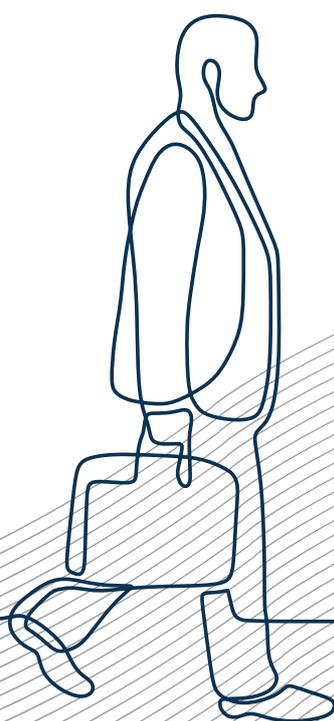
Risk and Capital

“Pearls don't lie on the seashore. If you want one, you must dive for it.”

The Bank aims to maintain adequate capitalisation on an ongoing and forward-looking basis, i.e. internal capital supply to exceed internal capital demand. The Bank maintains compliance with the ICAAP (Internal Capital Adequacy Assessment Process) as required under Pillar 2 of Basel III, through risk management and governance framework, methodologies, processes and infrastructure.

The Bank employs a strategic planning process that aligns risk strategy and appetite with commercial objectives; a continuous monitoring process against approved risk, leverage and capital targets set; regular risk, leverage and capital reporting to management and a stress testing framework, which also includes specific stress tests to underpin the Bank's recovery monitoring processes.

On an annual basis, the ICAAP and RAF and the Strategic Document are approved by the Board and reviewed on a periodic basis. An alignment of Risk, Capital and Strategy is thus provided.



Optimising Growth Attributes



INFORMATION TECHNOLOGY

Building a future-ready digital bank

Information technology has been a key driver in business acquisition and growth, with solutions around the key levers of the Bank. A few key initiatives across payments, customer experience, operational efficiency, and channel upgrades are mentioned below:

Bank New Transformation programme

The Bank has launched an IT Transformation Programme with the objective of modernising technology stack and upgrading application platforms with best-of-breed products. The programme will be implemented over a period of time and will be in line with modern evolutionary architecture principles designed to deliver best-in-class customer experience, rapid time-to-market, and optimal use of data and analytics.

CMMI initiative

The Bank's IT Department has taken an initiative to standardise its IT processes and deliver its IT projects with an international standardised process like CMMI. The Bank's IT Department is working on getting the CMMI V2.0 Level 3 Certification.

Other initiatives

In order to improve customer experience, the Bank has introduced the following functionalities:

Corporate Internet Banking

- Customer can add transaction amount limit at the time of adding a new beneficiary.
- Customer can set the number of beneficiaries that may be added in a day per account.
- Terms & Conditions document for the Bank's Netbanking facility is visible to the user on the Corporate Internet Banking login page.

The Bank had initiated a new project in micro banking in July 2019, where hand-held devices (HHD) used on the field for micro banking were to be replaced by tablets (Tab-based Banking). The entire development was done in the year under review and the project went live in April 2020.

In order to enhance security, the Bank is now storing all its data in an encrypted manner. The Bank has further developed other in-house applications to support internal operations and automate various processes, which has significantly reduced manual intervention.



COMPLIANCE

The Compliance function is one of the key elements in the Bank's corporate governance structure. Compliance with regulatory and internal guidelines is deeply embedded in the Bank's DNA. The Bank remains committed to adhere to the highest standards of compliance vis-à-vis regulatory prescriptions and internal guidelines. It has a robust compliance policy, outlining the compliance philosophy and, roles and responsibilities of the Compliance Department.

As the focal point of contact with RBI and other regulatory entities, the Compliance Department evaluates the adequacy of internal controls and examines any systemic correction required, based on its analysis and interpretation of regulatory guidelines and deviations observed during monitoring and testing. It assists the Board and the top management in managing the compliance risk – the risk of legal or regulatory sanctions, financial loss or reputational loss that the Bank may suffer

as a result of its failure to comply with the applicable laws, regulations or code of conduct applicable to banking activities.

It periodically apprises the Audit Committee of the Board, the Board and the top management on compliance levels, based on changes in the external regulatory environment. The Audit Committee of the Board reviews the performance of the Compliance Department and the status of compliance with regulatory guidelines on a periodic basis.



BANKING OPERATIONS AND CUSTOMER SERVICES

Bandhan Bank's unique business model has given rise to differentiated and efficient operations processes. These processes allow for smoother business while keeping necessary checks and controls in place. The Bank has made significant investments in creating a sustainable and scalable operational platform across key areas to help ensure compliance, minimise errors and seamlessly deliver services. Given the uniqueness of micro banking and general banking, the Bank has built and continues to evolve its back-end operations that take the best of both worlds. Further, the Bank has wholeheartedly embraced electronic and digital banking channels and created a robust operational platform to support its expected high growth.

Operational controls and procedure

The Bank has three types of banking outlets: Bank branches catering to general banking customers; home loan centres (erstwhile GRUH branches) catering to housing and mortgage loan customers; and banking units catering to micro banking customers. Banking units are self-sufficient and are empowered to open deposit accounts using tablets and loan accounts after necessary credit bureau(s) check assessment and documentation. Similarly, home loan centres are empowered to open loan accounts after carrying out all necessary appraisal, documentation and credit checks. The highlight of banking unit operations is the hand-held device (HHD), connected to the Core Banking System through cellular data. The Relationship Officers of the banking units carry these HHDs in their group meetings and the entire instalment reconciliation for the customer happens through these HHDs in real time at the customer's doorstep.

To ensure timely and effective support to the branches, home loan centres and banking units in their day-to-day functioning, the Bank has a regional and central operations team structure. These teams maintain oversight on the quality of the operations and adherence to prevalent guidelines at all times.

The Bank lays significant emphasis on processes and controls. To help maintain uniform and consistent standards in transaction processing and service

delivery, as well as compliance with regulatory and statutory guidelines, various essential operational processes are documented and routed through the Product and Change Management Committee. Once approved, these are circulated to branches and other departments in the form of circulars for action. The Bank's well-drafted Branch Operations Manual, Housing Vertical Operations Manual, and Micro banking Operations Manual ensure understanding of the various processes among all staff members, thereby resulting in effectiveness of operations at the ground level.

Central Processing Unit

As the Bank expands its presence across the country, it is also decentralising its operations for smoother processing and quicker turnaround time (TAT). The Bank has a Regional Processing Unit (RPU) in Indore. This is in addition to its existing Central Processing Unit (CPU) in Kolkata. All liability accounts are processed in these two centres. All account opening forms and KYC documents are scanned by branches and banking units and transmitted to the Processing Units, and accounts are opened upon fulfilment of all established KYC requirements. The efficiency of the liability on-boarding operations enables the Bank to open thousands of liability accounts on a daily basis with low turnaround time. The Loan Processing Unit monitors on-boarding and disbursement of all loan products, other than microloans and loans disbursed by home loan centres to ensure proper operational control.

Phone Banking Units

The Bank's Phone Banking Units in Kolkata and Indore use an IT infrastructure that includes customer relationship management software, a call centre platform, a voice logger/call recording system and computer telephone integration. All calls that land on the interactive voice response system are authenticated by personal identification numbers and mandated security questions before a request is considered. The quality of interactions is monitored through listening to recorded calls at the supervisory level to ensure that the Bank provides a compliant call centre environment to the customer. On an average, some 4,000 to 5,000 calls are managed in a day.

Electronic banking operations

The Bank at present has 485 on-site ATMs installed. A dedicated centralised ATM operations team monitors the performance of these ATMs and ensures daily reconciliation of ATM cash and ATM transactions. Transaction disputes are handled promptly as per regulatory and industry guidelines.

The Bank is live in all the major electronic payment and settlement channels – Real-Time Gross Settlement (RTGS), National Electronic Funds Transfer (NEFT), Immediate Payment Service (IMPS), Unified Payment Interface (UPI), and Point of Sales (POS). E-commerce dedicated centralised operations teams monitor each of these channels round the clock to ensure their smooth and undisrupted performance. Reconciliation of transactions for each channel is done on a daily basis in line with industry norms. Transaction disputes raised by the users are handled promptly as per the regulatory and industry guidelines applicable to each channel.

These dedicated operations teams ensure that industry's best practices are adopted in running of each electronic banking channel, and that all applicable regulatory guidelines, like those regarding turnaround time (TAT) and payment of compensation, are meticulously adhered to. The centralised operations teams are fully geared in terms of infrastructure and expertise to competently handle the upward surge in transactions in all the electronic channels. While the operations of the electronic banking channels are primarily carried out from Kolkata, a back-up centre has been developed at Indore.

Clearing operations

The Bank has established a network of CTS cheque scanning centres, spread across the country, connected to two centralised CTS processing hubs at Kolkata and Indore to ensure that cheques deposited for collection by customers are presented for clearing without delay. The Bank participates in CTS clearing in all three grids – South, West, and North. Additionally, the branches of the Bank participate in local NON MICR clearing process at locations still not brought under the ambit of CTS clearing by RBI. The CTS processing hubs at Kolkata and Indore serve as a back-up for each other.



The Bank participates both as a destination bank and as a sponsor bank in the National Automated Clearing House (NACH), managed by NPCI. A dedicated centralised team manages the NACH operations from Kolkata with a back-up centre in Indore.

Cash management

The Bank has a unique business model that necessitates particular care to ensure adequate cash is available to meet all payment obligations – in branches and

banking units and through ATMs – and excess cash is promptly transferred to avoid accumulation. Internal guidelines have been framed for cash handling, including verification, sorting, storing and transportation. These guidelines are in line with the regulatory directives and industry best practices, keeping in consideration safety and security concerns. Procurement and disposal of cash by branches and banking units are managed by linkages with local currency chests of other banks under the RBI Currency Chest Linkage scheme, centralised cash management

arrangements with other commercial banks and current accounts maintained with other local banks. The regional and central operations teams monitor reconciliation of all current accounts maintained with other banks.

The Bank has recently received approval from RBI to open three currency chests. The process is underway to make them operational.



CORPORATE BANKING OPERATIONS

Documentation and monitoring of all fund and non-fund loan accounts above a specific limit are carried out by the Corporate Banking Operations (CBO) team. To support the SME and Agriculture business, the CBO officials are placed in asset centres for ease of documentation and monitoring.

The team also handles the entire domestic trade operations. A dedicated and expert team has been put in place to take care of all the operational aspects as well as regulatory compliance and reporting.

Forex operations

The Bank has started forex inward and outward transactions to serve NRIs as well as resident individual customers. The Bank also offers FCNR deposits in three foreign currencies i.e. USD, GBP, and EUR. A dedicated and efficient team has been put in place at the Head Office to handle all forex operations. The team ensures full compliance with all the relevant regulatory guidelines. The SWIFT system is integrated with the core banking system. The Bank

is in the process of starting foreign trade operations to meet the requirement of customers.

Customer experience and grievance redressal

The rights of the customers, the commitment of the Bank and the framework for customer service and grievance redressal are all well formulated and documented in various internal policies of the Bank. The Bank has a grievance redressal policy, duly approved by its Board, available in the public domain for ready reference of the customers. The Bank has constituted three committees at different levels to monitor customer service viz. Branch-level Customer Service Committees, Standing Committee on Customer Service, and Customer Service Committee of the Board. An efficient centralised team at the Head Office under the Principal Nodal Officer is dedicated to the implementation of all customer-centric measures, including regulatory guidelines.

The Bank has an internal ombudsman to ensure that all complaints that are rejected or partially accepted are examined by the Internal Ombudsman before being referred back to the customer so that escalation of grievances to Banking Ombudsman are minimised.

The Bank practises the concept of “First Contact Resolution” with the aim of providing a prompt and satisfactory resolution of customer grievances at their first contact point itself. The Bank has provided multiple channels to its customers to share feedback on its services as well as register their grievances. The dedicated central team oversees the resolution of customer grievances received through various channels.

Overall, the Bank has been able to establish key operational standards that enables it to manage the operational risk and run the operations smoothly in a compliant manner to accomplish desired business growth. The Bank has a well-defined and tested Business Continuity Plan (BCP) for all critical operational processes.



TREASURY

The Bank's Treasury Department manages the investment portfolio, forex transactions, assets and liabilities. The department is responsible for managing the overall liquidity position of the Bank to ensure sufficient liquidity at all times. The team complies with regulatory requirements like Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR) mandated by the RBI. The department focusses on optimisation of overall portfolio yield, while maintaining appropriate portfolio duration and mitigating related risks like liquidity, market and operational risks, under the guidance of the Bank's Asset Liability Management Committee (ALCO) and Market Risk Management Committee (MRMC).

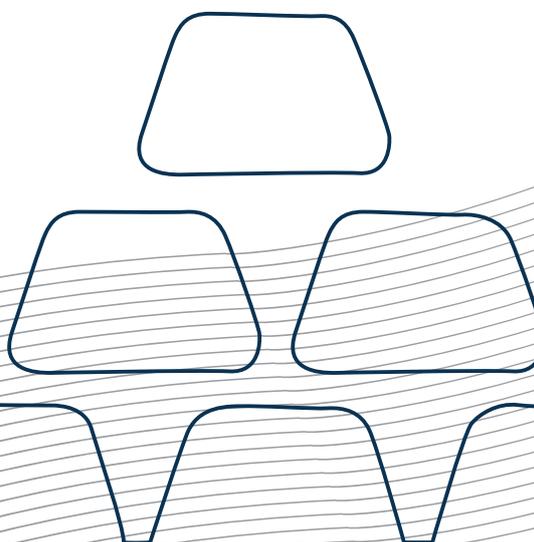
The department maximises the return on investment of surplus funds within acceptable risk limits. It also extends treasury services to customers, to enable them to manage their foreign exchange and interest rate risks.

Treasury is provided with Integrated Treasury Management Systems (ITMS) to undertake transactions and generate various MIS reports. The department is equipped with different platforms like Bloomberg, Reuters, Cogencis, Ticker Plant and CCIL and other dealing systems to provide real-time financial data and news feed to achieve competitive advantage in the market.

The SLR desk and Non-SLR desks are required to maintain regulatory

obligations as well as optimise return on investments. A significant portion of these SLR securities are in Held to Maturity (HTM) category, while others are in Available for Sale (AFS) and Held for Trading (HFT) categories. The forex desk provides competitive rates to customers for conversion of major currencies such as USD, GBP and Euro.

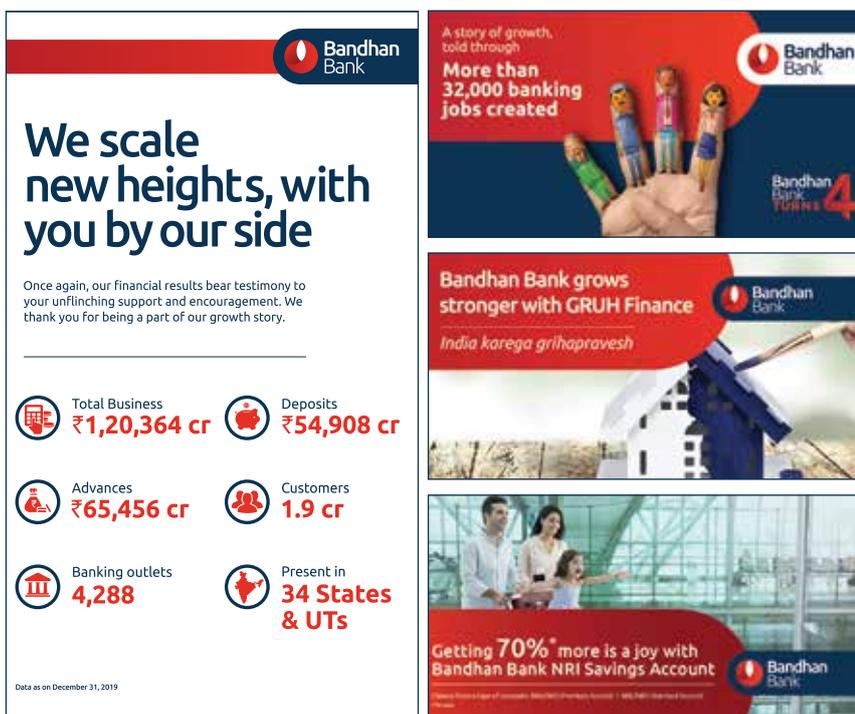
The investment portfolio of the Bank consists of different financial instruments such as Central Government Securities, State Development Loans, T-Bills, Commercial Papers, Certificate of Deposits, Non-Convertible Debentures, Equity Shares, Mutual Funds etc. Apart from building a core portfolio of investments, the team actively participates in trading activities to monetise short-term movements in the market.



The Making of A National Brand



As it completes five years of its operations, Bandhan Bank has become a household name in the east and north-east regions of India, given its heritage in that part of the country. The Bank's marketing campaigns are aimed at enhancing brand awareness in areas of the Bank's distribution presence by way of strong messaging pegs.



The marketing strategy of the Bank is focussed on increasing its brand visibility, preference and pan-India recall among the existing and potential customers. For advertising, the Bank uses the product communication route to drive awareness. This is complemented by trigger-based campaigns such as quarterly earnings, festivals and Foundation Day related campaigns.



TV campaigns

During FY 2019-20, the Bank executed a thematic TV campaign based on the merger of GRUH Finance with Bandhan Bank. The campaign focussed on the vast distribution strength of both the entities combined. The commercial was run across 103 channels in 7 languages covering the length and breadth of the country. Certain tactical advertising of short commercials was also undertaken on television news channels and print media to deliver key messages such as 6% interest on savings account. The GRUH campaign was also taken forward through print, OOH (out-of-home media) and radio.



Print advertising

The Bank's print campaigns generally revolve around noteworthy achievements and announcement-based developments. To sustain its leadership position in the East, the Bank issues an advertisement on the occasion of the Bengali New Year. In a 'first of its kind' for the Bank, it executed a jacket advertisement across India's leading English daily and its regional language editions. This campaign accorded the Bank significant visibility across the country. In addition, like each year, the Bank issued a large-scale print-based pan-India advertisement in FY 2019-20 to announce its Foundation Day and discuss its key achievements in a span of just four years.



Out-of-Home Media

Throughout the year, the Bank engaged in several campaigns in 51 cities across the country. The primary agenda behind this was to drive salience and product communication in the targeted areas. It is a significant part of all brand campaigns of the Bank. The Bank's OOH strategy is to increase awareness and consideration for the Bank in regions and in catchment areas of key branches. Also, major congregation points were selected in some towns for large-format displays to garner adequate customer attention.



Digital marketing

In FY 2019-20, significant strides were made in establishing and expanding the Bank's digital presence. It scaled up the quantum of its communication on social platforms including Facebook, Twitter, LinkedIn and YouTube. Customers reach out to the Bank through these platforms for product queries, complaints and requests. The Bank paved the way for consistent online reputation management with increased engagement on different platforms. The Bank's social media presence also witnessed growth in the number of fans and followers. Video advertising on digital was also attempted to drive salience within the targeted segments. The Bank's special announcements around quarterly earnings and other corporate achievements received healthy interactions from the users.



Branch branding

The Bank moved forward with standardising the branch ambience across all its branches nationwide. An extensive branch branding project was undertaken during the year. The branding was accomplished based on the desired perception of a pan-India universal banking. In the first phase of this project, all metro and urban branches are in the process of being standardised, including new branches that are being set up and starting operations.



Foundation Day Celebrations



Mr U. K. Sinha delivering the anniversary lecture

Bandhan Bank was inaugurated by the then Hon'ble Finance Minister of India, late Shri Arun Jaitley, on August 23, 2015. Since then, this day is celebrated as the Foundation Day. The fourth Foundation Day of Bandhan Bank was a memorable celebration of the Bank's growth story and achievements, through the years. The Bank was privileged to have Mr U.K. Sinha, former Chairman, Securities and Exchange Board of India (SEBI) as the chief guest of the event.

On its first anniversary in 2016, the Bank was honoured to have the then Hon'ble President of India, Mr Pranab Mukherjee. On the second anniversary, the former governor of the Reserve Bank of India, Dr D. Subbarao, graced the event as chief guest. This was also the year that the Anniversary Lecture was instituted. Dr Subbarao spoke on "India: Will the Elephant Start Dancing?". The third anniversary was celebrated at the prestigious Biswa Bangla Convention Centre in Kolkata. Dr Y. V. Reddy, former Governor of the Reserve Bank of India, was the chief guest.

The Bank's Foundation Day in 2019 was held at the JW Marriott Hotel in Kolkata. The evening saw a gathering of over 500 guests including bankers, influencers, key dignitaries, bureaucrats, important corporate heads and customers. The night concluded with a musical concert by celebrated singer, Shaan.



Fireside Chat



Elite Welcome Kit being presented to a customer



Bandhan Bank's first credit card being presented to a customer



Shaan's performance

Anniversary Lecture

Mr U.K. Sinha delivered the anniversary lecture on "Who is afraid of capital markets?". In the lecture, he spoke about the importance of striking the right balance between a bank-based economy and market-based economy. In his speech, Mr Sinha stated, it is imperative to understand that trust and confidence in the market is key for any healthy economy. It was an insightful speech on opportunities presented by the capital markets.

Fireside Chat

The evening witnessed an engaging chat between Mr U.K. Sinha and Mr C.S. Ghosh, moderated by Mr Tamal Bandyopadhyay, renowned business columnist and author. The conversation ranged from Mr Ghosh's exhilarating experience as a banker of four years to Mr Sinha's insightful views on the banking industry, at large.

Felicitations

With an effort to recognise diligence and hard work, branches were awarded for their performance in the past year. The award for the Best Performing DSC (now known as Banking Unit) was won by Baginadi from Tezpur, Assam, while the award for the Best Bank Branch was won by Kasba in Kolkata.

Launch of Elite Savings Account

Mr U.K. Sinha, Dr Anup Kumar Sinha, Non-Executive Chairman, Bandhan Bank, and Mr Chandra Shekhar Ghosh launched the high-end 'Elite Savings Account'. This account comes with 'elite' privileges and hassle-free banking experience. Two esteemed customers of the Bank were welcomed to the Elite programme and the specially designed Elite Welcome Kit was presented to them.

Bandhan Bank Credit Card Launch

Bandhan Bank's first ever range of credit cards was launched at the fourth Foundation Day. Ms Zarine Daruwala, CEO, Standard Chartered Bank, and Mr C.S. Ghosh unveiled the credit cards at the event. Two valued customers of the Bank were presented with the first two credit cards of the Bank.

Transforming Lives



Through the years, Bandhan Bank has been able to partner its customers in transforming their lives. Here are a few successful case studies of customers who have moved up in their lives with the help from the Bank.

Renuwara Bibi



Pakur, Jharkhand



With Bandhan's support, I have been able to turn my life around. Bandhan has inspired me to follow my dreams and achieve them.

Renuwara's husband was a teacher of toddlers; needless to mention, his income was not enough to make both ends meet for a family of four. Renuwara felt that the flow of some additional income to the family would be ideal. As she wished to financially support her family, she thought of starting something of her own. She dabbled between a few venture ideas, and finally, her old sewing machine gave her an opportunity to begin. However, she didn't seem quite contented; she wanted to do more.

It was at this juncture that Renuwara heard about Bandhan's loans. With her first loan of ₹7,000 in 2008, she started her own grocery store and with subsequent loan cycles, she was able to make reasonable profit. It was now a well-established source of income for her. Renuwara, however, had an entrepreneurial streak in her. She wanted to get into manufacturing herself. Thus, with further financial support from Bandhan, she began manufacturing disposable paper utensils. With her dedication, she was able to popularise

this product. With growing customer demand, she purchased a big machine to produce disposable utensils in larger quantities. The latest loan she availed was of ₹1,55,000 in the year 2019.

This business of manufacturing paper utensils has flourished. It is heartening to note that she employs seven people in her set-up now. Further, she has been able to set up another grocery store for one of her sons. Her other son helps out in the paper utensil business. Renuwara is a successful entrepreneur now.

Padma Rajendra Bangde



Kolhapur, Maharashtra



Bandhan came into my life when I needed it the most. They have stood beside me and helped me secure my future.

Padma's husband Rajendra Bangde, a farmer, was the sole breadwinner of the family. Given the irregularity of his

income, the family was leading a difficult life. To add to their worries, the heavy rains would often destroy a large portion

of her husband's crops. It was then that Padma realised that she needs to take the reins of destiny into her own hands.

Upon learning about Bandhan, she approached them for loan assistance. With her first loan of ₹17,000 in the year 2013, Padma set up a small shop in the verandah of her house and started selling items like potato chips, chocolates, and the like. This was a stepping stone towards a sustainable livelihood. Padma gained confidence upon productive usage of her first loan and successful repayment of the same. She continued receiving financial assistance from Bandhan and invested the

loans in her steadily growing business. She has now added many more items and has built a loyal set of customers. Her latest loan in 2019 was of ₹1,50,000. From the verandah of her house, she now operates from her full-fledged utility store. This asserts the fact that she has made much progress.

Over the years, she has realised the importance of savings to meet unforeseen situations in life. She maintains reasonable

savings now which helps make her business more robust.

Today, Padma's husband and son are proud of her perseverance, hard work and accomplishments. She has played a major role in securing the future of her family. Her husband divides his time between his farm and also helps Padma at the store. Her only son has taken up teaching. She now leads a life of contentment.

Alpana Das



Agartala, Tripura



Bandhan has been with me through thick and thin. I can't imagine my life without Bandhan. 🗣️

Alpana has always been determined to be self-sufficient and earn for her family. Even though her husband was a school teacher by profession, she realised the importance of standing on her feet and contribute to the family's income. Given her household commitments, Alpana wanted to start small with a part-time venture. As a preliminary idea, she thought of selling sarees in her nearby locality. With the support of her husband, she approached a known supplier of sarees; and thus, started her first leg of saree business which began at home.

As she progressed in her business, she was quick to realise that a steady flow of capital and variety in stock is essential in her line of business. At this point in time, Alpana heard about Bandhan and availed her first loan of ₹5,000 in 2006 which she utilised for developing varied stock of sarees.

Year after year, Alpana took more loans from Bandhan to take her business to the next level. Currently, she has a loan of ₹1,50,000. She has also reached out to manufacturers in Phuliya, a district in West Bengal, and Kolkata and started doing business with them directly. With

Bandhan's support, Alpana has now been able to set up a profitable saree shop.

Just when things started looking up for her, she lost her husband to kidney failure. Consequently, Alpana had to take up all responsibilities of the family. Thankfully, she had already established her business and her unwavering spirit helped her to keep going. Her son now works at a private company and her daughter is a medical student in Burdwan district of West Bengal. The way Alpana has single-handedly taken care of her family and business is worth praise, her community members say.

Committed to Inclusive Growth of All



At Bandhan Bank, its corporate values aim at contributing to the society.

The Bank remains committed to expand its societal initiatives and focus on enhancing education, health, livelihood promotion, employment generation and financial literacy. These programmes are run by Bandhan-Konnagar, the CSR implementing agency.

Targeting the Hardcore Poor programme



This is a unique programme designed for the poorest of the poor. Grants (in the form of free assets, not cash) are offered to destitute women. They start generating income out of this asset and are subsequently able to support themselves by independently making a living. It is seen that within 18-24 months of this grant intervention, these hardcore poor beneficiaries start to graduate to a basic income-earning capability level, uplifting themselves from extreme poverty and connecting with mainstream society.

This programme follows a 360-degree approach. Besides providing free assets, consistent counselling and mentoring support is also extended. A weekly subsistence allowance is also given to these women to meet their daily basic expenses until the assets begin to yield returns. Financial literacy is imparted so that they can make informed financial decisions. Education on socially relevant issues is also offered to increase their awareness and help them live better lives. A critical component of this programme is *Ati Daridra Sahayak Committee*, which brings together influencers in villages to serve as guardians of these beneficiaries even beyond the program period of 24 months. Overall confidence-building is done so that they do not fall into the poverty trap again. Over the years, it has been seen that there has been a positive impact of this intervention in the lives of many. There are certain beneficiaries who have been able to move away from a stage in life where they were even contemplating suicide for want of money to a stage where they earn thousands of rupees as monthly income, have a healthy life, and meet all the basic needs of their families.

12 States	4,002 Villages	1,367 Staff
1,08,842 Households	69,940 Families Graduated	

Health programme

This programme aims to increase health awareness in order to reduce healthcare expenditure of underprivileged families. It emphasises on children under 5 years of age, pregnant women, lactating mothers, and adolescent girls, educating them on safe motherhood, child nutrition, and sanitation issues. Under this initiative, health volunteers are developed by selecting interested women from the villages and providing them adequate training. These health volunteers called Swastha Sahayikas (SS) then work in the villages to impart health education through regular health forums. The programme also includes linkage and referral services, distribution of health kits, setting up of water treatment plants to provide safe drinking water, providing basic health care service through polyclinics and rural health centres, and improving water and sanitation facilities, among others.



8 States	6,710 Villages	726 Staff	9,760 Health Volunteers	18,54,779 Households
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Education programme

This programme encourages a diverse age group of underprivileged children to begin and sustain academics in a congenial environment. A unique, low-cost, innovative model has been adopted to ensure that the not-so-privileged children are able to receive quality education. Education centres have been set up in rural areas. These aim to reach out to the non-school-going and dropout children aged 6 years and above from economically constrained families, with special focus on the girl child. These free non-formal primary schools known as Bandhan Education Centres provide complimentary school kits and focus on classroom learning, attendance, and extra-curricular activities. Further, the programme has also set up low-cost formal schools, called Bandhan Academy that provide holistic development for children, which include academics and extracurricular activities.



5 States **2,106** Villages **379** Staff **4,455** Schools **1,42,756** Students

Employing the Unemployed programme



This is a skill development initiative that equips unemployed youth with numerous industry relevant skills. Its primary objective is to build a skilled workforce and provide equal access for skill development opportunities to underprivileged youth. The vocational education centres named Bandhan Skill Development Centres (BSDCs) increase employability of youngsters in the realms of Customer Relations and Sales, Hospitality, Information Technology Enabled Services (ITES) and Business Process Outsourcing, among others. Upon successful completion of the course, the candidates find themselves reasonable employment with corporates or generate self-employment.

5 States **114** Villages **191** Staff **24** Skill Development Centres **32,327** Beneficiaries

Financial literacy programme

This programme is aimed at deepening financial inclusion in rural communities. In the crusade to ensure holistic development of people and communities, financial literacy and inclusion is the tool that assists them to move from sustenance to a sustainable growth path. Accordingly, this initiative pays special attention to ensuring that the programmes encourage participants to become financially aware and gain financial confidence. The objective is to increase awareness among rural and disadvantaged women about financial matters, empowering them to plan their personal economies. They are also taught to access varied banking services, including insurance and pension schemes.



2 States **1,293** Villages **142** Staff **3,84,249** Beneficiaries

Support from government and donors

Besides funding support from Bandhan Bank, these entities enjoy the trust and support of the state governments, corporates and renowned national and international donor agencies. It is because of the encouragement and faith that these organisations repose that they are able to continue their development programmes.

Total programme highlights

The programmes have been able to transform the lives of lakhs of underprivileged people.

12 States **2,882** Staff **12,900** Villages **25,22,953** Beneficiaries



Continuing the Winning Streak

Emerging Company of the Year by The Economic Times

Bandhan Bank was declared 'Emerging Company of the Year' by the Economic Times in September, 2019; the award is a heartening acknowledgement of the organisation's endeavours to touch lives at the grassroots level.



A unanimous decision

The jury picks C.S. Ghosh for Bandhan Bank's all-round performance

Chandrima Shekhar Ghosh, Bandhan's managing director (MD), and chief executive officer (CEO) of Bandhan Bank, is the Business Standard Banker of the Year for 2018-19, just four years after he turned his Kolkata-based microfinance institution into a scheduled commercial bank.

The unanimous decision was taken by a high-profile jury of five, chaired by former Reserve Bank of India deputy governor S.S. Khuntia. Other members were former State Bank of India chairman Anandilal Bhattacharya, Vice Chairman and CEO of Housing Development Finance Corporation Rishi Mishra, Joint Investment Advisors Chairman Anil Singhvi, and Saranbh Mukherjee, chief investment officer and founder of Manas Investment Managers.

The jury said Ghosh, 59, deserved the coveted award for the bank's impressive all-round performance. The bank had the best return on assets (ROA) and the highest return on equity (ROE) in the banking sector (post its incorporation).

The figures used for the jury table were two: the bank's asset size should be ₹50,000 crore and above as of March 2019, and there should have been growth in profit prior to nomination in the past three years. Only 14 banks qualified, and given the excellent year that it was, shortlisting three candidates was a relatively easier job than in previous years.

From the start, Bandhan's numbers were "top-notch", as one jury member put it, and the jury

voiced that it would be a "no-brainer race". But another private sector bank CEO emerged as a worthy competitor, as he turned around a relatively slow-moving bank into a name to reckon with, while maintaining a good set of numbers.

The jury deliberated at length about the merits and demerits of the two banks and the bankers, besides their leadership and management style.

One particular aspect that was looked at was the difficult environments where these banks were mainly focusing on.

Bandhan Bank and Ghosh stood out. The bank's branches are frugal, but are successful with their "high-trust" model. Most of Bandhan's clients are repeat customers, but the loan book has grown 42 per cent on a three-year compounded annual growth rate basis, even as deposits have grown 53 per cent in that period.

The growth rate has benefited from a lower base, but the net non-performing assets (NNPA) ratio was contained at 0.58 per cent. The gross NPA ratio was at 2.04 per cent at the end of 2018-19. The net interest margin (NIM) was at 4.96 per cent at the end of the financial year.

Members aside, Ghosh was commended for his deep knowledge of lending, having technologically-focused lending operations, being a tough negotiator, and keeping the work force motivated to carry on with a banking approach that involved developing a personal touch with customers. "The jury considered the

Magna Awards 2019 by Business World

Banker of the Year

Mr C.S. Ghosh, MD & CEO, Bandhan Bank, was conferred the 'Banker of the Year' award at the Magna Awards 2019, organised by Business World magazine in Mumbai.

Bandhan Bank won two more awards in the small size bank category. One was for the 'Best Bank' and the other was for the 'Fastest Growing Bank'.



Banker of the Year by Business Standard

Mr C.S. Ghosh, MD & CEO, Bandhan Bank, was bestowed with the 'Banker of the Year' award for 2018-19 by Business Standard, for his all-round performance.

Bengal Corporate Awards by The Economic Times

Bandhan Bank was recognised as the ‘Fastest Growing Company’ in January, 2020. The Bank also received the award for ‘Excellence in Business Performance’.

Further, Mr C.S. Ghosh, MD & CEO, Bandhan Bank, received the ‘Entrepreneur of the Year’ award for his exemplary contribution in the field of financial services.



Times Business Awards

Bandhan Bank was declared ‘Best Indian Banking and Financial Institution’ at the Times Business Awards at a high-profile ceremony in Kolkata in January, 2020.

Tech Trendsetter Governance Now BFSI Awards

Bandhan Bank bagged the Governance Now BFSI Awards 2019 in the category Tech Trendsetter (use of emerging technologies for wider reach and impact) in May, 2019.



Corporate Information



Non-Executive (Independent) Chairman

Dr Anup Kumar Sinha

Directors

Dr Anup Kumar Sinha
 Mr Chandra Shekhar Ghosh
 Dr A. S. Ramasastry
 Mr Bhaskar Sen
 Mr Harun Rasid Khan
 Dr Holger Dirk Michaelis
 Mr NVP Tendulkar
 Mr Ranodeb Roy
 Mr Santanu Mukherjee
 Mr Sisir Kumar Chakrabarti
 Mr Snehomoy Bhattacharya
 Ms T. S. Raji Gain
 Mr Vijay N. Bhatt

Registered & Head Office

Regd. Office: DN-32, Sector V, Salt Lake, Kolkata - 700 091
Head Office: 12th to 14th Floor, Adventz Infinity@5, BN 5, Sector V, Salt Lake City, Kolkata 700 091
 Tel No.: 91 33 6609 0909 | Fax No.: 91 33 6609 0502
 Website: www.bandhanbank.com
 Email: investors@bandhanbank.com

Corporate Identity Number (CIN)

L67190WB2014PLC204622

Listed with Scrip Name

BSE Scrip Code: **541153**
 NSE Symbol: **BANDHANBNK**

Registrars & Transfer Agents

KFin Technologies Private Limited

Selenium Tower B, Plot Nos. 31-32, Financial District,
 Nanakramguda, Serilingampally Mandal
 Hyderabad - 500 032
 Tel No. 040 67162222
 Fax No. 040 23420814
 Website: www.kfintech.com
 Email id: einward.ris@kfintech.com

Managing Director & CEO

Mr Chandra Shekhar Ghosh

Management Team

Sudhin Choksey – Head - Housing Finance
 Deepankar Bose – Head - Corporate Centre
 Sanjeev Naryani – Head - Business
 Santanu Banerjee – Head - Human Resources
 Sunil Samdani – Chief Financial Officer
 Biswajit Das – Chief Risk Officer
 Siddhartha Sanyal – Chief Economist and Head - Research
 Nand Kumar Singh – Head - Banking Operations and Customer Services
 Ronti Kar – Chief Information Officer
 Srinivasan Balachander – Chief Compliance Officer
 Sujoy Roy – Head - Branch Banking
 Subhro Kumar Gupta – Chief Audit Executive (retired on May 31, 2020)
 Ravi Lahoti – Chief Audit Executive (w.e.f. June 1, 2020)
 Arvind Kanagasabai – Head - Treasury
 Ronendra Choudhury – Head - Micro banking
 Saurabh Jain – Head - Commercial Banking
 Indranil Banerjee – Company Secretary

Statutory Auditors

Deloitte Haskins & Sells, Chartered Accountants

19th Floor, Shampat-V, S. G. Highway
 Ahmedabad - 380 015, Gujarat, India
 Tel No.: +91 79 6682 7300 | Fax No.: +91 79 6682 7400

Secretarial Auditor

CS Anjan Kumar Roy

Anjan Kumar Roy & Co., Company Secretaries
 GR 1, Gouri Bhaban, 28A Gurupada Halder Road,
 Kolkata - 700 026
 Tel No.: +91 33 2475 0112 | Email: akroyco@yahoo.co.in

Auditor for Corporate Governance Report

CS Deepak Kumar Khaitan

Deepak Khaitan & Co., Company Secretaries
 GEM House, 5B Russell Street
 Unit 7B, 7th Floor, Kolkata - 700071
 Tel No.: +91 33 4004 8935
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Board's Report

**To
The Members,**

Your Directors take great pleasure in presenting the sixth Annual Report on the business and operations of your Bank together with the audited financial statements for the financial year ('FY') ended March 31, 2020.

Financial Performance of the Bank

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

(Figures ₹ In Crore)

Particulars	For year ended	
	March 31, 2020	March 31, 2019
Deposits:	57,081.50	43,231.62
- Savings Bank Deposits	17,726.99	14,008.04
- Current Account Deposits	3,301.47	3,609.69
- Term Deposits	36,053.04	25,613.89
Advances (Net):	66,629.95	39,643.39
- Cash credits, overdrafts and loans repayable on demand	1,274.80	975.84
- Term loans	65,355.15	38,667.55
Total Assets/Liabilities	91,717.80	56,441.71
Net Interest Income	6,323.91	4,495.42
Non-Interest Income	1,549.20	1,063.05
Operating Expenses (excluding depreciation)	2,346.28	1,732.11
Profit before Depreciation, Provisions and Tax	5,526.83	3,826.36
Depreciation	80.26	78.17
Provisions	1,393.15	735.14
Profit before Tax	4,053.42	3,013.05
Provision for Tax	1,029.68	1,061.55
Profit After Tax	3,023.74	1,951.50
Balance in Profit & Loss Account brought forward from previous year	3,283.64	2057.60
Opening Profit & Loss Account balance adjustment on account of amalgamation	(64.55)	-
Appropriations:		
Transfer to Statutory Reserves	755.94	487.87
Transfer to Statutory Reserve u/s 36(1)(viii) of Income Tax Act 1961	103.12	-
Transfer to Capital Reserve	11.45	5.94
Transfer to Investment Reserve	5.16	-
Transfer to Investment Fluctuation Reserve	-	87.85
Dividend Paid (Including Dividend Distribution Tax) pertaining to previous year paid during the year	608.45	143.80
Balance carried over to Balance Sheet	4,758.71	3,283.64
EPS (Basic)	18.78	16.03
EPS (Diluted)	18.76	16.01

State of Affairs Of the Bank

Your Bank had commenced its business on August 23, 2015, and within five years of its operation it has grown to 4,559 banking outlets as on March 31, 2020. During the financial year, the number of banking outlets that have been added in the network is 559. Out of the total number of 4,559 banking outlets, 35 per cent were in rural, 36 per cent in semi-urban, 19 per cent in urban and 10 per cent were in metro. The number of

customers has increased from 1.66 crore as on March 31, 2019 to 2.01 crore as on March 31, 2020. With the expanding network of banking outlets and customers, the total deposits increased from ₹43,231.62 crore as on March 31, 2019 to ₹57,081.50 crore as on March 31, 2020 registering an increase of 32.04 per cent. The Current Account and Savings Account ('CASA') deposits also increased from ₹17,617.73 crore to ₹21,028.46 crore which is an increase of 19.36 per cent.

During the year under review, the total income of the Bank increased by 41.65 per cent. to ₹7,873.11 crore as against the total income for FY 2018-19 of ₹5,558.47 crore. The profit after tax ('PAT') as at the end of the financial year under review was ₹3,023.74 crore, an increase of 54.94 per cent. over the previous financial year of ₹1,951.50 crore. Further, Return on Average Equity ('ROAE') was 21.07 per cent in FY 2019-20 as against 19.00 per cent. in FY 2018-19. Return on Average Asset ('ROAA') was 3.64 per cent in FY 2019-20 as against 4.23 per cent in FY 2018-19. The Bank's basic earnings per share ('EPS') increased from ₹16.03 to ₹18.78, and diluted earnings per share from ₹16.01 to ₹18.76 as at the end of FY 2018-19 and FY 2019-20, respectively. The net interest margin ('NIM') was 8.12 per cent in FY 2019-20 as against 10.43 per cent. in FY 2018-19.

One of the primary objectives of the Bank is to promote financial inclusion thereby inducting the disadvantaged sections of the society into the banking space. Towards this objective, your Bank has been providing various banking services to the underserved by way of Priority Sector Lending ('PSL'). The Reserve Bank of India ('RBI') has mandated PSL of minimum 40 per cent of advances for all banks. During FY 2019-20, your Bank's PSL went up from ₹37,888.15 crore (net of IBPC of ₹4,541.45 crore) on March 31, 2019 to ₹60,640.98 crore (net of IBPC of ₹4,612.70 crore) on March 31, 2020 of which ₹56,805.75 crore was sold to other banks falling short of PSL targets by way of Priority Sector Lending Certificate ('PSLC') (as against the previous year of ₹28,895 crore). At the end of FY 2019-20, PSL as a proportion of the gross advances of ₹67,233.33 crore (after IBPC) was 90.19 per cent (including PSLC).

Business Overview

Your Bank has two types of banking outlets: bank branches catering to general banking customers and Banking Units ('BU') catering to micro banking customers. Your Bank offers a wide array of loans to benefit small business owners in need of financial assistance. It also helps in the growth of additional income generation avenues, and offers enhanced opportunities to small entrepreneurs to achieve their business goals.

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

Your Bank's microfinance strategy is guided by its philosophy of financial inclusion and economic empowerment of the disadvantaged sections of society. During FY 2019-20, your Bank opened 332 new BUs Pan-India with sole focus of financial inclusion. Your Bank's commitment to financial inclusion is also reflected from the fact that it offered loans of 22,60,958 new borrowers during FY 2019-20. The growth of over 19.61 per cent in the aggregate micro banking asset portfolio from ₹38,614.60 crore to ₹46,189.00 crore during FY 2019-20, is another indicator of the Bank's commitment.

Your Bank now has micro banking loans in ten categories to cater better to the demands of the customers:

- a. Suchana Loan: Loan size is from ₹1,000 to ₹25,000 (no processing fee) and is sanctioned to micro banking customers for income generating activities.
- b. Srishti Loan: Loan size is from ₹25,001 to ₹1,50,000 and is sanctioned to micro banking customers for expanding their business.
- c. Suraksha Loan: Loan size is up to ₹10,000 and is sanctioned to micro banking customers to meet emergency expenses due to health issues.
- d. Susikhsha Loan: Loan size is up to ₹10,000 and is sanctioned to micro banking customers to meet expenses towards education of their children.
- e. Su Briddhi: Sanctioned to micro banking customers to meet extra business requirement during their ongoing loan and extra capacity to repay.
- f. Samadhaan: Loan size up to ₹15,000 sanctioned to existing micro banking customers to meet financial requirement to run and grow their business during nationwide lockdown due to COVID-19.
- g. Micro Enterprise loan: Loan size from ₹1,51,000 to ₹3,00,000, for customer who have completed 4 cycle of our core micro banking product.
- h. Micro Bazaar Loan: Loan size from ₹26,000 to ₹1,50,000, for small entrepreneurs who have fixed place to deliver their service to meet their working capital.
- i. Samriddhi Business Loan: Loan size from ₹75,000 to ₹3,00,000, matured micro banking borrowers who have shown considerable success in their endeavor.
- j. Su Awas: Loan size is up to ₹10,00,000, and is sanctioned to micro banking customers to meet renovation or new construction of their homes.

Under the Small Enterprises Loan ('SEL') scheme, loans between ₹1 lakh and ₹10 lakh, are offered for income generating activities of small enterprises, which are described as enterprises with equipment investments below ₹25 lakh. SEL has helped

your Bank to enhance its objective of financial inclusion with significant increase in lending to small enterprises. As on March 31, 2020, total SEL loan outstanding was ₹2,065.95 crore from 84,140 customers as against ₹1,497.36 crore from 84,787 customers as on March 31, 2019, a growth of 38 per cent. which has been achieved through its network in 946 bank branches.

During the financial year under review, your Bank acquired GRUH Finance Limited ('GRUH') with an all-stock deal where 568 equity shares of ₹10 each, fully paid-up of the Bank, was issued for every 1,000 equity shares of ₹2 each fully paid-up of GRUH held as on October 17, 2019 being the record date for that purpose. Accordingly, the Bank issued 41,69,48,659 equity shares to the shareholders of GRUH. Further, on the effectiveness of the Scheme of Amalgamation on October 17, 2019, GRUH amalgamated with the Bank and dissolved without winding up and consequently all assets, liabilities, claims, properties, employees, etc. of GRUH were transferred to the Bank as on January 01, 2019 being the appointed date including 195 GRUH centres which became banking outlets of the Bank.

Your Bank has also forayed into the distribution of third-party products/services, which are made available through designated bank branches. The business segment began with the distribution of Mutual Funds in FY 2017-18 and at present, the Bank distributes mutual funds, standalone health insurance policies, general insurance, and life insurance products. As on March 31, 2020, the Bank distributes mutual funds through 534 branches across various metros and urban locations, and through 60 semi-urban branches. Currently, your Bank is distributing standalone health insurance policies across all branches, and general insurance and life insurance products through 699 branches. Besides, your Bank has also launched a co-branded credit card with Standard Chartered Bank. The response for the products has been quite encouraging so far. It helps the customers of the Bank to avail of insurance products, if needed. It also helps your Bank to explore other business opportunities with a view to diversify its business risks. The use of technology has helped your Bank to offer the best possible services to its ever increasing number of customers including those at the bottom of the pyramid. Customer grievances, if any, are addressed in a structured and satisfactory manner.

COVID - 19

At the end of the financial year under review, COVID-19 spread across the world resulting in a global crisis. Almost all the countries in the world were affected, infecting millions of people.

India also started to see the impact by March 2020 with a rising number of people getting infected across the country. In order to enforce social distancing to contain the spread of the disease, the lockdown was imposed across the country which affected various business segments in manufacturing and service sectors. The Government of India and the Reserve Bank of India (RBI) had announced several measures to contain the adverse economic impact on business caused by this pandemic.

Your Bank abided by the advisories issued by the Central Government, State Governments and various statutory and regulatory authorities, from time to time. In enforcing social distancing and keeping the safety of employees in mind, the banking outlets across the country and the head office were operating in accordance with the guidelines/directions issued by various statutory, regulatory and local authorities.

Your Bank has proactively leveraged technology, enabling a major portion of the workforce to work from home. Moreover, to effectively manage operations, and cater uninterrupted services to the customers during this difficult times, your Bank has triggered its business continuity plan. Your Bank managed to run its operations smoothly with limited staff across branches. Despite this constraint, operations were as per the prescribed business hours during the day, and cash was made available in the ATMs so as to provide uninterrupted financial services to the customers. At all times during the pandemic, your Bank had managed to keep its services open to customers. Your Bank has engaged with its customers through digital channels and contact centers with the objective of catering to their banking needs, as well as, enquiring about their well-being during these extraordinarily difficult times. Your Bank has also supported the customers, marginalised section of the society residing in its operational areas.

Your Bank has taken multiple measures to ensure a safe environment for its employees and customers such as:

- Regular sanitisation of the branches, ATMs, currency notes, temperature check at premises.
- Distribution of Hand Sanitisers for banking outlets.
- Maintaining social distancing norms through effective floor management.
- Touching base with all existing customers and enquiring about their well-being.
- Adopting new digital initiatives.
- Community outreach initiatives.

As far as economic policies are concerned, the RBI announced on March 27, 2020 and April 17, 2020, 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of the RBI guidelines, the lending institutions have been permitted to grant a moratorium of three months on payment of all instalments/interest as applicable, falling due between March 01, 2020 and May 31, 2020 ('**moratorium period**'). In this regard, a Board approved policy has been implemented by your Bank. Information has been hosted on the website of the Bank. Customers of the Bank can place their request through banking outlets and call centres. Your Bank extended support to its deserving borrowers by granting moratorium, in line with the regulatory package. As such, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. Your Bank made provisions as on March 31, 2020 amounting to ₹690 crore against the potential impact of COVID-19 on standard assets based on all available

information at that point of time. This includes ₹64 crore as the minimum amount required as prescribed by the RBI in terms of circular dated April 17, 2020; while RBI has permitted this amount to be spread over two quarters, the Bank decided to provide for the entire amount in quarter ended March 31, 2020.

The extent to which the COVID-19 pandemic would impact the Bank's provision on assets and future results will depend on future developments, which are highly uncertain. This uncertainty relates to, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact. Some of these actions will be determined by policies at the national level, while others will be determined by measures adopted by the Bank. Given the uncertainty over the macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of this report, and the Bank will continue to closely monitor any material changes in economic conditions.

Dividend

Your Bank has a dividend policy that, *inter alia*, balances the objectives of appropriately rewarding shareholders and retaining capital to maintain a healthy capital adequacy ratio. Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'), the Board of Directors of the Bank have adopted a dividend policy, which is in line with the parameters prescribed by the RBI and the SEBI for distribution of dividend. The policy is available on the Bank's website: <https://www.bandhanbank.com/view-pdf.aspx?FileName=Dividend-Policy.pdf>.

The RBI vide its Circular No. RBI/2019-20/218 DOR.BP.BC. No.64/21.02.067 /2019-20 dated April 17, 2020, has decided that all banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, which will be reassessed by the RBI based on the financial results of banks for the quarter ending September 30, 2020. Accordingly, in compliance with the above Circular issued by RBI, the Board of Directors of the Bank has not recommended any dividend for the financial year ended March 31, 2020.

Transfer to Reserves

In line with the RBI regulations, the Bank has transferred an amount of ₹755.94 crore to the statutory reserve during the financial year ended March 31, 2020.

Issuance of Equity Shares & Capital Adequacy Ratio

During the financial year under review, your Bank has issued 2,16,329 equity shares of ₹10 each pursuant to exercise of stock options by the eligible Employees of the Bank aggregating to ₹21,63,290. Moreover, the Bank has also issued 41,69,48,659 equity shares of ₹10 each to the eligible shareholders of GRUH on October 21, 2019 (date of allotment) pursuant to the amalgamation of GRUH into and with the Bank.

Post allotment of aforesaid equity shares, the issued, subscribed and paid-up share capital of your Bank stood at ₹16,10,24,78,430

comprising 1,61,02,47,843 equity shares of ₹10 each fully paid-up as on March 31, 2020.

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

Your Bank's capital adequacy ratio ('CAR'), calculated in line with the RBI Circular on Capital Adequacy Framework, stood at 27.43 per cent. on March 31, 2020, well above the minimum regulatory requirements of 10.875 per cent., out of which Tier 1 Capital Ratio was 25.19 per cent. and Tier 2 Capital Ratio was 2.24 per cent.

Changes in Authorised Share Capital

During the financial year under review, pursuant to approval of Scheme of Amalgamation of GRUH into and with the Bank by the Hon'ble National Company Law Tribunal ('NCLT'), benches at Ahmedabad and Kolkata, the authorised share capital of your Bank was increased from ₹5,000 crore (divided into 500,00,00,000 equity shares of ₹10 each) to ₹5,200 crore (divided into 520,00,00,000 equity shares of ₹10 each).

Further, in terms of the provisions of Section 12(1)(i) of the Banking Regulation Act, 1949 (the 'BR Act'), the subscribed and paid-up share capital of the Bank shall not be less than one-half of the authorised share capital of the Bank. Accordingly, in order to comply with the above provisions of BR Act, the Shareholders of the Bank through Postal Ballot on December 04, 2019 have approved the reduction in the authorised share capital of the Bank from ₹5,200 crore (divided into 520,00,00,000 equity shares of ₹10 each) to ₹3,200 crore (divided into 320,00,00,000 equity shares of ₹10 each) by cancelling shares, which have not been issued, taken or agreed to be taken by any person, and diminishing the amount of its authorised share capital by the amount of ₹2,000 crore representing 200,00,00,000 equity shares of ₹10 each. Consequent amendment to the Capital clause of Memorandum of Association of the Bank ('MoA') was also approved by the Shareholders. The amendment to MoA with regard to reduction in authorised share capital of the Bank was taken on record by the RBI.

As on March 31, 2020, the authorised share capital of the Bank stood at ₹3,200 crore divided into 320,00,00,000 equity shares of ₹10 each.

Scheme of Amalgamation

In terms of the Guidelines for Licensing of New Banks in the Private Sector issued by RBI on February 22, 2013, ('Licensing Guidelines') and Licensing conditions, Bandhan Financial Holdings Limited ('BFHL' or the 'NOFHC'), the holding company of the Bank is required to bring its excess shareholding to 40 per cent of the paid-up voting equity capital of the Bank within three years from the commencement of operation of the Bank i.e. by August 22, 2018. The Bank and NOFHC have been exploring various options /opportunities to bring the shareholding to the prescribed level. In view of this, the Board of Directors of the Bank at its meeting held on January 07, 2019, after considering the report of the Audit Committee, have considered and approved scheme of amalgamation of GRUH Finance Limited

(‘**Transferor Company**’) into and with the Bank (‘**Transferee Company**’) and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other relevant provisions under applicable law (‘**Scheme**’), subject to receipt of applicable regulatory and statutory approvals.

During the financial year under review, after obtaining the necessary approvals from various regulatory authorities and the Shareholders of the Bank on July 30, 2019 on the Scheme, the Hon’ble National Company Law Tribunal (‘**NCLT**’), bench at Kolkata, vide its Order dated September 27, 2019 approved the Scheme. The Scheme was also approved by the Hon’ble NCLT, bench at Ahmedabad vide its Order dated September 18, 2019.

Pursuant to approval of the Scheme as above, GRUH and the Bank have filed the certified copy of the respective Orders along with Scheme with Registrar of Companies, Gujarat and West Bengal, respectively on October 17, 2019. Accordingly, the Scheme was effective from October 17, 2019 with appointed date being January 01, 2019. The formalities with regard to amalgamation of GRUH have been completed during the financial year under review.

Upon effectiveness of the Scheme:

- GRUH amalgamated with the Bank and dissolved without winding up.
- Pursuant to issuance of equity shares as consideration for amalgamation of GRUH with the Bank, the shareholding of NOFHC in the Bank reduced from 82.26 per cent to 60.96 per cent of the paid-up voting equity share capital of your Bank.
- In terms of Regulation 38 of the SEBI LODR read with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 (‘**SCRR**’), your Bank was required to bring the public shareholding to the level of at least 25 per cent within three years of listing of equity shares on the stock exchanges i.e. by March 2021. On the request of the Bank, SEBI approved the Scheme of Amalgamation as a method to comply with the norms of minimum public shareholding (‘**MPS**’) as required under Rule 19(2) (b) of the SCRR. Accordingly, on the effectiveness of the Scheme on October 17, 2019 and issuance of fresh equity shares, the public shareholding in the Bank had increased from 17.74 per cent to 39.04 per cent, resulting into Bank’s compliance with the SEBI mandated MPS requirements.

Status of Dilution

As mentioned in the previous para, in terms of Licensing Guidelines issued by RBI and the Licensing conditions for the Bank, NOFHC, the holding company of the Bank is required to bring its excess shareholding to 40 per cent of the paid-up voting equity capital of the Bank within three years from the commencement of operation of the Bank i.e. by August 22, 2018. The Bank and NOFHC have been exploring various options/opportunities to bring the shareholding to

the prescribed level. Keeping this regulatory requirement in view and for further business growth, the Bank has achieved a significant milestone in its short life-span of 4 years by successfully completing the process of amalgamation of GRUH into the Bank effective from October 17, 2019. Pursuant to completion of this Amalgamation and consequent issuance of fresh equity shares to the Shareholders of GRUH on October 21, 2019, the Bank has partially achieved the dilution requirement for NOFHC as it led to reduction in the shareholding of NOFHC in the Bank from 82.26 per cent to 60.96 per cent of its paid-up voting equity share capital. Your Bank is committed to comply with the regulatory requirements.

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

Your Bank did not have any subsidiaries, associates or joint venture companies during the financial year 2019-20. Accordingly, no statement is required to be reported in Form AOC-1.

Awards and Recognitions

Though your Bank is a relatively new entrant in the banking space, yet it has received many significant awards and laurels. During the financial year under review, your Bank was recognised for its excellence. Some of the key awards received by the Bank are listed below:

- ‘**Emerging Company of the Year**’ at The Economic Times Awards 2019 for Corporate Excellence
- ‘**Best Bank**’ and the ‘**Fastest Growing Bank**’ in the small size bank category at Businessworld Magna Awards 2019
- ‘**Fastest Growing Company**’ and ‘**Excellence in Business Performance**’ at The Economic Times Bengal Corporate Awards 2020
- ‘**Best Indian Banking and Financial Institution**’ at Times Business Awards 2020
- ‘**Tech Trendsetter**’ (use of emerging technologies for wider reach and impact) by Governance Now BFSI Awards 2019

Rating of Various Debt Instruments

Details of rating of various debt instruments of the Bank as on March 31, 2020 are as under:

Instruments	Rating	Rating Agency	Amount (₹ In Crs.)
Subordinated Tier II Non-Convertible Debentures	CARE AA- Stable	CARE Rating	160
Term Loan from Banks	[ICRA]AA(Stable)	ICRA	80
Certificate of Deposit	[ICRA]A1+	ICRA	6,000*
	CRISIL A1+	CRISIL	
Non-Convertible Debentures#	[ICRA]AA(Stable)	ICRA	5,075®
	CRISIL AA/Stable	CRISIL	
Fixed Deposits Programme#	CRISIL FAAA/ Stable	CRISIL	1,600
Subordinated Debt#	CRISIL AA/Stable	CRISIL	35

*Rating of ICRA is for ₹3,000 crore only

®Rating of ICRA is for ₹1,576.40 crore only

#transferred from Gruh Finance Limited pursuant to effectiveness of the Scheme of Amalgamation.

During the financial year under review, CRISIL has assigned CRISIL A1+ for the Certificates of Deposit programme of your Bank. Pursuant to amalgamation of GRUH with the Bank, Non-Convertible Debentures amounting to ₹5,075 crore, Fixed Deposits Programme amounting to ₹1,600 crore and Subordinated Debt amounting to ₹35 crore have been transferred to the Bank and accordingly, the respective ratings have also been affirmed by rating agencies as mentioned above.

Board of Directors

As on March 31, 2020, the Board of your Bank continued to have twelve Directors out of which nine were Independent Directors, two Non-Executive Non-Independent Directors including one Nominee Director of Caladium Investment Pte. Ltd, and one Managing Director and CEO.

Appointments

Mr. NVP Tendulkar (DIN: 00869913)

Pursuant to the recommendation of the Nomination and Remuneration Committee ('NRC'), the Board of Directors of the Bank (the '**Board**') approved the appointment of Mr. NVP Tendulkar (DIN: 00869913) as an Additional Director (Independent) of the Bank with effect from May 08, 2020, after ascertaining his fit and proper status including independence from the management of the Bank and inclusion of his name in the independent director's databank. Pursuant to the provisions of Section 161 of the Companies Act, he continues to hold office as an Additional Director of the Bank, up to the date of the ensuing AGM or the last date on which the AGM should have been held, whichever is earlier. Your Bank has received a notice in writing from a member proposing the candidature of Mr. NVP Tendulkar (DIN: 00869913) as a Director on the Board of the Bank. Further, the NRC and the Board have also recommended his appointment as an Independent Director, not liable to retire by rotation, to the Shareholders at the ensuing AGM for a period of three years with effect from May 08, 2020. Mr. Tendulkar is a qualified Chartered Accountant and Company Secretary with more than 37 years of experience in finance, general management & operations in IT, Telecom, Manufacturing Industries with American & European based multinational organisations with ability to resolve successfully multi-dimensional, dynamic & challenging issues of companies.

Mr. Vijay N Bhatt (DIN: 00751001)

Pursuant to the recommendation of the NRC, the Board approved the appointment of Mr. Vijay N Bhatt (DIN: 00751001) as an Additional Director (Independent) of the Bank, with effect from May 08, 2020, after ascertaining his fit and proper status including independence from the management of the Bank and inclusion of his name in the independent director's databank. Pursuant to the provisions of Section 161 of the Companies Act, he continues to hold office as an Additional Director of the Bank, up to the date of the ensuing AGM or the last date on which the AGM should have been held, whichever is earlier. Your Bank has received a notice in writing from a member proposing the candidature of Mr. Vijay N Bhatt (DIN: 00751001) as a Director on the Board of the Bank. Further, the NRC and the Board

have also recommended his appointment as an Independent Director, not liable to retire by rotation, to the Shareholders at the ensuing AGM for a period of three years with effect from May 08, 2020. Mr. Bhatt is a qualified Chartered Accountant and Bachelors in Law (Gen.) with more than 35 years of experience in large, medium and small Indian and Multinational businesses. Being in the audit profession, he has a good understanding of the business environment, business risks, controls, accounting, assurance and financial reporting issues relevant to businesses operating in India.

Re-appointment

Mr. Ranodeb Roy (DIN:00328764)

In terms of the provisions of Section 152 of the Companies Act, out of the two Non-Executive Non-Independent Directors, Mr. Ranodeb Roy (DIN:00328764), Non-Executive Non-Independent Director, being longest in office, shall retire at ensuing AGM and being eligible, offers himself for re-appointment.

The resolution(s) in respect of appointment and re-appointment of the Directors, as aforesaid, have been included in the Notice convening the 6th Annual General Meeting of the Bank. Brief profiles of these Directors have been annexed to the said Notice.

Shareholders Approved Appointments

During the financial year under review, although no new directors were appointed, the appointment/re-appointment of following Directors was approved by the Shareholders in the 5th Annual General Meeting held on June 28, 2019:

1. Appointment of Dr. Allamraju Subramanya Ramasastry (DIN: 06916673) as an Independent Director of the Bank for a period of three years with effect from August 08, 2018.
2. Appointment of Dr. Anup Kumar Sinha (DIN: 08249893) as an Independent Director and Non-Executive (Independent) Chairman of the Bank for a period of three years with effect from January 07, 2019.
3. Appointment of Mr. Santanu Mukherjee (DIN: 07716452) as an Independent Director of the Bank for a period of three years with effect from January 07, 2019.
4. Re-appointment of Ms. Thekedathumadam Subramani Raji Gain (DIN: 07256149), as an Independent Director of the Bank for a period of four years with effect from August 06, 2018.
5. Dr. Holger Dirk Michaelis (DIN: 07205838), Nominee Director, being longest in office, who retired by rotation and being eligible, offered himself for re-appointment, was re-appointed on June 28, 2019.

Cessations

During the financial year under review, none of the Directors has resigned or otherwise ceased to hold office. However, Mr. Chintaman Mahadeo Dixit (DIN: 00524318), Independent Director, completed his second term as Independent Director

of the Bank on July 08, 2020. Accordingly, he ceased to be the Director of the Bank from the close of business hours on July 08, 2020. Necessary disclosure in this regard has been made to the Stock Exchanges, the RBI and the Ministry of Corporate Affairs. The Board places on record its sincere appreciation for the contributions made by Mr. Dixit during his tenure as an Independent Director of the Bank.

Key Managerial Personnel

Mr. Chandra Shekhar Ghosh, Managing Director & CEO, Mr. Sunil Samdani, Chief Financial Officer and Mr. Indranil Banerjee, Company Secretary of the Bank are the Key Managerial Personnel of the Bank as per the provisions of the Companies Act and rules made thereunder.

Meetings of the Board and Board Committees

The Board met twelve times during the Financial Year 2019-20 viz. on May 02, 2019, June 14, 2019, July 19, 2019, August 29, 2019, October 03, 2019, October 24, 2019, December 11, 2019, January 10, 2020, January 14, 2020, January 27, 2020, February 27, 2020, and February 28, 2020. The details of Board meetings held during the financial year, attendance of Directors at the meetings, and other details have been provided separately in the Report on Corporate Governance forming part of this Directors' Report.

The Bank currently has following nine Board Committees:

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

Additionally, meetings of Independent Directors were also held during the financial year under review.

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

Corporate Social Responsibility

Your Bank's core commitment to create inclusive growth is reflected in its Corporate Social Responsibility ("CSR") initiatives that focus on the empowerment of the marginalised sections of the societies. To address its societal commitments your Bank adopted a comprehensive CSR Policy, as amended in FY 2019-20 that outlines the CSR programme that your Bank intends to implement for the relevant stakeholders in the vicinity of its operational areas. All these programmes fall within the purview of the Schedule VII, read with Section 135 of the Companies Act.

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

The beneficiaries of your Bank's CSR initiatives are those who are residing in the operational areas and who are confronted with multidimensional deprivations and vulnerabilities. Accordingly, the interventions of your Bank's CSR initiatives are appropriately designed to build their capabilities for securing sustainable livelihoods.

During the year under review, your Bank has contributed ₹67.09 crore towards various CSR programmes of 21 Project Implementing Agencies ('**PIAs**'), encompassing 12 states, 87 districts and 6.53 lakh targeted stakeholders. The Bank continues to engage itself with the stakeholders for the overall growth of society. The details of CSR activities/projects undertaken during the year are given as **Annexure – 1** and forms part of this Directors' Report. The CSR Policy as recommended by the CSR Committee and approved by the Board is available on the Bank's website: <https://www.bandhanbank.com/view-pdf.aspx?FileName=CSR-Policy-New-Format.pdf>. During the financial year under review, changes in the Policy have been approved by the Board to align it with the recent amendments to the statutory provisions.

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

Targeting the Hard-Core Poor Programme

Your Bank has contributed ₹27.60 crore towards Targeting the Hard-Core Poor (THP) programme – the flagship programme of Bandhan Konnagar, an Organisation registered under the Societies of West Bengal Registration Act XXVI of 1961, Implementing Agency. The programme is designed for the ultra-poor-women headed households, providing them with a range of gainful micro-enterprises (in form of farm, non-farm and mixed assets, not cash) along with handholding support and training on confidence building, enterprise skills, consumer interaction, marketing and financial skills. They are also provided with sustenance allowance to meet their daily needs till they start generating substantial income from the assets provided. In 18-24 months, these ultra-poor women start graduating, uplifting themselves from extreme poverty and getting linked to mainstream society.

During the financial year under review, 21,600 ultra-poor women from your Bank's catchment area covering 20 districts of Assam, Jharkhand, Madhya Pradesh, Odisha, Tripura and West Bengal had access to sustainable livelihood sources. Cumulatively, as on March 31, 2020, 45,133 ultra-poor women had access to sustainable livelihood sources, of which 28,366 have already graduated and moved out of poverty. The remaining 16,500 women are in various stages of moving out of poverty.

A study conducted by Nobel laureate, Dr. Abhijit Banerjee *et.al.*², on the long term impacts of the programme, suggests that in seven years after the assets were first distributed, livestock revenue, income from non-agricultural entrepreneurial activities and daily wage income was 286 per cent., 100 per cent. and 25 per cent. higher in the treatment group as compared to the control group average, and it was not because of more working hours, but because of the fact that the income per hour went up and they diversified their businesses and invested part of the gains from livestock into other activities.

The monthly consumption of those assigned to treatment increased by 25 per cent. (USD 16) as compared to the consumption of those assigned to control, which increased by 12 per cent. (USD 6.6) and the amount deposited in the savings account by the beneficiaries was more than double as compared to the control group. There was also an increase in the formal borrowings.

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

This suggests that the promise of the programme to unlocking the "poverty trap" seems to have been achieved.

Health, Nutrition, Drinking Water and Sanitation

During the financial year under review, your Bank has contributed ₹17.96 crore towards health programmes of five PIAs in the catchments of your Bank's operational area covering 33 districts in 9 states of India.

Health

Your Bank, has helped in creating health and hygiene related awareness and behavioural changes through a network of 3,193 village level female health volunteers known as "Swasthiya Sahayikas" who reached out to 5,72,450 women, including 15,488 adolescent girls and 45,603 pregnant women and 1,17,619 lactating mothers. The Swasthiya Sahayikas held 38,212 health awareness forums, health and nutrition camps and health sessions focused on pregnant and lactating women. These awareness camps and sessions were attended by 6,82,647 female participants in the reproductive age group. The Swasthiya Sahayikas made 6,30,173 home visits to follow up on the health status of pregnant women, lactating mothers and children below 5 years and have taken 1,744 pregnant women for institutional deliveries during emergency situations, or in case of absence of any family members. They have referred 7,053 women for ante-natal check-ups ('ANC') and institutional deliveries in 457 healthcare centres. These efforts resulted in improving the institutional deliveries to 90.25 per cent., (national average of 78.90 per cent.) and complete ANC to 91 per cent. (National average 51.20 per cent.).

Healthcare

Apart from public health programme, 1,62,104 patients were provided treatment for various diseases like cataract, hypertension, diabetes, cough & cold by 4 PIAs in 4 districts of 4 states of India.

Nutrition

During the financial year under review, 2,78,926 children were enrolled in the nutrition initiatives, of which it identified 28,751 severe acute malnutrition ('SAM') children under the age of five years and supported them for nutrition rehabilitation. 94 per cent. of the children over 24 months completed their primary immunisation and 83.25 per cent. (National Average 54.90 per cent.) of children from 0- 6 months were exclusively breast-fed.

To provide round the year nutrition support, 5,94,050 households were provided planting materials of fruits and vegetables for setting up their nutrition gardens. These nutrition gardens helped the families, especially women and children to consume pesticide free fresh fruits and vegetables round the year. This initiative has helped in reducing the protein energy malnutrition ('PEM') amongst the children who are less than five years of age and is evident from the fact that the wasting of children under-five has gone down to 9 per cent. (as against the national average of 35.7 per cent.). The awareness regarding balanced and adequate diet during pregnancy coupled with availability of fruits and vegetables from the nutrition gardens, resulted in reducing the low birth weight incidences to a mere 2 per cent. of the live births as compared to the national average of 18.2 per cent. live births being under 2.5 kg.

Drinking Water

During the financial year under review, 23 community-level reverse osmosis water treatment plants were set up, which provided 10,302.36 kilo litres of purified drinking water to 23,532 households.

Sanitation

Your bank has contributed ₹1.02 crore towards the school sanitation programme of two PIAs covering 19 schools in 3 districts in 3 states of India. The initiatives helped in improving the sanitation infrastructure of government schools, which included separate toilets for boys and girls using child-friendly engineering, RO drinking water stations, mid-day meal platforms with shades, dish washing stations, roof-rainwater harvesting system, etc. The programme induced behavioural changes amongst the school teachers and children through classroom sessions and demonstrations regarding sanitation and personal hygiene including hand-washing using soaps after using toilets, before and after a meal, before holding infants, after returning home from outside, after playing outdoors, after playing with

¹Poverty Line benchmarked accordingly to the Suresh Tendulkar's Committee Poverty Lines per capita monthly expenditure, 2011-12, Niti Aayog, Government of India and India SDG Index Score for Goal 1 – No Poverty; Goal 2 – Zero Hunger and SGD 5 – Gender Equality

²Abhijit Banerjee, Esther Duflo, Raghavendra Chattopadhyay and Jeremy Shapiro (2016) The Long Term Impacts of a "Graduation" Program: Evidence from West Bengal. Working Paper, September, 2016. J-PAL, MIT, Cambridge, Massachusetts. USA.

animals, after coughing, sneezing or blowing your nose, cleaning toilets, flushing toilets after use, using sanitary pads for menstrual hygiene and so on. The programme also supported monitoring of the operation and maintenance of the facilities created.

The Swasthiya Sahayikas of the health programme induced menstrual-hygiene behavioural change among women, especially adolescent girls and in the awareness about infant care in pregnant women and lactating mothers. They provided 3,08,179 sanitary pads during door to door visits, and have also started to supply infant diapers, soaps, hand sanitisers, moisturisers, etc.

Education

Your Bank's education programme provides quality education to the children belonging to the marginalised section of the society in your Bank's catchment area. The education programme enables the children to improve their learning outcomes, especially in science, technology, engineering and mathematics (STEM) subjects and increase their retention and classroom engagement. The programme also provides training to the teachers belonging to government schools and schools run by various charitable trusts that provide free education. The training aims to transform their pedagogy and integrate various teaching and learning tools in their lesson plans. It also aims to track a comprehensive and continuous assessment for each child. For inclusive learning, your Bank has also contributed to "Sammilit Pathshala" for providing education to children with special needs with other children. For creating better learning environment, the programme also contributed for creation of school education facilities including, setting up computer labs, smart classrooms, furniture and fixtures, building as learning aid paintings, etc.

Your Bank contributed ₹12.25 crore towards the education programme of 8 PIAs benefiting 55,437 marginalised children in 35 districts of 7 states of India.

Support to Person with Disabilities

In line with the commitment to inclusive growth, your Bank has contributed ₹78.43 Lakh to the initiatives of 4 PIAs who are dedicated to provide equal opportunities and create conducive environments for persons with disabilities ('PwD'). During the financial year under review, the initiative has supported 2,058 PwDs in 8 districts of 4 states of India.

Skill Development

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

During the financial year under review, your bank contributed ₹4.25 crore towards the skill development initiatives of three PIAs in 16 districts of 8 states of India. These PIAs operated 17 training centre which were operational in like Hospitality, Retail and Customer Care, Sales and Marketing, ITeS and BPO, Refrigeration and Air Conditioning, Computer Accounting, Hardware and

Networking, BFSI, Tailoring, Mason, Electrical, GDA (Nursing), Manual Metal Arc Welding, Fitter Fabrication, Security Guard and Driving domains.

As on March 31, 2020, 4,638 youths were trained, of which nearly 80 per cent were placed with net salary ranging from ₹6,500 to ₹12,000 and other performance based allowances and social security benefits like Provident Fund (PF) and Employees' State Insurance (ESI) were provided.

Water Conservation

The water conservation initiative aims at water security and drought proofing to some of the high moisture stressed regions of India, thereby providing a safety net to agriculture and livestock based livelihoods. The initiatives facilitate participatory watershed management by empowering the communities to participate in planning and implementation of local water resource development. Measures such as building, reviving and maintaining water-harvesting structures, prioritisation and judicious use of water for every community member, crop planning and water-efficient farming, use of drought resistant varieties, cultivation of high value crop requiring less water, create a multiplier effect in drought-proofing and climate change adaptation measures, along with higher income generation. Currently, the programme is being implemented in 2 states. These projects not only provide drinking water to over 1,500 families but also support participatory irrigation of cumin crop for 35 farmers and helped in generating an income of more than ₹20 Lakh.

Afforestation

Your Bank's afforestation initiatives have contributed towards the project on establishing "Bio-shield" to save the mangroves in Bharuch district of Gujarat. Mangrove plantation in a stretch of 1 km of coastline was done along with plantation of other medicinal plant species and fodder species. A fodder bank was created to offset the biotic pressure from the mangrove area. The project created 4,629 person-days of employment and provided additional income generating avenues from fodder and medicinal plants.

Declaration from Independent Directors

The Bank has received necessary declarations from all the Independent Directors under section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI LODR that they meet the criteria of independence laid down thereunder. The Board of Directors of the Bank has reviewed the disclosures of independence submitted by the Independent Directors and is of the opinion that the Independent Directors of the Bank fulfil the conditions specified in the Companies Act and SEBI LODR and are independent of the management. All the Independent Directors of the Bank have also registered themselves with the databank maintained by the Indian Institute of Corporate Affairs ('IICA') as prescribed by the Ministry of Corporate Affairs. The Board is also of the opinion that the Independent Directors appointed on May 08, 2020 are having requisite expertise, experience and qualification to act as Independent Directors of the Bank and they have also registered themselves with the databank maintained by IICA.

Familiarisation Programmes for Independent Directors

The familiarisation programme for the Independent Directors are disclosed in the Report on Corporate Governance that forms part of this Directors' Report.

Board Evaluation

Pursuant to recommendation of the NRC, the Board has framed 'Performance Evaluation Policy for the Board, Committees, Non-independent / Whole Time Directors and Independent Directors' (the '**Board PE Policy**') in accordance with the relevant provisions of the Companies Act, the SEBI LODR and SEBI Guidance Note on Board Evaluation. In terms of the Board PE Policy, questionnaire for the performance evaluation of the Board and its Committees, and of individual Directors, covering various aspects of their respective performance, including quality, roles, responsibilities, process, functioning, participation, commitment, contribution, attendance, initiative, teamwork, communication, adherence to the code of conduct, compliance, corporate governance, best practices, updates and in case of Independent Directors, fulfilment of the independence criteria and their independence from the management, has been provided to each Director. The Board of Directors have done the evaluation of the performance of the Independent Directors excluding the director being evaluated. Similarly, Independent Directors have done the evaluation of the performance of the Non-Independent Directors including MD & CEO, and the Chairman of the Board and the Board as a Whole. The Chairman of Board Committees have done performance evaluation of respective Committees. Thereafter, the report by the Board and the Independent Directors on the performance evaluation of Directors was submitted to the NRC. The NRC, after considering the performance evaluation report for Directors, made its recommendations to the Board for continuation / re-appointment of Directors. Thereafter, the Board considered the recommendations of the NRC, report on the performance evaluation of the Board as a Whole and of the Board Committee. The Board evaluation has provided some valuable inputs for optimising the roles and responsibilities, quality, quantity and timeliness of flow of information between the Bank's Management and the Board.

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

Appointment of Directors

Appointment of Directors on the Board of the Bank is guided by the provisions of the BR Act and the guidelines/ circulars issued by the RBI from time to time, the Companies Act and the SEBI LODR. In view of these provisions, your Bank has adopted 'Policy on Appointment and fit and proper criteria for Directors'. In terms of this Policy, the NRC / Board considers fit and proper criteria,

various skill sets, professional knowledge, practical experience, gender diversity, status of independence in case of Independent Directors while appointing directors on the Board of the Bank. The details of the same have been included in the Report on Corporate Governance forming part of this Directors' Report. The policy on Appointment and Fit & Proper Criteria for Directors of the Bank is available on the Bank's website: <https://www.bandhanbank.com/view-pdf.aspx?FileName=Policy-Fit-Proper-Criteria-Director.pdf>

Remuneration Policy

Your Bank has formulated and adopted a comprehensive Compensation Policy for its Directors, Key Managerial Personnel and Employees of the Bank, in terms of Section 178 of the Companies Act read with the relevant Rules made thereunder, Regulation 19 of the SEBI LODR and the Guidelines /Circulars issued by the RBI, in this regard, from time to time. The details of the same have been included in the Report on Corporate Governance forming part of this Report. The compensation policy of the Bank is available on the Bank's website: <https://www.bandhanbank.com/view-pdf.aspx?FileName=CompensationPolicy.pdf>.

Employees Remuneration

As on March 31, 2020, your Bank had 39,750 employees. The statement containing particulars of employees as required under Section 197(12) of the Companies Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are appended separately as **Annexure – 2(a)** and forms part of this report. The ratio of the remuneration of each Director to the median remuneration of the employees of the Bank and other details in terms of Section 197(12) of the Companies Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure – 2(b)**.

Employee Stock Options

Your Bank has instituted Employees Stock Option Plans to enable its employees to participate in your Bank's future growth and financial success. Your Bank provides its employees a platform for participating in important decision making and instilling long-term commitment towards future growth of the Bank by way of rewarding them through stock options. Accordingly, with the approval of the Shareholders of the Bank, the Bank had instituted an Employees Stock Option Scheme ('**ESOP**') i.e. Bandhan Bank Employee Stock Option Plan Series I ('**ESOP Scheme**'). In terms of the Shareholders' approved ESOP Scheme and the Compensation Policy of the Bank, the NRC has approved the grant of 22,20,725 Stock Options to the eligible Employees of the Bank at a grant price of ₹180 per Stock Option in the month of December 2017 under Tranche 1.

The ESOP Scheme was approved by the shareholders of the Bank in the general meeting before the maiden Initial Public Offering ('**IPO**') of the Bank in March 27, 2018. However, in terms of compliance of Regulation 12 of the SEBI (Share Based Employee Benefits) Regulations, 2014 ('**SEBI SBEB**') the ESOP Scheme was required to be approved by the shareholders after the IPO of

the Bank. Accordingly, the ESOP Scheme was approved by the shareholders in the 5th AGM of the Bank on June 28, 2019 along with granting of additional 5,25,36,327 stock options under the ESOP Scheme in multiple tranches from time to time in terms of the provisions of the SEBI SBEB. During the financial year under review, fresh grants have been made under Tranche-2 of the ESOP Scheme, details of which are provided in the disclosure in this regard made separately.

Further, in terms of the Scheme of Amalgamation approved by the Shareholders, regulatory bodies and NCLT, upon effectiveness of the Scheme of Amalgamation, the options granted by GRUH to its employees shall automatically stand cancelled and fresh options have to be granted by the Bank to the eligible employees on the basis of Share Exchange ratio such that the employees shall, as option holders of the Bank, enjoy the same economic benefits as they would have received under GRUH's ESOP Scheme. Therefore, upon effectiveness of the Scheme of Amalgamation of GRUH with the Bank, the stock options already granted by GRUH to its employees have accordingly been cancelled as on the effective date of the Scheme i.e. October 17, 2019. Accordingly, ESOP Scheme of the Bank was suitably modified by NRC to give effect to the above and issued the fresh stock options to the eligible employees of erstwhile GRUH under the Tranche – 2 of the ESOP Scheme of the Bank, in terms of the ratio specified in the Scheme of Amalgamation. Other than above, no other material change has been made in the ESOP Scheme and is in compliance with the provisions of SEBI SBEB.

The ESOP Scheme is administrated by the NRC. In terms of the ESOP Scheme, the Options would vest not earlier than one year and not later than four years from the date of grant as decided by the Board / NRC. The Options granted shall be equally vested over four years. The exercise period shall be a maximum of five years from the date of respective vesting of Options. Further, the source of shares is primary in nature, since your Bank has been issuing new equity shares upon exercise of Options. None of the Directors were issued the stock options during the financial year under review.

The information pertaining to the ESOP Scheme as prescribed under SEBI SBEB read with SEBI Circular dated June 16, 2015 on requirements specified under the SEBI SBEB is available on the website of the Bank at www.bandhanbank.com.

Further, as required under SEBI SBEB, the auditor's certificate on the implementation of ESOP Scheme in accordance with these regulations will be made available electronically at the AGM.

Deposits

Being a banking company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014 read with Sections 73 and 74 of the Companies Act are not applicable to your Bank. The details of the deposits received and accepted by your Bank as a banking company are enumerated in the financial statements for the financial year ended March 31, 2020.

Internal Financial Controls, Audit and Compliance

Your Bank has an Internal Audit department and a Compliance department, which independently carries out evaluation of the adequacy of all internal controls. These departments ensure that operating and business units adhere to laid down internal processes and procedures as well as to regulatory and legal requirements. The audit department also proactively recommends improvements in operational processes and service quality. The Bank has put in place extensive internal controls including audit trails, appropriate segregation of front- and back-office operations, post-transaction monitoring processes at the backend to mitigate operational risks. The Compliance Department submits the compliance report to the Audit Committee on regular interval providing the compliance status with the laws applicable to the Bank. It further ensures independent checks and balances, and adherence to the laid down policies and procedures of the Bank are in accordance with the regulatory guidelines. Your Bank has adhered to the highest standards of compliance and governance and has placed controls and appropriate structure to ensure this.

To safeguard independence, the internal audit department reports directly to the Chairman of the Audit Committee of the Board. The Audit Committee of the Board also reviews the performance of the Audit department and Compliance department. It further appraises the effectiveness of controls and compliance with regulatory guidelines.

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

Related Party Transactions

There were no materially significant transactions with related parties during the financial year 2019-20, which could lead to a potential conflict of interest between the Bank and these parties. Prior omnibus approval for normal banking transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as for the normal banking transactions which cannot be foreseen and accordingly the required disclosures are made to the Audit Committee for their approval. The details of the transactions with related parties, if any, were placed before the Audit Committee from time to time. The Related Party Transactions that were entered during the financial year were on arm's length basis and were in ordinary course of business. Accordingly, there are no Related Party Transactions required to be reported in Form AOC-2. However, necessary disclosure as required under the Accounting Standards (AS 18) read with RBI's Master Circular- Disclosure in Financial Statements- Notes to Accounts dated July 01, 2015, has been made in the note no. 18.13 to the annual financial statements for the financial year 2019-20.

Your Bank's Policy on dealing with Related Party Transactions is available on the Bank's website: <https://www.bandhanbank.com/view-pdf.aspx?FileName=RelatedParty-Transactions-Policy.pdf>.

Particulars of Loans, Guarantees or Investments

In terms of the provisions of Section 186 (11) of the Companies Act, the provisions of Section 186 of the Companies Act except sub-section (1), do not apply to any loan made, any guarantee given or security provided, or any investment made by a banking company in the ordinary course of its business. However, the particulars of investments made by the Bank are disclosed in the Financial Statements for the financial year 2019-20, as per the applicable provisions of the BR Act.

Whistle Blower Policy/Vigil Mechanism

Your Bank has adopted a Whistle Blower Policy as required under Section 177 of the Companies Act and Regulation 22 of SEBI LODR pursuant to which the Bank's employees can raise their concerns relating to fraud, malpractice or any other activity or event, which is against the interests of the Bank or society as a whole. According to this policy, the Audit Committee has been entrusted with the responsibility of reviewing the complaints received and the action taken thereof. Detailed information on the Vigil Mechanism of the Bank is provided in the Report on the Corporate Governance which forms part of this Annual Report.

Significant and Material Orders passed by Regulators or Courts or Tribunals

During FY 2019-20, no significant or material orders were passed by any Regulators or Courts or Tribunals against the Bank impacting its going concern status and operations in future. However, the RBI in exercise of the powers conferred under Section 47A(1)(c) read with Section 46(4)(i) of the BR Act, had imposed a penalty of ₹1 crore on the Bank on account of failure of the Bank to bring down the shareholding of its NOFHC, Bandhan Financial Holdings Limited in the Bank, to 40 per cent of the total paid-up voting equity capital within three years from the date of commencement of business of the Bank. Your Bank has taken initiatives to comply with the only remaining licensing condition. It may be noted that upon amalgamation of GRUH into and with the Bank during the financial year under review, existing shareholding of NOFHC in the Bank has been brought down to approximately 61 per cent. Your Bank is taking necessary steps to complete the compliance in this regard, at the earliest. Further, in view of the efforts made by the Bank to comply with the licensing condition with regard to dilution, the RBI has lifted the restriction of obtaining prior-approval for opening new banking outlets. However, as per the regulatory requirements, the Bank shall have at least 25 per cent of the total number of banking outlets opened during a financial year in unbanked rural centres.

Statutory Auditors and Their Report

The Members of the Bank at the 5th Annual General Meeting held on June 28, 2019 have approved the appointment of Deloitte Haskins & Sells, Chartered Accountants (ICAI Firm Registration Number 117365W) as the Statutory Auditors of the Bank for a period of four years from the conclusion of 5th AGM till the conclusion of 9th AGM, subject to approval of RBI on an annual

basis. The approval of the RBI for appointment of Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors of the Bank for the financial year 2020-21 has been received.

The Report given by the Auditors on the financial statements of the Bank for the financial year ended on March 31, 2020 forms part of this Directors' Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. Also, no offence of fraud was reported by the Auditors of the Bank under section 143(12) of the Companies Act.

Secretarial Auditors and their Report

Pursuant to the provisions of Section 204 of the Companies Act, the Board has appointed Mr. Anjan Kumar Roy, Practising Company Secretary (C.P. 4557) as Secretarial Auditor to conduct Secretarial Audit of the Bank for the FY 2019-20. Accordingly, the Secretarial Audit Report for FY 2019-20 is annexed to this report as **Annexure – 3**. There are no qualification, reservation, adverse remark or disclaimer in the Secretarial Audit Report. However, the explanation to the only observation made with regard to the penalty of ₹1 crore levied by the RBI on account of failure of the Bank to bring down the shareholding of its NOFHC to 40 per cent of the total paid-up voting equity capital within three years from the date of commencement of business of the Bank, has been given in the previous para on 'Significant and Material Orders passed by Regulators or Courts or Tribunals'. No offence of fraud was reported by the Secretarial Auditor of the Bank under section 143(14) of the Companies Act.

Cost Records

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

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

Energy and natural resource conservation have been one of the focus area for the Bank and conscious efforts are being made towards improving energy performance, year on year. The conservation of energy has been integrated with the vision of the organisation and its operations. Some of the steps undertaken by the Bank towards conservation of energy are as under:

- **Inclusive approach led by the top management down to the end consumer:**
 - Standardisation of temperature across the offices at 24 degree celsius.
 - Balancing of inlet air flow and air exchange as per load capacity.
 - Heatload reduction through canopy improvisation and shading.
 - Cleaning of air filters & actuators at AHU and indoor unit level
 - Chiller tube cleaning and maintaining water quality.

- **Tracking of energy consumptions** at all levels and comparing with the best international benchmarks. Engagement with key stakeholders at regular intervals to drive energy conservation in the organisation culture.
- **Incorporation of latest technologies** in air-conditioning and inductive equipment in terms of variable drives and improved IKW (Consumption per Ton) in HVAC.
- **Lighting:** Incorporation of LED for lighting, day light utilisation, timed illumination of signage.
- **Daily operations and usage-** Conservation through basic hygiene practices on energy usage through Occupancy sensors, Zoning of electrical circuits and master switches for premises.

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

The Foreign exchange earnings of the Bank was ₹69.07 lakh whereas foreign exchange outgo was of ₹74.69 lakh during the financial year 2019-20.

Corporate Governance

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

A Certificate from CS Deepak Kumar Khaitan, Practicing Company Secretary (C.P. No. 5207), conforming compliance by the Bank to the conditions of Corporate Governance as stipulated under SEBI LODR, is annexed to the Report on Corporate Governance, which forms part of this Directors' Report.

Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return as at March 31, 2020 forms part of this Report as **Annexure – 5** and the Annual Return of the Bank as at March 31, 2020 is placed on its website and can be accessed at www.bandhanbank.com.

Management Discussion and Analysis

The Management Discussion and Analysis report for the financial year 2019-20 as prescribed under SEBI LODR is enclosed as **Annexure – 6** which forms part of this report.

Business Responsibility Report

In terms of the provisions of SEBI LODR, a Business Responsibility Report describing the initiatives taken by your Bank from environmental, social and governance perspective is forming part of this report as **Annexure – 7**.

Integrated Reporting

The Bank has prepared an Integrated Report based on the principles enunciated by the International Integrated Reporting Council which has been hosted on the website of the Bank. The report provides information including financial and non-financial which would enable the Members to take well informed decisions and have a better understanding of the Bank's perspective. It also deals with various aspects such as organisational strategy, governance framework, performance and prospects of value creation, based on the six forms of capital viz. financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital.

Compliance with Secretarial Standards

The Board of Directors affirm that the Bank has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS-1 and SS-2) relating to Meetings of the Board, its Committees and the General Meetings.

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

Your Bank has zero tolerance towards any action on the part of any of its employees, which may fall under the ambit of 'sexual harassment' at workplace and is fully committed to uphold and maintain the dignity of every woman constituent associated with the Bank. It takes all necessary measures to ensure a harassment free workplace and has instituted an Internal Committee for redressal of complaints and to prevent/prohibit sexual harassment, in compliance with the guidelines enumerated in the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. At the beginning of the financial year under review, there were no pending complaints, however, during the financial year, eight complaints were received out of which six complaints have been closed during the financial year and the balance two complaints that were pending at the end of the financial year, have since been closed.

Human Resource Management

Your Bank recognises that the human resource is an important ingredient of organisational success. Thus, the goal of the Human Resources ('HR') department is to ensure that employees are recruited, engaged, retained and motivated to contribute to the Bank's growth and strategic mission. The HR Department proactively engages with employees at all levels for this purpose. Its vision is to create an environment of learning and superior performance in line with the Bank's corporate values and aligning the personal aspirations of employees to business imperatives.

The employee engagement initiatives place greater emphasis on learning and development, providing opportunities for staff to seek aspirational roles, streamlining the Performance

Management System and introducing performance-linked rewards. A host of programmes are being run to meet the on-going learning and development needs in the Bank and promote a climate of learning, self-growth and excellence. The learning architecture in your Bank focusses on:

1. Developing tailor-made, competency-mapped programmes for different sets of employees, based on their roles in the Bank;
2. Induction/orientation of new hires for acquaintance with the culture of the Bank;
3. Training on operational risk, audit, compliance and regulatory aspects for frontline staff; and
4. People management, customer-centric and compliance-based programmes for employees in leadership roles.

Through its 11 residential training facilities across the country, and through a wide range of training programmes, your Bank has provided 130,384 person-days of training to its employees. The trainings were provided to people across departments and functions, to build their professional competence and improve their skill sets, and thus, enable them to contribute to your Bank's mission.

Additionally, the Bank continues to engage with leading management institutes for leadership and management development programmes and specialised programmes for employees across senior and mid-management levels of staff.

Your Bank believes that the Performance Management ('PM') process is a powerful driver of individual and corporate performance. An online PM System ('PMS'), with focus on building transparency in performance assessments, employee ownership of the goals and encouraging dialogue on performance and developmental feedback between the appraisee and appraiser, was introduced in your Bank. Softer behavioural attributes, like the employee's adherence to values of the organisation, customer focus, accountability, ability to work in a team, and others build a culture conducive to sustainable business performance and promote desired behaviour. Recognising their importance, attention was also paid to such softer behavioural attributes.

Your Bank shall continue to leverage and align HR practices to build critical organisational capabilities, create a conducive work environment to enhance and shape employee satisfaction, and enable achievement of the organisation's strategic goals.

Risk Management Framework

Risk Appetite & Culture:

Your Bank manages a variety of risks both financial and non-financial that can significantly affect our financial performance and ability to meet the expectations of customers, shareholders, regulators and other stakeholders.

Risk is an integral part of the Bank's Business Model and the Bank measures and manages risk as part of its business,

including in connection with the products and services offered to its customers.

Risk Appetite Framework, approved by the Board, defines the Bank's risk appetite, which is the amount of risk the Bank is comfortable taking (acceptable risk) given its current level of resources. Risk profile, coming out of the Risk Appetite Statements, is a holistic view of all risks the Bank holds at a point in time. The Bank monitors its risk profile, and the Board periodically reviews reports and analysis concerning its risk profile.

The Bank's Strategy Planning process considers its risk appetite, and risk management effectiveness (e.g., the holistic measure of the quality and effectiveness of the Bank's risk management activities, including the functional or programmatic use of controls and capabilities to manage risks) and is closely linked with the Bank's capital planning process; this gets encapsulated in the Board approved ICAAP document.

The Board holds management accountable for establishing and maintaining the right risk culture and effectively managing risk. Every team member creates risk in the course of performing business activities and is required to manage that risk. Risk is everyone's responsibility. Every team member is required to comply with applicable laws, regulations, and policies and are strongly encouraged and expected to speak up when they see something that could cause harm to the Bank's customers, communities, team members, shareholders, or reputation. For ensuring this, the Bank has a robust Whistle Blower framework. Each team member's performance evaluations are tied to, and take into account, effective risk management. The Bank's performance management and incentive compensation programs are also designed to establish a balanced framework for risk and reward under core principles that team members are expected to know and practice.

Risk Management Framework:

The risk management framework sets forth the core principles on how the Bank seeks to manage and govern its risk. Risk policies and frameworks anchor to the risk management framework's core principles.

The Board assesses management's performance, provides credible challenge, and holds management accountable for maintaining an effective risk management program and for adhering to risk management expectations. The Board carries out its risk oversight responsibilities directly and through its committees.

Risk Management Committee of the Board ('RMCB') approves the Bank's risk management framework and oversees its implementation, including the processes established by management to identify, assess, measure, monitor, and manage risks. It also monitors the adherence to the risk appetite. In addition, the RMCB oversees the performance of the Chief Risk Officer ('CRO') who reports functionally to the RMCB and administratively to the MD & CEO and the aspect of CRO's independence is reviewed on an annual basis by the Board.

The Bank has established various management level risk committees that support the MD & CEO and other senior management in carrying out its governance and risk management responsibilities. Each management committee is expected to discuss, document, and make decisions regarding significant risk issues, emerging risks, and risk acceptances; review and monitor progress related to critical and high-risk issues and remediation efforts within its scope, including lessons learned; and report key challenges, decisions, escalations, other actions, and open issues as appropriate. The risk management committees have a direct escalation path to the RMCB.

Your Bank's risk operating model creates necessary interaction, interdependencies, and ongoing engagement among the lines of defence: Front Line (composed of business groups and certain activities of enterprise functions), Risk Management is the second line of defence and it establishes and maintains the Bank's risk management program and provides oversight, including challenge to and independent assessment of the front line's execution of its risk management responsibilities; and the Internal Audit is the third line of defence- responsible for acting as an independent assurance function and validates that the risk management program is adequately designed and functioning effectively.

Risk Type Classifications

While your Bank follows an Integrated Risk Approach, it uses common classifications to enable consistency across risk management programs and aggregation of information. Risk type classifications permit the Bank to identify and prioritise its risk exposures, including emerging risk exposures. The Risk department is structured accordingly with separate teams (Operational Risk, Information Security, Credit Risk and Market Risk) focussing on their respective areas, reporting to CRO, who presents an integrated view to the Board, the RMCB and the MD&CEO.

Operational risk is the risk resulting from inadequate or failed internal processes, people and systems, or from external events. At the management level, the Operational Risk Team, has primary oversight responsibility for operational risk and provides periodic reports related to operational risk, including Business Continuity and Third-party risk to the RMCB and the Operational Risk Management Committee ('**ORMC**').

Information security is a significant operational risk and includes the risk arising from unauthorised access, use, disclosure, disruption, modification, or destruction of information or information systems. The Board is actively engaged in the oversight of the Bank's information security risk management and cyber defence programs. Information Security Team (headed by CISO) having oversight over information risk management, Enterprise Data Governance, cybersecurity, etc. provides periodic reports in these sphere to the RMCB and Information Technology Strategy Committee of the Board ('**ITSCB**'), as also to the Information Security Committee, a management level committee.

Your Bank, like other financial institutions continue to be the target of various evolving and adaptive cyber-attacks, including

malware and denial-of-service, as part of an effort to disrupt the operations of financial institutions, potentially test their cybersecurity capabilities, commit fraud, or obtain confidential, proprietary or other sensitive information. Cyber-attacks have also focused on targeting online applications and services, such as online banking, as well as cloud-based services provided by third parties, and have targeted the infrastructure of the internet causing the widespread unavailability of websites and degrading website performance. Your Bank has not experienced any material losses relating to these or other types of cyber-attacks.

For the Bank, Cybersecurity risk is a priority and the Bank continues to develop and enhance its controls, processes and systems in order to protect its networks, computers, software and data from attack, damage or unauthorised access. The Bank's internal Cyber Security Operations Centre (C-SOC) has been operationalised during the financial year under review.

Credit risk is defined as the risk of loss associated with a borrower or counterparty default. At the management level, Credit Risk Team has the primary oversight responsibility and provides periodic reports related to credit risk to the RMCB and Credit Risk Management Committee ('**CRMC**'). Your Bank manages its credit risk by establishing what it believes are sound credit policies for underwriting new business, while monitoring and reviewing the performance of its existing loan portfolios. The Bank's overall credit process includes comprehensive credit policies, disciplined credit underwriting, frequent and detailed risk measurement and a continual loan review and audit process. For large size credit underwriting, the Bank follows the Committee approach for sanctioning.

Asset/Liability Management involves evaluating, monitoring and managing interest rate risk, market risk, liquidity and funding. The Market Risk team has primary oversight responsibility for market risk as well as the Liquidity and Interest Rate Risk and provides periodic reports related to these risks to the RMCB and ALCO, which consists of senior management personnel from finance, risk and business groups.

Interest rate risk, which potentially can have a significant earnings impact, arises because assets and liabilities may mature or reprice at different times, assets and liabilities may reprice at the same time but by different amounts, short-term and long-term market interest rates may change by different amounts, the remaining maturity of various assets or liabilities may shorten or lengthen as interest rates or interest rates may also have a direct or indirect effect on loan demand, collateral values, credit losses, mortgage origination volume, etc. The Bank assesses interest rate risk by comparing outcomes under various net interest income simulations using many interest rate scenarios that differ in the direction of interest rate changes, the degree of change over time, the speed of change and the projected shape of the yield curve.

Market risk is the risk of possible economic loss from adverse changes in market risk factors such as interest rates, credit spreads, foreign exchange rates, equity and commodity prices, and the risk of possible loss due to counterparty exposure.

This applies to implied volatility risk, basis risk, and market liquidity risk. Value-at-risk ('VaR') is a statistical risk measure used to estimate the potential loss from adverse moves in the financial markets. The Bank uses VaR metrics complemented with sensitivity analysis and stress testing in measuring and monitoring market risk. Treasury Mid-office, under the market risk management function aggregates and monitors all exposures to ensure risk measures are within our established risk appetite.

The objective of effective liquidity management is to ensure that the Bank can meet customer loan requests, customer deposit maturities/withdrawals and other cash commitments efficiently under both normal operating conditions and under periods of Bank-specific and/or market stress. To achieve this objective, the Board establishes liquidity guidelines that require sufficient asset-based liquidity to cover potential funding requirements and to avoid over-dependence on volatile, less reliable funding markets. These guidelines are monitored on a monthly basis by the ALCO and on a quarterly basis by the RMCB. The Bank has always maintained Liquidity Coverage Ratio ('LCR'), much above the minimum LCR requirement of 100 per cent, which is calculated as HQLA (High Quality Liquid Assets) divided by projected net cash outflows, as each is defined under the LCR rule.

Information Technology at the Bank

Your Bank has taken giant strides in its IT & Digital Initiatives. Information Technology has played a key driver in this journey with solutions around the key levers of the Bank. Few major initiatives across Payments, Customer Experience, Operational Efficiency and Channel Upgrades are mentioned below:

- **Bank New Transformation Program:**

The Bank has launched an IT Transformation Program with an objective of modernising its technology stack and upgrading application platforms with best of the breed products.

The Program will be carried out over a period of time and will be in line with modern evolutionary architecture principles designed to deliver best in class Customer experience, rapid time to market and optimal use of data and analytics.

- **Capability Maturity Model Integration (CMMI) Initiative:**

The Bank has taken an initiative to standardise its IT processes & deliver the IT Projects with an international standardised process like CMMI. The Bank's IT Department is working for the CMMI V2.0 Level 3 Certification

- **Other Initiatives:**

1. In order to improve the Customer experience, the Bank has introduced the following functionalities in the Corporate Internet Banking:

- (i) Option is available to add transaction amount limit at the time of adding new beneficiary.

- (ii) Option is available at the bank level to set the number of beneficiaries that may be added in a day per account.
- (iii) Terms & Conditions document for the Bank's net banking facility, is visible to the user in Corporate Internet Banking log-in page.

2. The Bank has initiated a new project on Micro Banking in July, 2019, where the hand held devices (HHD) used in fields for micro-banking, shall be replaced with Tablets (Tab-based Banking). This project has been launched in April, 2020.
3. In order to enhance security, the Bank is now storing all its data in an encrypted manner.
4. The Bank has further developed various other in-house applications to support the internal operations and automate various processes, which has significantly reduced manual intervention.

Material Changes and Commitment Affecting Financial Position of the Bank

There was no material changes and commitments, affecting the financial position of the Bank, which has occurred between the end of the financial year of the Bank i.e. March 31, 2020 and the date of this Directors' Report.

Directors' Responsibility Statement

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the Bank's state of affairs as on March 31, 2020, and of its profit for the year ended on that date;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

Acknowledgments

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

its valued clients and customers for their patronage. The Board also expresses its deep sense of appreciation to all employees of the Bank for their strong work ethic, excellent performance, professionalism, teamwork, commitment and initiative, which has led to the Bank making commendable progress in today's challenging environment. Your Board will continue to strive for improvements as your Bank continues on its unique journey towards financial inclusion.

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

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

Place: Kolkata

Date: July 13, 2020

Annexure- 1

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2019-20

1.	A brief outline of the Bank's CSR Policy including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes.	Refer Section on Corporate Social Responsibility forming part of the Directors' Report
	The Bank's CSR policy is geared towards developing the marginalised communities in the Bank's operating areas, and support programmes that are aimed at creating sustainable livelihoods, food security, healthcare and preventive health, education, skill development and rural and slum area development. The Bank also supports measures that are aimed at preserving and enhancing the environment, and natural resources, promotion of national heritage, art, culture, handicrafts and sports. The Bank may also contribute to funds set up by central government, incubators and research institutions supported by central or state governments and disaster management.	
	Aligned with the Bank's vision, the CSR initiatives shall continue to enhance value creation, improve the quality of life and inclusion of those who are not adequately and effectively serviced by the formal financial sector and mainstream them into the cycle of growth by providing products and services and forming partnerships and alliances for the fulfilment of its role in the society as a responsible corporate.	
2.	Composition of CSR Committee ¹ :	i. Ms. T S Raji Gain, Chairperson ii. Mr. Chandra Shekhar Ghosh, Member iii. Mr. Ranodeb Roy, Member
3.	Average net profit of the Bank for last three financial years	₹2,79,920 Lakh ²
4.	Prescribed CSR expenditure (two percent of the amount mentioned in item 3 above)	₹5,598 Lakh ³
5.	Details of CSR spent during the financial year:	
	(a) Total amount spent during the financial year (2019-20)	₹6,709 Lakh ⁴
	(b) Amount unspent, if any	Not applicable
	(c) Manner in which the amount spent during the financial year	Details provided below

Details of amount spent on CSR activities during the Financial Year 2019-20

(₹ In Lakh)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sector in which the project is covered (Clause No. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programme (1) Local Area or other (2) Specify the State and districts where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on project or programme Sub-heads: (1) Direct expenditure on project or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Directly or through implementing agency
1	Targeting the Hardcore Poor Programme	<u>Clause No. (i)</u> - Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water. <u>Clause No. (ii)</u> - Promoting education, including special education and employment enhancing vocation skills, especially among children, women, elderly and the differently abled and livelihood enhancement projects <u>Clause (iii)</u> – promoting gender equality, empowering women, and measures for reducing inequalities faced by socially and economically backward groups	(1) Local Area (2) Assam (Goalpara, Golaghat, Jorhat, Kamrup, Sivsagar, Dibrugarh); Jharkhand (Pakur, East Singhbhum); Madhya Pradesh (Hosangabad); Odisha (Bhadrak); Tripura (North Tripura, Unakoti) West Bengal (Alipurduar; Bankura, Birbhum, Dakshin Dinajpur, Jalpaiguri, North 24 Parganas, South 24 Parganas, Purba Medinipur)	2,760.00	2,760.00	2,760.00	Implementing Agency: Bandhan Konnagar*

¹CSR Committee was reconstituted by the Board on June 4, 2020. Reconstituted Committee with effect from June 04, 2020 is- Mr. Bhaskar Sen, Chairman; Mr. Chandra Shekhar Ghosh, Member; Ms. T. S. Raji Gain, Member and Mr. Vijay N. Bhatt, Member.

²Consolidated profit of last three years of Bandhan Bank Limited and Erstwhile GRUH Finance Limited. Bandhan Bank Standalone is ₹2,25,781 Lakh.

³Consolidated prescribed CSR expenditure of Bandhan Bank Limited and Erstwhile GRUH Finance Limited. Bandhan Bank Standalone is ₹4,516 Lakh.

⁴Consolidated CSR spent during FY 2019-20. Bandhan Bank Standalone spent is ₹4,900 Lakh

(₹ In Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sector in which the project is covered(Clause No. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programme (1) Local Area or other (2) Specify the State and districts where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on project or programme <u>Sub-heads:</u> (1) Direct expenditure on project or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Directly or through implementing agency
2	Bandhan Education Programme	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills, especially among children, women, elderly and the differently-abled and livelihood enhancement projects	(1) Local Area (2) Assam (Darrang, Nagaon, Morigaon, Cachar); Bihar (Bhojpur, Jamui, Jehanabad, Kishanganj, Lakhisarai, Katihar, Begusarai, Patna); Jharkhand (Pakur, Sahebganj, Ramgarh); Tripura (Sepahijala, West Tripura, Gomati) West Bengal (Alipurduar; Bardhaman, Birbhum, Cooch Behar, Darjeeling, Howrah, Malda, Murshidabad, Nadia, North 24 Paragnas, South 24 Paragnas, Purba Medinipur, Uttar Dinajpur)	1,141.00	1,141.00	1,141.00	Implementing Agency: Bandhan Konnagar*
3	Bandhan Health Programme	Clause No. (i) – Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.	(1) Local Area (2) Assam (Nalbari, Bongaigaon, Dhubri, Dibrugarh, Jorhat, Golaghat,); Bihar (Katihar, Bhagalpur, Samastipur, Begusarai); Jharkhand (Pakur, East Singhbhum, Ramgarh, Deoghar); Odidha (Bhadrak, Balasore) West Bengal (Alipurduar, Bankura, Birbhum, Cooch Behar, Howrah, Jalpaiguri, Malda, Murshidabad, Nadia, North 24 Paragnas, South 24 Paragnas, Purba Medinipur, Purulia)	1,682.00	1,682.00	1,682.00	Implementing Agency: Bandhan Konnagar*
4.	Employing the Unemployment	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood	(1) Local Area (2) Assam (Guwahati) Bihar (Patna); Madhya Pradesh (Indore) Odidha (Bhubaneswar) West Bengal (Darjeeling, Bardhaman, Hoogly, Malda, Murshidabad, North 24 Paragnas, South 24 Paragnas)	365.00	365.00	365.00	Implementing Agency: Bandhan Konnagar*
5.	Bandhan Financial Literacy Programme (BFLP)	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood	(1) Local Area (2) Assam (Dhubri, Kokrajhar, Dibrugarh, Tinsukia, Charaideo, Sivasagar)	285.00	285.00	285.00	Implementing Agency: Bandhan Konnagar*
6.	Maintenance & Expansion of Eye Hospital at Bareja run by BPA, Ahmedabad, Gujarat	Clause No. (i) – Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.	(1) Local Area (2) Gujarat (Ahmedabad)	22.50	22.50	22.50	Implementing Agency: Blind People's Association**
7.	Funding for operating MMU in villages of Indore district, Madhya Pradesh	Clause No. (i) – Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.	(1) Local Area (2) Madhya Pradesh (Indore)	42.00	42.00	42.00	Implementing Agency: GVK Emergency Management and Research Institute**
8.	Funding for operating MMU at Ahmedabad for three years starting from April 2019, Gujarat	Clause No. (i) – Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.	(1) Local Area (2) Gujarat (Ahmedabad)	20.80	20.80	20.80	Implementing Agency: HelpAge India**

(₹ In Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sector in which the project is covered(Clause No. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programme (1) Local Area or other (2) Specify the State and districts where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on project or programme Sub-heads: (1) Direct expenditure on project or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Directly or through implementing agency
9.	Funding for operating MMU at Jaipur for three years starting from Dec. 2017, Rajasthan	Clause No. (i) – Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.	(1) Local Area (2) Rajasthan (Jaipur)	23.02	23.02	23.02	Implementing Agency: HelpAge India**
10.	School Sanitation in four schools of Dwarka District, Gujarat	Clause No. (i) – Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.	(1) Local Area (2) Gujarat (Dwarka)	6.94	6.94	6.94	Implementing Agency: Aga Khan Rural Support Programme (India)***
11.	Funding for running day-care centre for one year for differently abled children at Ahmedabad, Gujarat.	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Gujarat (Ahmedabad)	8.15	8.15	8.15	Implementing Agency: Samerth Charitable Trust****
12.	Educating Out of School children of Sarkhej & Vejalpur areas of Ahmedabad, Gujarat	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Gujarat (Ahmedabad)	7.13	7.13	7.13	Implementing Agency: Samerth Charitable Trust****
13.	Transforming School Sanitation and Smart Classroom, Karnataka	Clause No. (i) – Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water. Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Karnataka (Upanagara, Kakolu, Jallahalli)	47.00	47.00	47.00	Implementing Agency: Yuva Unstoppable****
14.	Transforming School Sanitation and Smart Classroom, Rajasthan	Clause No. (i) – Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water. Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Rajasthan (Jodhpur)	48.00	48.00	48.00	Implementing Agency: Yuva Unstoppable****
15.	Improving employability of youth through funding of Skill Initiative Project at Baloda Bazaar, Chhattisgarh	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Chhattisgarh (Baloda Bazar)	5.87	5.87	5.87	Implementing Agency: Ambuja Cement Foundation***
16.	Improving employability of youth through funding of Skill Initiative Project at Chandrapur, Maharashtra	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Maharashtra (Chandrapur)	12.15	12.15	12.15	Implementing Agency: Ambuja Cement Foundation***

(₹ In Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sector in which the project is covered(Clause No. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programme (1) Local Area or other (2) Specify the State and districts where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on project or programme <u>Sub-heads:</u> (1) Direct expenditure on project or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Directly or through implementing agency
17.	Improving employability of youth through funding of Skill Initiative Project at Bhatapara, Chhattisgarh	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Chhattisgarh (Bhatapara)	11.92	11.92	11.92	Implementing Agency: Ambuja Cement Foundation***
18.	Improving employability of youth through funding of Skill Initiative Project at Chindwara, Madhya Pradesh	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Madhya Pradesh (Chindwara)	17.07	17.07	17.07	Implementing Agency: Ambuja Cement Foundation***
19.	Distribution of 1000 Saarthi Devices in Bhopal, Indore, Jabalpur in Madhya Pradesh	Clause No. (i) – Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water. Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Madhya Pradesh (Indore, Bhopal, Jabalpur)	18.38	18.38	18.38	Implementing Agency: Blind People's Association**
20.	Day care centre with disability, Mandor, Jodhpur	Clause No. (i) – Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water. Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Rajasthan (Jodhpur)	4.57	4.57	4.57	Implementing Agency: Blind People's Association**
21.	Provide Funding for running exclusive school for slum children of Ahmedabad city, Gujarat	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Gujarat (Ahmedabad)	20.95	20.95	20.95	Implementing Agency: Education Support Organisation****
22.	Financial Support for running "Sammilit Pathshala", Bavla for 2018-19, Gujarat	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Gujarat (Gandhinagar)	2.85	2.85	2.85	Implementing Agency: National Blind Association**
23.	Financial Support for running "Sammilit Pathshala", Bavla for 2019-20, Gujarat	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Gujarat (Gandhinagar)	13.57	13.57	13.57	Implementing Agency: National Blind Association**
24.	Funding for Education & Rehabilitation of deaf & blind children in Ujjain, Madhya Pradesh	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently- abled and livelihood	(1) Local Area (2) Madhya Pradesh (Ujjain)	15.59	15.59	15.59	Implementing Agency: Sense International India****

(₹ In Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sector in which the project is covered(Clause No. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programme (1) Local Area or other (2) Specify the State and districts where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on project or programme Sub-heads: (1) Direct expenditure on project or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Directly or through implementing agency
25.	Financial Support for Lok Shala Programme for Slum Children of Bhavnagar -- Gujarat	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood	(1) Local Area (2) Gujarat (Bhavnagar)	2.69	2.69	2.69	Implementing Agency: Shaishav Trust****
26.	Funding for vocational Training support to children and adults with Special needs	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood	(1) Local Area (2) Karnataka (Bangaluru)	15.32	15.32	15.32	Implementing Agency: Sambhav Foundation****
27.	Funding for improving the English. "Uttam Angreji "	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood	(1) Local Area (2) Gujarat (Ahmedabad)	9.37	9.37	9.37	Implementing Agency: Niranjn Bhagat Memorial Trust****
28.	Funding for Replacement of 370 old ceiling fans by power saver fans with remote control	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood	(1) Local Area (2) Gujarat (Gandhinagar)	10.00	10.00	10.00	Implementing Agency: Menaba Charitable Trust****
29.	Funding for procurement of 50 computers for Utkarsh learning centre Belagavi, Karnataka	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood	(1) Local Area (2) Karnataka (Belagavi)	17.00	17.00	17.00	Implementing Agency: Mahesh Foundation****
30.	Funding for construction of Boy's Hostel Building at Tribal Ashram Shala, Ambaji, Banaskatha District, Gujarat	Clause No. (iii) – Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	(1) Local Area (2) Gujarat (Banaskatha)	19.46	19.46	19.46	Implementing Agency: Majoor Kalyan Trust****
31.	Funding for Car driving skill to women from slums. "Driverben"	Clause No. (ii) – Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood Clause No. (iii) – Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	(1) Local Area (2) Gujarat (Ahmedabad)	13.37	13.37	13.37	Implementing Agency: JanVikas****
32.	Provide funding for establishing Bio-shield at Tankari Village, Jambusar, Bharuch, Gujarat	Clause No. (iv) – Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	(1) Local Area (2) Gujarat (Bharuch)	9.47	9.47	9.47	Implementing Agency: Vikas Centre for Development ****

(₹ in Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sector in which the project is covered(Clause No. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programme (1) Local Area or other (2) Specify the State and districts where projects or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on project or programme <u>Sub-heads:</u> (1) Direct expenditure on project or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Directly or through implementing agency
33.	Making available safe drinking water by three RRWHS and two SWMS, Kawardha district, Chhattisgarh	Clause No. (iv) – Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	(1) Local Area (2) Chhattisgarh (Kawardha)	3.67	3.67	3.67	Implementing Agency: Samerth Charitable Trust****
34.	Development of Water Harvesting Structures at Rapar Block, Kutch District	Clause No. (iv) – Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	(1) Local Area (2) Gujarat (Kutch)	2.34	2.34	2.34	Implementing Agency: Samerth Charitable Trust****
35.	Provide Funding for organising 24th Sangeet Sankalp Saptah aimed towards promoting Indian Classical & Traditional Music at Ahmedabad, Gujarat	Clause No. (iv) – Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts	(1) Local Area (2) Gujarat (Ahmedabad)	7.25	7.25	7.25	Implementing Agency: Saptak Trust****
36.	Healthcare to Cancer Patient	Clause No. (i) – Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.	(1) Local Area (2) Maharashtra (Mumbai)	5.48	5.48	5.48	Implementing Agency: Indian Cancer Society****
37.	CSR Administrative Expenses ⁵			12.12	12.12	12.12	
Total				6,709.00	6,709.00	6,709.00	

*Organisations registered under the Societies of West Bengal Registration Act XXVI of 1961

**Organisations registered under the Societies Registration Act, 1860

***Organisations registered under Section 8 of the Companies Act, 2013

****Organisations registered under the Bombay Public Trust Act, 1950

⁵CSR overheads spends pertains to erstwhile GRUH Finance Limited

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report	The Bank has spent two per cent of the average net profit of the last three financial years and there were no unspent amount which is required to be reported.
7. A responsibility statement of the CSR committee that the implementation and the monitoring of CSR Policy, is in compliance with the CSR objectives and Policy of the company	The Responsibility Statement of the CSR Committee of the Board of Directors of the Bank, is reproduced below: 'The implementation and monitoring of Corporate Social Responsibility (CSR) policy, is in compliance with CSR objectives and policy of the Bank.'

Chandra Shekhar Ghosh

Managing Director & CEO
(DIN: 00342477)

Place: Kolkata
Date: July 13, 2020

Bhaskar Sen

Chairman
Corporate Social Responsibility Committee
(DIN: 03193003)

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

Anup Kumar Sinha

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

Annexure- 2(a)

Details of Employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year 2019-20

Sr. No.	Name of the Employee	Designation	Remuneration received during FY 2019-20 (Amt. in ₹)	Nature of employment, whether contractual or otherwise	Qualifications and experience	Date of joining the Bank	Age (in years)	Last employment before joining the Bank
1	Chandra Shekhar Ghosh	Managing Director, & CEO	2,10,41,874	Regular	M.Sc. in Statistics with more than 32 years of experience	From the incorporation of the Bank	59	Bandhan Financial Services Limited
2	Sunil Samdani	Chief Financial Officer	1,75,18,056	Regular	CA with 22 years of experience	14-Mar-2015	44	Karvy Financial Services Ltd.
3	Deepankar Bose	Head, Corporate Centre	1,48,88,280	Regular	M.A in Economics with 37 years of experience in banking industry	22-Mar-2018	60	State Bank of India
4.	Sudhin Bhagwandas Choksey*	Head, Housing Finance	1,27,50,348	Regular	CA with 35 years of experience in Financial industry	17-Oct-2019	65	GRUH Finance Ltd.
5.	Santanu Banerjee	Head, Human Resources	1,23,02,786	Regular	MBA with 24 years of experience	03-Sep-2014	50	Axis Bank Ltd.
6	Srinivasan Balachander	Chief Compliance Officer	1,18,33,016	Regular	B.Sc. PGBDP with 21 years of experience	6-Mar-2019	50	Axis Bank Ltd.
7	Subhro Kumar Gupta	Chief Audit Executive	1,10,92,177	Regular	MBA with 35 years of experience	06-Feb-2017	59	ICICI Bank Ltd
8	Nand Kumar Singh	Head, Banking Operations & Customer Services	1,02,39,472	Regular	BA, PGDBM, CAIIB, 26 Years of Experience	03-November-2014	50	Axis Bank Ltd.
9	Ronti Kar	Chief Information Officer	93,92,337	Regular	Masters in Computer Science & Engineering with 26 years of experience	From the incorporation of the Bank	51	Cognizant Technology Solutions
10	Satyajit Ghosh	Deputy Head, Micro Banking	92,04,274	Regular	B.Com. with 18 years of experience.	From the incorporation of the Bank	50	Bandhan Financial Services Limited

*Joined the Bank w.e.f. October 17, 2019 pursuant to effectiveness of the Scheme of Amalgamation of GRUH Finance Limited with the Bank.

Notes:

- Remuneration shown above includes basic salary, allowances, performance bonus (except MD & CEO), cash allowances in lieu of perquisites or taxable value of perquisites, if availed as computed as per Income-tax rules but excludes gratuity, PF settlement, super annuation settlement, perquisite on ESOP & superannuation perquisite.
- All appointments are terminable by one / three months' notice as the case may be on either side.
- None of the employees listed above hold 2% or more of the paid-up share capital of the Bank as at March 31, 2020.
- Other than Mr. Chandra Shekhar Ghosh, Managing Director & CEO, who holds 0.095% of the paid up share capital of the Bank, the shareholding of the employees listed above does not exceed 0.02% of the paid up share capital of the Bank as at March 31, 2020.
- None of the employees listed above is a relative of any director of the Bank.

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

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

Place: Kolkata

Date: July 13, 2020

Annexure- 2(b)

Disclosure on remuneration as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for FY 2019-20**1. Ratio of remuneration of each Director to the median employees' remuneration for the year**

Designation	Ratio
Chairman	10:1
Managing Director & CEO	86:1

Note:

- Fixed pay for the computation of ratio has been considered.
- Fixed pay includes – Basic, Allowances and employer contribution of Provident Fund.
- The above includes all employees of the Bank excluding advisors.

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

Designation	Percentage Increase
Chairman	Nil
Managing Director & CEO	Nil
CFO	7.54
CS	12.10

3. Percentage increase in the median remuneration of employees in the financial year

Percentage increase in the median remuneration of employees in the financial year 2019-20 was 11.70 percent.

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

As on March 31, 2020 the number of permanent employees on the rolls of the Bank was 39,750.

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

The average percentage increase for Managerial personnel: 9.32 percent

The average percentage increase for Non-Managerial Staff: 16.52 percent

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

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

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

Place: Kolkata
Date: July 13, 2020

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

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

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

1. We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bandhan Bank Limited** (hereinafter called '**the Bank**') during the financial year ended 31st March, 2020. Secretarial Audit was conducted on test check basis, in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon:
2. On the basis of aforesaid verification of the secretarial compliance and on the basis of secretarial audit of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank, as provided to us during the said audit and also based on the information provided by the Bank, its officers, agents and authorised representatives during the conduct of the aforesaid secretarial audit, we hereby report that in our opinion and to the best of our understanding, the Bank has, during the audit period covering the financial year ended on 31st March, 2020, complied with the statutory provisions listed hereunder and also the Bank has adequate Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
3. We further report that compliance with applicable laws is the responsibility of the Bank and our report constitutes an independent opinion. Our report is neither an assurance for future viability of the Bank nor a confirmation of efficient management by the Bank.
4. (I) We have examined the secretarial compliance on test check basis of the books, papers, minutes book, forms and returns filed and other records maintained by **Bandhan Bank Limited** for the financial year ended on 31st March, 2020, according to the provisions of the following laws, rules and regulations, to the extent applicable on the Bank during the year under review:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;
 - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended;
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients.
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. There were no delisting of equity shares during the year under review to attract the provisions of this regulation.
 - i) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018. There were no buy back of securities during the year under review to attract the provisions of this regulation.

- (II) We have also examined the secretarial compliance on test check basis of the books, papers, minute books, forms and returns filed and other records maintained by **Bandhan Bank Limited** for the financial year ended on March 31, 2020, according to the provisions of the following laws specifically applicable to the Bank and as obtained by us using appropriate Information Technology tools during our audit, as also referred in above paragraphs of this report;
- a) Reserve Bank of India Act, 1934 Release 1.2
 - b) The Banking Regulation Act, 1949 and notifications and circulars issued by the Reserve Bank of India (hereinafter called as the 'RBI') from time to time.
 - c) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
 - d) The Bankers' Books Evidence Act, 1891
 - e) Recovery of Debts Due to Banks and Financial Institutions Act, 1993;
 - f) The Insolvency and Bankruptcy Code, 2016
 - g) Credit Information Companies (Regulation) Act, 2005
 - h) Prevention of Money Laundering Act, 2002
 - i) The Deposit Insurance & Credit Guarantee Corporation Act, 1961
 - j) The Deposit Insurance & Credit Guarantee Corporation General Regulations, 1961
 - k) Industrial Disputes (Banking and Insurance Companies) Act, 1949
 - l) Information Technology Act, 2000
5. We have also examined compliance with the applicable clauses of the following:
- a. Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Companies Act, 2013.
6. That on the basis of the audit as referred above, to the best of our knowledge, understanding and belief, we are of the view that during the period under review the Bank has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above in Paragraph 4(I), Paragraph 4(II) and Paragraph 5 of this report subject to the following observation:-

The Reserve Bank of India vide order dated October 29, 2019 received by the Bank on October 29, 2019, in exercise of the powers conferred under Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949, has imposed a penalty of ₹1 crore on account of non-compliance of the Bank to bring down the shareholding

of its Non-Operative Financial Holding Company, Bandhan Financial Holdings Limited ('NOFHC') in the Bank in excess of 40% of the total paid-up voting equity capital to 40% within three years from the date of commencement of business of the Bank.

7. We have checked the standard listing agreement entered by the Bank with the following Stock Exchanges in India and to the best of our understanding, we are of the view that the Bank has adequately complied with the secretarial functions and board processes to comply with the applicable provision thereof, during the aforesaid period under review
- i. BSE Limited (BSE)
 - ii. National Stock Exchange of India Limited (NSE)
8. We further report that,
- a) The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors took place during the period under review.
 - b) Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - c) Majority decision is carried through and recorded as part of the minutes.
9. We further report that, there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, such as laws related to taxation, local laws applicable to the area of operation of business and other laws generally applicable to the Bank.
10. This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this Report.

Note: Due to nationwide lockdown in the wake of COVID 19 pandemic, the aforesaid examination has been largely carried out on the basis of documents and information received from the company over Email and telephone. However, we also intend to carry out physical verification once the situation is restored to normal.

For, **Anjan Kumar Roy & Co.**
Company Secretaries

Anjan Kumar Roy
Proprietor
FCS No. 5684

Place: Kolkata
Date: July 13, 2020

CP. No. 4557
UDIN: F005684B000447609

Annexure A

(To the Secretarial Audit Report of Bandhan Bank Limited
for the financial year ended March 31, 2020)

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

Our Secretarial Audit Report for the financial year ended March 31, 2020 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is limited to expressing an opinion on existence of adequate board process and compliance management system, commensurate to the size of the Bank, based on the secretarial records as shown to us during the said audit and also based on the information furnished to us by the officers and agents of the Bank during the said audit.
2. We have followed the audit practices and processes as were appropriate, to the best of our understanding, to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to check as to whether correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion. Due to nationwide lockdown in the wake of COVID-19 pandemic, the aforesaid examination has been largely carried out on the basis of documents and information received from the Bank over Email and telephone. However, we also intend to carry out physical verification once the situation is restored to normal.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Bank.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc. and we have relied on such representation, in forming our opinion.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of compliance procedures on test basis. We would not be liable for any business decision or any consequences arising thereof, made on the basis of our report.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Bank.

For, **Anjan Kumar Roy & Co.**
Company Secretaries

Anjan Kumar Roy
Proprietor
FCS No. 5684
CP. No. 4557
UDIN: F005684B000447609

Place: Kolkata
Date: July 13, 2020

Report on Corporate Governance

[Report on Corporate Governance pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') and the Companies Act, 2013, for the financial year ended March 31, 2020 forming part of the report of the Board of Directors]

Bank's Philosophy on Corporate Governance

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

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

Board of Directors

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

The composition of the Board of the Bank is governed by the provisions of the Companies Act, 2013 (the '**Companies Act**') and rules made thereunder, the Banking Regulation Act, 1949 (the '**BR Act**') and the guidelines/circulars issued by the Reserve Bank of India ('**RBI**') in this regard, provisions of SEBI LODR, the Articles of Association of the Bank, other applicable laws and the best practices in Corporate Governance.

Composition of the Board

As on March 31, 2020, the Board of your Bank consisted twelve Directors, of whom nine were Independent Directors including Non-Executive (Independent) Chairman and one woman Independent Director, two Non-executive Non-Independent Director including one Nominee Director of Caladium Investment Pte. Ltd. (equity investor) and one Managing Director and CEO.

Based on the recommendation of the Nomination and Remuneration Committee, the Board has approved the appointment of Mr. Narayan Vasudeo Prabhutendulkar

[DIN:00869913] and Mr. Vijay Nautamlal Bhatt [DIN:00751001] as Additional Directors (Independent) with effect from May 08, 2020. Mr. Chintaman Mahadev Dixit [DIN:00524318], Independent Director has completed his second term as Independent Director on July 08, 2020. Accordingly as on July 13, 2020, the strength of Independent Directors on the Board increased from nine to ten alongwith three Non-Independent Directors including the Managing Director & CEO. The profile of the Directors are available on the website of the Bank at <https://www.bandhanbank.com/board-of-directors.aspx>.

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

Separation of Office of Chairman and the MD & CEO

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

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

Responsibilities of the Board

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

Accordingly, the Board deliberates on matters such as business strategy, risk, financial results, succession planning, compliance,

customer service, information technology and human resources as covered under the seven critical themes prescribed by the RBI and such other matters as may be deemed appropriate. The Board spends considerable time perusing the information provided to them which facilitates informed decision making and effective participation at its meetings, leading to higher board effectiveness. The Board oversees the actions and results of the Management to ensure that the long term objectives of enhancing shareholders value are met. The Board has the discretion to engage the services of external expert(s)/advisor(s), as may be deemed appropriate.

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

Board Meetings and Agenda

The Board plays an important role in ensuring good Corporate Governance, providing strategic direction and functioning of the Bank. Agenda and Agenda Notes are circulated to the Directors in advance before each meeting of the Board and Committees for facilitating meaningful and focused discussions at the meetings. All information, as applicable and specified in Regulation 17(7) read with Schedule II Part A of SEBI LODR are regularly placed before the Board. The Board also periodically reviews the

compliance reports of all laws applicable to the Bank. In case of exigency(ies) or urgency of matters, proposals are approved through circulation which is submitted in the next meeting of the Board for noting as required under Section 175 of the Companies Act and made part of the minutes of such meeting.

The Board meets at least once in a quarter and at least four times in a year to review and approve the quarterly financial results and operations of the Bank. Apart from the above, Board meetings are convened, as and when required, by giving proper notice. Emphasis of the Bank has been to have all the directors physically present for all the Board Meeting, however to facilitate Directors travelling / residing abroad or at other locations to participate in the meetings, video-conferencing facilities are also used. Further, pursuant to the relaxations granted by the Ministry of Corporate Affairs due to the outbreak of COVID-19 pandemic, the Bank has conducted its Board and Committee Meetings through video conferencing, without physical presence of Directors and attendees, to adhere to the social distancing norms and the restriction on movements imposed due to lockdown. The intervening period between two consecutive Board meetings is well within the maximum gap of 120 days as specified in Regulation 17(2) of SEBI LODR and Section 173(1) of the Companies Act.

The Board met twelve times during the FY 2019-20. The details of Board meetings held during the financial year ended on March 31, 2020 are as under:

Sl. No.	Date	City	No. of Directors Present
1	May 02, 2019	Mumbai	9
2	June 14, 2019	Kolkata	11
3	July 19, 2019	Kolkata	10
4	August 29, 2019	Kolkata	9
5	October 03, 2019	Kolkata	11
6	October 24, 2019	Mumbai	12
7	December 11, 2019	Kolkata	12
8	January 10, 2020	Kolkata	12
9	January 14, 2020	Mumbai	10
10	January 27, 2020	Kolkata	10
11	February 27, 2020	Kolkata	11
12	February 28, 2020	Kolkata	11

Board Attendance and Directorships

The names and categories of the Directors on the Board, their attendance at board meetings held during the financial year under review and at the last Annual General Meeting (“AGM”), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2020 are given herebelow:

Sl. No.	Name of the Director	Category	Attendance during FY 2019-20			Number of Directorship in other Public Companies		Number of Committee positions held in other Public Companies	
			No. of Board meetings held	No. of Board Meetings attended	AGM held on June 28, 2019	Chairman*	Member	Chairman	Member
1.	Dr. Anup Kumar Sinha (Chairman) [DIN: 08249893]	Independent	12	11	Yes	-	-	-	-
2.	Mr. Chandra Shekhar Ghosh (Managing Director & CEO) [DIN: 00342477]	Executive	12	12	Yes	-	-	-	-
3.	Dr. A. S. Ramasastry [DIN: 06916673]	Independent	12	10	No	-	1	-	1
4.	Mr. Bhaskar Sen [DIN: 03193003]	Independent	12	12	Yes	-	-	-	-
5.	Mr. Chintaman Mahadeo Dixit [DIN: 00524318]	Independent	12	12	Yes	-	1	1	1
6.	Mr. Harun Rasid Khan [DIN: 07456806]	Independent	12	12	No	1	-	2	2
7.	Dr. Holger Dirk Michaelis ¹ [DIN: 07205838]	Nominee Director (Caladium Investment Pte. Ltd. – equity investor)	12	9	No	-	-	-	-
8.	Mr. Ranodeb Roy ² [DIN: 00328764]	Non-Executive Non-Independent	12	9	No	-	2	-	-
9.	Mr. Santanu Mukherjee [DIN: 07716452]	Independent	12	12	Yes	-	4 [#]	1	4
10.	Mr. Sisir Kumar Chakrabarti [DIN: 02848624]	Independent	12	11	Yes	-	2	-	2
11.	Mr. Snehomoy Bhattacharya [DIN: 02422012]	Independent	12	9	Yes	-	-	-	-
12.	Ms. T. S. Raji Gain [DIN: 07256149]	Independent	12	9	No	-	-	-	-

* Chairmanship includes the membership.

[#] Mr. Santanu Mukherjee is holding directorship in three other Listed Entities as Independent Director i.e. Suven Life Sciences Limited, Donear Industries Limited and Sumedha Fiscal Services Ltd.

1. Dr. Holger Dirk Michaelis could not participate in the Board meetings held on February 27, 2020 and February 28, 2020, being interested or concerned in the matter of discussion and on January 14, 2020 due to prior professional commitment.
2. Mr. Ranodeb Roy could not participate in the Board meetings held on May 02, 2019, August 29, 2019 and January 14, 2020 due to prior professional commitments.

Note:

1. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Companies Act.
2. None of the Directors is member of more than ten committees or chairperson of more than five committees across all the public companies in which he / she is a Director.
3. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI LODR. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2020 have been made by the Directors.

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

Skills / Expertise / Competence of Board of Directors

Being a Banking Company, Your Bank is regulated by the provisions of BR Act, besides the SEBI LODR and the Companies Act. In terms of Section 10A(2)(a) of the BR Act and the Bank's 'Policy on Appointment and Fit and Proper criteria for Directors', the members of the Board of Directors shall consist of persons, who shall have special knowledge or practical experience in respect of one or more of the following matters, namely; accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, public administration, small-scale industry, Information Technology, cyber security, Payment and Settlement Systems, Human Resources, Risk Management, Business Management; Marketing, Fin-tech or any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the banking company and as may be deemed appropriate for the Bank's business from time to time. The Board of Directors of the Bank is guided by the above as and when any new Directors are appointed on the Board.

The details of the core skills/expertise/competence possessed by the existing directors of the Bank are given as under along with their shareholding in the Bank as on March 31, 2020:

Name of the Director	Category	Date of Appointment / re-appointment	Special Knowledge/ experience	Number of \$equity shares
Dr. Anup Kumar Sinha	Independent	January 07, 2019 (A)	Economics and Agriculture	-
Mr. Chandra Shekhar Ghosh	Executive	July 10, 2015 (A) / July 10, 2018 (R)	Financial Services (Micro Finance Sector), Medium & Small-Scale Industry, Banking, Finance and Business Management	15,24,436
Dr. A.S. Ramasastry	Independent	August 08, 2018 (A)	Information Technology and Finance	-
Mr. Bhaskar Sen	Independent	December 23, 2014 (A)/ April 01, 2018 (R)	Banking and Treasury Operations	-
Mr. C M Dixit*	Independent	July 09, 2015 (A) / July 09, 2018 (R)	Accountancy, Finance and Law	-
Mr. Harun Rasid Khan	Independent	March 27, 2018 (A)	Banking and Payment & Settlement	-
Dr. Holger Dirk Michaelis	Nominee	February 12, 2016 (A) / June 28, 2019 (R)	Risk Management, Finance and Economics	-
Mr. NVP Tendulkar#	Independent	May 08, 2020 (A)	Accountancy, Finance, Information Technology and Law	-
Mr. Ranodeb Roy	Non-Executive Non-Independent	July 26, 2016 (A) / July 19, 2018 (R)	Banking and Finance	-
Mr. Santanu Mukherjee	Independent	January 07, 2019 (A)	Banking, Treasury Operations and Risk Management	-
Mr. Sisir Kumar Chakrabarti	Independent	December 23, 2014 (A)/ April 01, 2018 (R)	Banking and Small & Medium Enterprise	-
Mr. Snehomoy Bhattacharya	Independent	July 09, 2015 (A) / July 09, 2018 (R)	Banking, Human Resource and Law	-
Ms. T S Raji Gain	Independent	August 06, 2015 (A) / August 06, 2018 (R)	Agriculture & Rural Economy	-
Mr. Vijay N Bhatt#	Independent	May 08, 2020 (A)	Audit, Accountancy, Assurance and Finance	-

A stands for Appointment and **R** stands for Re-appointment

\$ The Bank has not issued any convertible instruments.

* retired from the office of Independent Director on the close of business hours on July 08, 2020 on completion of second tenure.

appointed as Additional Directors (independent) with effect from May 08, 2020.

Independent Directors

As on March 31, 2020, the Board consisted following nine Independent Directors, in accordance with the provisions of the Companies Act, BR Act and SEBI LODR:

Sl. No.	Name	Date of Appointment / Re-appointment
1.	Dr. Anup Kumar Sinha	January 07, 2019
2.	Mr. Allamraju Subramanya Ramasastry	August 08, 2018
3.	Mr. Bhaskar Sen	April 01, 2018
4.	Mr. Chintaman Mahadeo Dixit	July 09, 2018
5.	Mr. Harun Rasid Khan	March 27, 2018
6.	Mr. Santanu Mukherejee	January 07, 2019
7.	Mr. Sisir Kumar Chakrabarti	April 01, 2018
8.	Mr. Snehomoy Bhattacharya	July 09, 2018
9.	Ms. Thekedathumadam Subramani Raji Gain	August 06, 2018

Meeting of Independent Directors

During the financial year under review, the Independent Directors exclusively met twice i.e., on May 01, 2019 for performance evaluation of the Board and Non-Independent Directors and on January 14, 2020 to assess the quality, quantity and timeliness of flow of information between the management and the Board and other governance related matters. Further, in accordance with Regulation 25(4) of the SEBI LODR and Clause VII of Schedule IV to the Companies Act, the Independent Directors met exclusively on June 12, 2020 without the presence of the Managing Director & CEO, Non-Executive Directors or management, to review the performance of Non-Independent Directors and the Board as a whole for the Financial Year 2019-20. The Independent Directors also reviewed the performance of the Non-Executive Chairman of the Bank.

Independence of Directors

All Independent Directors have given necessary declaration of independence under Section 149(7) of the Companies Act and Regulation 25(8) of the SEBI LODR and have also confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has assessed and confirmed that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI LODR and they are independent of the management. A formal letter of appointment has been addressed to the Independent Directors at the time of their appointment(s). The terms and conditions of appointment of Independent Directors has been disclosed on the website of the Bank and can be accessed at the link: <https://www.bandhanbank.com/pdf/Terms-condition-appointment-Independent-Directors.pdf>.

Independent Director Databank Registration

In terms of the notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, Independent Directors of the Bank

have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs and confirmation to that effect has also been received from all the Independent Directors.

Familiarisation Programme

The 'Policy on Appointment and Fit and Proper criteria for Directors' sets out the familiarisation programme for Non-Executive Directors ('NEDs') of the Bank. In order to familiarise the Bank's NEDs including Independent Directors with the functioning of the Bank and their roles, responsibilities, etc, the newly appointed Directors are made aware about the operations and functioning of the Bank as well as about their rights, responsibilities and liabilities as an Independent Director, introduced to key members of senior management, provided with a copy of the applicable policies and Code of the Bank. The Bank also nominates the Directors to attend relevant external programs at reputed forums and/or internally provide deep-dives/ presentations on subjects relevant from the Bank's perspective, as may be necessary from time to time. The details of the familiarisation programmes conducted for the Independent Directors of the Bank are available on the website of the Bank and can be accessed at the link: <https://www.bandhanbank.com/view-pdf.aspx?FileName=Familiarisation-Programme.pdf>

Board Committees

The Board is also conducted its businesses through its Committees constituted to deal with specific matters as per delegated powers for different functional areas of the Bank and as mandated under the relevant provisions of the Companies Act, the relevant Rules made thereunder, the SEBI LODR, the BR Act, Guidelines or Circulars issued by the RBI, in this regard, from time to time and the Articles of Association of the Bank.

The Agenda for the meetings of the Committees is finalised in consultation with the Chairman of the concerned Committees. The Committees ensure that any feedback or observations made by them during the course of the meetings forms part of the Action Taken Report for their review at the subsequent meetings. The Chairman of the Committees briefs the Board on the key decisions taken at its meetings. In case of business exigencies or urgency of matters, proposals are approved through circulation by the Committees which are submitted in the next meeting for noting as required under the Companies Act. Video conferencing facilities have also been used to facilitate participation by Directors who are unable to physically attend the meetings of the Committees.

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

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

1. Audit Committee
2. Nomination & Remuneration Committee
3. Risk Management Committee
4. Information Technology Strategy Committee

5. Customer Service Committee
6. Corporate Social Responsibility Committee
7. Special Committee for Monitoring High Value Frauds
8. Stakeholders Relationship Committee
9. Committee of Directors

Audit Committee

Qualified and Independent Audit Committee

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

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

Meetings of the Audit Committee

On March 31, 2020, the ACB comprised four Independent Directors, chaired by Mr. Chintaman Mahadeo Dixit, who is a Chartered Accountant. During FY 2019-20, the Committee met ten times on May 01, 2019, May 08, 2019, June 13, 2019, July 19, 2019, August 28, 2019, October 23, 2019, December 10, 2019, December 26, 2019, January 14, 2020 and February 26, 2020 and the gap between two consecutive meetings did not exceed one hundred and twenty days.

Composition and Attendance

The composition of the ACB and attendance of the members at its meetings held during financial year 2019-20 are as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Chintaman Mahadeo Dixit, Chairman	Independent Director	9	4,50,000
Mr. Harun Rasid Khan*	Independent Director	7	3,50,000
Mr. Santanu Mukherjee*	Independent Director	9	4,50,000
Mr. Sisir Kumar Chakrabarti	Independent Director	9	4,50,000
Mr. Bhaskar Sen [#]	Independent Director	1	50,000

*Appointed as a member of this Committee with effect from May 02, 2019 due to reconstitution of the Committee.

[#]Ceased to be a member of this Committee with effect from May 02, 2019 due to reconstitution of the Committee.

Note: The ACB was re-constituted by the Board of Directors on June 04, 2020. The re-constituted Committee includes all Independent Directors i.e. Mr. Chintaman Mahadeo Dixit, Chairman, Mr. Vijay Bhatt, Mr. Bhaskar Sen, Mr. Sisir Kumar Chakrabarti and Mr. Santanu Mukherjee. Further, as on July 09, 2020, Mr. Vijay Bhatt became the Chairman of the ACB after the retirement of Mr. Dixit from the office of director at the close of business hours on July 08, 2020.

The Company Secretary acts as the Secretary to the ACB. Mr. Indranil Banerjee is the Company Secretary and Compliance Officer in terms of SEBI LODR, to ensure compliance and effective implementation of the Bank's Code on Prohibition of Insider Trading and the reports on the matter relating to Code is submitted to the ACB on regular interval.

Further, the last AGM of the Bank was held on June 28, 2019 which was attended by Mr. C M Dixit, Chairman of the ACB.

Terms of Reference

Terms of reference of the ACB is given below:-

1. Oversight of the Bank's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
2. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Bank;
3. Approval of payment of statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act, as amended;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly half-yearly and annual financial statements before submission to the Board of Director for approval;

6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modifications of transactions of the Bank with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Bank, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Monitoring the end use of funds raised through public offers and related matters;
13. Reviewing with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussion with the internal auditors on any significant findings and follow up there on;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
17. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To review the functioning of the whistle blower mechanism;
20. Approving the appointment of the chief financial officer or any other person heading the finance function or

discharging that function after assessing the qualifications, experience and background, etc. of the candidate;

21. Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority; and
22. Review of (1) management discussion and analysis of financial condition and results of operations; (2) statement of significant related party transactions (as defined by the audit committee), submitted by management; (3) management letters/letters of internal control weaknesses issued by the statutory auditors; (4) internal audit reports relating to internal control weaknesses; (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; (6) statement of deviations including (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; (b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Nomination & Remuneration Committee

Your Bank has a Nomination & Remuneration Committee ('NRC') with the powers and the roles that are in accordance with Section 178 of the Act and Rules made thereunder, Regulation 19 of SEBI LODR and the Circulars issued by RBI in this regard, from time to time, which, inter alia, deals with the matters relating to appointment on the Board and Senior Management and the performance and compensation related matters of the Bank.

The NRC identifies persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and specifies the manner for effective evaluation of performance of Board, its committees and individual directors. The NRC formulates the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

Meetings of the Nomination & Remuneration Committee

On March 31, 2020, the NRC comprised four Directors including three independent Directors and one Non-Executive Non-Independent Director, and was chaired by Mr. Chintaman Mahadeo Dixit, an Independent Director. During the financial year 2019-20, the NRC met six times i.e. on April 24, 2019, May 01, 2019, June 29, 2019, August 28, 2019, September 24, 2019 and January 13, 2020.

Composition and Attendance

The Composition of the NRC and attendance of members at its meetings held during the financial year 2019-20 are as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (amt. in ₹)
Mr. Chintaman Mahadeo Dixit*, Chairman	Independent Director	4	2,00,000
Mr. Harun Rasid Khan	Independent Director	6	3,00,000
Mr. Snehomoy Bhattacharya	Independent Director	5	2,50,000
Mr. Ranodeb Roy	Non-Executive Non-Independent Director	4	2,00,000
Mr. Bhaskar Sen [#]	Independent Director	2	1,00,000

* Appointed as a member and Chairman of this Committee with effect from May 02, 2019 due to reconstitution of the Committee.

[#] Ceased to be a member and Chairman of this Committee with effect from May 02, 2019 due to reconstitution of the Committee.

Note: The NRC was re-constituted by the Board of Directors on June 04, 2020. The re-constituted Committee includes Mr. Chintaman Mahadeo Dixit, Chairman, Mr. Snehomoy Bhattacharya, Mr. Bhaskar Sen, Mr. Harun Rasid Khan and Mr. Ranodeb Roy. Further, as on July 09, 2020, Mr. Snehomoy Bhattacharya became the Chairman of the NRC after the retirement of Mr. Dixit from the office of director at the close of business hours on July 08, 2020.

The last AGM of the Bank was held on June 28, 2019 which was attended by Mr. C M Dixit, Chairman of the NRC.

Terms of Reference

Terms of reference of the NRC is given below:-

- Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board of Directors a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
- Formulating of criteria for evaluation of the performance of the Independent Directors and the Board of Directors;
- Devising a policy on Board of Directors' diversity;
- Identifying persons who qualify to become Directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and carrying out evaluations of every Director's performance;
- Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- Analysing, monitoring and reviewing various human resource and compensation matters;
- Determining the Bank's policy on remuneration and any compensation payment, for the Chief Executive Officer (CEO), the Executive Directors, key managerial personnel including pension rights and determination of remuneration packages of such personnel;
- Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component and in accordance with the remuneration policy approved by the Board;
- Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- To propose to the Board, the members that must form part of the Nomination and Remuneration Committee;
- To report on the systems and on the amount of the annual remuneration of Directors and senior management;
- Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003
- Performing such other activities as may be delegated by the Board of Directors and/or specified/provided under the Act, together with the rules framed thereunder, as amended and to the extent notified, or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, or by any other regulatory authority.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and decide their 'fit & proper' status;
- 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;
- To review the HR strategy and policy including the conduct and ethics of the Bank and review any fundamental changes in the organisational structure, which could have wide ranging and high-risk implications;

17. To review and recommend to the Board, the succession policy at the level of Managing Director & CEO, other whole-time Directors (WTDs), senior management one level below the Board and key roles.
18. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

Performance Evaluation Criteria for Independent Directors

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

Policy on Appointment of Directors

Your Bank has in place a 'Policy on Appointment and fit and proper criteria for Directors'. This Policy lays down the criteria for identification of persons who are qualified and 'fit and proper' to become Directors on the Board such as academic qualifications, special knowledge or practical experience, competence, track record, integrity, etc. which shall be considered by the Nomination and Remuneration Committee of the Board ('**NRC**') while recommending appointment/re-appointment of Directors. The Policy is available on the website of the Bank at the link <https://www.bandhanbank.com/pdf/Policy-Fit-Proper-Criteria-Director.pdf>. This Policy on appointment of Directors is guided by the provisions of the BR Act, the Companies Act and the SEBI LODR and the circulars or guidelines issued by the RBI, from time to time, in this regard. While appointing a Director on its Board, your Bank follows the direction of RBI with regard to 'fit and proper' criteria as applicable to private sector banks and obtains the Declaration and Undertaking and signing of deed of covenants, which includes the requirement for Directors to discharge their duties and responsibilities to the best of their abilities, individually and collectively, to be eligible to be appointed as Directors of the Bank. The Board also ensures that the Director has the requisite skill sets, practical experience, special knowledge required for the banking business and as prescribed under Section 10A(2) (a) of BR Act and the Board is duly constituted including gender diversity, while appointing directors on the Board of the Bank. The NRC ascertains the fit and proper status of the candidate for the office of director, fulfilment of criteria of independence as prescribed under the Companies Act and SEBI LODR in case of independent directors, and thereafter recommends to the Board for approval. The appointment of Chairman and/or the Managing Director and/or Whole Time Directors on the Board is made with the prior approval of RBI. The Board also takes

into account the outcome of performance evaluation while considering the re-appointment/continuation of appointment of independent directors.

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

Remuneration Policy

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

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

Non-Executive Directors' Compensation and Disclosures

In terms of the provisions of the Companies Act, the SEBI LODR and the Compensation Policy of the bank, the Non-Executive Directors including Independent Directors of the Bank are paid sitting fees of ₹75,000 per meeting for attending the Board meetings and ₹50,000 per meeting for attending the Board Committee meetings subject to applicable taxes and reimbursement of expenses for participation in such meetings. Additionally, the Non-Executive Chairman of the Bank is also paid remuneration with prior-approval of the RBI pursuant to the provisions of the BR Act and approval of the Shareholders' of the Bank. Details of sitting fees paid to the Non-Executive Directors and the remuneration to Non-Executive Chairman are given below. The Compensation Policy of the Bank is available on its website and the link for the same has been provided above. No stock options are granted to any of the Non-Executive Directors.

Remuneration to Directors

Details of total remuneration paid to all the Directors of your Bank for the financial year ended on March 31, 2020 are as follows:

a. Non-Executive Directors

Sl. No.	Name of the Directors	Salary	Sitting fees	(Amt. in ₹)
				Total
i)	Dr. Anup Kumar Sinha*	24,00,000	925,000	33,25,000
ii)	Dr. Allamraju Subramanya Ramasastry	-	12,00,000	12,00,000
iii)	Mr. Bhaskar Sen	-	20,00,000	20,00,000
iv)	Mr. Chintaman Mahadeo Dixit	-	18,50,000	18,50,000
v)	Mr. Harun Rasid Khan	-	18,50,000	18,50,000
vi)	Dr. Holger Dirk Michaelis	-	6,75,000	6,75,000
vii)	Mr. Ranodeb Roy	-	9,75,000	9,75,000
viii)	Mr. Santanu Mukherjee	-	18,50,000	18,50,000
ix)	Mr. Sisir Kumar Chakrabarti	-	22,25,000	22,25,000
x)	Mr. Snehomoy Bhattacharya	-	17,75,000	17,75,000
xi)	Ms.Thekedathumadam Subramani Raji Gain	-	8,75,000	8,75,000

*The remuneration of Non-Executive Chairman was approved by RBI, the Board and the Shareholders of ₹24 lakh per annum (consolidated) in addition to sitting fees and reimbursement of other expenses for attending meetings of the Board and Committees and traveling and official expenses for performing his duty.

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

b. Managing Director & CEO

Sl. No.	Name	Salary	Perquisite and Allowances	Contribution to Provident Fund	Variable pay / Bonus(s)	(Amt. in ₹)
						Total
1.	Mr. Chandra Shekhar Ghosh	1,77,00,000	13,91,874	19,50,000	Nil	2,10,41,874

- As approved by RBI, Mr C S Ghosh has been re-appointed as the Managing Director & CEO for a period of three years from July 10, 2018 to July 09, 2021.
- Since the RBI has frozen the remuneration of the Managing Director & CEO at the existing level, no increment or performance linked incentives was paid to him during the financial year 2019-20.
- Mr. C S Ghosh has been granted 200,000 stock options during FY 2017-18 which was approved by RBI and the Shareholders. These options would vest not earlier than one (1) year and not later than four (4) years from the date of grant as decided by the NRC and shall be equally vested over four years with a gap of one year between each vesting. Mr. Ghosh has not exercised any stock option during the financial year 2019-20. Neither any stock options were granted to Mr. Ghosh during the financial year under review.
- The notice period applicable to him is three months. No severance fees are required to be paid to Mr C S Ghosh. The performance criteria for evaluating the performance of the Managing Director & CEO is as provided in the "Performance valuation Policy for the Board, Committees, Non-independent / Whole Time Directors and Independent Directors".
- Further details regarding the compensation of the Managing Director & CEO as well as other disclosures as required to be made as given in the Appendix 3 of the RBI Guidelines on compensation of WTD/CEO/Material Risk Takers and Control Function Staff dated November 4, 2019 is made available as notes to annual accounts forming part of this annual report.
- No sitting fees were paid to Mr. Ghosh for attending meetings of the Board and Board Committees.

Risk Management Committee

The Risk Management Committee of the Board ('RMCB') has been formed pursuant to the guidelines of RBI on Risk Management Systems and in compliance with Regulation 21 of SEBI LODR. The functions of the Committee are to review the Bank's risk management policies pertaining to credit, market, liquidity and operational risks.

The Bank has laid down a procedure to inform the RMCB and the Board, on a periodic basis, about the identified risks and the steps taken to mitigate and minimise the same. The Bank has already identified and assessed major elements of risks, which may adversely affect the various divisions of the Bank. The RMCB reviews the identified risks, including assessment of the said risks and procedures, which are being implemented for the monitoring, mitigating and minimisation of the said risks.

Meetings of the Risk Management Committee

On March 31, 2020, the RMCB comprised five Directors including four Independent Directors and was chaired by Mr. Bhaskar Sen, an independent Director. During the financial year 2019-20, the RMCB met four times i.e. June 15, 2019, August 30, 2019, November 28, 2019 and January 10, 2020.

Composition and Attendance

The composition of the RMCB and attendance of the members at its meetings held during financial year 2019-20 are as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (amt. in ₹)
Mr. Bhaskar Sen, Chairman	Independent Director	4	2,00,000
Dr. Allamraju Subramanya Ramasastry	Independent Director	4	2,00,000
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	4	-
Mr. Harun Rasid Khan*	Independent Director	4	2,00,000
Mr. Santanu Mukherjee*	Independent Director	4	2,00,000
Mr. Ranodeb Roy [#]	Non-Executive Non-Independent Director	Not applicable	Not applicable

*Appointed as a member of this Committee with effect from May 02, 2019 due to reconstitution of the Committee.

[#]Ceased to be a member of this Committee with effect from May 02, 2019 due to reconstitution of the Committee.

Note: The RMCB was re-constituted by the Board of Directors on June 04, 2020. The re-constituted Committee includes Mr. Santanu Mukherjee, Chairman, Mr. Chandra Shekhar Ghosh, Dr. A. S. Ramasastry, Mr. Harun Rasid Khan and Mr. Sisir Kumar Chakrabarti.

Terms of Reference

Terms of reference of the RMCB is given below:-

- To oversee risk management function and obtain assurance from the respective committees and Risk Department that the risk faced by the Bank including cyber security related risks have been properly identified and are being appropriately managed;
- To define the risk appetite of the Bank within overall parameters set by the Board in terms of business strategy and growth;
- To ensure effectiveness in the conduct of the overall risk governance;
- To approve risk limits at the Bank-wide level for various portfolios such as product, industry, geography, risk types, etc.;
- To approve risk management and measurement policies, guidelines and procedures before submission to the Board;
- To ensure effectiveness and performance of risk rating system and associated processes and controls through pre-approval validation, periodical review or as a part of annual validation exercise;
- To oversee allocation and maintenance of sufficient resources (including IT support) for risk identification, measurement, monitoring and reporting;
- To approve risk capital computation and place it to the Board for approval; and
- To reinforce the culture and awareness of risk management throughout the organisation.

Information Technology (IT) Strategy Committee

The IT Strategy Committee of the Board ('ITSCB'), constituted pursuant to Guidelines/Circulars issued by the RBI, approves strategy for IT and policy documents which ensures that IT strategy is aligned with the business strategy, reviews IT risks, ensures proper balance of IT investments for sustaining the Bank's growth, oversees the aggregate funding of IT at the Bank-level, ascertains if the management has adequate resources to ensure proper administration of IT risks and reviews the contribution of IT.

Meetings of the IT Strategy Committee

As on March 31, 2020, the ITSCB comprised four Directors including three Independent Directors and was chaired by Dr. Allamraju Subramanya Ramasastry, an Independent Director. During the financial year 2019-20, the ITSCB met four times i.e. on June 15, 2019, August 30, 2019, November 28, 2019 and January 10, 2020.

Composition and Attendance

The composition of the ITSCB and attendance of the members at its meetings held during financial year 2019-20 are as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (amt. in ₹)
Dr. Allamraju Subramanya Ramasastry, Chairman	Independent Director	4	2,00,000
Mr. Bhaskar Sen*	Independent Director	4	2,00,000
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	4	-
Mr. Santanu Mukherjee*	Independent Director	4	2,00,000
Mr. Chintaman Mahadeo Dixit#	Independent Director	Not applicable	Not applicable

*Appointed as a member of this Committee with effect from May 02, 2019 due to reconstitution of the Committee.

#Ceased to be a member of this Committee with effect from May 02, 2019 due to reconstitution of the Committee.

Note: The ITSCB was re-constituted by the Board of Directors on June 04, 2020. The re-constituted Committee includes Dr. A. S. Ramasastry, Chairman, Mr. Chandra Shekhar Ghosh, Mr. Harun Rasid Khan and Mr. NVP Tendulkar.

Terms of Reference

Terms of reference of the ITSCB is given below:-

- To approve IT Strategy and policy documents;
- To ensure whether management has put an effective strategic planning in place;
- To ratify whether the business strategy is indeed aligned with IT strategy;
- To ensure whether the IT organisational structure complements the business model and its direction;
- To ascertain whether management has implemented processes and practices which ensure that IT delivers value to the business;
- To ensure that the IT investments represents a balance of risk & benefits and that the budgets are acceptable;
- To monitor the methods that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;

- To ensure proper balance of IT investments for sustaining Bank's growth;
- To be aware of the exposures towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks;
- To assess senior management's performance in implementing IT strategies;
- To issue high- level policy guidance (e.g. Related to risk, funding or sourcing tasks);
- To confirm whether IT or business architecture is designed to derive the maximum business value from IT;
- To oversee the aggregate funding of IT at Bank-level and ascertaining if management has resources to ensure the proper management of IT risks;
- To review IT performance measurement and contribution of IT to business (i.e. delivering the promised value);
- The progress of achievement of digital transactions would be subsequently monitored by the IT Strategy Committee in all its meetings; and
- To review & monitor the mechanism of the digital transactions as follows:
 - Review Progress on implementation of new Digital Products;
 - Review number of Digital Transactions on existing digital channels; and
 - Review of how to increase number of Digital Transactions in existing digital channels.

Customer Service Committee

The functions of the Customer Service Committee of the Board ('CSCB'), constituted pursuant to the Master Circular on Customer Service in Banks issued by the RBI, include reviewing customer service initiatives, overseeing the functioning of customer service, evolving innovative measures for enhancing the quality of customer service and improving the overall satisfaction level of customers.

Meetings of the Customer Service Committee

As on March 31, 2020, the CSCB comprised four Directors including three independent Directors and was chaired by Mr. Snehomoy Bhattacharya, an Independent Director. During the financial year 2019-20, the CSCB met four times i.e. on May 16, 2019, September 23, 2019, November 27, 2019 and March 06, 2020.

Composition and Attendance

The Composition of the CSCB and attendance of members at its meetings held during the financial year 2019-20 are as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (amt. in ₹)
Mr. Snehomoy Bhattacharya, Chairman*	Independent Director	4	2,00,000
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	4	-
Mr. Sisir Kumar Chakrabarti [#]	Independent Director	4	2,00,000
Ms. Thekedathumadam Subramani Raji Gain	Independent Director	1	50,000

* Appointed as the chairman of this Committee with effect from May 02, 2019 due to reconstitution of the Committee.

[#] Ceased to be the chairman of this Committee with effect from May 02, 2019 due to reconstitution of the Committee.

Note: The CSCB was re-constituted by the Board of Directors on June 04, 2020. The re-constituted Committee includes Mr. Snehomoy Bhattacharya, Chairman, Mr. Chandra Shekhar Ghosh, Mr. Ranodeb Roy and Mr. NVP Tendulkar.

Terms of Reference

Terms of reference of the CSCB is given below:-

- To formulate a comprehensive deposit policy;
- To monitor product approval process with a view to suitability and appropriateness,
- To conduct annual survey of depositor satisfaction;
- To conduct triennial audit of such services;
- To review Regulatory guidelines issued from time to time and formulate policy for their implementation;
- To set up a grievance redressal mechanism for the Bank to handle customer complaints;
- To monitor and follow up complaints / grievances escalated to be resolved by Banking Ombudsmen of the various States;
- To implement awards under the Banking Ombudsman Scheme;
- To address issues of systemic deficiencies, if any, brought out by the awards;
- To monitor awards remaining unimplemented for more than three months with the reasons (for report to the Board) for such delays in implementation and for initiating necessary remedial action;
- To review customer service / customer care aspects in the Bank and submit a detailed memorandum in this regard to the Board of Directors, once every six months and initiate prompt corrective action wherever service quality / skill gaps have been noticed;

- To oversee and review / modify the initiatives taken by Customer Service Committees of the branches and other departments; and
- To address any other issues having a bearing on the quality of customer service rendered, such as examining reports on number and nature of complaints received and status of resolution thereof, etc.

Corporate Social Responsibility Committee

Your Bank has Corporate Social Responsibility ('CSR') Committee with the powers and the role that are in accordance with Section 135 of the Companies Act. The functions of CSR Committee include review of CSR initiatives undertaken by the Bank for inclusive growth, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the Bank, and the amount of expenditure to be incurred on such activities. It also makes recommendations to the Board with respect to the CSR initiatives, policies and practices of the Bank, monitors the conformity of CSR activities, implementation and compliance with the CSR Policy, and reviews and implements, if required, any other matter related to CSR initiatives as recommended/suggested by the RBI or any other body.

Meetings of the Corporate Social Responsibility Committee

As on March 31, 2020, the CSR Committee comprised three Directors and was chaired by Ms. Thekedathumadam Subramani Raji Gain, an Independent Director. During the financial year 2019-20, the CSR Committee met twice i.e. on June 14, 2019 and February 27, 2020.

Composition and Attendance

The composition of the CSR Committee and attendance of members at its meetings held during the financial year 2019-20 are as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (amt. in ₹)
Ms. Thekedathumadam Subramani Raji Gain, Chairperson	Independent Director	2	1,00,000
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	2	-
Mr. Ranodeb Roy*	Non-Executive Non-Independent Director	2	1,00,000
Mr. Harun Rasid Khan [#]	Independent Director	Not applicable	Not applicable

*Appointed as a member of this Committee with effect from May 02, 2019 due to reconstitution of the Committee.

[#]ceased to be a member of this Committee with effect from May 02, 2019 due to reconstitution of the Committee.

Note: The CSR Committee was re-constituted by the Board of Directors on June 04, 2020. The re-constituted Committee includes Mr. Bhaskar Sen, Chairman, Mr. Chandra Shekhar Ghosh, Ms. T. S. Raji Gain and Mr. Vijay Bhatt.

Terms of Reference

Terms of reference of the CSR Committee is given below:-

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Bank as per the Companies Act, 2013;
- Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
- Identifying and appointing the corporate social responsibility team of the Bank including corporate social responsibility manager, wherever required;
- Delegating responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Bank and the distribution of the same to various corporate social responsibility programmes undertaken by the Bank;
- To monitor the CSR policy of the Bank from time to time; and
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Details of the policy developed and implemented by the Bank on its CSR initiatives undertaken during FY 2019-20 have been enumerated on the Bank's website: <https://www.bandhanbank.com/pdf/CSR-Policy-New-Format.pdf>. The Report on CSR activities is at **Annexure – 1** of the Directors' Report.

Special Committee for Monitoring High Value Frauds

The Special Committee for Monitoring High Value Frauds ('SCMHVF') was constituted as per relevant Circulars issued by RBI in this regard. The Committee is required to meet and review as and when a fraud involving an amount of ₹1 crore and above comes to light. However, the Board had decided to convene the meeting of SCMHVF once in a year for any fraud involving an amount of above ₹10 lakh.

Meetings of the Special Committee for Monitoring High Value Frauds

As on March 31, 2020, the SCMHVF comprised four Directors including three independent Directors and the Managing Director & CEO, and chaired by Mr. Sisir Kumar Chakrabarti, an Independent Director. During the financial year 2019-20, the SCMHVF met twice i.e. on February 28, 2020 and March 06, 2020.

Composition and Attendance

The composition of the SCMHVF and attendance of members at its meetings held during the financial year 2019-20 are as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (amt. in ₹)
Mr. Sisir Kumar Chakrabarti, Chairman	Independent Director	2	1,00,000
Mr. Bhaskar Sen	Independent Director	2	1,00,000
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	2	-
Mr. Snehomoy Bhattacharya	Independent Director	2	1,00,000

Note: The SCMHVF was re-constituted by the Board of Directors on July 13, 2020 by inducting of Mr. NVP Tendulkar as a Member of the Committee

Terms of Reference

Terms of reference of the SCMHVF is given below:-

- To identify the systematic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same,
- To identify the reasons for delay in detection, and/or reporting to top management of the Bank and RBI, if any;
- To monitor progress of investigation by law enforcing agencies and recovery position;
- To ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;
- To review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls; and
- To put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

Stakeholders Relationship Committee

The Bank has a Stakeholders Relationship Committee ('SRC'), constituted in accordance with the provisions of Section 178(5) of the Companies Act and Regulation 20 of SEBI LODR, to specifically look into various matters relating to shareholders/ investors, including transfer and transmission of shares, as well as non-receipt of annual report, issue of share certificates (including issue of renewed or duplicate share certificates), share certificates after transfers/transmissions, and so on. In addition, the Committee looks into other issues including status of dematerialisation/re-materialisation of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement, from time to time.

Meetings of the Stakeholders Relationship Committee

As on March 31, 2020, the SRC comprised three independent Directors and chaired by Mr. Sisir Kumar Chakrabarti, an Independent Director. During the financial year 2019-20, the SRC met four times i.e. on June 29, 2019, September 24, 2019, December 11, 2019 and February 27, 2020.

Composition and Attendance

The composition of the SRC and attendance of members at its meetings held during the financial year 2019-20 are as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (amt. in ₹)
Mr. Sisir Kumar Chakrabarti, Chairman	Independent Director	4	2,00,000
Mr. Chintaman Mahadeo Dixit	Independent Director	4	2,00,000
Mr. Snehomoy Bhattacharya	Independent Director	4	2,00,000

Note: The SRC was re-constituted by the Board of Directors on June 04, 2020. The re-constituted Committee includes all Independent Directors i.e. Mr. NVP Tendulkar, Chairman, Mr. Chintaman Mahadeo Dixit, Mr. Sisir Kumar Chakrabarti, Mr. Snehomoy Bhattacharya and Ms. T S Raji Gain. Further, Mr. Dixit ceased to be the member of this Committee due to his retirement from the office of director at the close of business hours on July 08, 2020.

The last AGM of the Bank was held on June 28, 2019 which was attended by Mr. Sisir Kumar Chakrabarti, Chairman of the SRC.

Mr. Indranil Banerjee is the Company Secretary and Compliance Officer of the Bank in terms of SEBI LODR.

Terms of Reference

Terms of reference of the SRC is given below:-

- Review the mechanism adopted for redressing the grievance of shareholders, debenture holders and deposit holders and other security and the status of such redressal;
- Considering and resolving the grievances of the security holders of the Bank including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, general meetings, etc;
- Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Issuing duplicate certificates and new certificates on split/consolidation/renewal;
- Dematerialisation/Rematerialisation of shares;
- Transfer/transmission of shares and their redressal,

- Monitoring and supervision of the Registrar and Transfer Agent (RTA) and review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the RTA;
- Review of the activities of the services provided to the security holders relating to the various services rendered by the Secretarial Department, Investor Services Department, various initiatives taken to, inter-alia, to reduce quantum of unclaimed dividends, status of claims received, ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank and processed for unclaimed shares, uploading of data relating to unclaimed dividends on the website of Investor Education & Protection Fund and the Bank;
- Review the Action Taken Report in respect of recommendations made by the Committee;
- Review the status of the litigation(s) filed by/ against the security holders of the Bank;
- Review the mechanism adopted to review, monitor and report transactions relating to securities which may be suspicious from a money laundering perspective; and
- The Committee shall perform such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to Corporate Governance, as amended from time to time.
- Review of measures taken for effective exercise of voting rights by shareholders.

Status of Shareholders' Complaints as on March 31, 2020

Particulars	Total
Number of Shareholders' complaints pending at the beginning of the Year	Nil
Number of Shareholders' complaints received during the Year	255
Number of Shareholders' complaints disposed of during the Year	255
Number of Shareholders' complaints unresolved at the end of the Year	Nil

There was no investor complaint pending against the Bank as on March 31, 2020 on SCORES, the web based complaint redressal system of SEBI.

Pursuant to the authorisation by the Board and/or the SRC, the Company Secretary is authorised to approve the Transfer/Transmission/Sub-division/Consolidation/Renewal/Replacement/Issue of Duplicate Share Certificate(s)/Deletion of Name(s) and Dematerialisation/ Rematerialisation of shares of the Bank. A summary of transfer/transmission, etc. of securities of the

Bank so approved by the Company Secretary is placed at the SRC meeting. A certificate from a Practicing Company Secretary is obtained on a half yearly basis, as per the provisions of Regulations 40(9) & (10) of SEBI LODR, relating to compliance with the formalities of share transfer and the same is also filed with the Stock Exchanges.

In compliance with Regulations 7(2) & (3) of SEBI LODR, a Compliance Certificate is filed with the Stock Exchanges where the shares of the Bank are listed. The said certificate is duly signed by both the Company Secretary and Compliance Officer of the Bank and the authorised representative of the Share Transfer Agent on a half yearly basis to certify that all activities relating to both physical and electronic share transfer facility of the Bank are maintained by KFin Technologies Private Limited, Registrar and Share Transfer Agent ('RTA') of the Bank.

Committee of Directors

The Committee of Directors ('COD') was constituted by the Board to consider and sanction loan proposals exceeding ₹50 crore in case of Non-banking Financial Company non-Micro Finance Institutions (NBFC Non-MFIs) and exceeding ₹200 crore for NBFC MFIs, within the prudential limits, to handle issues concerning the IPO of the Bank, which called for prompt decision and to handle any other issue as may be decided by the Board of Directors.

Annual General Meetings

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

Details of General Body Meetings

Sl. No.	Particulars of meeting	Location	Date & Time	Special Resolutions passed, if any
1.	3 rd Annual General Meeting	DN-32, Sector – V, Salt Lake, Kolkata- 700091	May 12, 2017 at 11.00 A.M.	Nil
2.	4 th Annual General Meeting	Science City Auditorium, Kolkata, J.B.S Haldane Avenue, Mirania Gardens, East Topsia, Topsia, Kolkata, West Bengal- 700046	July 19, 2018 at 11:30 A.M.	Eight special resolutions were passed
3.	5 th Annual General Meeting	Mini Auditorium, Biswa Bangla Convention Centre, DG Block (Newtown), Action Area I, New Town, West Bengal 700 156	June 28, 2019 at 11:00 A.M.	Three special resolutions were passed

Meetings of the Committee of Directors

As on March 31, 2020, the COD comprised four Directors including three independent Directors and was chaired by the Managing Director & CEO. During the financial year 2019-20, the COD met seven times i.e. on June 12, 2019, June 25, 2019, August 06, 2019, September 20, 2019, October 21, 2019, December 27, 2019 and February 24, 2020.

Composition and Attendance

The composition of the COD and attendance of members at its meetings held during the financial year 2019-20 are as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (amt. in ₹)
Mr. Chandra Shekhar Ghosh, Chairman	Managing Director & CEO	7	-
Mr. Bhaskar Sen	Independent Director	7	3,50,000
Mr. Sisir Kumar Chakrabarti	Independent Director	7	3,50,000
Mr. Snehomoy Bhattacharya	Independent Director	5	2,50,000

Note: The COD re-constituted by the Board of Directors on June 04, 2020 by inducting Mr. Santanu Mukherjee as a Member of the Committee.

NCLT Convened Shareholders' Meeting

During the financial year ended on March 31, 2020, one special resolution was passed by the Members of the Bank through Postal Ballot / E-voting / Insta Poll at its meeting held on July 30, 2019 pursuant to Order dated June 20, 2019 passed by the Hon'ble National Company Law Tribunal, Bench at Kolkata ("NCLT") in the matters of the Scheme of Amalgamation of GRUH Finance Limited into and with the Bank ("**Scheme of Amalgamation**"). The summary of the voting results and resolution passed are given below:-

Sl. No.	Description of Resolution	Type of resolution	No. of votes polled	No. of votes in favour	No. of votes against	% of votes in favour	% of votes against
1.	Approval of the scheme of amalgamation of GRUH Finance Limited into and with Bandhan Bank Limited under Sections 230 to 232 of the Companies Act, 2013 (including the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016) and other relevant provisions under applicable law.	Special	47,02,13,475	46,72,13,700	29,99,775	99.3620	0.6380

By way of an Order dated June 20, 2019 passed by the Hon'ble NCLT, a meeting of the equity shareholders of the Bank was held on Tuesday, July 30, 2019 at 11.00 AM at Mini Auditorium, Biswa Bangla Convention Centre, DG Block (New Town), Action Area I, New Town, West Bengal- 700156, India, ("**NCLT Convened Meeting**") for considering and if thought fit, approving the Scheme of Amalgamation.

In terms of the NCLT Order, Mr. M.K. Maroti, Chartered Accountant, was appointed as the chairperson for the NCLT Convened Meeting presided over the meeting and Mr. Pallab Kumar Mitra, Advocate, was appointed as the scrutiniser to conduct the postal ballot process, remote e-voting and e-voting at the meeting i.e. insta poll in a fair and independent manner.

In terms of the NCLT Order and in compliance with the relevant provisions of the Companies Act and the SEBI LODR, the Bank had provided the facility to the Equity Shareholders to cast their vote by of postal ballot and remote e-voting on the resolution set forth in the notice, which was kept open from 9.00 a.m. on Sunday, June 30, 2019 to 5.00 p.m. on Monday, July 29, 2019. The Bank had also provided the e-voting facility at the venue of the meeting i.e. insta poll for those shareholders who could not cast their vote either through postal ballot or remote e-voting. The Bank has engaged the services of KFin Technologies Private Limited ('erstwhile Karvy Fintech Private Limited') for the purpose of facilitating in e-voting process to the equity shareholders of the Bank.

The Scrutiniser submitted his combined report to the Chairman after the completion of the scrutiny of the postal ballots, remote e-voting and insta poll. The results of the voting by postal ballot were announced on July 30, 2019. The necessary intimation was made to the Stock Exchanges on the declaration of the results and the same was also displayed on website of the Bank & service provider as well as at the Registered Office of the Bank.

The aforesaid resolution has been approved by the Shareholders with requisite majority through Ballot Papers, Remote e-voting and insta poll on July 30, 2019 and necessary report was also submitted to the Hon'ble NCLT.

Postal Ballot

During the financial year ended on March 31, 2020, one special resolution was passed by the Members of the Bank through Postal Ballot on December 04, 2019. The summary of the voting results and resolutions passed through postal ballot are given below:-

Sl. No.	Description of Resolutions	Type of resolution	No. of votes polled	No. of votes in favour	No. of votes against	% of votes in favour	% of votes against
1.	Reduction in the authorised share capital to comply with Section 12(1)(i) of the Banking Regulation Act, 1949 and consequent amendment to the Capital clause of Memorandum of Association of the Bank	Ordinary	82,91,40,947	82,91,35,488	5,459	99.9993	0.0007
2.	Increase in the overall shareholding limits of Foreign Portfolio Investors (" FPIs ") and Foreign Institutional Investors (" FIIs ") from 24% to 49% of the paid-up voting equity capital of the Bank	Special	82,91,81,754	82,91,75,679	6075	99.9992	0.0008

The Bank follows the procedure as prescribed under Section 108 and Section 110 of the Companies Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI LODR and the Secretarial Standards as amended from time to time. The Postal Ballot Notice along with Postal Ballot Form and relevant documents were sent to all those members whose names appeared in the Register of Members / beneficial owners received from the National Securities Depository Limited and Central Depository Services (India) Limited as on October 30, 2019 i.e. cut-off date. The Bank has engaged the services of KFin Technologies Private Limited (Esrtwhile Karvy Fintech Private Limited) as service provider to provide the platform for facilitating the remote e-voting. The Board had appointed Shri Anjan Kumar Roy & Co, Practicing Company Secretary (Membership No. FCS 5684/C.P. No. 4557) as the Scrutiniser for conducting the postal ballot and remote e-voting process in a fair and transparent manner.

Voting through Postal Ballot and Remote e-voting by the members commenced on Tuesday, November 05, 2019 at 9.00 a.m. IST and ended on Wednesday, December 04, 2019 at 5.00 p.m. IST. The Scrutiniser submitted his report to the Chairman/ Managing Director & CEO after the completion of the scrutiny of the postal ballots (including e-voting). The results of the voting by postal ballot were announced on December 05, 2019. The necessary intimation was made to the Stock Exchanges on the declaration of the results and the same was also displayed on website of the Bank & service provider as well as at the Registered Office of the Bank.

The aforesaid resolutions have been approved by the Shareholders with requisite majority through Ballot Papers and Remote e-voting and deemed to be approved and passed on December 04, 2019 which was the last date of receipt of postal ballot forms and Remote e-voting.

The Bank do not foresee any immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing 6th Annual General Meeting of the Bank require passing a resolution through Postal Ballot.

Other Disclosures

The Management Discussion & Analysis Report

The Management Discussion & Analysis Report, giving an overview of the industry, the Bank's business and its financials is provided separately as **Annexure - 6** as a part of this Annual Report.

Disclosure on Material Subsidiary

The Bank does not have any subsidiary at present. Therefore, requirement to formulate a policy for determining 'material' subsidiary is not applicable to the Bank.

Commodity Price Risks and Foreign Exchange Risks and Hedging Activities

Your Bank has not taken any position in commodity. The Bank has no foreign currency liability, neither in Foreign currency bonds nor bilateral or syndicated loans. Your Bank has Board approved

Market Risk policy which defines risk control framework for undertaking any Foreign exchange risk. Vide Market Risk policy, Board of the Bank has defined overall Net Overnight Open Position (NOOP) Limit, Stop Loss Limit, Aggregate Gap limit (AGL), Value at Risk (VaR) limit to control the Foreign exchange risk within its risk control framework.

Accounting Treatment

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the BR Act. 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 and the relevant provisions of the Companies Act, read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as amended from time to time to the extent applicable and practices generally prevalent in the banking industry in India.

Indian Accounting Standard (IND AS) Implementation

The RBI issued a circular in February, 2016 requiring banks to implement Indian Accounting Standards ('**Ind AS**') and prepare Ind AS financial statements with effect from April 01, 2018.

In line with the RBI guidelines on Ind AS implementation, the Bank has formed a Steering Committee comprising members from the concerned functional areas. As advised by the RBI, the Bank has also submitted Proforma Ind AS financial statements every quarter starting from quarter ended June 30, 2018 to the RBI.

However, the RBI in its press release issued on March 22, 2019 has deferred the applicability of Ind AS till further notice for Scheduled Commercial Banks.

The Bank has made a diagnostic study to identify the gaps, process and system changes required to implement Ind AS and is in the process of implementing necessary changes in its IT system and other processes. The Bank is regularly holding workshops and training for its staff.

Related-Party Transactions

There were no materially significant transactions with related parties during the financial year 2019-20, which could lead to a potential conflict of interest between the Bank and these parties. Prior omnibus approval for normal banking transactions is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as for the normal banking transactions which cannot be foreseen and accordingly the required disclosures are made to the Audit Committee for their approval. The details of the transactions with related parties, if any, were placed before the Audit Committee from time to time. The Related Party Transactions that were entered during the financial year were on arm's length basis

and were in ordinary course of business. Accordingly, there are no Related Party Transactions required to be reported in Form AOC-2. However, necessary disclosure as required under the Accounting Standards (AS 18) read with RBI's Master Circular- Disclosure in Financial Statements- Notes to Accounts dated July 01, 2015, has been made in the note no. 18.13 to the annual financial statements for the financial year 2019-20.

Your Bank's Policy on dealing with Related Party Transactions is available on the Bank's website: <https://www.bandhanbank.com/view-pdf.aspx?FileName=RelatedParty-Transactions-Policy.pdf>.

Penalties, Strictures

During the last three financial years, there were no penalties or strictures imposed on the Bank by the Stock Exchanges and/or SEBI and/or any other statutory authorities nor has there been any instance of non-compliance with the matters relating to capital market. The Details of other regulatory actions are forming part of the Directors' Report of this Annual Report.

Whistle Blower Policy & Vigil Mechanism

The Bank has implemented the Whistle Blower Policy by way of forming a vigil mechanism, as required under Section 177 of the Companies Act and Regulation 22 of SEBI LODR. The said policy provides for adequate safeguards against the victimisation of the Directors and employees who avail this mechanism and ensures that the personnel gets direct access to the Chairman of the Audit Committee as defined in the Act and SEBI LODR. The said policy can be accessed on the Bank's website at the link: <https://www.bandhanbank.com/view-pdf.aspx?FileName=Vigilance-Whistle-Blower-Mechanism-February2.pdf>.

None of the Bank's personnel has been denied access to the Audit Committee.

Code of Conduct

The Bank has adopted a Code of Conduct applicable to all Directors and also a Code of Conduct for senior management personnel of the Bank, which is approved by the Board. The Code of Conduct for senior management attempt to set forth the guiding principles on which the Bank shall operate and, conduct its daily business with its multitudinous stakeholder's viz., shareholders, customers, creditors, employees, government, regulatory agencies, media and society. This Code has been posted on the Bank's website at <https://www.bandhanbank.com/view-pdf.aspx?FileName=Code-Conduct-for-Senior-Management.pdf>. The Code of Conduct for Directors also contains reference to the duties of the Independent Directors as laid down in Schedule IV to the Companies Act. This Code has been posted on the Bank's website at <https://www.bandhanbank.com/view-pdf.aspx?FileName=Code-Conduct-for-Directors.pdf>. All Directors and senior management personnel have affirmed compliance with the Code of Conduct/Ethics as approved and adopted by the Board.

Declaration as required under Regulation 26(3) of SEBI LODR with respect to financial year ended on March 31, 2020, signed by the Managing Director & CEO has been provided to the Board and is reproduced in this Report.

Policy for Preservation of Documents

In accordance with Regulation 9 of SEBI LODR, the Bank has framed a Policy for preservation of documents, which has been approved by the Board of Directors of the Bank. This Policy is intended to guide the Bank and its officers on maintenance of any documents, their preservation and disposal. The said policy is reviewed by the Board on an annual basis. The said policy can be accessed on the Bank's website: <https://www.bandhanbank.com/view-pdf.aspx?FileName=Policy-Preservation-of-Documents.pdf>.

Policy for Determination of Materiality of Events/ Information and Archival Policy

In accordance with Regulation 30 of SEBI LODR, the Bank has framed a Policy for Determination of Materiality of Events/ Information, which provides guidance to the Board, management and staff on the assessment of materiality of events, which will have bearing on the performance/ operations of the Bank. The policy has been uploaded on the Bank's website: <https://www.bandhanbank.com/view-pdf.aspx?FileName=Determination-Materiality-Policy.pdf>. Further, the Bank has an Archival Policy in line with the requirements of SEBI LODR to ensure that information relating to the Bank is adequately disclosed on its website as required by law. The policy have been uploaded on the Bank's website: <https://www.bandhanbank.com/view-pdf.aspx?FileName=Archival-Policy.pdf>.

Code of Conduct for Prevention of Insider Trading

The Bank has adopted a Code of Conduct for the prevention of insider trading in the securities of the Bank ('Code') in line with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The code, inter-alia, prohibits trading in the securities of the Bank by insiders while in possession of unpublished price sensitive information in relation to the Bank. The Bank has also adopted Board approved Code of Practices and Procedure for Fair Disclosure of Unpublished Price Sensitive Information which is available on the website of the Bank. The Bank has automated the declarations and disclosures to identified designated persons, and the Board reviews the policy on a need basis. The Code has been aligned with the recent amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and duly approved by the Board. The Company Secretary of the Bank acts as 'Compliance Officer' in terms of the Code and is responsible for implementation and overseeing compliance with the Code across the Bank. The report on the matter relating to Code is being submitted to the Audit Committee periodically.

Dividend Policy

The Bank has adopted the Dividend Policy to determine the distribution of dividends in accordance with the provisions of applicable laws. The details of the same are provided in the Directors' Report of this Annual Report.

Complaints Pertaining to Sexual Harassment

The details of complaints filed, disposed of and pending during the financial year pertaining to sexual harassment are provided in the Directors' Report of this Annual Report.

Details of Utilisation of Funds Raised Through Preferential Allotment or Qualified Institutions Placement as Specified Under Regulation 32 (7A)

During the financial year under review, the Bank has not raised any funds through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI LODR.

Compliance with Mandatory Requirements

The Bank has complied with all the applicable mandatory requirements of the Code of Corporate Governance as prescribed under the SEBI LODR.

Compliance with Non-Mandatory Requirements

a) Board of Directors

The office of Non-Executive Chairman of the Bank is maintained by the Bank at its expenses and all the expenses incurred by the Chairman in performance of his duties are reimbursed by the Bank.

b) Shareholder's Rights

The Bank publishes its financial results of every quarter on its website at www.bandhanbank.com, which is accessible to the public at large. The same are also available on the websites of the Stock Exchanges on which the equity shares of the Bank are listed. Along with the quarterly results, detailed earnings updates are also hosted on the website of the Bank. Further, a quarterly investors'/ analysts' conference call is made to discuss the financial results and performance of the Bank, the transcripts of which are posted on the website of the Bank. The Bank's results for each quarter are published in English newspapers

having nation-wide circulation and in Bengali newspaper having a wide circulation in West Bengal (viz., Economic Times, Mint, Business Standard, Business Line, Financial Express, Anandabazar Patrika and Ei Samay). In view of the foregoing, the half-yearly results of the Bank are not sent to shareholders individually.

c) Audit Qualifications

During the period under review, there is no audit qualification in the financial statements of the Bank nor in the Secretarial Audit Report. The Bank continues to adopt best practices to ensure regime of unqualified financial statements.

d) Reporting of Internal Auditor

The Internal Auditor of the Bank reports directly to the Audit Committee of the Bank.

Means of Communication

The Board of Directors of the Bank has been approving the quarterly financial results within 45 days of the end of respective quarters and the audited annual financial results for the quarter and year ending on March 31 within 60 days from the end of the financial year. The results are promptly forwarded to the stock exchanges and are published in English and Bengali (regional language) newspaper (viz., Economic Times, Mint, Business Standard, Business Line, Financial Express, Anandabazar Patrika and Ei Samay), within 48 hours of the conclusion of the Board meeting. The results as well as press releases are simultaneously displayed on the Bank's website, www.bandhanbank.com. The website also displays all official news releases by the Bank from time to time as also the earnings updates and presentations made to investors and analysts.

General Shareholder Information:

1)	Corporate Identity Number (CIN) of the Bank Address for Correspondence	L67190WB2014PLC204622 Registered Office: DN-32, Sector-V, Salt Lake, Kolkata – 700091 Head Office: Floors 12-14, Adventz Infinity@5, BN 5, Sector V, Salt Lake City, Kolkata 700091 Contact: Mr. Indranil Banerjee, Company Secretary & Compliance Officer (Nodal Officer for IEPF related matters) Phone Number – 033 6609 0909 Email id – investors@bandhanbank.com Website: www.bandhanbank.com
2)	Date, Time And Venue of the Annual General Meeting ('AGM')	6 th AGM of the Bank will be held on August 21, 2020 at 11:00 a.m. IST Since the AGM will be conducted through VC / OAVM pursuant to the MCA General Circular dated May 5, 2020, as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.
3)	Financial Year	April 01, 2019 and March 31, 2020
4)	Date of Book Closure	Saturday, August 15, 2020 to Friday, August 21, 2020 (both days inclusive)

5) Dividend Payment Date	<p>The RBI vide its Circular No. RBI/2019-20/218-DOR.BP.BC. No.64/ 21.02.067 /2019-20 dated April 17, 2020, has decided that all banks shall not make any further dividend pay-outs from profits pertaining to the financial year ended March 31, 2020 until further instructions, which will be reassessed by the RBI based on the financial results of banks for the quarter ending September 30, 2020. Accordingly, in compliance with the above Circular issued by RBI, the Board of Directors of the Bank has not recommended any dividend for the financial year ended March 31, 2020.</p>
6) Listing on Stock Exchanges	<p>i) National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400051</p> <p>ii) BSE Limited (BSE) (equity and debt both listed) Phiroze Jeejabhoy Towers, Dalal Street, Fort, Mumbai – 400001</p> <p>The Bank has paid the Annual Listing Fees to NSE & BSE for the financial year 2019-20. During the Financial Year, the equity shares of the Bank have not been suspended from trading on the said Stock Exchanges or by any Regulatory / Statutory Authority.</p>
7) Stock Code	<p>NSE – BANDHANBNK BSE – 541153</p>
8) Registrars & Share Transfer Agent (both Physical & Demat Segments) (Equity & Debentures)	<p>KFin Technologies Private Limited Selenium Building, Tower B, Plot Nos. 31-32, Financial District, Nanakramguda, Serlingampally Mandal, Hyderabad – 500 032 Tel No. 040 – 67161570 Fax No. 040 23001153 Email: einward.ris@kfintech.com Website: www.kfintech.com</p> <p>Name of the Contact Person: Mr. S V Raju (Deputy General Manager, Corporate Registry)</p> <p>Change in name of the Bank's RTA The name of the Bank's RTA has been changed to KFin Technologies Private Limited from Karvy Fintech Private Limited effective December 05, 2019. The Bank has communicated this information to the stock exchanges and also made it available on the Bank's website.</p>
9) Share Transfer System	<p>The Bank's shares which are in compulsory dematerialised (demat) form are transferable through the depository system. Transfer of shares in physical form are processed by the Registrars and Share Transfer Agents, KFin Technologies Private Limited and approved by the Stakeholders' Relationship Committee of the Bank or the officials of the Bank authorised by the SRC and in such case the transfer are noted at the subsequent meetings. The requests for the aforementioned transfer of shares in physical form received at the Office of the Registrar are generally approved within a maximum period of 15 days from the date of receipt provided the documents are complete in all respects.</p> <p>Pursuant to Regulation 40(1) of the SEBI LODR, with effect from April 1, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Bank.</p>

10) Dematerialisation of Shares and Liquidity	<p>The shares of the Bank are available for trading in the dematerialised form under both the Depository Systems in India- National Securities Depository Limited ('NSDL') and Central Depository Service (India) Limited ('CDSL'). The annual custody fees for the financial year 2019-20 have been paid to NSDL and CDSL. Trading in Bank's shares can now be done only in the dematerialised form.</p> <p>As on March 31, 2020, 160,80,46,243 Shares representing 99.86 percent of the total Share Capital of the Bank were held in dematerialised form. The International Securities Identification Number ('ISIN') of the Bank, as allotted by NSDL and CDSL is INE545U01014.</p>
11) Outstanding ADRs/GDRs/ Warrants or Any Convertible Instruments, Conversion Date and Likely Impact on Equity	Not applicable
12) Reconciliation of Share Capital Audit	<p>Reconciliation of Share Capital Audit, as mandated by SEBI, has been carried out by Company Secretary in Practice on quarterly basis, who reports on the reconciliation of total issued and listed capital with that of total share capital admitted/held in dematerialised form with NSDL and CDSL and those held in physical form. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.</p> <p>The Report in this regard has been submitted to stock exchanges viz., BSE and NSE and were placed before the Board of Directors of the Bank for its review.</p>

Shareholders Holding 1% and Above as on March 31, 2020

Name of Holder	Present Holdings	% of Holdings
Bandhan Financial Holdings Limited	98,14,83,046*	60.95
Housing Development Finance Corporation Limited	15,93,63,149	9.90
Caladium Investment Pte. Ltd.	722,96,649	4.49
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/c	181,58,785	1.13
Nomura India Investment Fund Mother Fund	172,12,355	1.07

*5 Individuals holding 6 equity shares as nominees of the Promoter, Bandhan Financial Holdings Limited and they are neither the promoters nor forming part of the promoter group.

Distribution Schedule – Consolidated as on March 31, 2020

Equity shares held	No. of Shareholders	% of Shareholders	Number of Shares	% of Shares
1 – 5,000	3,13,500	99.14	4,44,41,693	2.76
5,001 – 10,000	1,265	0.40	87,79,319	0.55
10,001 – 20,000	545	0.17	75,92,433	0.47
20,001 – 30,000	195	0.06	47,70,090	0.30
30,001 – 40,000	114	0.04	39,95,229	0.25
40,001 – 50,000	70	0.02	31,70,180	0.20
50,001 – 100,000	168	0.05	116,72,424	0.72
100,001 and above	349	0.11	152,58,26,475	94.76
Total	*3,16,206	100.00	161,02,47,843	100.00

*Number of shareholders on the basis of folios

Top 10 Shareholders as on March 31, 2020

Name of Holder	Present Holdings	% of Holdings
Bandhan Financial Holdings Limited	98,14,83,046*	60.95
Housing Development Finance Corporation Limited	15,93,63,149	9.90
Caladium Investment Pte. Ltd.	722,96,649	4.49
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/c	181,58,785	1.13
Nomura India Investment Fund Mother Fund	172,12,355	1.07
Amansa Holdings Private Limited	129,66,324	0.81
Vanguard Total International Stock Index Fund	110,25,348	0.68
International Finance Corporation	105,38,086	0.65
Aditya Birla Sun Life Trustee Private Limited A/C	89,67,927	0.56
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund	84,68,995	0.53

*5 Individuals holding 6 equity shares as nominees of the Promoter, Bandhan Financial Holdings Limited and they are neither the promoters nor forming part of the promoter group.

Categories of Shareholders as on March 31, 2020

Sl. No.	Category of Shareholder	Total	% of total shares
(A) Promoter and Promoter Group			
(a)	Bandhan Financial Holdings Limited (Promoter)*	*98,14,83,046	60.95
(b)	Bandhan Financial Services Limited (Promoter)	-	-
(c)	Financial Inclusion Trust (Promoter)	-	-
(d)	North East Financial Inclusion Trust (Promoter)	-	-
(e)	Bandhan Konnagar (Promoter Group)	-	-
Sub-Total		98,14,83,046	60.95
(B) Public Shareholding			
(1) Institutions			
(a)	Mutual Funds /UTI	4,42,02,120	2.75
(b)	Financial Institutions /Banks	49,17,870	0.31
(c)	Foreign Portfolio Investors	21,01,49,713	13.05
(d)	Foreign Bodies Corporates	8,42,54,735	5.23
(e)	Qualified Institutional Buyers	15,66,881	0.10
(2) Non-Institutions			
(a)	Bodies Corporate	17,08,41,924	10.61
(b)	Individuals	8,14,26,779	5.06
(c)	Alternative Investment Fund	89,80,397	0.56
(d)	Clearing Members	97,57,566	0.61
(e)	Foreign Nationals	475	0.00
(f)	H U F	21,23,915	0.13
(g)	I E P F	6,81,824	0.04
(h)	NBFC	33,455	0.00
(i)	Non Resident Indians	38,18,907	0.24
(j)	NRI Non-Repatriation	54,74,333	0.34
(k)	Trusts	5,33,903	0.03
Sub-Total		62,87,64,797	39.05
Grand Total (A+B)		161,02,47,843	100.00

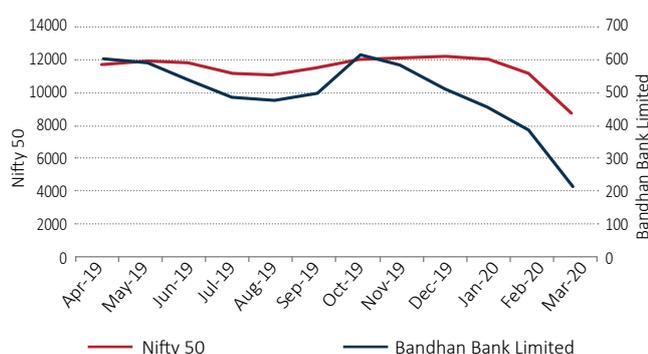
*5 Individuals holding 6 equity shares as nominees of the Promoter, Bandhan Financial Holdings Limited and they are neither the promoters nor forming part of the promoter group.

*Pursuant to the relevant provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 23,85,60,989 equity shares held by the Promoter are locked in up to March 24, 2021. None of the Equity Shares held by the Promoter are under pledge.

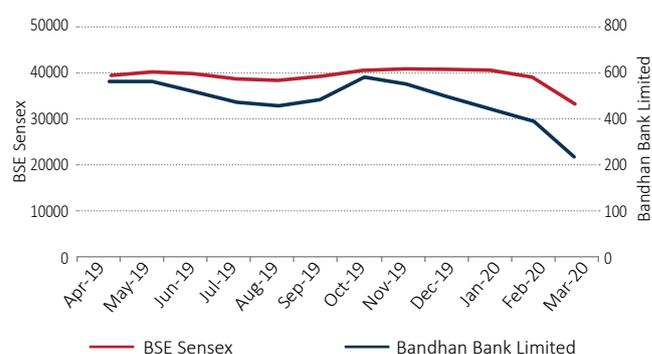
Market Price Data: High and Low During Each Month in the Financial Year 2019-20

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-19	613.00	520.30	1,55,48,971	613.00	515.00	9,44,526
May-19	636.30	536.15	2,65,08,695	635.55	535.95	14,87,453
Jun-19	602.90	520.00	91,04,427	603.20	500.00	5,54,335
Jul-19	568.10	432.00	1,88,17,892	568.00	432.00	11,70,898
Aug-19	508.95	452.25	1,34,01,784	509.00	453.00	8,35,441
Sep-19	538.40	437.00	1,29,67,589	538.40	440.00	13,08,910
Oct-19	650.00	464.60	11,12,14,180	650.00	464.15	73,14,251
Nov-19	618.90	505.05	4,76,05,852	619.20	505.35	33,81,265
Dec-19	588.50	457.00	5,19,91,927	588.50	457.45	29,81,763
Jan-20	526.00	435.00	4,85,62,896	525.75	435.00	33,38,856
Feb-20	481.20	370.00	8,18,17,905	481.00	370.60	30,94,438
Mar-20	424.90	152.20	24,16,43,382	424.95	152.35	1,04,55,444

Performance of the Bank's Equity Shares as Compared with NSE Nifty Indices During the FY 2019-20



Performance of the Bank's Equity Shares as Compared with S&P BSE SENSEX During the FY 2019-20



Debenture Trustees

The SEBI LODR require companies, which have listed their debt securities, to disclose the names of their debenture trustees with contact details in their Annual Report. The following is the debenture trustee for the privately placed debentures of the Bank:

Axis Trustee Services Limited

Axis House, 2nd Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400025
Tel No.: 022 2425 5226

Plant Locations

Being in the banking business, the Bank does not have any plant. However, the Bank has 4,559 banking outlets as on March 31, 2020. Total number of ATMs stood at 485. The locations of the banking outlets are also displayed on the Bank's website.

CEO and CFO Certification

The Managing Director & CEO and the CFO of the Bank give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI LODR. The quarterly certificate for all the quarters on financial results were also placed before the Board in terms of Regulation 33(2) of SEBI LODR.

Compliance Certificate

A Certificate from CS Deepak Kumar Khaitan, Practicing Company Secretary (C.P. No. 5207), regarding compliance with the conditions of Corporate Governance, as stipulated in SEBI LODR, is annexed to this Report and forms part of the Annual Report.

The Certificate from the Practicing Company Secretary will be sent to the Stock Exchanges along with the Annual Report of the Bank.

Certificate on Directors status

None of the Directors of the Bank have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs ('MCA') or any such statutory authority. A Certificate to this effect from CS Deepak Kumar Khaitan, Practicing Company Secretary (C.P. No. 5207) is annexed to this Report and forms part of the Annual Report.

Directors E-KYC

The MCA vide amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014 has mandated, KYC of all the Directors through the e-form DIR-3 KYC. All Directors of the Bank have complied with the aforesaid requirement.

Other Useful Information for Shareholders

1) Unpaid/Unclaimed Dividends

Pursuant to provisions of Sections 124 and 125 of the Companies Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), dividend, if not claimed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF').

Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

The Bank was incorporated on December 23, 2014. Since inception, the Bank has declared dividend in its 4th & 5th Annual General Meeting held in 2018 and 2019, respectively. Hence, the Bank was not required to transfer any amount to IEPF. However, during the financial year under review, GRUH Finance Limited ('GRUH') amalgamated into and with the Bank with effect from October 17, 2019. Therefore, in light of the aforesaid provisions, GRUH has during the financial year under review and before the date of amalgamation, transferred to IEPF the unclaimed dividends, outstanding for 7 years. Further, shares of the GRUH, in respect of which dividend has not been claimed for 7 consecutive years or more from the date of transfer to unpaid dividend account, have also been transferred to the demat account of IEPF Authority.

The details of unclaimed dividends and shares transferred by GRUH to IEPF during FY 2019-20 are as follows:

Financial Year	Amount of unclaimed dividend transferred (amt. in ₹)	Number of shares transferred
2011-12	16,84,771	34,205

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in web eform IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Bank, along with requisite documents enumerated in the eform IEPF-5. No claims shall lie against the Bank in respect of the dividend / shares so transferred.

In the interest of the shareholders, the Bank has sent reminder to the shareholders to claim their dividends in order to avoid transfer of dividends /shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to

the IEPF Authority, are uploaded on the Bank's website under investor relations section at www.bandhanbank.com.

The following tables give information relating to various outstanding dividends and the dates by which they can be claimed by the shareholders from the Bank's Registrar and Transfer Agent:

a. For Shareholders of the Bank:

Financial Year	Date of Declaration of Dividend	Last date for claiming Dividend
2017-18	July 19, 2018	August 19, 2025
2018-19	June 28, 2019	July 29, 2026

b. For shareholders of erstwhile GRUH which has merged with the Bank ('GRUH'):

Financial Year	Date of Declaration of Dividend	Last date for claiming Dividend
2012-2013	July 08, 2013	August 13, 2020
2013-2014	May 28, 2014	June 26, 2021
2014-2015	June 26, 2015	July 27, 2022
2015-2016	June 22, 2016	July 21, 2023
2016-2017	June 15, 2017	July 13, 2024
2017-2018	May 30, 2018	June 27, 2025
2018-2019	July 19, 2019	August 20, 2026

The Shareholders holding shares in demat mode are requested to update with their respective Depository Participants, their correct core banking account number, including 9 digit MICR Code and 11 digit IFSC Code, E-Mail ID and Mobile No(s). Updation of E-Mail IDs and Mobile No(s) will enable sending communication relating to credit of dividend, unencashed dividend, etc.

The Shareholders holding shares in physical form may communicate details relating to their core banking account, viz., core banking account number, including 9 digit MICR Code and 11 digit IFSC Code, E-Mail ID and Mobile No(s) to KFin Technologies Private Limited, the Registrar and Share Transfer Agents of the Bank, with following details:

- folio number
- photocopy of the Cheque leaf of active core banking account
- self-attested copy of PAN card
- self-attested copy of any one of utility payment bills (not more than three months old) / bank pass book / passport / driving license to validate their present address.

Updation of details will ensure receiving the dividend without loss of time, whenever declared by the Bank.

2) Rating of Various Debt Instruments (As on March 31, 2020)

Details of rating of various debt instruments of the Bank for financial year 2019-20 has been provided in the Directors' Report forming part of this Annual Report.

3) Total Fees for All Services Paid by the Bank to the Statutory Auditor and All Entities in the Network Firm/Network Entity of Which the Statutory Auditor is A Part

Your Bank did not have any subsidiary as on March 31, 2020. The fees paid to the Delloite Haskins & Sells, Chartered Accountants, Statutory Auditors of the Bank for the financial year 2019-20 is as under:

Nature of Services	Amt. in Crores
Audit Fees	0.63
Certification and Other Fees to Auditors	0.76
Tax Audit Fees	0.09
Others	0.72
Total	2.20

At 5th AGM of the Bank, the Shareholders while approving the appointment of Statutory Auditors have given the power to the Board/Audit Committee to alter and vary the terms and conditions of appointment, revision including upward revision of the remuneration for remaining tenure during the proposed tenure of four years, etc., including by reason of necessity on account of conditions as may be stipulated by the RBI and / or any other authority, in such manner and to such extent as may be mutually agreed with the Statutory Auditors. Further, it was also mentioned that the remuneration paid to the Statutory Auditors will be disclosed in the Corporate Governance Report as well as the Annual Financial Statements of the Bank on an annual basis.

Accordingly, the fees paid to the Statutory Auditors have been reviewed and approved by the Audit Committee of the Board of the Bank under the power given by the Shareholders and disclosed hereinabove as well as at note no. 18.37 of the annual financial statement for the financial year 2019-20.

4) Equity Shares in the Suspense Account

In terms of Regulation 39 (4) of the SEBI LODR read with Schedule VI of the said Regulation, the details of Equity shares lying in the suspense account are given below which includes the new equity shares issued by the Bank pursuant to amalgamation of GRUH with the Bank against shares lying in the suspense account of erstwhile GRUH in terms of share exchange ratio:

Particulars	No. cases	No. of shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on October 21, 2019*	290	417,915
Shareholders who approached the Bank for transfer of shares from suspense account during the year	0	0

Particulars	No. cases	No. of shares
Shareholders to whom shares were transferred from the suspense account during the year	0	0
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Companies Act	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020*	290	417,915

*40 equity shares held by one shareholder is pertaining to IPO of the Bank and has been lying in the suspense account since April 1, 2019 and remained unclaimed till March 31, 2020.

The voting rights on the shares outstanding in the suspense account as on March 31, 2020 shall remain frozen till the rightful owner of such shares claims the shares.

5) Green Initiative in Corporate Governance

In furtherance of the 'Green Initiative in Corporate Governance' initiated by the Ministry of Corporate Affairs, the Bank once again requests all the shareholders, holding shares in dematerialised form and who have not yet registered their e-mail address, to register their e-mail address with the Bank for receiving notice/documents including Annual Report in electronic mode through their concerned Depository Participants. Shareholders who hold shares in physical form and who have not yet registered their e-mail address are requested to register their e-mail id with KFin Technologies Private Limited, Registrar and Share Transfer Agent of the Bank.

For and on behalf of the Board of Directors

Bandhan Bank Limited

Anup Kumar Sinha

Place: Kolkata
Date: July 13, 2020

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

Declaration as Prescribed Under Schedule V of the SEBI LODR

I confirm that for the financial year under review, all Directors and Senior Management have affirmed their adherence to the provisions of the Code of Conduct of Directors and senior management personnel.

Place: Kolkata
Date: July 13, 2020

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

Compliance Certificate

Regarding Compliance of Conditions of Corporate Governance

For the Financial year ended on 31st March, 2020

[as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To the Members of

BANDHAN BANK LIMITED

(CIN L67190WB2014PLC204622)

1. I have reviewed the compliance of conditions of Corporate Governance by **Bandhan Bank Limited** (hereinafter referred to as 'the Bank' or 'the Company'), for the year ended on March 31, 2020 (hereinafter referred to as 'audit period'), as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'SEBI LODR').
2. In my opinion and to the best of my information and according to the online examinations of the relevant records carried out by me to the extent possible due to COVID-19 and subsequent lock down situation and the explanations given to me and the management representation letter of even date, I certify that the Bank has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paras C, D and E of Schedule V of the SEBI LODR, for the audit period.
3. The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to review the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.
4. I further state that such compliance is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Signature:

Name: **Deepak Kumar Khaitan**
F.C.S. No.: 5615/ C.P. No.: 5207
ICSI Unique Code No.: I2003WB347200

Place: Kolkata
Date: July 13, 2020

Deepak Khaitan & Co.
ICSI Unique Code No.: S2019WB676500
UDIN: F005615B000443074

Certificate of Non Disqualification of Directors

[pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To the Members of
BANDHAN BANK LIMITED
 DN-32, Sector V Salt Lake
 Kolkata – 700 091

I have examined the relevant registers, records, forms and returns filed, notices, minutes books, other books and papers and disclosures received from the Directors of Bandhan Bank Limited having CIN L67190WB2014PLC204622 and having registered office at DN-32, Sector V Salt Lake, Kolkata – 700 091 (hereinafter referred to as ‘the Bank’ or ‘the Company’), produced before me by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with sub-clause (i) of Clause 10 Para C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 (hereinafter referred to as ‘the SEBI LODR’), as amended.

In my opinion and to the best of my information and according to the online verifications (including DIN status at the portal www.mca.gov.in) carried out by me to the extent possible due to COVID-19 and subsequent lockdown situation and explanations furnished to me by the Bank, its officers and specific intimations in Form DIR 8 [pursuant to Section 164(2) of the Companies Act, 2013 read with Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014] as received by the Bank from each Director and the Management Representation Letter of even date, I hereby certify for the Financial Year ended on March 31, 2020, that none of the Directors who were on the Board of the Bank, as per details herein below, have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other statutory authority.

The following Directors were on the Board of the Bank during the financial year ended on March 31, 2020:-

Sl. No.	Name of the Director (in order of Date of Appointment)	DIN	Date of Appointment in the Bank
1.	Bhasker Sen	03193003	23.12.2014
2.	Chandra Shekhar Ghosh	00342477	23.12.2014
3.	Sisir Kumar Chakrabarti	02848624	23.12.2014
4.	Chintaman Mahadev Dixit (Completed his second term as Independent Director on July 08, 2020)	00524318	09.07.2015
5.	Snehomoy Bhattacharya	02422012	09.07.2015
6.	Thekedathumadam Subramani Raji Gain	07256149	06.08.2015
7.	Holger Dirk Michaelis	07205838	12.02.2016
8.	Ranodeb Roy	00328764	26.07.2016
9.	Harun Rasid Khan	07456806	27.03.2018
10.	Allamraju Subramanya Ramasastry	06916673	08.08.2018
11.	Santanu Mukherjee	07716452	07.01.2019
12.	Anup Kumar Sinha	08249893	07.01.2019

Ensuring the eligibility of every Director on the Board for their appointment/ continuity is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Signature:

Name: **Deepak Kumar Khaitan**
 F.C.S. No.: 5615/ C.P. No.: 5207
 ICSI Unique Code No.: I2003WB347200

Deepak Khaitan & Co.

ICSI Unique Code No.: S2019WB676500
 UDIN: F005615B000443074

Place: Kolkata
 Date: July 13, 2020

Annexure- 5

Form No. MGT. 9**Extract of Annual Return as on the Financial Year Ended on March 31, 2020**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details:

Corporate Identity Number (CIN)	L67190WB2014PLC204622
Registration Date	December 23, 2014
Name of the Company	Bandhan Bank Limited
Category/ Sub-Category of the Company	Public Company/ Limited by Shares
Address of the Registered office and contact details	DN-32, Sector-V, Salt Lake, Kolkata – 700091, Ph.: 033-66090909; Fax: 033-66090502 Email id: investors@bandhanbank.com Website: www.bandhanbank.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent (for both Equity and debt securities)	KFin Technologies Private Limited (Formerly 'Karvy Fintech Private Limited') Selenium Tower B, Plot Nos. 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032, Phone: 040- 67161570, Fax : 040 – 23001153, Toll Free No : 1800 345 4001 Email: einward.ris@kfintech.com Website: www.kfintech.com

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Banking and Financial Services	64191	100

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bandhan Financial Holdings Limited DN-32, Sector- V, Salt Lake City, Kolkata- 700091	U67190WB2014PLC204317	Holding	60.95	2(87)

IV. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)

i. Category-wise Share Holding

Sl. No.	Category of Shareholder	No. of Shares held at the beginning of the year April 01, 2019				No. of Shares held at the end of the year March 31, 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A Promoter and Promoter Group										
(1) Indian										
a)	Individual /HUF	*6	-	*6	0.00	*6	-	*6	0.00	-
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	98,14,83,040	-	98,14,83,040	82.26	98,14,83,040	-	98,14,83,040	60.95	(21.31)
e)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f)	Any Others	-	-	-	-	-	-	-	-	-
Sub Total A(1)		98,14,83,046	0	98,14,83,046	82.26	98,14,83,046	0	98,14,83,046	60.95	(21.31)
(2) Foreign										
a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
b)	Other – Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Others	-	-	-	-	-	-	-	-	-
Sub Total A (2)		-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)		98,14,83,046	0	98,14,83,046	82.26	98,14,83,046	0	98,14,83,046	60.95	(21.31)
B Public Shareholding										
(1) Institutions										
a)	Mutual Funds	2,87,43,164	-	2,87,43,164	2.41	4,42,02,120	-	4,42,02,120	2.75	0.34
b)	Banks and Financial Institutions	36,48,586	-	36,48,586	0.31	4,90,19,66	15,904	49,17,870	0.31	-
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors / Foreign Portfolio Investor	6,63,15,824	-	6,63,15,824	5.56	21,01,49,713	-	21,01,49,713	13.05	7.49
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others									
	(i) Foreign Bodies Corporates	8,70,72,908	-	8,70,72,908	7.30	8,42,54,735	-	8,42,54,735	5.23	(2.07)
	(ii) Qualified Institutional Buyers	-	-	-	-	15,66,881	-	15,66,881	0.10	0.10
Sub Total B(1)		18,57,80,482	-	18,57,80,482	15.58	34,50,75,415	15,904	34,50,91,319	21.43	5.86
(2) Non-institutions										
a)	Bodies Corporate									
	(i) Indian	32,73,551	0	32,73,551	0.27	17,08,18,239	23,685	17,08,41,924	10.61	10.34
	(ii) Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	1,44,63,667	1,055	1,44,64,722	1.21	4,52,30,746	20,62,839	4,72,93,585	2.94	1.72
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	57,12,517	-	57,12,517	0.48	3,40,34,930	98,264	3,41,33,194	2.12	1.64
c)	Others (Specify)									
	(i) Clearing Members	6,01,077	-	6,01,077	0.05	97,57,566	-	97,57,566	0.61	0.56
	(ii) Foreign Nationals	0	-	0	0.00	475	-	475	0.00	0.00
	(iii) NRI	6,43,139	-	6,43,139	0.05	38,18,339	568	38,18,907	0.24	0.18
	(iv) NRI – Non-Repatriation	4,67,436	-	4,67,436	0.04	54,74,333	-	54,74,333	0.34	0.30
	(v) Trusts	11,750	-	11,750	0.00	5,33,903	-	5,33,903	0.03	0.03
	(vi) IEPF	0	-	0	0.00	6,81,824	-	6,81,824	0.04	0.04

Sl. No.	Category of Shareholder	No. of Shares held at the beginning of the year April 01, 2019				No. of Shares held at the end of the year March 31, 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	(vii) HUF	5,73,174	-	5,73,174	0.05	21,23,575	340	21,23,915	0.13	0.08
	(viii) NBFC	1,319	-	1,319	0.00	33,455	-	33,455	0.00	0.00
	(ix) Alternate Investment Fund	70,642	-	70,642	0.01	89,80,397	-	89,80,397	0.56	0.55
	Sub Total B(2)	2,58,18,272	1,055	2,58,19,327	2.16	28,14,87,782	21,85,696	28,36,73,478	17.62	15.45
	Total Public Shareholding (B) = (B)(1) + (B)(2)	21,15,98,754	1,055	21,15,99,809	17.74	62,65,63,197	22,01,600	62,87,64,797	39.05	21.32
	C Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	1,19,30,81,800	1,055	1,19,30,82,855	100.00	1,60,80,46,243	22,01,600	1,61,02,47,843	100.00	-

* 5 Individuals holding equity shares as nominees of the Promoter, Bandhan Financial Holdings Limited and they are neither the promoters nor forming part of the promoter group.

ii. Shareholding of Promoters (Including Promoter Group)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year April 01, 2019			Shareholding at the end of the year March 31, 2020			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Bandhan Financial Holdings Limited	98,14,83,046	82.26	-	98,14,83,046	60.95	-	*(21.31)
2.	Bandhan Financial Services Limited	-	-	-	-	-	-	-
3.	North East Financial Inclusion	-	-	-	-	-	-	-
4.	Financial Inclusion Trust	-	-	-	-	-	-	-
5.	Bandhan Konnagar*	-	-	-	-	-	-	-
	Total	98,14,83,046	82.26	-	98,14,83,046	60.95	-	(21.31)

*Bandhan Konnagar is a promoter group entity

*there has been no change in the promoter's shareholding during the year. Change in the percentage of shareholding is due to increase in total paid-up voting equity share capital of the Bank on account of issue of fresh equity shares pursuant to amalgamation of GRUH Finance Limited with the Bank and upon exercise of ESOPs by the employees of the Bank.

iii. Change in Promoters' (Including Promoter Group) Shareholding (Please specify, if there is no change)

Sl. No.	Particulars / Date of transaction	Nature of transaction	Shareholding at the beginning of the year April 01, 2019		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Bank	No. of shares	% of total shares of the Bank
1.	Bandhan Financial Holdings Limited					
	April 01, 2019	Opening Balance	98,14,83,046	82.26		
		No change in shareholding	-	-	-	-
	March 31, 2020	Closing Balance	-	-	98,14,83,046	*60.95

*there has been no change in the promoter's shareholding during the year. Change in the percentage of shareholding is due to increase in total paid-up voting equity share capital of the Bank on account of issue of fresh equity shares pursuant to amalgamation of GRUH Finance Limited with the Bank and upon exercise of ESOPs by the employees of the Bank.

iv. Shareholding Pattern of Top Ten Shareholders (Other Than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the year April 01, 2019		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank
1	Housing Development Finance Corporation Limited					
	April 01, 2019	Opening Balance	-	-	-	-
	October 21, 2020	Allotment*	15,93,63,149	9.90	15,93,63,149	9.90
	March 31, 2020	Closing Balance	-	-	15,93,63,149	9.90
	*Allotment of fresh equity shares pursuant to effectiveness of the Scheme of Amalgamation of GRUH Finance Limited with the Bank in terms of the Share Exchange Ratio.					
2	Caladium Investment Pte. Ltd.					
	April 01, 2019	Opening Balance	5,46,48,030	4.58	-	-
	March 27, 2020	Purchase	98,85,945	0.61	6,45,33,975	4.01
	March 31, 2020	Purchase	77,62,674	0.48	7,22,96,649	4.49
	March 31, 2020	Closing Balance	-	-	7,22,96,649	4.49
3	Axis Mutual Fund Trustee Limited A/c Axis Mutual Fund A/c					
	April 01, 2019	Opening Balance	1,80,55,525	1.51	-	-
	April 05, 2019	Purchase	2,30,944	0.02	1,82,86,469	1.53
	April 05, 2019	Sale	(97,710)	(0.01)	1,81,88,759	1.52
	April 12, 2019	Purchase	8,17,203	0.07	1,90,05,962	1.59
	April 26, 2019	Purchase	1,82,000	0.02	1,91,87,962	1.61
	April 26, 2019	Sale	(1,81,069)	(0.02)	1,90,06,893	1.59
	May 10, 2019	Sale	(19,94,114)	(0.17)	1,70,12,779	1.43
	May 24, 2019	Sale	(3,13,453)	(0.03)	1,66,99,326	1.40
	May 31, 2019	Sale	(22,44,171)	(0.19)	1,44,55,155	1.21
	June 07, 2019	Purchase	1,78,490	0.01	1,46,33,645	1.23
	June 07, 2019	Sale	(1,78,490)	(0.01)	1,44,55,155	1.21
	June 21, 2019	Purchase	53,525	0.00	1,45,08,680	1.22
	June 28, 2019	Purchase	75,000	0.01	1,45,83,680	1.22
	July 05, 2019	Sale	(1,50,000)	(0.01)	1,44,33,680	1.21
	July 19, 2019	Sale	(5,00,000)	(0.04)	1,39,33,680	1.17
	August 02, 2019	Purchase	1,01,906	0.01	1,40,35,586	1.18
	August 09, 2019	Sale	(10,50,000)	(0.09)	1,29,85,586	1.09
	August 23, 2019	Sale	(22,856)	(0.00)	1,29,62,730	1.09
	August 30, 2019	Sale	(5,14,103)	(0.04)	1,24,48,627	1.04
	September 06, 2019	Sale	(3,15,219)	(0.03)	1,21,33,408	1.02
	September 13, 2019	Sale	(6,58,562)	(0.06)	1,14,74,846	0.96
	September 20, 2019	Sale	(1,16,867)	(0.01)	1,13,57,979	0.95
	September 27, 2019	Purchase	2,00,000	0.02	1,15,57,979	0.97
	September 27, 2019	Sale	(10,908)	(0.00)	1,15,47,071	0.97
	October 18, 2019	Sale	(41,86,103)	(0.35)	73,60,968	0.62
	October 25, 2019	Purchase	12,093	0.00	73,73,061	0.62
	November 01, 2019	Purchase /allotment *	3,30,44,013	2.05	4,04,17,074	2.51
	November 08, 2019	Sale	(49,221)	(0.00)	4,03,67,853	2.51
	November 15, 2019	Sale	(149)	(0.00)	4,03,67,704	2.51
	November 22, 2019	Purchase	4,80,000	0.03	4,08,47,704	2.54
	November 22, 2019	Sale	(26,169)	(0.00)	4,08,21,535	2.54
	November 29, 2019	Sale	(1,02,236)	(0.01)	4,07,19,299	2.53
	December 06, 2019	Sale	(356)	(0.00)	4,07,18,943	2.53
	December 13, 2019	Purchase	9,32,115	0.06	4,16,51,058	2.59
	December 13, 2019	Sale	(1,204)	(0.00)	4,16,49,854	2.59
	December 20, 2019	Sale	(1,058)	(0.00)	4,16,48,796	2.59

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the year April 01, 2019		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank
	December 27, 2019	Sale	(139)	(0.00)	4,16,48,657	2.59
	January 10, 2020	Purchase	6,31,162	0.04	4,22,79,819	2.63
	January 10, 2020	Sale	(6,31,163)	(0.04)	4,16,48,656	2.59
	January 17, 2020	Purchase	10,00,000	0.06	4,26,48,656	2.65
	January 17, 2020	Sale	(6,376)	(0.00)	4,26,42,280	2.65
	January 24, 2020	Sale	(1,00,278)	(0.01)	4,25,42,002	2.64
	January 31, 2020	Sale	(3,18,188)	(0.02)	4,22,23,814	2.62
	February 07, 2020	Sale	(9,45,594)	(0.06)	4,12,78,220	2.56
	February 14, 2020	Sale	(6,99,308)	(0.04)	4,05,78,912	2.52
	February 21, 2020	Sale	(8,76,289)	(0.05)	3,97,02,623	2.47
	February 28, 2020	Sale	(77,42,452)	(0.48)	3,19,60,171	1.98
	March 06, 2020	Purchase	2,38,062	0.01	3,21,98,233	2.00
	March 06, 2020	Sale	(21,50,000)	(0.13)	3,00,48,233	1.87
	March 13, 2020	Purchase	404	0.00	3,00,48,637	1.87
	March 13, 2020	Sale	(4,68,976)	(0.03)	2,95,79,661	1.84
	March 20, 2020	Purchase	632	0.00	2,95,80,293	1.84
	March 20, 2020	Sale	(79,96,718)	(0.50)	2,15,83,575	1.34
	March 27, 2020	Purchase	1,336	0.00	2,15,84,911	1.34
	March 27, 2020	Sale	(34,26,562)	(0.21)	1,81,58,349	1.13
	March 31, 2020	Purchase	436	0.00	1,81,58,785	1.13
	March 31, 2020	Closing Balance	-	-	1,81,58,785	1.13

*includes allotment of 331,12,901 fresh equity shares pursuant to effectiveness of the Scheme of Amalgamation of GRUH Finance Limited with the Bank in terms of the Share Exchange Ratio.

4 Nomura India Investment Fund Mother Fund

April 01, 2019	Opening Balance	1,21,69,744	1.02	-	-
April 05, 2019	Sale	(15,930)	(0.00)	1,21,53,814	1.02
April 12, 2019	Sale	(4,70,063)	(0.04)	1,16,83,751	0.98
April 19, 2019	Sale	(14,007)	(0.00)	1,16,69,744	0.98
April 26, 2019	Sale	(10,48,000)	(0.09)	1,06,21,744	0.89
September 27, 2019	Purchase	2,50,000	0.02	1,08,71,744	0.91
October 11, 2019	Sale	(3,50,000)	(0.03)	1,05,21,744	0.88
October 18, 2019	Sale	(56,40,697)	(0.47)	48,81,047	0.41
October 25, 2019	Purchase	4,43,000	0.03	53,24,047	0.45
November 01, 2019	Purchase /allotment *	1,23,73,835	0.77	1,76,97,882	1.10
November 29, 2019	Sale	(1,00,000)	(0.01)	1,75,97,882	1.09
December 06, 2019	Sale	(73,814)	(0.00)	1,75,24,068	1.09
December 27, 2019	Sale	(77,836)	(0.00)	1,74,46,232	1.08
January 03, 2020	Purchase	5,00,000	0.03	1,79,46,232	1.11
February 14, 2020	Sale	(8,20,702)	(0.05)	1,71,25,530	1.06
March 20, 2020	Purchase	5,86,825	0.04	1,77,12,355	1.10
March 31, 2020	Sale	(5,00,000)	(0.03)	1,72,12,355	1.07
March 31, 2020	Closing Balance	-	-	1,72,12,355	1.07

*includes allotment of 137,29,283 fresh equity shares pursuant to effectiveness of the Scheme of Amalgamation of GRUH Finance Limited with the Bank in terms of the Share Exchange Ratio.

5 Amansa Holdings Private Limited

April 01, 2019	Opening Balance	70,72,629	0.59		
July 26, 2019	Sale	(27,626)	(0.00)	70,45,003	0.59
October 18, 2019	Sale	(8,13,875)	(0.07)	62,31,128	0.52
November 01, 2019	Purchase /allotment *	57,67,752	0.36	1,19,98,880	0.75
November 08, 2019	Sale	(95,750)	(0.01)	1,19,03,130	0.74

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the year April 01, 2019		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank
	January 31, 2020	Purchase	87,509	0.00	1,19,90,639	0.74
	February 07, 2020	Purchase	5,42,570	0.04	1,25,33,209	0.78
	February 14, 2020	Purchase	1,40,030	0.01	1,26,73,239	0.79
	March 06, 2020	Purchase	32,388	0.00	1,27,05,627	0.79
	March 13, 2020	Purchase	51,876	0.00	1,27,57,503	0.79
	March 20, 2020	Purchase	8,29,741	0.05	1,35,87,244	0.84
	March 27, 2020	Purchase	3,35,790	0.02	1,39,23,034	0.86
	March 31, 2020	Sale	(9,56,710)	(0.05)	1,29,66,324	0.81
	March 31, 2020	Closing Balance	-	-	1,29,66,324	0.81

* Allotment of fresh equity shares pursuant to effectiveness of the Scheme of Amalgamation of GRUH Finance Limited with the Bank in terms of the Share Exchange Ratio.

6 Vanguard Total International Stock Index Fund						
	April 01, 2019	Opening Balance	18,38,402	0.15		
	April 05, 2019	Purchase	65,345	0.01	19,03,747	0.16
	April 26, 2019	Sale	(49,624)	(0.00)	18,54,123	0.16
	May 24, 2019	Purchase	34,767	0.00	18,88,890	0.16
	August 16, 2019	Purchase	27,150	0.00	19,16,040	0.16
	August 23, 2019	Purchase	21,479	0.00	19,37,519	0.16
	November 01, 2019	Purchase /allotment *	26,53,714	0.16	45,91,233	0.29
	December 06, 2019	Purchase	33,002	0.00	46,24,235	0.29
	December 27, 2019	Purchase	15,22,730	0.09	61,46,965	0.38
	December 31, 2019	Purchase	92,505	0.01	62,39,470	0.39
	January 10, 2020	Purchase	56,743	0.00	62,96,213	0.39
	February 07, 2020	Purchase	36,886	0.00	63,33,099	0.39
	February 21, 2020	Purchase	60,738	0.00	63,93,837	0.40
	February 28, 2020	Purchase	70,547	0.00	64,64,384	0.40
	March 06, 2020	Purchase	72,735	0.01	65,37,119	0.41
	March 20, 2020	Purchase	1,68,593	0.01	67,05,712	0.42
	March 27, 2020	Purchase	43,19,636	0.26	1,10,25,348	0.68
	March 31, 2020	Closing Balance	-	-	1,10,25,348	0.68

* Allotment of fresh equity shares pursuant to effectiveness of the Scheme of Amalgamation of GRUH Finance Limited with the Bank in terms of the Share Exchange Ratio.

7 International Finance Corporation						
	April 01, 2019	Opening Balance	2,10,76,171	1.77		
	October 18, 2019	Sale	(58,15,335)	(0.49)	1,52,60,836	1.28
	October 25, 2019	Sale	(42,22,750)	(0.25)	1,10,38,086	0.93
	November 01, 2019	Sale	(5,00,000)	(0.03)	1,05,38,086	0.65
	March 31, 2020	Closing Balance	-	-	1,05,38,086	0.65

8 Aditya Birla Sun Life Trustee Private Limited A/C						
	April 01, 2019	Opening Balance	61,80,744	0.52		
	April 05, 2019	Sale	(21,033)	(0.00)	61,59,711	0.52
	April 12, 2019	Purchase	188	0.00	61,59,899	0.52
	April 12, 2019	Sale	(1,500)	(0.00)	61,58,399	0.52
	April 26, 2019	Sale	(5,741)	(0.00)	61,52,658	0.52
	May 17, 2019	Sale	(1,30,000)	(0.02)	60,22,658	0.50
	May 24, 2019	Purchase	47	0.00	60,22,705	0.50
	May 31, 2019	Sale	(1,50,000)	(0.01)	58,72,705	0.49
	June 07, 2019	Sale	(1,08,262)	(0.01)	57,64,443	0.48
	June 14, 2019	Sale	(15,000)	(0.00)	57,49,443	0.48
	June 21, 2019	Sale	(1,53,000)	(0.01)	55,96,443	0.47

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the year April 01, 2019		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank
July 19, 2019	Purchase		3,130	0.00	55,99,573	0.47
July 19, 2019	Sale		(6,200)	(0.00)	55,93,373	0.47
July 26, 2019	Purchase		572	0.00	55,93,945	0.47
July 26, 2019	Sale		(33,100)	(0.00)	55,60,845	0.47
August 02, 2019	Sale		(41,900)	(0.00)	55,18,945	0.46
August 09, 2019	Purchase		116	0.00	55,19,061	0.46
August 23, 2019	Purchase		559	0.00	55,19,620	0.46
August 23, 2019	Sale		(2,300)	(0.00)	55,17,320	0.46
August 30, 2019	Sale		(69,000)	(0.00)	54,48,320	0.46
September 13, 2019	Sale		(480)	(0.00)	54,47,840	0.46
September 20, 2019	Purchase		60	0.00	54,47,900	0.46
September 27, 2019	Purchase		9,120	0.00	54,57,020	0.46
September 27, 2019	Sale		(2,26,500)	(0.02)	52,30,520	0.44
October 04, 2019	Sale		(13,750)	(0.00)	52,16,770	0.44
October 11, 2019	Sale		(4,69,451)	(0.04)	47,47,319	0.40
October 18, 2019	Sale		(28,03,200)	(0.24)	19,44,119	0.16
November 01, 2019	Purchase /allotment *		55,39,085	0.34	74,83,204	0.46
November 22, 2019	Sale		(6,608)	(0.00)	74,76,596	0.46
November 29, 2019	Sale		(4,720)	(0.00)	74,71,876	0.46
December 06, 2019	Purchase		24,960	0.01	74,96,836	0.47
December 13, 2019	Sale		(30,154)	(0.01)	74,66,682	0.46
December 27, 2019	Sale		(5,30,000)	(0.03)	69,36,682	0.43
January 03, 2020	Sale		(1,49,000)	(0.01)	67,87,682	0.42
January 10, 2020	Sale		(4,80,122)	(0.03)	63,07,560	0.39
January 17, 2020	Purchase		162	0.00	63,07,722	0.39
January 24, 2020	Sale		(2,20,541)	(0.01)	60,87,181	0.38
January 31, 2020	Sale		(25,080)	(0.00)	60,62,101	0.38
February 07, 2020	Purchase		1,04,270	0.00	61,66,371	0.38
February 07, 2020	Sale		(9,360)	(0.00)	61,57,011	0.38
March 06, 2020	Purchase		2,19,909	0.02	63,76,920	0.40
March 06, 2020	Sale		(2,92,409)	(0.02)	60,84,511	0.38
March 13, 2020	Purchase		3,73,200	0.02	64,57,711	0.40
March 20, 2020	Purchase		4,85,070	0.03	69,42,781	0.43
March 27, 2020	Purchase		20,24,316	0.13	89,67,097	0.56
March 31, 2020	Purchase		830	0.00	89,67,927	0.56
March 31, 2020	Closing Balance		-	-	89,67,927	0.56

*includes allotment of 56,34,958 fresh equity shares pursuant to effectiveness of the Scheme of Amalgamation of GRUH Finance Limited with the Bank in terms of the Share Exchange Ratio.

9 Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund						
April 01, 2019	Opening Balance		18,49,311	0.16		
April 12, 2019	Purchase		4,324	0.00	18,53,635	0.16
May 10, 2019	Purchase		4,512	0.00	18,58,147	0.16
June 21, 2019	Sale		(10,152)	(0.01)	18,47,995	0.15
October 18, 2019	Purchase		2,77,732	0.03	21,25,727	0.18
November 01, 2019	Purchase /allotment *		19,60,908	0.12	40,86,635	0.25
November 22, 2019	Purchase		92,694	0.01	41,79,329	0.26
November 29, 2019	Purchase		49,132	0.00	42,28,461	0.26
December 27, 2019	Purchase		13,80,732	0.09	56,09,193	0.35
January 10, 2020	Purchase		69,201	0.00	56,78,394	0.35

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the year April 01, 2019		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the Bank	No. of Shares	% of total shares of the Bank
	March 27, 2020	Purchase	27,90,601	0.18	84,68,995	0.53
	March 31, 2020	Closing Balance	-	-	84,68,995	0.53

*includes allotment of 18,97,172 fresh equity shares pursuant to effectiveness of the Scheme of Amalgamation of GRUH Finance Limited with the Bank in terms of the Share Exchange Ratio.

10 Stichting Depository APG Emerging Markets Equity P						
	April 01, 2019	Opening Balance	-	-		
	November 01, 2019	Purchase	11,79,342	0.07	11,79,342	0.07
	November 15, 2019	Purchase	6,54,099	0.04	18,33,441	0.11
	November 22, 2019	Purchase	4,21,961	0.03	22,55,402	0.14
	November 29, 2019	Purchase	4,39,489	0.03	26,94,891	0.17
	December 20, 2019	Purchase	10,474	0.00	27,05,365	0.17
	January 17, 2020	Purchase	22,499	0.00	27,27,864	0.17
	February 07, 2020	Purchase	7,33,766	0.04	34,61,630	0.21
	February 14, 2020	Purchase	7,49,401	0.05	42,11,031	0.26
	February 21, 2020	Purchase	18,755	0.00	42,29,786	0.26
	March 20, 2020	Purchase	5,270	0.00	42,35,056	0.26
	March 31, 2020	Purchase	19,01,875	0.12	61,36,931	0.38
	March 31, 2020	Closing Balance	-	-	61,36,931	0.38

Note: 1. Details of sale and purchase transactions are provided on the basis of shareholding made available by the Depositories to the Registrar and Transfer Agent of the Bank on weekly/quarter end basis.

2. Change in the shareholding percentage as on November 01, 2019 is also due to increased total paid-up voting equity share capital of the Bank pursuant to allotment of new equity shares on effectiveness of the Scheme of Amalgamation of GRUH with the Bank.

V. Shareholding of Directors and Key Managerial Personnel

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the year April 01, 2019		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the Bank	No. of Shares	% of total Shares of the Bank
1 Mr. Chandra Shekhar Ghosh, Managing Director and CEO						
	April 01, 2019	Opening Balance	15,24,436	0.13	-	-
	-	Allotment due to exercise of ESOPs	-	-	-	-
	-	Purchase	-	-	-	-
	-	Sale	-	-	-	-
	March 31, 2020	Closing Balance	-	-	15,24,436	*0.09
*there has been no change in the shareholding during the year. Change in the percentage of shareholding is due to increase in total paid-up voting equity share capital of the Bank on account of issue of fresh equity shares pursuant to amalgamation of GRUH Finance Limited with the Bank and upon exercise of ESOPs by the employees of the Bank.						
2 Mr. Sunil Samdani, Chief Financial Officer						
	April 01, 2019	Opening Balance	15,118	0.00	-	-
	January 22, 2020	Allotment due to exercise of ESOPs	15,118	0.00	30,236	0.00
	-	Purchase	-	-	-	-
	-	Sale	-	-	-	-
	March 31, 2020	Closing Balance	-	-	30,236	0.00
3 Mr. Indranil Banerjee, Company Secretary						
	April 01, 2019	Opening Balance	2,035	0.00	-	-
	-	Allotment due to exercise of ESOPs	-	-	-	-
	-	Purchase	-	-	-	-
	March 19, 2020	Sale	290		1,745	0.00
	March 23, 2020	Sale	180		1,565	0.00
	March 31, 2020	Closing Balance	-	-	1,565	0.00

Other than Mr. Chandra Shekhar Ghosh, none of the Directors of the Bank held any equity shares during financial year 2019-20.

VI. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakh)

Particulars	Secured ¹ Loans excluding deposits	Unsecured Loans	Deposits ²	Total Indebtedness
Indebtedness at the beginning of the financial year April 01, 2019				
i) Principal Amount	36,135.06	16,000.00	43,23,162.03	43,75,297.09
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	14.35	790.12	2,309.19	3,113.66
Total (i+ii+iii)	36,149.41	16,790.12	43,25,471.22	43,78,410.75
Change in Indebtedness during the financial year³				
Addition	2,56,708.13	13,50,140.60	13,88,352.16	29,95,200.89
Reduction	-	-	-	-
Net Change	2,56,708.13	13,50,140.60	13,88,352.16	29,95,200.89
Indebtedness at the end of the financial year March 31, 2020				
i) Principal Amount	2,92,219.60	13,45,698.11	57,08,150.36	73,46,068.07
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	637.94	21,232.61	5,673.02	27,543.57
Total (i+ii+iii)	2,92,857.54	13,66,930.72	57,13,823.38	73,73,611.64

1. Secured borrowings represent borrowings under collateralised borrowing and lending obligations and transactions under liquidity adjustment facility and marginal standing facility.

2. Section 73(1) of the Companies Act, 2013, states that the provisions of the said Act relating to acceptance of deposits by companies do not apply to a Banking company as defined in the Reserve Bank of India Act, 1934. Accordingly, the details of deposits provided here are the deposits accepted by the Bank in ordinary course of banking business.

3. Additions also include the effect of exchange rate fluctuation and net change in interest accrued but not due between the beginning of financial year and the end of financial year.

VII. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Chandra Shekhar Ghosh MD & CEO	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,77,00,000	1,77,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6,99,803	699,803
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	Nil	Nil
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	-	-
5	Others, please specify:		
	(a) PF employer's contribution	19,50,000	19,50,000
	(b) Perquisites not covered under sl. no. 1(b) above	6,92,071	6,92,071
6	Total (A)	2,10,41,874	2,10,41,874
	Ceiling as per the Companies Act		Not Applicable*

*Section 35B(2A) of the Banking Regulation Act, 1949 prescribed that nothing contained in section 198 of the Companies Act, 1956 (corresponding Section 197 of the Companies Act, 2013) shall apply to a banking company.

Mr. Chandra Shekhar Ghosh has neither been granted nor exercised any stock options during the financial year 2019-20.

B. Remuneration to Other Directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors									Total Amount
		Dr. Anup Kumar Sinha	Dr. A. S. Ramasastri	Mr. Bhaskar Sen	Mr. Chintaman Mahadeo Dixit	Mr. Harun Rasid Khan	Mr. Sisir Kumar Chakrabarti	Mr. Snehomoy Bhattacharya	Mr. Santanu Mukherjee	Ms. T. S. Raji Gain	
1	Independent Directors										
	Fee for attending board and committee meetings	925,000	12,00,000	20,00,000	18,50,000	18,50,000	22,25,000	17,75,000	18,50,000	8,75,000	1,45,50,000
	Commission	-	-	-	-	-	-	-	-	-	-
	Others, please specify	24,00,000	-	-	-	-	-	-	-	-	24,00,000
	Total (1)	33,25,000	12,00,000	20,00,000	18,50,000	18,50,000	22,25,000	17,75,000	18,50,000	8,75,000	1,69,50,000
2	Other Non-Executive Directors		Mr. Ranodeb Roy	Dr. Holger Dirk Michaelis (Caladium Investment Pte. Ltd.)							
	Fee for attending board and committee meetings		9,75,000	6,75,000							16,50,000
	Commission		-	-							-
	Others, please specify		-	-							-
	Total (2)		9,75,000	6,75,000							16,50,000
	Total (B)=(1+2)										1,86,00,000
	Total Managerial Remuneration										3,96,41,874
	Overall Ceiling as per the Act										Not Applicable*

* Section 35B(2A) of the Banking Regulation Act, 1949 prescribed that nothing contained in section 198 of the Companies Act, 1956 (corresponding Section 197 of the Companies Act, 2013) shall apply to a banking company.

Additionally, Non-Executive directors are also reimbursed for expenses incurred for attending the Board and Board Committees meetings.

C. Remuneration to Key Managerial Personnel other than MD /Manager /WTD

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	Chief Financial Officer	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	57,19,986	1,20,93,365	1,78,13,351
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			-
2	Stock Option	-	49,84,102	4,984,102
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify (PF employer's Contribution)	2,13,244	4,40,589	6,53,833
6	Total	59,33,230	1,75,18,056	2,34,51,286

Note:

- Company Secretary has been granted 20,399 stock Options during the financial year 2019-20 under Bandhan Bank Employee Stock Option Plan Series I – Tranche 2
- Chief Financial Officer has been granted 83,943 stock Options during the financial year 2019-20 under Bandhan Bank Employee Stock Option Plan Series I – Tranche 2

VIII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made. If any (give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment			No such cases under the provisions of the Companies Act, 2013		
Compounding					
C. Other Officers In Default					
Penalty					
Punishment					
Compounding					

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

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

Place: Kolkata
Date: July 13, 2020

Management Discussion & Analysis Report

A. Global and Indian Economy Scenario: An Overview

1. Global Economic Scenario: Impact of COVID-19 outbreak and “The Great Lockdown”

1. The global economic growth has weakened severely due to the impact of coronavirus (COVID-19) outbreak all over the globe. The International Monetary Fund (‘IMF’) in its June 2020 report predicts that the global economic growth would contract by 4.9 per cent during 2020. This is a downgrade of 8.2 percentage points since January 2020, a massive revision over a very short period that reflects the impact of what the IMF calls “The Great Lockdown” following the coronavirus pandemic.
2. As per IMF, the growth in the advanced economy group is projected at 8.0 per cent in FY 2019-2020. Emerging market and developing economies are projected to face growth contraction of 3 per cent. As regards the silver-line, the IMF projects global growth in FY 2020-21 to rebound to 5.4 per cent; both advanced economies and emerging market and developing economies are projected to recover considerably in FY 2020-21.
3. According to the IMF, countries reliant on tourism, travel, hospitality, and entertainment for their growth are expected to face the maximum impact of the economic slowdown. Emerging market and developing economies are susceptible to face challenges with reversals in capital flows, and currency pressures. These nations will also have to cope with weaker health systems and limited fiscal space to provide support. But, several economies passing through this crisis are in a vulnerable position with sluggish growth and high debt levels.

2. Indian Economic Scenario: The pandemic, The slowdown and The Measures

1. As per data available from Central Statistics Office, Ministry of Statistics and Programme Implementation, India’s GDP growth for FY20 came in at 4.2 per cent (GDP growth of 5.2 per cent in Q1 FY20, 4.4 per cent in Q2 FY 20, 4.1 per cent in Q3 FY20 and 3.1 per cent in Q4 FY 20).
2. Whereas, Agriculture (3.0 per cent in Q1 FY20, 3.5 per cent in Q2 FY20, 3.6 per cent in Q3 FY20 and 5.9 per cent in Q4 FY20), Trade and Transport (3.5 per cent in Q1 FY20, 4.1 per cent in Q2 FY20, 4.3 per cent in Q3 FY20 and 2.6 per cent in Q4 FY20), Financial Services

& Real Estate (6.0 per cent in Q1 FY20, 6.0 per cent in Q2 FY20, 3.3 per cent in Q3 FY20 and 2.4 per cent in Q4 FY20) has witnessed growth during all quarters, a number of sectors such as Manufacturing (3.0 per cent in Q1 FY20,-0.6 per cent in Q2 FY20,-0.8 per cent in Q3 FY20 and -1.4 per cent in Q4 FY20), Utility Services (8.8 per cent in Q1 FY20, 3.9 per cent in Q2 FY20,-0.7 per cent in Q3 FY20 and 4.5 per cent in Q4 FY20) and Construction (5.2 per cent in Q1 FY20, 2.6 per cent in Q2 FY20, 0.04 per cent in Q3 FY20 and -2.2 per cent in Q4 FY20), have faced negative growth rates during one of more quarter during the year.

3. India’s CPI (Consumer Price Index) inflation stood at 5.9 per cent in March 2020. While the CPI inflation eased from 7.6 per cent in January 2020 to 6.6 per cent in February 2020, the decline in food and beverage prices brought down the inflation to 5.9 per cent in March 2020. The annual WPI (Wholesale Price Index) has also eased and stood at 1 per cent in March 2020 compared to 2.3 per cent in February 2020.
4. Against the initial target of 3.3 per cent of GDP for the previous fiscal, the Government of India’s gross fiscal deficit stood at 4.6 per cent, primarily reflecting shortfall in tax collections. As per the Union Budget announced in early-February 2020, the government has fixed a fiscal deficit target of 3.5 per cent of the GDP in the FY 2020-21.
5. The sharp impact of the coronavirus pandemic on the economy has prompted the Government of India and Reserve Bank of India to implement several policy initiatives to combat economic turbulence and financial emergency due to the nationwide lockdown and restrictions of business, trade and services.
6. The Indian Government announced a financial stimulus package of nearly ₹21 lakh crore to protect the economy from the severity of the impact of the coronavirus pandemic. The stimulus is spread across various sectors in the economy and also aimed at improving conditions of the underprivileged and the poor.
7. The Reserve Bank of India (‘RBI’) has revised the repo rate to 4 per cent and reverse repo rate to 3.35 per cent to deal with the impact of COVID-19. To manage liquidity, the RBI has already announced liquidity augmenting measures worth approximately ₹9.42 lakh crore since February 2020.¹

8. The RBI conducted auctions of Targeted Long Term Repos Operations ('**TLTRO**') of up to three-year tenor of appropriate sizes for a total amount up to ₹1 lakh crore at a floating rate, linked to policy repo rate to ensure adequate liquidity in the financial system at present time of epidemic.² Later, the RBI announced TLTRO-2 of ₹50,000 crore and conducted one round of auction in April 2020.³

B. Indian Banking: Key industry developments

1. As per the RBI, non-food credit ('**NFC**') grew at around 6 per cent year-on-year in March 2020 vis-à-vis over 13 per cent in March 2019 primarily owing to a decline in lending to service sector⁴.
2. According to the RBI, credit growth for agriculture and allied segment at 4.2 per cent has seen a decline in March 2020 as compared to 7.9 per cent in March 2019⁵.
3. The microfinance industry is witnessing a robust growth. As per the latest MicroFinance Institutions Network ('**MFIN**') report, the microfinance industry has witnessed a year-on-year growth of 29 per cent in FY 2019-20. Market share of Banks and NBFC-MFIs stood at 40 per cent and 32 per cent respectively as on Q4 FY 2019-20. Banks have witnessed year-on-year growth of 54 per cent and NBFC-MFIs witnessed year-on-year growth of 10 per cent in Q4 FY 2019-20. Growth of banks is much higher than NBFC primarily due to merger of one MFI with a bank in Q1 FY 2019-20.
4. The Government of India has made a capital infusion of close to ₹2 trillion in public sector banks in last 2 years. Majority of the amount (about two-thirds) has been received by banks under Prompt Corrective Action framework of RBI.⁶
5. The Cabinet Committee of Economic Affairs approved merger of 10 public sector banks into 4 banks effective from April 01, 2020, bringing down the count of public sector lenders to 12 from 21. The consolidation is expected to drive higher scale of operations, improved efficiency and better capital management.
6. As per Financial Stability Report of the RBI dated December 27, 2019, the gross NPA of Indian banking industry was 9.3 per cent in September 2019, unchanged from March 2019 NPA. Macro-stress tests for credit risk reveal that under baseline scenario,

GNPA ratio is likely to increase to 9.9 per cent in September 2020. However, on account of the ongoing crisis of COVID-19, the banking industry is likely to witness a negative impact on the portfolio quality, leading to an increase in GNPA as compared to the previous estimate.

1. Opportunities

- Enabled by strong bureau infrastructure with over 60 per cent adult population coverage, retail lending portfolio is likely to expand further once the growth momentum recovers.
- Commercial banking is expected to be a major engine of credit growth as penetration of formal credit improves with GST and digitisation of transactions.
- Digital financial transactions are likely to exponentially grow, driven by UPI and Bharat Bill Pay.
- Consent based data sharing is expected to dramatically change Indian banking as banks' monopoly over customer data would go away.

2. Threats

- The Coronavirus pandemic has severely affected the global economy. The Indian economy is also expected to undergo a difficult economic situation in the coming months despite the initiatives taken by the Government and the RBI.
- Subdued demand and NPA issues are likely to hold back growth in corporate banking.
- Emerging cybersecurity related challenges in the financial services industry and innovative modus operandi continue to pose a threat for the banking sector.
- Fintech companies with new business models backed by robust technology are likely to increase the competition for the banks.

3. Outlook

1. According to IMF, Indian economy is expected to contract by 4.5 per cent in FY2020-21, even though a relatively lower contraction as compared to the estimate of a contraction of 4.9 per cent for the global economy. As per Fitch Ratings, the Indian economy is

¹https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49843

²https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49583

³https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49689

⁴Data on reporting Friday basis.

⁵Data on reporting Friday basis.

⁶<https://www.livemint.com/market/mark-to-market/psu-bank-capitalisation-and-a-perfect-lesson-in-burning-capital-1551305977403.html>

forecasted to contract by 5.3 per cent in FY2020-21 whereas as per Moody's rating, the economy is likely to contract by 3.1 per cent during calendar year 2020.

2. The containment of the ongoing outbreak, implementation of effective financial tools and measures, enhancement and adoption of digital methods and maintaining significant economic productivity may help the economy to recover from the present crisis and build upon a stable financial system.

C. Strategy

Your Bank has clearly laid out its aspirations to be an affordable financial institution by providing simple, cost-effective and innovative financial solutions in a courteous and responsible manner. It intends to create value for all stakeholders through a committed team, robust policies and superior systems and technology.

The Bank's 2025 vision is powered by the following objectives –

1. Banker for the new Indian, through every step of their aspiration journey
2. Serving needs of emerging India
3. Enabling entrepreneurs grow bigger
4. Value based 'employer of choice' – to attract high quality, motivated talent

In order to drive the vision of the Bank, the following would be the key focus areas in the next 5 years –

- Diversification of asset portfolio with modern underwriting and collection capabilities.

- Strengthening people capabilities, including by hiring fresh talent, for growth.
- Development of in-house technology, analytics and digital capabilities.
- Consolidate CASA by developing deeper customer engagement leveraging digital and analytics.

Given the huge untapped opportunity in the micro-finance industry in India, the Bank in the medium term will continue to expand its current geographic reach and increase its presence in underbanked areas across the country. The Bank will leverage its micro finance experience and upgrade its top-bracket micro banking customers to provide them individual loans. The Bank will also utilise the skills and expertise of GRUH to penetrate strongly in the affordable housing segment. The SME segment is expected to contribute highly to the growth story with rising demand from the diverse business entities in the country.

As part of its strategy, the Bank has been part of various social development programmes on enhancing education, health, poverty alleviation, livelihood promotion, market linkages, enterprise development, employment generation and financial literacy. Going forward, the Bank will continue to engage with the community through strategic interventions aimed at contributing to the society.

Your Bank is committed to execute its strategy ensuring professional integrity, corporate governance and ethical standards, and all legal and regulatory compliance.

D. Financial Performance of the Bank

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

(₹ in crore)

Particulars	For the financial year ended	
	March 31, 2020	March 31, 2019
Deposits:	57,081.50	43,231.62
- Savings Bank Deposits	17,726.99	14,008.04
- Current Account Deposits	3,301.47	3,609.69
- Term Deposits	36,053.04	25,613.89
Advances (Net):	66,629.95	39,643.39
- Cash credits, overdrafts and loans repayable on demand	1,274.80	975.84
- Term loans	65,355.15	38,667.55
Total Assets/Liabilities	91,717.80	56,441.71
Net Interest Income	6,323.91	4,495.42
Non-Interest Income:	1,549.20	1,063.05
Operating Expenses (excluding depreciation)	2,346.28	1,732.11
Profit before Depreciation, Provisions and Tax	5,526.83	3,826.36
Depreciation	80.26	78.17
Provisions	1,393.15	735.14
Profit before Tax	4,053.42	3,013.05
Provision for Tax	1,029.68	1,061.55
Profit After Tax	3,023.74	1,951.50
Appropriations:		
Transfer to Statutory Reserve	755.94	487.87
Transfer to Statutory Reserve u/s 36(1)(viii) of Income Tax Act 1961	103.12	-
Transfer to Capital Reserve	11.45	5.94
Transfer to Investment Reserve	5.16	-
Transfer to Investment Fluctuation Reserve	-	87.85
Dividend Paid (Including Dividend Distribution Tax)	608.45	143.80
Balance carried over to Balance Sheet	4,758.71	3,283.64
EPS (Basic)	18.78	16.03
EPS (Diluted)	18.76	16.01

The financial performance of your Bank during the year ended March 31, 2020, remained healthy with Total Net Revenue (Net Interest Income Plus Other Income) rising by 41.65 per cent to ₹7,873.11 crore from ₹5,558.47 crore in the previous year. Net Interest Income grew by 40.67 per cent to ₹6,323.91 crore due to robust growth in advances and effect of merger. The net interest margin ('NIM') was 8.12 per cent in FY 2019-20 as against 10.43 per cent in FY 2018-19.

Other Income grew by 45.73 per cent to ₹1,549.20 crore. The largest component was Income from sale of PSLC, which increased by 46.91 per cent to ₹453.33 crore. Income from treasury-related activities (such as sale of investments, unrealised profit / loss on account of revaluation of investments in the fixed income portfolio, equity and preference shares portfolio) increased to ₹114.05 crore during FY 2019-20 from ₹37.84 crore during FY 2019-19 primarily due to sale of investments.

Operating (Non-Interest) Expenses increased to ₹2,426.54 crore from ₹1,810.28 crore during FY 2018-19. Infrastructure and staffing expenses contributed to 31.25 per cent of this increase. During the financial year under review, your Bank has set up 32 new branches, 332 new Banking Units and 4 ATMs. Employee strength increased to 39,750 as on March 31, 2020 from 32,342

as on March 31, 2019. Staff expenses also went up due to annual wage revisions and effect of merger. Despite increase in infrastructure and staff expenses, the Cost to Income Ratio slightly improved to 30.82 per cent from 32.58 per cent in FY 2018-19.

The profit after tax ('PAT') as at the end of the financial year stood at ₹3,023.74 crore, an increase of 54.94 per cent over the previous year.

The Return on Average net worth was 21.07 per cent in FY 2019-20 against 19.00 per cent in FY 2018-19. Return on Average Asset ('ROAA') was 3.64 per cent in FY 2019-20 against 4.23 per cent in FY 2018-19. The Bank's basic earnings per share ('EPS') increased from ₹16.03 in FY 2018-19 to ₹18.78 in FY 2019-20 and diluted earnings per share from ₹16.01 in FY 2018-19 to ₹18.76 in FY 2019-20.

Total Provisions and Contingencies was ₹2,422.83 crore as compared to ₹1,796.68 crore in FY 2018-19. Your Bank made General Provisions of ₹778.46 crore during the financial year out of which, provisions amounting to ₹690.00 crore made against the potential impact of COVID-19 on standard assets based on all the available information at this point in time.

Total liabilities (including capital and reserves) increased by 62.49 per cent from ₹56,441.71 crore as on March 31, 2019 to ₹91,717.80 crore as on March 31, 2020. Total advances (Net) stood at ₹66,629.95 crore, a growth of 68.07 per cent from FY 2018-19.

Priority Sector Lending and Investment

The RBI has mandated Priority Sector Lending ('PSL') of minimum 40 per cent of advances for all the Banks. Your Bank's strength lies in priority sector lending as it continues to focus on financial inclusion by providing various financial services to the underserved. During FY 2019-20, your Bank's PSL went up from ₹37,888.15 crore (net of IBPC of ₹4,541.45 crore) on March 31, 2019 to ₹60,640.98 crore (net of IBPC of ₹4,612.70 crore) on March 31, 2020 of which ₹56,805.75 crore was sold to other banks falling short of PSL targets by way of Priority Sector Lending Certificate ('PSLC') (as against the previous year of ₹28,895 crore). At the end of FY 2019-20, PSL as a proportion of the gross advances of ₹67,233.33 crore (after IBPC) was 90.19 per cent (including PSLC).

Key Ratios

The following table sets forth, for the periods indicated, the key financial ratios.

Particulars	FY 2019-20	FY 2018-19
Fee to total income (per cent)	12.46%	13.79%
Cost to income (per cent)	30.82%	32.58%
Earnings per share [#]	₹18.78	₹16.03
Book Value per share	₹94.37	₹93.89
Return on average assets	3.64%	4.23%
Return on average net-worth (per cent)	21.07%	19.00%
Net Interest Margin (per cent)	8.12%	10.43%

[#] Basic earnings per share increase (EPS) of the Bank increased because of higher profits.

E. Business Segment-wise Performance

A. Micro Banking

1. The Bank's micro finance strategy is guided by its philosophy of financial inclusion and economic empowerment of the disadvantaged sections of the society.
2. In FY 2019-20, your Bank opened 332 new Banking Units (earlier known as Door Step Service Centers or DSCs) and offered micro loans to 22,69,272 new borrowers. The growth of over 19.6 per cent in the aggregate micro-banking asset portfolio from ₹38,614.60 crore to ₹46,189.09 crore during FY 2019-20, is another indicator of the commitment.
3. In order to meet the financial requirements of the Bank's customers, the following are the key products offered by the Bank-

I. Group Loans

a. Micro Loans

- Suchana Loan: Loan size is from ₹1,000 to ₹25,000 and is sanctioned to micro-banking customers for income generating activities.
- Srishti Loan: Loan size is from ₹25,001 to ₹1,50,000 and is sanctioned to micro-banking customers for expanding their business.
- Su-Bridhhi: Sanctioned to micro-banking customers to meet extra business requirement during their ongoing loan and extra capacity to repay

b. Micro Consumer Loan

- Suraksha Loan: Loan size is up to ₹10,000 and is sanctioned to micro-banking customers to meet emergency expenses due to health issues.
- Susiksha Loan: Loan size is up to ₹10,000 and is sanctioned to micro-banking customers to meet expenses towards education of their children.

II. Individual Loans

- a. Individual Business Loans: This loan is sanctioned to cater to the needs of micro entrepreneurs with established individual business.
- b. Micro Home Loans: This loan is offered to micro-banking customers for repair and construction of own house.

B. Small Enterprise Loan (SEL)

1. Your Bank's portfolio in Small Enterprise Loan ('SEL'), a unique business loan product for small and mid-size entrepreneurs, is available in amounts between ₹1 lakh to ₹10 lakh. The loan outstanding was ₹2,065.95 crore as on March 31, 2020.
2. In FY 2018-19, as a step forward towards the financial inclusion commitment of your Bank and to reach deeper in to the bottom of pyramid in the agriculture sector, the Bank launched Kisan Loan product under KCC scheme of the Reserve Bank of India.
3. Initially offered through selective branches in Madhya Pradesh, the Bank has expanded its' presence in Madhya Pradesh, Haryana and Punjab in FY 2019-20.

C. Small & Medium Enterprises Loan (SME)

1. The SME business vertical focuses on loans with ticket size of more than ₹10 lakh, which are extended to business entities involved in manufacturing, trading and services through products designed to cater to their specific business needs. This vertical also covers lending to NBFCs and MFIs.
2. The range of products offered includes fund based facilities such as cash-credit, term loans, overdrafts, demand loan and non-fund based facilities such as bank guarantees and inland letter of credit.
3. The MFI Lending business vertical lends to Micro Finance Institutions, Society and Trusts engaged in micro finance activities. While most of these loans are given as Term Loans, the Bank also has credit exposure through Direct Assignments. Leveraging its rich experience in micro banking, the Bank has developed an internal credit rating model to assess the credit risk while lending to this segment.
4. Your Bank has expanded its MFI lending business by providing financial assistance to Micro Finance Institutions operating across geographies namely Assam, West Bengal, Odisha, Punjab, Maharashtra, Tamil Nadu, Telangana, Uttar Pradesh, Karnataka, Kerala and NCT of Delhi. The MFI lending portfolio stood at ₹2,476 crore on March 31, 2020.
5. In FY2019-20, lending to SMEs (including NBFCs and MFIs) stood at ₹4,281.68 crore, a growth of 54 per cent from last year.

D. Retail Assets

1. Your Bank offers loans to individual retail customers (such as Home Loan, Loan Against property, Personal Loan and Two Wheeler Loan). As on March 31, 2020, the total retail asset outstanding stood at ₹19,309 crore.
2. With the acquisition of GRUH Finance, your Bank has put forward a big step in expanding its retail portfolio. All loans provided by erstwhile GRUH Finance are now called GRUH home loans. These include loans for acquisition and construction of new residential property, renovation of existing residential property and loan against property. The mortgage portfolio of the Bank stood at ₹18,578 Crore as on March 31, 2020.
3. During FY 2017-18, your Bank forayed into the gold loan business by commencing gold loan operations at 57 branches in eastern India. The number of branches grew to 177 in the FY 2019-20. In FY 2019-20, the Bank had witnessed a significant growth of 73 per cent in gold loan portfolio and the loan book stood at ₹221.94 crore from 32,884 accounts.

E. Liabilities

1. In building its liability business, the strategic focus of the Bank has been on retail customers. During the year, your Bank set up 32 new branches and 4 new ATMs. As a result, the branch distribution network went up to 1,018 branches and 485 ATMs in FY 2019-20.
2. The branch network has been distributed over different types of locations, to maintain an appropriate balance among rural (banked and unbanked), semi-urban, urban and metropolitan regions.
3. Your Bank's customer deposits grew by 32 per cent during FY 2019- 20 (Table 1). The composition of deposits indicate that your Bank has been able to reduce its funding through bulk term deposits replacing it with retail deposits which comprises 78.4 per cent of total deposits. Your Bank's focus towards generation of low cost deposits has resulted in its CASA ratio of 36.8 per cent at the end of the FY 2019-20.

(In ₹ crore)

Table 1	As at March 31	
Type of deposit / financial Year	2020	2019
Total	57,082	43,232
Of which:		
Current account	3,301	3,610
Savings account	17,727	14,008
Term deposits	36,054	25,614
Of which		
Retail term deposit	23,742	15,827
Bulk term deposit [^]	12,312	9,787

[^] Term deposit of ₹2 crore and above

Third-party Products

1. The strategic focus of the Bank is to become a one-stop-shop experience for all banking services to its customer. Accordingly, the Bank has a distribution model for third party products. In order to further strengthen customer proposition, the Bank will assess the customer requirements for new third party products and accordingly fulfill the needs of the customers considering their risk profile.
2. The Bank currently distributes mutual funds and standalone health insurance products along with General and Life Insurance products. Mutual funds are being distributed only through select metro, urban and semi urban branches. As on March 31, 2020, 534 branches are 'live' for mutual fund distribution and 1,009 branches are activated for sourcing Health Insurance business.
3. Total mutual fund business sourced in FY 2019-20 was ₹89.35 crore earning an income of ₹2.08 crore. The total Health Insurance business done in the FY 2019-20 was ₹80.19 crore earning a total fee income

of ₹11.16 crore. Additionally, a total of ₹3.52 crore and ₹198.67 crore of General & Retail Life Insurance business was garnered through the branches in the FY 2019-20 earning a fee income of ₹0.34 crore and ₹28.67 crore respectively. In FY 2019-20, life insurance business through the existing arrangement in the micro banking and other asset verticals amounted to ₹660.10 crore earning an income of ₹33.00 crore.

4. The Bank has earned ₹31.14 lakh as commission from Co-Branded Credit Card distribution in FY 2019-20.
5. The Bank has earned ₹20.56 lakh as commission for distribution of Atal Pension Yojana and NPS Lite Swavalamban schemes of PFRDA in FY 2019-20

Merchant Acquiring Business

1. In FY 2016-17, the Bank started setting up point-of-sale ('PoS') terminals across India in major towns and cities as well as comparatively smaller, cash-intensive towns and villages.
2. During the FY 2019-20, the Bank installed 5,034 EDC- PoS terminals and transactions worth ₹6,532.24 crore were carried out on your Bank's installed terminals.

Digital Banking

1. The Bank has worked towards enhancing customer experience through digitalisation of everyday banking activities using an array of digital channels. The Bank offers competitive mobile banking and internet banking applications to its customers with robust security measures to make online banking convenient, safe and secure. With a focus on convenience for its corporate clients, it also offers state-of-the-art corporate internet banking facility.
2. During the year, the Bank focused on a set of new initiatives to bring convenience at a single click. Some notable initiatives include launch of Bharat QR, Bharat Bill Pay, bill payments facility and UPI services for our customer. The Bank has also taken steps in actively engaging with start-ups and fintechs to work on new-age digital channels. The Bank launched its chat bot, B Assist, on its website.
3. The focus of the Bank is in line with the government's mission of mobile-first transactions. During FY 2019-20, the number of customers who activated the mobile banking channel of the Bank increased by 74 per cent, while its retail web application and corporate web application grew 54 per cent and 17 per cent, respectively.

F. Internal Control Systems and their Adequacy

1. Your Bank has implemented robust internal controls across all processes and departments. These controls are driven through various well defined policies and

procedures which are reviewed periodically. Your Bank has a procedure of testing the controls at regular time spans for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

2. Your Bank has an Internal Audit department and a Compliance department, which independently carry out evaluation of the adequacy of all internal controls. These departments ensure that operating and business units adhere to laid down internal processes and procedures as well as to regulatory and legal requirements. The audit department also proactively recommends improvements in operational processes and service quality. The Bank has put in place extensive internal controls including audit trails, appropriate segregation of front- and back-office operations, post-transaction monitoring processes at the backend to mitigate operational risks. It further ensures independent checks and balances, and adherence to the laid down policies and procedures of the Bank are according to regulatory guidelines. Your Bank has adhered to the highest standards of compliance and governance and has placed controls and appropriate structure to ensure this. To safeguard independence, the internal audit department reports directly to the Chairman of the Audit Committee of the Board. The Audit Committee of the Board also reviews the performance of the Audit department and Compliance department. It further appraises the effectiveness of controls and compliance with regulatory guidelines. The Board of Directors confirms that there are internal controls in place with reference to the Financial Statements and that such controls are operating effectively.

G. Risks and Concerns

The Bank is exposed to various risks by the very nature of its business. Your Bank has put in place a comprehensive Enterprise wide Integrated Risk Management framework supported by detailed policies and processes for management of Credit Risk, Market Risk, Liquidity Risk, Operational Risk and various other Risks. Please refer section 'Risk Management Framework' of the Director's Report for details.

H. Material Developments in Human Resources

1. Your Bank recognises that human resource is key to organisational success. Thus, the goal of the Human Resources ('HR') department is to ensure that the employees are recruited, engaged, retained and motivated to contribute to the Bank's growth and strategic mission. The HR Department proactively engages with employees at all levels for this purpose. Its vision is to create an environment of learning and superior performance in line with the Bank's corporate values and aligning the personal aspirations of employees to business imperatives.

2. In FY 2019-20, the bank increased its employee strength to 39,750 from 32,342 as on March 31, 2019. A host of programmes were conducted to meet the on-going learning and development needs in the Bank and promote a climate of learning, self-growth and excellence.

The learning architecture in your Bank focusses on:

- Developing tailor-made, competency-mapped programmes for different sets of employees, based on their roles in the Bank
- Induction/orientation of new hires for acquaintance with the culture of the Bank
- Training on operational risk, audit, compliance and regulatory aspects for frontline staff
- People management, customer-centric, and compliance-based programmes for employees in leadership roles.
- Creating talent pool for strategic succession planning.
- Competency based promotion process to nurture identified talent.
- Identification of critical resources and differentiated path for retaining the critical resources.

- Creating trained pool of resources via NextGen Banker's Programme.

3. Through eleven residential training facilities across the country, and through a wide range of training programmes, your Bank has provided training to employees across departments and functions, to build their professional competence and improve their skill sets, and thus, enable them to contribute to your Bank's mission.

I. Disclosure of Accounting Treatment

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and 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 the RBI from time to time, the accounting standards notified under section 133 and the relevant provisions of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, as amended, from time to time to the extent applicable and practices generally prevalent in the banking industry in India.

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

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

Place: Kolkata
Date: July 13, 2020

Business Responsibility Report – 2019-20

Your Bank's responsible environmental, social and governance ('ESG') practices have been embedded in its systems and processes that guide the Bank to manage its ESG requirements beyond the statutory compliance requirements. The ESG initiatives of the Bank has created a positive impact on society whilst ensuring customer satisfaction and fulfilling its responsibilities towards its internal and external stakeholders. The Bank's policy framework, Code of Conduct and compliance monitoring systems are designed to ensure that its operations are conducted in an ethical, transparent and accountable manner.

The disclosure present in this Business Responsibility Report ('BRR') covers the Bank's operations, and are directly aligned to the nine principles of the National Voluntary Guidelines released by the Minister of Corporate Affairs in 2011. Additionally, the report has been prepared following the requirement under clause (f) of sub-regulation (2) of regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is compliant with Section 135 read with Schedule VII of the Companies Act, 2013, as amended, from time to time.

Business Responsibility Report

(Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Section A: General Information About the Company

1. Corporate Identification Number (CIN) of the Company	L67190WB2014PLC204622
2. Name of the Company	Bandhan Bank Limited
3. Registered Address	DN-32, Sector – V, Salt Lake City, Kolkata – 700 091
4. Website	www.bandhanbank.com
5. Email ID	investors@bandhanbank.com
6. Financial Year Reported	April 1, 2019, to March 31, 2020
7. The sector that the Company is engaged in	Code: 64191 Bandhan Bank is a banking Company governed by the Banking Regulation Act, 1949
8. Four key products/services of the Company (as in balance sheet)	1. Treasury 2. Retail Banking 3. Wholesale Banking 4. Micro Banking
9. (a) Number of international locations	None
(b) Number of National locations	As on March 31, 2020, the Bank has a network of 4,559 banking outlets and 485 ATMs in 34 States and Union Territories in India.
10. Markets served by the Company – Local/State/National/International/	National (pan India)

Section B: Financial Detail About the Company

1. Paid up capital (₹ in lakh)	1,61,024.78
2. Total turnover (₹ in lakh)	12,43,469.07
3. Total profit after taxes (₹ in lakh)	3,02,373.74
4. CSR spend as a percentage of profit after tax (PAT) (%)	CSR Spends – ₹6,709.00 Lakh Percentage of PAT- 2.22%
5. List of CSR activities	i. Targeting The Hard-core Poor ii. Health, Nutrition Drinking Water and Sanitation iii. Education iv. Support to Person with Disability v. Skill Development vi. Water Conservation vii. Afforestation

Section C: Other Details

1. Company subsidiaries / joint-ventures	
2. Subsidiaries participating in Company's BR initiatives	The Bank does not have any subsidiary, joint ventures. Other than the Bank no suppliers or distributors participate in the BR initiatives of the Bank.
3. Other entities (e.g. suppliers, distributors etc.) participating in Company's BR initiatives	

Section D: Business Responsibility Information (BR)

1.a Director responsible for the implementation of BR policies (DIN)	
Director responsible for the implementation of BR policies (Name)	Mr Chandra Shekhar Ghosh
Director responsible for the implementation of BR policies (Designation)	Managing Director & CEO
	DIN – 00342477
1.b BR Head (DIN, if applicable)	Tel No.: 91-33-6609 0909
BR Head (Name)	Email Id: investors@bandhanbank.com
BR Head (Designation)	
BR Head (Telephone number)	
BR Head (email id)	

2a. Principle-wise (As Per NVGs) BR Policy/Policies (Reply in Y/N)

	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. Policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2. Policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Policy conforming to national /international standards	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Policy approved by Board and signed by MD/CEO/ appropriate Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
5. Committee of the Board/ Director/ Official to oversee the implementation of the policy.	Y	Y	Y	Y	Y	Y	Y	Y	Y
6. Link for the policy to be viewed online.	The policies are available on the Bank's website, except HR and information Security Policy which is available on its intranet. https://www.bandhanbank.com/corporate-governance.aspx								
7. Policy formally communicated to all relevant internal and external stakeholders.	Yes. Policies have been communicated to all key internal stakeholders of the Bank. The communication on policies covering all internal and external stakeholders is an on-going process.								
8. In-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9. Grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
10. Independent audit/evaluation of the working of this policy by an internal or external agency	Evaluation is done through an internal audit mechanism								

Principle-wise index:	P6 – CSR Policy
P1 – Code of Conduct (Directors, Senior Management, Employees); Policy on Vigilance Whistle Blower mechanism; HR Policy section on Ethical Practices; Compliance Policy; Internal Audit Policy, Fraud Risk Management Policy, Operational Risk Management Policy, Policy on Fair Disclosure of Unpublished Price Sensitive Information, Policy on Dealing with Related Party Transaction	
P2 – Information Security Policy	P7 – Policy Advocacy Statement
P3 – HR Policies	P8 – CSR Policy
P4 – CSR Policy	P9 – Information Security Policy
P5 – HR Policies, Human Rights Statement	

2b. If the Answer to Sr. No. 1 Against Any Principle is 'No', Please Explain Why (Tick Up to Two Options) – Not Applicable

	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. The Company has not understood the Principles.									
2. The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.									
3. The Company does not have financial or manpower resources available for the task.									Not Applicable
4. It is planned to be done within the next six months									
5. It is planned to be done within the next one year.									
6. Any other reason (please specify)									

3. Governance Related to BR

1a. Frequency of Board of Directors, Committee of the Board or CEO review of BR performance	CSR Committee of the Board held two meetings on June 14, 2019 and February 27, 2020, and all members of the Committee were present at the meeting.
1b. BR report or sustainability (frequency and hyperlink)	BR Report Frequency: Annual Hyperlink: www.bandhanbank.com

Section E: Principle-wise Performance
P1 – Business should conduct and govern themselves with ethics, transparency and accountability.

Principle No.	Description	Response
1.1	Policy relating to ethics, bribery and corruption covering the Company and Group/Joint Ventures/Suppliers /Contractors/NGOs /Others	For details please refer the Section on Principle 1.
1.2	Stakeholder complaints received in FY 2019- 20	During the FY 2019-20, the Bank has received 255 complaints from shareholders and all the complaints were resolved by March 31, 2020.
1.3	Percentage of stakeholder complaints resolved in FY 2019-20	

P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle No.	Description	Response
2.1	Products and services designed with social or environmental concerns, risks and/or opportunities incorporate	The Bank provides retail banking, micro banking, wholesale banking and treasury services, which are conducted from offices and banking units that practice environmentally responsible practices. The Bank encourages its customer to go digital in their banking activities. The Bank offers end-to-end digital services for most of its products and services. 79% of the banking outlets are in the rural and semi-urban area belonging to tier 3 to tier 6 locations. The Bank's 78% of the portfolio is in these rural and semi-urban areas. For details please refer Section on principle- 2
2.2	(a) Reduction with respect to resource use (energy, water, raw material etc.) per unit of the product during sourcing/production/ distribution achieved since the previous year throughout the value chain (optional) (b) Reduction during usage by customers (energy, water) has been achieved since the previous year (optional)	Not Applicable
2.3	Procedures for sustainable sourcing (including transportation)	Not Applicable
2.4	Procurement of goods and services from local and small producers, including local communities	The Bank does not procure any goods for processing. The manpower services for offices and banking outlets are generally hired from nearby areas, Bank website, job portals, internal movements, advertisements or through any references.
2.5	Mechanism to recycle products and waste	Not Applicable

P3 – Businesses should promote the wellbeing of all employees.

Principle No.	Description	Response
3.1	Total number of employees (as of March 31, 2020).	39,750
3.2	Total number of employees hired on a temporary/contractual/casual basis.	0
3.3	Total number of permanent women employees.	4,126
3.4	Total number of permanent employees with disabilities.	NIL
3.5	Employee association that is recognised by the Management?	N.A.
3.6	Percentage of your permanent employees are members of this recognised employee association.	NIL
3.7.i	Child labour/forced labour/involuntary labour complaints filed (pending)	NIL
3.7.ii	Sexual harassments complaints filed	At the beginning of the financial year, there were no pending complaints, however, during the financial year, eight complaints were received out of which six complaints have been closed and balance two complaints that were pending at the end of the financial year have since been closed.
3.7.iii	Discriminatory employment complaints filed	NIL
3.8.i	Percentage of employees covered with safety and skill up-gradation training- Permanent employees	85 %
3.8.ii	Percentage of employees covered with safety and skill up-gradation training- Permanent women employees	88 %
3.8.iii	Percentage of employees covered with safety and skill up-gradation training- Casual/temporary/contractual employees	N/A
3.8.iv	Percentage of employees covered with safety and skill up-gradation training- Employees with disabilities	N /A

P4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

Principle No.	Description	Response
4.1	Mapping of internal and external stakeholders	
4.2	Identification of the disadvantaged, vulnerable and marginalised stakeholders	Refer to Principle 4
4.3	Special initiatives to engage disadvantaged, vulnerable and marginalised stakeholders	

P5 – Business should respect, protect, and make efforts to restore the environment.

Principle No.	Description	Response
5.1	Policy relating to Human Rights covering the Company and Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others	The Bank complies to human rights. The Bank hires solely based on merit and doesn't discriminate against any applicant based on race, colour, religion, age, gender or any other basis prohibited by the law. The principle for people-related issues is enshrined in the HR Policy of the Bank. Also on March 31, 2020, the Bank has not received any stakeholder complaints on human rights.
5.2	Stakeholder complaints on human rights received (percentage resolved)	

P6 – Businesses should respect and promote human rights.

Principle No.	Description	Response
6.1	Policy relating to Environment covering the Company and Group/Joint Ventuwres/ Suppliers/Contractors/ NGOs/Others	Refer to Principle 6
6.2	Strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.	Refer to Principle 6
6.3	Identification and assessment of potential environmental risks	
6.4	Projects related to Clean Development Mechanism	
6.5	Initiatives on clean technology, energy efficiency, renewable energy, etc.	
6.6	Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB	Not applicable
6.7	Number of show cause/ legal notices received from CPCB/SPCB which are pending.	

P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle No.	Description	Response
7.1	Trade or chamber association memberships	IBA (Indian Bankers Association)
7.2	Advocacy through the above associations for the advancement or improvement of the public good	Refer to Principle 7

P8 – Businesses should support inclusive growth and equitable development.

Principle No.	Description	Response
8.1	Programmes / initiatives / projects related to inclusive growth	<ul style="list-style-type: none"> i. Targeting The Hard-core Poor ii. Health, Nutrition Drinking Water and Sanitation iii. Education iv. Support to Person with Disability v. Skill Development vi. Water Conservation vii. Afforestation
8.2	Programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation.	
8.3	Impact assessment of initiatives	
8.4	Direct contribution to community development projects- Amount in INR and the details of the projects undertaken	Refer to Principle 8
8.5	Successful adoption of community initiatives by communities	

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Principle No.	Description	Response
9.1	Percentage of customer complaints/consumer cases are pending	During the FY 2019-20, opening complains were 27 and received during the year was 7,491 of which 0.11% (8) are pending as on March 31, 2020.
9.2	Product information display on the product label, over and above what is mandated as per local laws	The information displayed in notice board of the banking outlets as well as in the Bank's website.
9.3	Cases filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years	NIL
9.4	Consumer survey/ consumer satisfaction trends	NIL

PRINCIPLE 1: Ethics, Transparency and Accountability

Our values revolve around our business ethics, consumer focus and corporate responsibility towards society at large. The values of the Bank are Cost-effective and simple, Respect for all, Exemplary Governance, Accountability, Professionalism and discipline, Transparency and integrity, effective teamwork and commitment towards maintaining the highest level of customer satisfaction and customer centricism.

Good governance and ethical conduct are rooted within Bank's practices and thus helped nurture long-lasting relationships with all its employees, customers and partners. Also, the best banking practices are ensured by the Board of Directors and Committees involved in managing stakeholder priorities and concerns. Its robust framework ensures that all daily operations are conducted in a transparent and accountable manner. The Whistle Blower Policy enables employees to stand up and speak out freely against any unethical practice observed within the work environment. The policy is also extended to Bank's customer.

A detailed description of Bank's corporate governance standards can be found in the 'Report on Corporate Governance' section of the annual report.

Corporate Social Responsibility

The Bank has a Board approved CSR policy, charting out its CSR approach, and is available on the Bank's website: <https://www.bandhanbank.com/pdf/CSR-Policy-New-Format.pdf>. The CSR Policy Statement is in accordance with Section 135, Schedule VII requirements of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014 and the relevant notifications issued by the Ministry of Corporate Affairs from time to time. The CSR Committee of the Board is responsible for the effective execution and monitoring of CSR agenda and policy.

SL. No.	Name of Committee Member ¹	Designation
1	Ms T.S. Raji Gain	Independent Director and Chairperson of CSR Committee
2	Mr C. S Ghosh	Managing Director & CEO
3	Mr H.R. Khan	Independent Director & Member

The Bank's CSR committee met twice during the financial year 2019-20 i.e. on June 14, 2019 and February 27, 2020, and all the members were present.

¹ CSR Committee was reconstituted by the Board on June 4, 2020. Reconstituted Committee with effect from June 04, 2020 is - Mr. Bhaskar Sen, Chairman; Mr. Chandra Shekhar Ghosh, Member; Ms. T. S. Raji Gain, Member and Mr. Vijay N. Bhatt, Member.

PRINCIPLE 2: Products and Services Designed with Environmental and Social Opportunities

It is the responsibility of the organisation to provide products and services that satisfactorily meet the customer requirements. The Bank's products and services have been designed in a manner to fulfil customer expectations, and additionally, drive socio-economic development by making a positive impact on society. Further, the focus is also on creating value for its customers, especially from marginalised and rural sections of society. The Bank focus for financial inclusion to the unbanked areas of the society.

Products and Services of the Bank

To meet the financial requirements of the Bank's customers, the following are the key products offered by the Bank –

I. Asset Business

1. Group Loans

A. Micro Loans

- **Suchana Loan:** Loan size is from ₹1,000 to ₹25,000 and is sanctioned to micro-banking customers for income-generating activities.
- **Srishti Loan:** Loan size is from ₹25,001 to ₹1,50,000 and is sanctioned to micro-banking customers for expanding their business.
- **Su-Bridhhi:** Sanctioned to micro-banking customers to meet the extra business requirement during their ongoing loan and extra capacity to repay

B. Micro Consumer Loan

- **Suraksha Loan:** Loan size is up to ₹10,000 and is sanctioned to micro-banking customers to meet emergency expenses due to health issues.
- **Susiksha Loan:** Loan size is up to ₹10,000 and is sanctioned to micro-banking customers to meet expenses towards the education of their children.

2. Individual Loans

A. Individual Business Loans:

- This loan is sanctioned to cater to the needs of the micro-entrepreneurs with the established individual business.

B. Micro Home Loans:

This loan is offered to micro-banking customers for repair and construction of their own house.

3. MFI Lending:

The MFI Lending business vertical lends to Micro Finance Institutions, Society and Trusts engaged in microfinance activities. While most of these loans are given as Term Loans, the Bank also has credit exposure through Direct Assignments. Leveraging its rich

experience in micro banking, the Bank has developed an internal credit rating model to assess the credit risk while lending to this segment.

The Bank has expanded its MFI lending business by providing financial assistance to Micro Finance Institutions operating across geographies namely Assam, West Bengal, Odisha, Punjab, Maharashtra, Tamil Nadu, Telangana, Uttar Pradesh, Karnataka, Kerala and NCT of Delhi.

4. Small Enterprise Loan (SEL)

The Bank's portfolio in Small Enterprise Loan (SEL), a unique business loan product for small and mid-size entrepreneurs, is available in amounts between ₹1 lakh to ₹10 lakh.

5. Small & Medium Enterprises Loan (SME)

The SME business vertical focuses on loans with a ticket size of more than ₹10 lakh, which are extended to business entities involved in manufacturing, trading and services through products designed to cater to their specific business needs. This vertical also covers lending to NBFCs.

The range of products offered includes fund based facilities such as cash-credit, term loans, overdrafts, demand loan and non-fund based facilities such as bank guarantees and inland letter of credit. With the focus on building a quality portfolio, the Bank leverages the branch channel as the primary source of business generation.

6. Retail Assets

The Bank offers loans to individual retail customers (such as Home Loan, Loan Against Property, Personal Loan and Two Wheeler Loan).

With the acquisition of GRUH Finance, your Bank has put forward a big step in expanding its retail portfolio. All loans provided by erstwhile GRUH Finance are now called GRUH home loans. These include loans for acquisition and construction of a new residential property, renovation of existing residential property and loan against property.

During FY 2019-20, the Bank forayed into the gold loan business by commencing gold loan operations at 57 branches in eastern India. The number of branches grew to 177 in the FY 2019-20.

7. Agri-Business

In FY 2019-20, as a step forward towards the financial inclusion commitment of your Bank and to reach deeper into the bottom of the pyramid in the agriculture sector, the Bank launched Kisan Loan product under KCC scheme of the Reserve Bank of India.

Initially offered through selective branches in Madhya Pradesh, the Bank has expanded its presence in Madhya Pradesh, Haryana and Punjab in FY 2019-20.

II. Liabilities Business

In building its liability business, the strategic focus of the Bank has been on retail customers. During the year, your Bank set up 32 new branches and 4 new ATMs. As a result, the distribution network went up to 4,559 banking outlets and 485 ATMs in FY 2019-20.

The network has been distributed over different types of locations, to maintain an appropriate balance among rural (banked and unbanked), semi-urban, urban and metropolitan regions. The table below provides the details of the distribution of the banking outlets at different locations.

Banking outlets distribution as on March 31, 2020:

Area	Banking Outlets
Metro	456
Urban	877
Semi Urban	1,653
Rural	1,573
Total	4,559

Your Bank's customer deposits grew by 32 per cent during FY 2019- 20. The composition of deposits indicates that the Bank has been able to reduce its funding through bulk term deposits replacing it with retail deposits which comprise 78.4 per cent of total deposits. The Bank's focus towards generation of low-cost deposits has resulted in the growing its CASA book to 36.8 per cent at the end of the FY 2019-20.

III. Third-party Products

The strategic focus of the Bank is to become a one-stop-shop experience for all banking services to its customer. Accordingly, the Bank has a distribution model for third party products. To further strengthen customer proposition, the Bank will assess the customer requirements for new third party products and accordingly fulfil the needs of the customers considering their risk profile.

The Bank currently distributes mutual funds and standalone health insurance products along with General and Life Insurance products. Mutual funds are being distributed only through select metro, urban and semi-urban branches and as on March 31, 2020, 534 branches are 'live' for mutual fund distribution and 1,009 branches are activated for sourcing Health Insurance business. The Bank also has Co-Branded Credit Card distribution and government insurance scheme like Atal Pension Yojana and NPS Lite Swavalamban schemes of PFRDA.

IV. Merchant Acquiring Business

In FY 2016-17, the Bank started setting up point-of-sale (PoS) terminals across India in major towns and cities as well as comparatively smaller, cash-intensive towns and villages.

During the FY 2019-20, the Bank installed 5,034 EDC- PoS terminals and transactions were carried out on your Bank's installed terminals.

V. Digital Banking

The Bank has worked towards enhancing customer experience through the digitalisation of everyday banking activities using an array of digital channels. The Bank offers competitive mobile banking and internet banking applications to its customers with robust security measures to make online banking convenient, safe and secure. With a focus on convenience for its corporate clients, it also offers state-of-the-art corporate internet banking facility.

During the year, the Bank focused on a set of new initiatives to bring convenience at a single click. Some notable initiatives include launch of Bharat QR, Bharat Bill Pay, bill payments facility and UPI services for our customer. The bank has also taken steps in actively engaging with start-ups and fintech to work on new-age digital channels. The bank launched its chatbot – B Assist on its website.

mBandhan App

The focus of the Bank is in line with the government's mission of mobile-first transactions. mBandhan the mobile banking application, designed to meet the daily banking needs of our customers. The application provides members banking transaction for its customers. During FY 2019-20, the number of customers who activated the mobile banking channel of the Bank increased by 74%, while its retail web application and corporate web application grew 54% and 17%, respectively.

PRINCIPLE 3: Employee Well – Being

Apart from structural and process integration, the Bank had a strong cultural integration plan involving the synthesis of people into one 'culture'. Over and above this, the Bank also introduced HR practices and which helps to strengthen the bonding amongst the employees to achieve organisational objectives.

PRINCIPLE 4: Stakeholder Engagement

As a Bank that has a growing footprint all across India, it recognises the importance of interacting with both internal and external stakeholders regularly to discuss topics of mutual and public interest. Constant feedback received from the Bank's stakeholders groups helps the Bank in making informed decisions towards driving its business strategy, integrating external perspective into developing innovative and sustainable products and services and mitigating potential risks.

The details of the engagement process and frequency for each of the groups have been outlined in the table below:

Key Stakeholders	Method of Engagement	Frequency of Engagement	Topic of discussion	Relationship manage
Investors and Shareholders	Emails, letters, investor grievance cell, media, Bank's website	Annually, Quarterly and on a need basis i.e. During events that take place concerning shareholders e.g. General Meeting etc	Financial results, shareholder returns and dividends, issues related to shares' and dividend pay-outs. Post the quarterly results, a conference call is held wherein the senior leadership team participates and the call is open to all investors and analysts. The transcript of the call is also made available on the Bank's website.	Investor relations team.
Customers and Clients	One-on-one interactions, customer satisfaction surveys, customer grievance cell, customer meets, the standing committee of the customer, customer helplines/ toll-free numbers, media, Bank's website	On-going and need-based	Customer service quality, investment returns, product features and benefits, technology interface for a banking experience	Relationship managers, Branch staff, Customer Service Quality team, Operation team, Business team. Several tele-calling & personal one to one contacts on Banking Services.

Key Stakeholders	Method of Engagement	Frequency of Engagement	Topic of discussion	Relationship manage
Employees	Induction Programme, e-mails, town halls, skip-level meetings, leadership meetings, employee engagement initiatives, employee grievance cell, intranet.	On-going and need-based	Bank's policies and procedures, employee welfare issues, performance appraisal and rewards, training and career development, workplace health, safety and security, community development and employee Volunteering	Human resources Team
Government and Regulatory Bodies	Bank's regulatory filings, compliance statements, meetings, letters, emails	As per regulatory requirements and need based	License request and renewal, compliance with regulatory and statutory requirements, participation in Government financial sector plans and programme	Cross-functional team
Suppliers and Business Associates	Meetings, emails, letters,	On-going and need-based	Product/Service/ Technology quality and support, contract commercial and technical terms and conditions.	Respective departments dealing with suppliers and business associates, Commercial and procurements team
Media	Advertising, media interactions / interviews/ responses, meetings, emails	On-going and need based	Marketing and advertising agenda, information disclosure through media.	Marketing team, Corporate communications team

PRINCIPLE 5: Human Rights

Your Bank respects the human rights of all its employees, customers, etc., upholding the dignity of every individual. As mandated by the Fair Practice code, the Bank offers its products and services without any discrimination. It does not employ child labour. Further, the statutory compliance of all contractors on minimum wages is reviewed and monitored.

PRINCIPLE 6: Environment

As a conscientious Bank, we understand our responsibility to operate in an environmentally sustainable way by developing, promoting and utilising eco-friendly and resource-efficient services. Your Bank has incorporated environment-friendly features in our infrastructure. Some of the energy-efficient and environment-friendly technologies are illustrated below:

Energy Saving Initiatives	<ul style="list-style-type: none"> • Five Star rated and energy efficient ACs and Diesel Gensets • Replacement with LED lights in the office, replacement of old chillers
IT Initiatives	<ul style="list-style-type: none"> • Automated server and desktop shutdown to reduce consumption of energy • Video conferencing, video chatting to reduce contributory emissions as a result of air travel

PRINCIPLE 7: Policy Advocacy

The Bank is actively involved in consultation/ discussion forums with the government and other bodies in the banking industry. In taking public policy positions, your Bank has not lobbied through any associations.

PRINCIPLE 8: Inclusive Growth

The CSR policy articulates your Bank's aim to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility agenda.

The Bank has contributed ₹67.09 crore towards various CSR programme of 21 Project Implementing Agencies ('PIAs'), encompassing 87 districts in 12 states. The CSR initiatives covered 6.53 Lakh targeted stakeholders during the year, thereby taking the cumulative outreach to 16.18 Lakh as on March 31, 2020.

- Targeting the Hardcore Poor (THP)** –THP is the flagship programme of Bandhan Konnagar (implementing agency). The programme is designed for the ultra-poor women-headed households. Through this programme, the

beneficiaries are provided with a range of gainful micro-enterprises (in form of farm, non-farm and mixed assets, not cash) along with handholding support and training on confidence building, enterprise skills, consumer interaction, marketing and financial skills. They are also provided with sustenance allowance to meet their daily needs until they start generating substantial income from the assets provided. In 18-24 months, these ultra-poor women start graduating, uplifting themselves from extreme poverty and get linked to the mainstream society.

During the year, the Bank has contributed ₹27.60 crore towards the THP programme, providing access to sustainable livelihood sources to 21,600 ultra-poor women in 20 districts of Assam, Jharkhand, Madhya Pradesh, Odisha, Tripura and West Bengal, thereby taking the total beneficiaries to 45,133 ultra-poor as on March 31, 2020. of which 28,366 have already graduated and moved out of poverty, remaining 16,500 women are in various stages of moving out of poverty.

b) Health, Nutrition, Drinking Water and Sanitation-

During the year, the Bank has contributed ₹17.96 crore towards health programme of five PIAs in the catchments of your Bank's operational area covering 33 districts in nine states of India. The programme covered 7.34 Lakh beneficiaries during the year, taking the total coverage to date to 16.67 Lakh.

c) Education – For ensuring greater access to primary education for the underprivileged children through innovative and child-centric learning model, the Bank has contributed ₹12.25 crore to 8 PIAs covering in 35 districts of 7 states of India. During the year, 55,437 marginalised children were provided primary education support, thereby taking the to date reach to 99,302 children.

d) Support to Person with Disabilities- In line with the commitment to inclusive growth, the Bank has contributed ₹78.43 Lakh to the initiatives of 4 PIAs who are dedicated to providing equal opportunities and conducive environment to the persons with disabilities ('PWD'). During the year, the initiatives have supported 2,058 PwDs in 8 districts of 4 states of India.

e) Skill Development – The Bank's skill development initiative provides market-linked and job-ready employable skills to the youths from marginalised section of the society in various domains. This initiative not only provides on-job training, and job placement facilitation in the organised sector but also a follow-up of the placements so that the youths are settled in their job post-training. During the year, the Bank contributed ₹4.25 crore toward the skill development initiatives of three PIAs in 16 districts of 8 states of India. 4,638 youths were trained, of which nearly 80% were placed with net salary ranging from ₹6,500 to ₹12,000 during the year, thereby taking the total youths trained to date to 7304.

f) Water Conservation- The water conservation initiative aims at water security and drought-proofing to some of the high moisture stressed regions of India, thereby providing a safety net to agriculture and livestock based livelihoods. The initiatives facilitate participatory watershed management by empowering the communities to participate in planning and implementation of local water resource development. During the year, 6 rain water harvesting structures were constructed in Gujarat, creating the water storage of 30,000 Kilo Litre, which supported irrigation to 35 farmers, besides providing drinking water to 1,500 families.

g) Afforestation – The Bank has supported the afforestation initiatives and has contributed towards the establishing "Bio-shield" to save the mangroves in Bharuch district of Gujarat. Mangrove plantation was done in 20 Hectares in a stretch of 1 km of coastline, which sequestered 4,400 tonnes of CO₂.

According to the provisions of Section 135, Schedule VII of the Companies Act 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014 the report of the expenditure on CSR by the Bank for FY 2019-20, is available in the Director's Report as Annexure 1 forming part of the Annual Report for FY 2019-20.

PRINCIPLE 9: Customer Welfare

The foundation of the Bank's success is the trust of its customers. The Bank understands the necessity of enhancing customer value as a key business driver. Amidst strong market competition, the Bank continuously strives to improve its relationship with customers. By implementing a constant feedback mechanism, your Bank aims to improve the customer management system and bring about a positive experience towards the entire customer service journey.

Grievance Redressal Mechanisms

The Bank follows the principle of "First Contact Resolution", i.e. all efforts are made to resolve the grievance to the satisfaction of the complainant at the point of the first contact. Complaints are received by the Bank from its customers at all levels- Branches, Cluster Offices and Head office. A complaint redressal mechanism as given below is put in place by the Bank for resolving customer complaints expeditiously, to bring about transparency and to assist in creating a positive image of the Bank amongst its customers.

Channels for receiving grievances, the turnaround time for resolution and escalation matrix as below:

Level 1 – Branch/Phone Banking Centre: Complaints received at this level will be resolved within 7 working days. In case of dependency on other departments or in case of issues which need retrieval of old records, the resolution time would be 10 working days.

Level 2 – Cluster office: If the customer is not satisfied with the resolution provided, he may escalate the matter

to the Cluster Head or the Bank's Nodal Officers to the Banking Ombudsman of the concerned area. The Cluster Head will look into the matter and resolve the complaint within 10 working days from the receipt of the complaint.

Level 3 – Head Office: If the customer is not satisfied with the resolution provided, he/she may escalate the matter to the Head-Banking Operations & Customer Service at Head Office, who would look into the matter and arrange to resolve the same within 15 days of receipt of the complaint.

It is made known to the customer that in case he/she is not satisfied by the resolution provided by the Bank, then he/she may approach the Banking Ombudsman. 19 Officers of the Bank across the country have been identified as Nodal Officers to the Banking Ombudsmen.

Ensuring Customer Privacy

Personal information and financial transactions are entirely confidential. As an organisation, your Bank takes issues of customer confidentiality breaches very seriously and does not accept employee lacunae on the same. The Bank is constantly making employees aware of Information Security which includes protecting information and information systems from unauthorised access, use, disclosure in addition to developing new technological innovations to ensure the absolute protection of all customers' data.

Fraud and Risk Management (FRM)

Your Bank has deployed an enterprise-wide FRM system which adopts a holistic approach while analysing the risk involved in a transaction, by gathering and using information available from client transaction and behaviour. Through behaviour profiling, enterprise-wide systems can identify and discover behaviour that appears suspicious and unusual.

Independent Auditors' Report

To

The Members of **BANDHAN BANK LIMITED**

Report on the Audit of the Financial Statements Opinion

We have audited the accompanying financial statements of **BANDHAN BANK LIMITED** (the "Bank"), which comprise the Balance Sheet as at March 31, 2020, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949, Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") as applicable to banks and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2020, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are

independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 39 to Schedule 18 to the Financial Statements which fully describes that the Bank has recognised provision on loans to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion/ conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

SL. No.	Key Audit Matters	Auditor's Response
1	<p>Identification of Non Performing Advances and provisioning for Advances:</p> <p>(Refer Schedule 9 read with Note 4.3 to Schedule 17 and Note 39 to Schedule 18 to the financial statements)</p> <p>The Bank has net advances amounting to INR 6,66,29,94,76,735 as at 31 March 2020. Identification of and provisioning for non-performing assets (loans) in accordance with relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of income recognition, asset classification and provisioning pertaining to advances (herein after referred as "Relevant RBI guidelines") is a Key Audit Matter (KAM) due to level of regulatory and other stakeholders focus.</p>	<p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances. In particular:</p> <ul style="list-style-type: none"> We have evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances; We have analysed and understood key IT systems/ applications used and tested the design and implementation as well as operational effectiveness of relevant controls, including system generated reports and manual process and controls in relation to income recognition, asset classification, viz., standard, sub-standard, doubtful and loss with reference to IRAC norms and provisioning pertaining to advances;

SL. No.	Key Audit Matters	Auditor's Response
	<p>Also, during the year, the Bank has also considered additional provisions after evaluating past trends of disruptions and heightened risks observed in micro finance portfolio in certain areas of a North Eastern State and the extent to which COVID-19 pandemic and related RBI guidance's will impact its overall operations and performance.</p> <p>Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements.</p> <p>These additional provisions involves significant management estimates/ judgements and hence identified as Key Audit Matter (KAM).</p>	<ul style="list-style-type: none"> We test checked advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets, and compliance with income recognition, asset classification and provisioning pertaining to advances; and evaluated the past trends of disruptions, management judgement, governance process and review controls over provisions for standard and non-performing assets including analysis of collection trends, relevant minutes of the Board meetings and discussed the provisions made with senior management .
2	<p>Key Information technology (IT) systems used in financial reporting process:</p> <p>As a Scheduled Commercial Bank that operates on core banking solution ("CBS") across its branches and Door Step Service Centres ("DSC"), the reliability and security of IT systems plays a key role in the business operations. The Bank continued to be highly dependent on third party service providers for its core IT infrastructure. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.</p> <p>The IT infrastructure is critical for smooth functioning of the Bank's business operations as well as for timely and accurate financial accounting and reporting.</p> <p>Due to the pervasive nature and complexity of the IT environment we have ascertained Key Information technology ("IT") systems used in financial reporting process as a key audit matter.</p>	<p>We involved our IT specialists to obtain an understanding of the Bank's IT related control environment. Furthermore, we conducted an assessment and identified key IT applications, databases and operating systems that are relevant to our audit and have identified CBS and Treasury System primarily as relevant for financial reporting. For the key IT systems pertaining to CBS and treasury operations used to prepare accounting and financial information, our areas of audit focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular:</p> <ul style="list-style-type: none"> We obtained an understanding of the Bank's IT control environment and key changes during the audit period that may be relevant to the audit; We tested the design, implementation and operating effectiveness of the Bank's General IT controls over the key IT systems that are critical to financial reporting. This included evaluation of Bank's controls to evaluate segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified access of all users being rectified during the period of audit; We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or formed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.

SL. No.	Key Audit Matters	Auditor's Response
3	<p>Accounting for scheme of amalgamation of GRUH Finance Limited with the Bank:</p> <p>(Refer Note 38 to Schedule 18 to the financial statements)</p> <p>On January 7, 2019, the Board of Directors of the Bandhan Bank approved the Scheme of Amalgamation of GRUH Finance Limited with the Bank (the 'Scheme'). The Scheme has received all the necessary regulatory approvals and the certified copies of the orders passed by NCLTs were filed with ROCs on the October 17, 2019 – becoming the Effective Date on which GRUH Finance Limited has ultimately been merged with Bandhan Bank Limited. The Scheme has received the RBI approval on 14 March, 2019.</p> <p>The Bank accounted for the merger under pooling of interest method. We have determined this to be a key audit matter in view of magnitude of the transaction and the significant management judgment involved with respect to alignment of accounting policies between the Bank and Non-Banking Finance Company (NBFC).</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We obtained and read the Scheme, NCLT orders and ROC filings in relation to the amalgamation of Gruh Finance Limited with the Bank. • We evaluated the appropriateness of 'Pooling of interest' method of accounting adopted by the management to account for the merger in compliance with the requirement of the scheme of merger duly approved by NCLTs. • We evaluated management's alignment of accounting policies and estimates by comparing the significant accounting policies and estimates of erstwhile GRUH Finance Limited with the Banks's accounting policies and estimates and performed procedures to verify the accounting for the Scheme done by the Bank.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Bank's Board of Directors is responsible for the preparation of the other information. The other information comprises the Chairman's Statement, the Directors Report including annexures to the Directors report and Corporate Governance Report included in the Annual Report, but does not include the financial statement and our auditors report thereon and the Pillar III Disclosures under New Capital Adequacy Framework (Basel III Disclosures). The other information is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and Basel III Disclosures and accordingly will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the

financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards and other accounting principles generally accepted in India and the circulars, guidelines and the directions issued by the Reserve Bank of India, from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Bank.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work;

and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The audit of the financial statements of the Bank for the year ended 31 March, 2019 was carried out by the previous auditors of the Bank. Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act and Section 30 of the Banking Regulation Act, 1949, based on our Audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and found them to be satisfactory.
 - b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the bank.
 - c) As explained in the paragraph 2 below, the financial accounting system of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches.
 - d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books
 - e) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

- f) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act as applicable to banks.
- g) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the entity being a banking company, section 197 of the Act related to the managerial remuneration is not applicable by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.

- j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements
- ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

2. We report that during the course of our audit we have visited and performed select relevant procedures at 35 Branches, 36 Doorstep Service Centres (DSC) and 13 GRUH Centres. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the Core Banking System, it does not require its branches to submit any financial returns. Accordingly our audit is carried out centrally at Head Office and Central Processing Units based on the records and data required for the purpose of Audit being made available to us.

For Deloitte Haskins & Sells

Chartered Accountants
(ICAI Reg. No 117365W)

G. K. Subramaniam

(Partner)
(Membership No. 109839)
UDIN: 20109839AAAAGG6768

Mumbai, May 12, 2020

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(h) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Bandhan Bank Limited (“the Bank”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Bank’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Bank’s internal financial controls over financial reporting of the Bank based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

In our opinion, to the best of our information and according to the explanations given to us the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on “the criteria for internal financial control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

For Deloitte Haskins & Sells

Chartered Accountants
(ICAI Reg. No 117365W)

G. K. Subramaniam

(Partner)
(Membership No. 109839)
UDIN: 20109839AAAAGG6768

Mumbai, May 12, 2020

Balance Sheet

as at March 31, 2020

Particulars	Schedule	(₹)	
		As at March 31, 2020	As at March 31, 2019
Capital & Liabilities			
Capital	1	16,10,24,78,430	11,93,08,28,550
Reserves & Surplus	2	1,35,85,21,14,840	1,00,08,66,42,291
Deposits	3	5,70,81,50,35,533	4,32,31,62,02,686
Borrowings	4	1,63,79,17,71,476	5,21,35,05,584
Other liabilities and provisions	5	30,61,65,91,086	14,86,99,46,431
Total		9,17,17,79,91,365	5,64,41,71,25,542
Assets			
Cash and balances with Reserve Bank of India	6	63,44,90,73,656	38,79,15,46,935
Balance with Banks and Money at call and short notice	7	20,07,99,71,403	19,23,50,19,670
Investments	8	1,53,51,77,44,034	1,00,37,48,48,103
Advances	9	6,66,29,94,76,735	3,96,43,39,37,392
Fixed Assets	10	3,68,76,74,414	3,31,19,59,281
Other Assets	11	10,14,40,51,123	6,26,98,14,161
Total		9,17,17,79,91,365	5,64,41,71,25,542
Contingent liabilities	12	4,66,57,84,564	1,20,93,55,499
Bills for collection		-	16,99,200
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of Board of Directors

For DELOITTE HASKINS & SELLS

For Bandhan Bank Limited

Chartered Accountants

Firm Registration Number : 117365W

G. K. Subramaniam

Partner

Membership Number : 109839

Anup Kumar Sinha

Chairman &
Independent Director
Kolkata

Chandra Shekhar Ghosh

Managing Director & CEO
Kolkata

C.M. Dixit

ACB Chairman &
Independent Director
Pune

Place : Mumbai

Date : May 12, 2020

Bhaskar Sen

Independent Director
Kolkata

Sunil Samdani

Chief Financial Officer
Kolkata

Indranil Banerjee

Company Secretary
Kolkata

Profit & Loss Account

for the year ended March 31, 2020

Particulars	Schedule	(₹)	
		Year ended March 31, 2020	Year ended March 31, 2019
I. Income			
Interest Earned	13	1,08,85,49,33,363	66,43,36,94,173
Other Income	14	15,49,19,74,430	10,63,04,78,019
Total		1,24,34,69,07,793	77,06,41,72,192
II. Expenditure			
Interest Expended	15	45,61,57,90,314	21,47,95,27,793
Operating Expenses	16	24,26,54,21,724	18,10,27,90,706
Provisions & Contingencies	18.1	24,22,83,20,227	17,96,68,34,767
Total		94,10,95,32,265	57,54,91,53,266
III. Net Profit for the year (I-II)		30,23,73,75,528	19,51,50,18,926
Balance in Profit & Loss Account brought forward from previous year		32,83,63,91,632	20,57,60,23,488
Opening Profit & Loss Account balance adjustment on account of amalgamation (Refer Note 18.38(ii))		(64,55,22,272)	-
IV. Amount available for appropriations		62,42,82,44,888	40,09,10,42,414
V. Appropriation			
Transfer to Statutory Reserves		7,55,93,43,881	4,87,87,54,732
Transfer to Statutory Reserve u/s 36(1)(viii) of Income Tax Act 1961		1,03,12,26,126	-
Transfer to Capital Reserve		11,44,44,593	5,93,67,107
Transfer to Investment Reserve		5,16,32,952	-
Transfer to Investment Fluctuation Reserve		-	87,85,39,364
Dividend Paid (Including Dividend Distribution Tax)		6,08,45,00,937	1,43,79,89,579
Balance carried over to Balance Sheet		47,58,70,96,399	32,83,63,91,632
Total		62,42,82,44,888	40,09,10,42,414
VI. Earnings per Share			
Basic (₹)		18.78	16.03
Diluted (₹)		18.76	16.01
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 & Loss Account.

As per our report of even date

For and on behalf of Board of Directors

For DELOITTE HASKINS & SELLS

For Bandhan Bank Limited

Chartered Accountants

Firm Registration Number : 117365W

G. K. Subramaniam

Partner

Membership Number : 109839

Anup Kumar Sinha

Chairman &

Independent Director

Kolkata

Chandra Shekhar Ghosh

Managing Director & CEO

Kolkata

C.M. Dixit

ACB Chairman &

Independent Director

Pune

Place : Mumbai

Date : May 12, 2020

Bhaskar Sen

Independent Director

Kolkata

Sunil Samdani

Chief Financial Officer

Kolkata

Indranil Banerjee

Company Secretary

Kolkata

Cash Flow Statement

for the year ended March 31, 2020

Particulars	(₹)	
	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from Operating Activities :		
Profit Before Taxation	40,53,41,87,208	30,13,05,39,107
Adjustments for :		
Depreciation and amortisation	80,25,57,701	78,17,25,368
Provision on Standard Assets	7,78,45,99,773	91,25,61,920
Provision for non- performing assets	6,13,69,10,881	6,68,49,25,475
Provision for other contingencies	10,19,95,884	13,13,75,920
Interest Income from fixed deposits	(19,27,63,133)	(10,75,40,458)
Profit on sale of Held-to-maturity (HTM) securities	(20,39,13,822)	(10,39,53,854)
Interest Income on investments in HTM securities	(5,58,51,38,086)	(3,09,36,39,115)
Provision for depreciation in value of investments	(9,19,97,991)	(37,75,48,729)
Loss on sale of fixed assets	(48,64,336)	(4,86,881)
Operating Profit Before Working Capital Changes	49,28,15,74,079	34,95,79,58,753
Movements in working capital :		
(Increase) in Advances	(1,02,30,95,43,867)	(1,05,98,85,02,241)
(Increase)/Decrease in Other Assets	(91,01,588)	9,61,28,240
(Increase)/Decrease in Investment in HFT & AFS securities	3,53,43,35,017	9,47,72,56,514
Increase in Deposit	1,22,93,78,51,536	93,62,61,82,706
Increase/(Decrease) in Other Current Liabilities and Provisions	2,69,99,55,933	5,75,05,27,104
Cash flows generated/ (used in) operations	76,13,50,71,110	37,91,95,51,076
Direct Taxes Paid (net of refunds)	(11,31,36,50,020)	(10,96,55,50,382)
Net Cash flows generated from Operating Activities (A)	64,82,14,21,090	26,95,40,00,694
B. Cash flow from Investing Activities :		
Purchase of Fixed Assets/Capital work-in-progress	(1,03,19,50,195)	(1,71,34,01,062)
Sale of Fixed Assets/Capital work-in-progress	99,62,011	14,86,800
Interest Income from fixed deposits	19,27,63,133	10,75,40,458
Interest Income on investments in HTM securities	5,58,51,38,086	3,09,36,39,115
(Increase)/Decrease in Held to Maturity Investment	(53,86,24,38,482)	(26,56,90,20,934)
Purchase of equity shares	(3,00,00,00,000)	-
Deposits (created)/encashed with banks and financial institutions	(2,02,617)	1,34,78,21,982
Net Cash flows used in Investing Activities (B)	(52,10,67,28,064)	(23,73,19,33,642)
C. Cash flow from Financing Activities :		
Dividend paid (Including Dividend Distribution Tax)	(6,08,45,00,937)	(1,43,79,89,579)
Proceeds from share issue (Including share premium)	8,94,79,594	5,00,23,980
Refund from share issues expenses	-	7,09,46,095
Payment for merger related expenses	(85,50,55,091)	-
Proceeds from/ (Repayment) of short term borrowings	(6,94,99,46,092)	3,36,35,05,584
Proceeds from/ (Repayment) of long term borrowings	15,34,20,39,373	(1,00,00,00,000)
Net Cash flows generated from Financing Activities(C)	1,54,20,16,847	1,04,64,86,080
Net Increase/ (Decrease) In Cash And Cash Equivalents (A+B+C)	14,25,67,09,873	4,26,85,53,132
Cash And Cash Equivalents At The Beginning of the year	58,02,18,30,984	53,75,32,77,852
Add: Cash Acquired on acquisition of assets and liabilities from erstwhile GRUH Finance Limited (GRUH)	11,24,55,65,964	-
Cash And Cash Equivalents At The End of the year	83,52,41,06,821	58,02,18,30,984
Components of Cash and Cash Equivalents :		
Cash and Balances with Reserve Bank of India (Refer Schedule no. 6)	63,44,90,73,656	38,79,15,46,935
Balance with Banks and Money at call and short notice (Refer Schedule no. 7)	20,07,50,33,165	19,23,02,84,049
	83,52,41,06,821	58,02,18,30,984

Cash and Cash Equivalents excludes Fixed Deposits of ₹49,38,238 (Previous Year: ₹47,35,621) with original maturity of more than three months.

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of Board of Directors

For DELOITTE HASKINS & SELLS

Chartered Accountants

Firm Registration Number : 117365W

For Bandhan Bank Limited

G. K. Subramaniam

Partner

Membership Number : 109839

Anup Kumar Sinha

Chairman &
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Kolkata

Chandra Shekhar Ghosh

Managing Director & CEO
Kolkata

C.M. Dixit

ACB Chairman &
Independent Director
Pune

Place : Mumbai

Date : May 12, 2020

Bhaskar Sen

Independent Director
Kolkata

Sunil Samdani

Chief Financial Officer
Kolkata

Indranil Banerjee

Company Secretary
Kolkata

Schedules

forming part of the Balance sheet as at March 31, 2020

Schedule 1 - Capital

	(₹)	
	As at March 31, 2020	As at March 31, 2019
Authorised Capital		
3,200,000,000 (Previous Year: 5,000,000,000) equity shares of ₹10/- each	32,00,00,00,000	50,00,00,00,000
Issued, subscribed and fully paid-up capital		
1,61,02,47,843 (Previous Year: 1,19,30,82,855) Equity Share of ₹10/- each	16,10,24,78,430	11,93,08,28,550
Total	16,10,24,78,430	11,93,08,28,550

Schedule 2 - Reserves & Surplus

	(₹)	
	As at March 31, 2020	As at March 31, 2019
I. Statutory Reserve		
Opening Balance	11,71,20,86,197	6,83,33,31,465
Additions during the Year	7,55,93,43,881	4,87,87,54,732
Deduction during the Year	-	-
Total	19,27,14,30,078	11,71,20,86,197
II. Statutory Reserve U/S 36(1)(VIII) of Income Tax Act 1961		
Opening Balance	-	-
Opening balance adjustment on account of amalgamation (Refer Note 18.38 (i)&(ii))	6,51,18,00,000	-
Additions during the Year	1,03,12,26,126	-
Deduction during the Year (Net of deferred tax)	-	-
Total	7,54,30,26,126	-
III. Capital Reserve		
Opening Balance	6,84,78,396	91,11,289
Opening balance adjustment on account of amalgamation (Refer Note 18.38(ii))	5,27,11,29,334	-
Additions during the Year ¹	11,44,44,593	5,93,67,107
Deduction during the Year	-	-
Total	5,45,40,52,323	6,84,78,396
IV. Share Premium Account		
Opening Balance	54,59,11,46,702	54,47,29,55,737
Additions during the Year	20,80,65,807	11,81,90,965
Deduction during the Year (Net of deferred tax)	(72,46,99,736)	-
Total	54,07,45,12,773	54,59,11,46,702
V. Investment Fluctuation Reserve		
Opening Balance	87,85,39,364	-
Additions during the Year	-	87,85,39,364
Deduction during the Year	-	-
Total	87,85,39,364	87,85,39,364
VI. Investment Reserve		
Opening Balance	-	-
Additions during the Year ²	5,16,32,952	-
Deduction during the Year	-	-
Total	5,16,32,952	-

Schedules

forming part of the Balance sheet as at March 31, 2020

	(₹)	
	As at March 31, 2020	As at March 31, 2019
VII. Additional Reserve³		
Opening Balance	-	-
Opening balance adjustment on account of amalgamation (Refer Note 18.38(i))	27,73,89,000	-
Additions during the Year	-	-
Deduction during the Year	-	-
Total	27,73,89,000	-
VIII. General Reserve		
Opening Balance	-	-
Opening balance adjustment on account of amalgamation (Refer Note 18.38(ii))	76,16,83,680	-
Additions during the Year	-	-
Deduction during the Year (Net of deferred tax)	(4,72,47,855)	-
Total	71,44,35,825	-
IX. Balance in Profit and Loss Account	47,58,70,96,399	32,83,63,91,632
GRAND TOTAL (I+II+III+IV+V+VI+VII+VIII+IX)	1,35,85,21,14,840	1,00,08,66,42,291

- Appropriations made for profit on sale of investments in held to maturity category, net of taxes and net of transfer to Statutory reserve.
- Appropriations made for reversal of excess provision for depreciation in "Available for Sale" & "Held for Trading" categories, net of taxes and net of transfer to Statutory reserve.
- Additional Reserve represents reserve created in terms of section 29C of the National Housing Bank Act, 1987 out of the distributable profits by erstwhile Gruh Finance Limited, which have been carried forward in accordance with the terms of the Merger scheme.

Schedule 3 - Deposits

	(₹)	
	As at March 31, 2020	As at March 31, 2019
A. I. Demand Deposits		
i) From Banks	70,61,54,350	80,71,81,030
ii) From Others	32,30,85,43,055	35,28,97,00,654
II. Savings Bank Deposits	1,77,26,98,95,913	1,40,08,04,06,571
III. Term Deposits		
i) From Banks	62,93,23,45,134	35,76,36,80,624
ii) From Others	2,97,59,80,97,081	2,20,37,52,33,807
Total	5,70,81,50,35,533	4,32,31,62,02,686
B. I. Deposits of branches in India	5,70,81,50,35,533	4,32,31,62,02,686
II. Deposits of branches outside India	-	-
Total	5,70,81,50,35,533	4,32,31,62,02,686

Schedule 4 - Borrowings

	(₹)	
	As at March 31, 2020	As at March 31, 2019
I. Borrowings in India		
i) Reserve Bank of India	22,38,00,00,000	-
ii) Other banks	12,12,50,00,000	-
iii) Other Institutions & agencies*	1,29,28,67,71,476	5,21,35,05,584
II. Borrowings outside India	-	-
Total	1,63,79,17,71,476	5,21,35,05,584
Secured borrowings included in (I & II) above	29,22,19,59,902	3,61,35,05,584

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

Schedules

forming part of the Balance sheet as at March 31, 2020

Schedule 5 - Other liabilities and provisions

	(₹)	
	As at March 31, 2020	As at March 31, 2019
I. Bills Payable	52,53,89,694	97,36,68,683
II. Inter-office Adjustments(Net)	-	-
III. Interest accrued	2,75,43,57,227	31,13,66,377
IV. Contingent Provision against Standard Assets	12,00,00,49,397	3,53,80,28,710
V. Provision for Income Tax (Net of Advance tax and Tax deducted at source)	91,15,58,178	57,62,09,039
VI. Others*	14,42,52,36,590	9,47,06,73,622
Total	30,61,65,91,086	14,86,99,46,431

*Includes ₹6,748,300,644 (Previous year ₹4,570,477,490) payable for inter Bank Participation Certificate (IBPC) transactions (refer note no. 18.31)

Schedule 6 - Cash and balances with Reserve Bank of India

	(₹)	
	As at March 31, 2020	As at March 31, 2019
I. Cash In hand	5,51,53,77,245	3,74,98,25,486
Balance with Reserve Bank of India		
i) In Current Account	17,43,36,96,411	15,29,17,21,449
ii) In Other Accounts	40,50,00,00,000	19,75,00,00,000
Total	63,44,90,73,656	38,79,15,46,935

Schedule 7 - Balances with Banks and Money at call and short notice

	(₹)	
	As at March 31, 2020	As at March 31, 2019
I. In India		
i) Balance with Banks		
a) In Current Account	5,66,05,80,658	6,22,76,71,903
b) In Other Deposit Accounts	6,75,49,38,238	47,35,621
ii) Money at call & short notice		
a) With banks	5,00,00,00,000	6,27,66,20,000
b) With other institutions	2,56,70,05,639	6,69,43,23,540
Total	19,98,25,24,535	19,20,33,51,064
II. Outside India		
a) In Current Account	9,74,46,868	3,16,68,606
b) In Other Deposit Accounts	-	-
c) Money at call & short notice	-	-
Total	9,74,46,868	3,16,68,606
GRAND TOTAL (I+II)	20,07,99,71,403	19,23,50,19,670

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forming part of the Balance sheet as at March 31, 2020

Schedule 8 - Investments

	(₹)	
	As at March 31, 2020	As at March 31, 2019
I. Investment in India in		
i) Government Securities	1,46,50,92,81,598	92,09,40,05,794
ii) Other Approved Securities	-	-
iii) Shares	3,29,60,26,336	1,21,72,800
iv) Debentures & Bonds	1,24,11,26,750	-
v) Subsidiaries and /or joint ventures	-	-
vi) Others (Mutual Fund units, Certificate of Deposits and Pass Through certificates)	2,47,13,09,350	8,36,06,67,500
Total	1,53,51,77,44,034	1,00,46,68,46,094
Less- Provision for Depreciation on Investment	-	9,19,97,991
Total	1,53,51,77,44,034	1,00,37,48,48,103
II. Investments outside India	-	-
Total	-	-
GRAND TOTAL (I+II)	1,53,51,77,44,034	1,00,37,48,48,103

Schedule 9 - Advances

	(₹)	
	As at March 31, 2020	As at March 31, 2019
A. i) Bills Purchased & Discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	12,74,79,81,741	9,75,84,15,795
iii) Term loans*	6,53,55,14,94,994	3,86,67,55,21,597
Total	6,66,29,94,76,735	3,96,43,39,37,392
*Net of loans outstanding under Inter bank participation certificate ₹46,126,999,883 (Previous Year: ₹45,414,522,510).		
B. i) Secured by tangible assets (Including Advances against fixed deposits and book debts)	2,30,58,06,19,856	42,71,38,86,806
ii) Covered by Bank/Government Guarantees	-	-
iii) Unsecured	4,35,71,88,56,879	3,53,72,00,50,586
Total	6,66,29,94,76,735	3,96,43,39,37,392
C. I) Advances in India		
i) Priority Sector	6,04,82,39,62,685	3,76,94,38,16,238
ii) Public Sector	-	-
iii) Banks	-	-
iv) Others	61,47,55,14,050	19,49,01,21,154
Total	6,66,29,94,76,735	3,96,43,39,37,392
II) Advances Outside India	-	-
Total	-	-
GRAND TOTAL (I+II)	6,66,29,94,76,735	3,96,43,39,37,392

*Priority sector includes ₹56,805.75 crore (previous year : ₹28,895 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the year ended March 31, 2020, the Bank has bought PSLC amounting ₹1,850 crore (previous year : ₹895 crore), which is not included in above.

Schedules

forming part of the Balance sheet as at March 31, 2020

Schedule 10 - Fixed Assets

	(₹)	
	As at March 31, 2020	As at March 31, 2019
I) Premises		
Gross Block		
At cost as at March 31 of the preceding year	1,53,14,67,496	1,41,52,36,544
Opening balance adjustment on account of amalgamation (Refer Note 18.38)	5,82,52,526	-
Addition during the Year	1,29,65,23,533	11,62,30,952
Deduction during the Year	-	-
Total	2,88,62,43,555	1,53,14,67,496
Depreciation		
As at the beginning of the Year	72,17,83,240	52,03,33,277
Opening balance adjustment on account of amalgamation (Refer Note 18.38)	1,72,69,500	-
Charge for the year	20,15,03,683	20,14,49,963
Deduction during the Year	-	-
Depreciation to date	94,05,56,423	72,17,83,240
Net Block	1,94,56,87,132	80,96,84,256
II) Other Fixed Assets (Including Furniture & Fixture)		
Gross Block		
At cost as at March 31 of the preceding year	3,35,61,18,089	2,85,04,44,069
Opening balance adjustment on account of amalgamation (Refer Note 18.38)	35,47,21,994	-
Addition during the Year	61,01,23,865	50,74,71,858
Deduction during the Year	(11,68,76,630)	17,97,838
Total	4,20,40,87,318	3,35,61,18,089
Depreciation		
As at the beginning of the Year	1,94,35,41,315	1,36,40,63,829
Opening balance adjustment on account of amalgamation (Refer Note 18.38)	24,42,84,980	-
Charge for the year	60,10,54,018	58,02,75,404
Deduction during the Year	(11,17,79,230)	7,97,918
Depreciation to date	2,67,71,01,083	1,94,35,41,315
Net Block	1,52,69,86,235	1,41,25,76,774
III) Capital Work-in-progress (including capital advances)	21,50,01,047	1,08,96,98,251
GRAND TOTAL (I+II+III)	3,68,76,74,414	3,31,19,59,281

Schedule 11 - Other Assets

	(₹)	
	As at March 31, 2020	As at March 31, 2019
i) Inter Office adjustment (Net)	-	-
II) Interest Accrued	4,65,92,83,886	2,56,07,16,378
III) Stationery and stamps	-	-
IV) Non banking assets acquired in satisfaction of claims	69,46,32,996	-
V) Advance Income Tax (Net of Provision)	-	-
VI) Others*	4,79,01,34,241	3,70,90,97,783
Total	10,14,40,51,123	6,26,98,14,161

* Includes Deferred Tax Assets of ₹2,100,926,677 (Previous Year: ₹2,271,450,000) (Refer note no. 18.14)

Schedules

forming part of the Balance sheet as at March 31, 2020

Schedule 12 - Contingent liabilities

	(₹)	
	As at March 31, 2020	As at March 31, 2019
I) Claims against the Bank not acknowledged as debts	1,97,01,13,256	5,17,88,688
II) Liability for partly paid investments	-	-
III) Liability on account of outstanding forward exchange contracts	40,30,13,750	6,91,55,000
IV) Guarantees given on behalf of constituents		
(a) In India	1,13,39,13,893	62,71,75,964
(b) Outside India	-	-
V) Acceptances, endorsements and other obligations	56,86,54,042	-
VI) Other items-Capital Commitments	59,00,89,623	46,12,35,847
Total	4,66,57,84,564	1,20,93,55,499

Schedule 13 - Interest Earned

	(₹)	
	Year ended March 31, 2020	Year ended March 31, 2019
I) Interest/discount on advances/bills	94,86,24,40,422	57,27,23,48,588
II) Income on investments	8,32,80,62,974	6,14,53,21,308
III) Interest on balances with Reserve Bank of India and other inter-bank funds	1,63,25,54,361	73,31,98,293
IV) Others (Includes gain on IBPC)	4,03,18,75,606	2,28,28,25,984
Total	1,08,85,49,33,363	66,43,36,94,173

Schedule 14 - Other Income

	(₹)	
	Year ended March 31, 2020	Year ended March 31, 2019
I) Commission, exchange and brokerage	7,99,54,89,591	5,98,98,43,269
II) Profit/(Loss) on sale of investments (Net)	1,13,35,69,820	37,78,27,957
III) Profit/(Loss) on sale of fixed assets (Net)	48,64,336	4,86,881
IV) Profit on exchange/derivative transactions (Net)	69,04,305	5,74,277
V) Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VI) Miscellaneous income (Refer Note no. 18.34)	6,35,11,46,378	4,26,17,45,635
Total	15,49,19,74,430	10,63,04,78,019

Schedules

forming part of the Balance sheet as at March 31, 2020

Schedule 15 - Interest Expended

	(₹)	
	Year ended March 31, 2020	Year ended March 31, 2019
I) Interest on deposits	32,85,79,12,905	20,96,35,08,921
II) Interest on Reserve Bank of India/Inter-bank borrowings	5,63,42,13,584	5,46,67,290
III) Others	7,12,36,63,825	46,13,51,582
Total	45,61,57,90,314	21,47,95,27,793

Schedule 16 - Operating Expenses

	(₹)	
	Year ended March 31, 2020	Year ended March 31, 2019
I) Payments to and provisions for employees	13,67,04,07,832	10,08,69,37,878
II) Rent, taxes and lighting	1,93,22,24,306	1,63,01,67,676
III) Printing and stationery	25,29,16,331	23,85,77,917
IV) Advertisement and publicity	66,30,69,025	28,25,43,661
V) Depreciation on bank's property	80,25,57,701	78,17,25,368
VI) Directors' fees, allowance and expenses	2,47,24,770	2,10,68,551
VII) Auditors' fees and expenses (Refer Note 18.37)	2,20,02,828	96,53,974
VIII) Law charges	14,47,14,581	2,72,55,976
IX) Postage, telegrams, telephones etc.	30,65,48,600	28,07,13,762
X) Repairs and maintenance	9,72,08,414	2,55,09,948
XI) Insurance	78,50,78,455	53,73,00,955
XII) Other expenditure (Refer Note No. 18.35)	5,56,39,68,881	4,18,13,35,040
Total	24,26,54,21,724	18,10,27,90,706

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forming part of the Balance sheet as at March 31, 2020

Schedule 17

1. Background

Bandhan Bank Limited (the 'Bank'), incorporated on December 23, 2014 in India, is a banking company, governed by the Banking Regulation Act, 1949. Pursuant to the Banking license received from Reserve Bank of India on June 17, 2015, the Bank has commenced its banking operations from August 23, 2015.

2. Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India ('Indian GAAP'), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 and the relevant provisions of the Companies Act 2013, read together with the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as amended from time to time to the extent applicable and practices generally prevalent in the banking industry in India.

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 the 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 fees from deposit accounts are accounted for as and when they are due and realised.

Income from sale of Priority Sector Lending certificate is recognised over the period of PSLC.

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

4.2. Investments

A) Classification

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

Basis of classification:

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

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

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

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

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

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

B) Valuation

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged

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forming part of the Balance sheet as at March 31, 2020

to Profit and Loss Account. Cost of investments is computed on weighted average cost method.

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

'Held to Maturity' securities shall be carried at their acquisition cost or at amortised cost if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortised over the remaining period to maturity on a constant yield basis and straight line basis respectively. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are required to be made.

Quoted investments are valued at traded/quoted price available from recognised stock exchanges, subsidiary general ledgers account transactions, price list of RBI, or prices declared by Primary Dealers Association of India ('PDAI') jointly with Financial Benchmarks India Pvt. Limited ('FBIL'). The market/fair value of unquoted government securities which are in the nature of statutory liquidity ratio(SLR) securities included in the 'Available for Sale' and 'Held for trading' categories is valued as per the rate published by the FBIL.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at Re.1 as per the RBI guidelines.

The units of Mutual Funds are valued at the latest repurchase price/ net asset value declared by the Mutual Fund.

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

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 recognised 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 other than micro lending portfolio are made for sub-standard and doubtful assets at rates as prescribed by the RBI.

The Bank has a policy of deferment of installments for micro loan borrowers in case the group meetings have been suspended and the same has not been considered as overdue for the purpose of NPA classification.

Amounts recovered against debts written off in earlier years are recognised in the Profit and Loss Account as credit to Miscellaneous Income under the head 'Other Income'.

The Bank maintains general provision on standard advances as prescribed by the RBI. In case of micro lending portfolio, a general provision on standard advances is maintained at 1%, comprising 0.25% as per the minimum provisioning requirement and 0.75% as additional provision as per the RBI guidelines. Provision made against standard assets is included in "Other liabilities & provisions".

For micro loans, provision for NPAs have been provided at rates which are higher than the minimum rates prescribed by RBI. In case of sub standard assets the rate is 25% and for doubtful and loss assets the rate is 100%.

In case of non-performing micro lending portfolio, where 30 days have elapsed from the completion of loan tenure, the Bank is making 100% provision.

Non-performing loans, which have been fully provided for, are written off when the prospect of recovery is considered remote as per the management estimates.

4.4 Inter Bank Participation Certificate

The Bank enters into Inter Bank Participation with risk sharing as issuing Bank and the aggregate amount of participation are reduced from the aggregate advance outstanding.

Gain on IBPC is the excess of income earned on the participation pool and interest paid to the issuing Bank and is recognised on accrual basis.

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forming part of the Balance sheet as at March 31, 2020

4.5 Tangible Assets

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

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

4.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

4.7 Depreciation

Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The useful lives of the groups of fixed assets are in accordance with those prescribed in Schedule II of the Companies Act, 2013 and are as given below:

Asset	Useful life (in years)
Improvements to leasehold premises	3
Furniture & Fixtures	10
Office equipments (including air conditioners)	5
Motor vehicles	8
Computers	3
Software	3

4.8 Impairment

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

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

4.9 Foreign Currency transactions

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

Monetary assets and liabilities in foreign currency are translated at the Balance Sheet date at the closing rates

of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the Profit and Loss Account.

Non-monetary items which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. Non-monetary items, which are measured at fair value or others similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction.

Foreign exchange spot and forward contracts outstanding as at the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities.

Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

4.10 Employee Stock Option Scheme (ESOS)

In case of Employee stock option plan, measurement and disclosure of the employee share based payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the 'Stock options outstanding account' in reserve. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the Profit and Loss Account for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

4.11 Retirement and employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Bank has no obligation, other than the contribution payable to the provident fund. The Bank recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the

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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. Gratuity is funded with the Gratuity Trust duly registered under the provisions of Income tax Act, 1961.

The Bank provides for compensated absences based on actuarial valuation conducted by an independent actuary.

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

4.12 Income Taxes

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

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

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

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

4.13 Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

4.14 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised 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 recognised 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 recognised because it cannot be measured reliably. The Bank does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent Assets are not recognised in the financial statements.

4.15 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.

4.16 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.

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forming part of the Balance sheet as at March 31, 2020

Schedule 18 -Notes to accounts forming part of the financial statements for the year ended March 31, 2020

The following disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regard.

18.1 “Provisions & Contingencies” recognised in the Profit & Loss Account comprise:

	(₹ in crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Provision for Income Tax		
- Current Tax	1,192.74	1,130.00
- Deferred tax	(163.06)	(68.45)
Total Tax Expenses	1,029.68	1,061.55
Provision for Standard assets	778.46	91.26
Provision for non-performing assets [Includes bad debts written off ₹655.02 crore (Previous Year: ₹277.49 crore)]	613.69	668.49
(Reversal)/Provision for depreciation in value of investments	(9.20)	(37.76)
Provision for restructured assets	-	-
Provision for unhedged foreign currency exposure	-	-
Provision for country risk	-	-
Provision for other contingencies	10.20	13.14
Total	2,422.83	1,796.68

18.2 Capital

During the year ended March 31, 2020, the Bank has allotted 41,71,64,988 Equity Shares (previous year- 2,77,911) of ₹10/- each. Out of which 41,69,48,659 Equity shares were issued in respect of purchase consideration to “GRUH FINANCE LTD” & 2,16,329 Equity shares towards stock option exercised for ₹416.95 crore and ₹3.89 crore respectively. Accordingly, share capital increased by ₹417.17 crore and share premium increased by ₹3.67 crore against stock option exercised.

Details of movement in the paid-up equity share capital of the Bank are given below:

	(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019
At the beginning of the year	1193.08	1192.80
Addition pursuant to share issued during the year	417.17	0.28
Outstanding at the end of the year	1610.25	1193.08

18.3 Proposed dividend

On April 17, 2020, the Reserve Bank of India advised banks not to make any further dividend pay-outs from the profits pertaining to the financial year ended March 31, 2020 until further instructions. Accordingly the Board of Directors of the Bank in their meeting held on May 12, 2020 has not declared any dividend out of profits for the financial year ended March 31, 2020. However, the Bank has reckoned average dividend of past periods in determining capital funds in computing capital adequacy ratio as at March 31, 2020.

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

(₹ in crore)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Capital adequacy (%)		
Common Equity Tier 1 (%)	25.19	27.88
Tier 1 capital ratio (%)	25.19	27.88
Tier 2 capital ratio (%)	2.24	1.32
CRAR (%)	27.43	29.20
Amount of equity capital raised/issued (including share premium)	420.84	5.00
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	-	-
Preferential capital instrument	-	-
Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares	-	-

The Bank has not redeemed any subordinated debt during the year ended March 31,2020 and year ended March 31,2019.

18.5 Investments

A) The Details of investments are set out below:

(₹ in crore)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
(1) Value of Investment		
(i) Gross value of Investments		
a) In India	15,351.77	10,046.68
b) Outside India	-	-
(ii) Provision for Depreciation		
a) In India	-	9.20
b) Outside India	-	-
(iii) Net value of Investments		
a) In India	15,351.77	10,037.48
b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments:		
(i) Opening balance	9.20	46.95
(ii) Add: Provisions made during the year	8.66	102.48
(iii) Less: Write-offs/write-back of excess provisions during the year	(17.86)	(140.23)
(iv) Closing balance	-	9.20

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B) Repo Transactions

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as at March 31, 2020
Securities sold under Repo*				
i. Government securities	-	3,190.68	354.09	2,922.20
	-	(1,597.19)	(335.88)	(361.35)
ii. Corporate debt securities	-	-	-	-
	-	-	-	-
iii. Any Other Securities	-	-	-	-
	-	-	-	-
Securities purchased under reverse repo*				
i. Government securities	-	8,847.79	3,232.28	4,196.70
	-	(2,876.99)	(937.40)	(2,594.43)
ii. Corporate debt securities	-	-	-	-
	-	-	-	-
iii. Any Other Securities	-	-	-	-
	-	-	-	-

Previous year figures are shown in "()".

*Amount reported are based on lending\borrowing amount under LAF

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	33.39	-	-	-	-
	-	-	-	-	-
(ii) Financial Institutions	123.96	-	-	-	-
	(199.78)	(199.78)	-	-	-
(iii) Banks	522.94	399.88	-	-	-
	(636.28)	(636.28)	-	-	-
(iv) Private Corporates	0.20	0.20	-	-	0.20
	(0.20)	(0.20)	-	-	(0.20)
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
	-	-	-	-	-
(vi) Others	23.02	2.00	-	2.00	2.00
	(1.02)	-	-	-	-
(vii) Provision held towards depreciation	-	-	-	-	-
	-	-	-	-	-
Total	703.51	402.08	-	2.00	2.20
	(837.28)	(836.26)	-	-	(0.20)

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

Discounted instruments are reported at carrying cost

Previous year figures are shown in "()".

ii) Non performing Non-SLR investments

The Bank does not have any Non performing Non-SLR investment as on March 31, 2020 and March 31, 2019.

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

During the year ended March 31,2020 and the previous year ended March 31,2019 the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

E) Investment in Yes Bank Limited

During the current year, the Bank has made an equity investment of ₹300 Crores for acquiring 30 Crores equity shares of Yes Bank Limited under the proposed Scheme of Reconstruction of Yes Bank Limited under the Banking Regulation Act, 1949. As per the Scheme of Reconstruction, 75% of total investment of the Bank would be locked in for 3 years.

18.6 Derivatives

The Bank has not entered into any derivative transaction during the year ended March 31,2020 and March 31,2019. Currently Bank is not entering into derivative transactions like Forward Rate Agreements, Exchange Traded Derivatives, Options and Swaps. However, at later stage, Bank may place a separate policy on dealing in derivatives before the Board based on extant regulatory guidelines and internal capabilities, on approval of which derivative transactions may be undertaken.

18.7 Asset Quality

A) Non Performing Assets

(₹ in crore)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
i) Net NPAs to Net Advances (%)	0.58%	0.58%
ii) Movement of NPAs (Gross)		
a) Opening balance	819.56	373.14
b) Opening balance adjustment on account of amalgamation	114.44	-
c) Additions during the year	926.01	763.86
d) Reductions during the year [Includes bad debts written off ₹655.02 crore (Previous Year: ₹277.49 crore)]	(867.23)	(317.44)
e) Closing balance	992.78	819.56
iii) Movement of Net NPAs		
a) Opening balance	228.32	172.90
b) Opening balance adjustment on account of amalgamation	60.98	-
c) Additions during the year	243.09	82.42
d) Reductions during the year	(142.99)	(27.00)
e) Closing balance	389.40	228.32
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	591.24	200.24
b) Opening balance adjustment on account of amalgamation	53.47	-
c) Provisions made during the year	682.91	681.44
d) Provision utilised for Write-off / write-back of excess provisions	(724.24)	(290.44)
e) Closing balance	603.38	591.24

B) Particulars of accounts restructured

The Bank does not have any restructured account as at and for the year ended March 31,2020 and March 31,2019.

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 ended March 31,2020 and March 31,2019.

D) Details of Non Performing Financial Assets Purchased / Sold

The Bank did not purchase/sell any Non Performing Financial Assets during the year ended March 31,2020 and March 31, 2019.

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E) Provisions on Standard Assets

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Provisions towards Standard Assets	1,200.00	353.80

F) Disclosure on Advances

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Gross Advances (Including IBPC/Assignment)	71,846.03	44,776.08
Less: Managed Advance (IBPC/Assignment)	4,612.70	4,541.45
Gross Advances (Excluding IBPC/Assignment)	67,233.33	40,234.63
Less: Provision on NPA	603.38	591.24
Net Advances (Refer Schedule 9)	66,629.95	39,643.39

18.8 The key business ratios and other information is set out below :

Particulars	(₹ in crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income as a percentage to working funds ¹	15.05%	14.46%
Non-interest income as a percentage to working funds ¹	2.14%	2.31%
Operating profit as a percentage to working funds ^{1,2}	7.53%	8.16%
Return on assets ¹	4.18%	4.25%
Profit per employee (₹ in crore) ³	0.08	0.06
Business (deposits less inter-bank deposits plus advances) per employee (₹ in crore) ³	3.22	2.58

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 ended March 31, 2020 and March 31, 2019.

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.

18.9 Exposures

A) Exposure to Real Estate Sector

Category	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
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.	18,114.11	1,072.87
(ii) Commercial Real Estate	1,387.68	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	-	-
1. Residential	-	-
2. Commercial Real Estate	-	-
b) Indirect exposure	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	94.67	-
Total Exposure to Real Estate Sector	19,596.46	1,072.87

* Includes purchase of retail mortgage loans through IBPC route.

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B) Exposure to Capital Market

(₹ in crore)

Category	As at March 31, 2020	As at March 31, 2019
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	329.60	1.22
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	25.00	-
Loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
Bridge loans to companies against expected equity flows/issues	-	-
Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	-	-
Financing to stock brokers for margin trading	-	-
All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	354.60	1.22

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

During the year ended March 31, 2020 and March 31, 2019, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

D) Unsecured Advances against Intangible Collaterals

During the year ended March 31, 2020 and March 31, 2019, there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as collateral by the Bank.

E) Risk Category wise Country Exposure

The Bank does not have any Risk Category wise country exposure for the year ended March 31, 2020 and March 31, 2019.

18.10 Miscellaneous

Disclosure of penalties imposed by RBI

Penalty amounting to ₹1.00 crore has been levied on the Bank by RBI during the year ended March 31, 2020 and NIL as on March 31, 2019. The Bank was unable to bring down the shareholding of NOFHC in the bank at 40% of the total paid-up voting equity capital within 3 years from the date of commencement of business. Further RBI cautioned the Bank regarding appointment of 'Agents' by Specified Users to access database of Credit Information Company (CIC) in contravention of Section 17 (4), Section 20 and Section 22 of the Credit Information Companies (Regulation) Act, 2005 (CICRA). It was advised in the letter to stop the practice with immediate effect, failing which appropriate action may be taken under the provisions of the CICRA, 2005, CIC Rules, 2006 and CIC Regulations, 2006. The Bank has confirmed the regulator of suspending the services of TUSSPL vide letter dated September 30, 2019.

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18.11 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 summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the Gratuity plan.

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
i) Table Showing changes in present value of Defined Benefit obligation:		
Present value of defined benefit obligations as at beginning of the year	65.07	42.86
Interest cost	4.87	3.29
Current service cost	14.15	13.15
Acquisitions cost	7.08	0.00
Benefit Paid	2.04	0.26
Actuarial loss/(gain) on obligations	18.83	6.03
Present value of defined benefit obligations as at end of the year	107.96	65.07
ii) Table showing fair value of plan assets:		
Fair value of plan assets as at beginning of the year	18.65	17.65
Acquisitions cost	6.94	0.00
Expected return on plan assets	2.81	1.39
Contributions paid	35.05	0.00
Benefits Paid	2.04	0.26
Actuarial gain/(loss) on plan assets	(1.51)	(0.13)
Fair value of plan assets at end of the year	59.90	18.65
iii) Actuarial Gain/(Loss) recognised:		
Actuarial (gain)/loss on obligations	18.83	6.03
Actuarial (loss)/gain for the year-Plan assets.	(1.51)	(0.13)
Net Actuarial gain/(loss) recognised in the year	(20.34)	(6.16)
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	107.96	65.07
Fair value of plan assets at the end of the year	59.90	18.65
Net liability recognised in balance sheet	48.06	46.42
v) The Principal assumptions used in the actuarial valuation are shown below :		
Discount Rate	6.75%	7.60%
Salary Escalation	8.00%	8.00%
Withdrawal Rate	8.00%	8.00%
Expected rate of return on assets	7.00%	8.00%

vi) Expenses Recognised in Profit and Loss Account:

Particulars	(₹ in crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Current Service Cost	14.15	13.15
Interest Cost	4.87	3.29
Expected return	(2.81)	(1.39)
Net Actuarial loss/(Gain) recognised in the year	20.34	6.16
Expenses recognised in profit and loss account	36.55	21.21
Actual return on plan assets	1.30	1.26

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vii) Amounts for the current and previous year are as follows:

(₹ in crore)

	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
a) Defined Benefit Obligations	107.96	65.07	42.86	32.99	21.52
b) Plan Assets	59.90	18.65	17.65	16.34	15.89
c) Deficit	(48.06)	(46.42)	(25.21)	(16.65)	(5.63)
d) Experience adjustments on plan liabilities [(Gain)/Loss]	10.17	5.38	-	-	-
e) Experience adjustments on plan assets [Gain/(Loss)]	(1.51)	(0.13)	-	-	-

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

Particulars	As at March 31, 2020	As at March 31, 2019
Insurance Managed Fund	100%	100%

ix) The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority and other relevant factors, such as supply and demand in the employment market.

x) The Bank expects to contribute ₹30 crores to gratuity fund in 2020-21 (Previous year ended March 31, 2019 : ₹10 crores)

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

B) Provident Fund

Amount incurred as expense for defined contribution to Provident Fund is ₹71.28 Crore (Previous year ended March 31, 2019 : ₹41.21 Crores).

18.12 Segment Reporting

A) Segment Identification

Pursuant to the guidelines issued by RBI on AS 17- Segment Reporting- Enhancement of Disclosures dated April 18, 2007, the following business segments have been reported:

i) Treasury :

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

ii) Retail banking :

Includes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and low value of individual exposure thereof. It also includes liability products,

card services, internet banking, mobile banking, ATM services and NRI services. All deposits sourced by branches are classified in retail category.

iii) Corporate/Wholesale Banking:

Includes corporate relationships not included under Retail Banking.

iv) Other Banking Business :

Include para banking activities like third party product distribution and other banking transaction not covered under any of the above three segments.

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

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

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

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

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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.

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B) Segment Information

i) Primary (Business Segment)

(₹ in crore)

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Other banking business	Total
Segment Revenue					
Gross interest income (external customers)	1,070.93	9,352.89	461.67	-	10,885.49
	(715.39)	(5,736.18)	(191.80)	-	(6,643.37)
Other income	113.94	1,359.24	-	76.02	1,549.20
	(38.14)	(989.93)	(2.29)	(32.69)	(1,063.05)
Total income as per Profit and Loss Account	1,184.87	10,712.13	461.67	76.02	12,434.69
	(753.53)	(6,726.11)	(194.09)	(32.69)	(7,706.42)
Add: Inter segment interest income	829.95	-	-	-	829.95
	(39.56)	(70.51)	-	-	(110.07)
Total segment revenue	2,014.82	10,712.13	461.67	76.02	13,264.64
	(793.09)	(6,796.62)	(194.09)	(32.69)	(7,816.49)
Less: Interest expenses	1,172.54	3,328.24	60.80	-	4,561.58
	(99.26)	(2,002.05)	(46.64)	-	(2,147.95)
Less: Inter segment interest expenses	-	589.96	238.99	1.00	829.95
	-	-	(110.07)	-	(110.07)
Less: Operating expenses	239.64	2,146.69	37.73	2.48	2,426.54
	(151.50)	(1,635.56)	(16.15)	(7.07)	(1,810.28)
Operating Profit	602.64	4,647.24	124.15	72.54	5,446.57
	(542.33)	(3,159.01)	(21.23)	(25.62)	(3,748.19)
Less: Provisions for non performing assets/others	-9.20	1,370.67	31.68	-	1,393.15
	(-37.75)	(378.68)	(394.20)	-	(735.13)
Segment results	611.84	3,276.57	92.47	72.54	4,053.42
	(580.08)	(2,780.33)	(-372.97)	(25.62)	(3,013.05)
Less: provisions for tax					1,029.68
					(1,061.55)
Net profit					3,023.74
					(1,951.50)
Other information					
Segment assets	23,435.31	63,371.79	4,672.75	10.75	91,490.60
	(14,789.88)	(38,841.84)	(2,579.36)	(3.50)	(56,214.58)
Unallocated assets					227.20
					(227.14)
Total assets	23,435.31	63,371.79	4,672.75	10.75	91,717.80
	(14,789.88)	(38,841.84)	(2,579.36)	(3.50)	(56,441.72)
Segment liabilities*	34,515.31	56,180.61	875.25	-	91,571.17
	(14,235.63)	(41,453.28)	(695.19)	-	(56,384.10)
Unallocated liabilities					146.63
					(57.62)
Total liabilities	34,515.31	56,180.61	875.25	-	91,717.80
	(14,235.63)	(41,453.28)	(695.19)	-	(56,441.72)
Capital Expenditure	-	103.20	-	-	103.20
	-	(171.34)	-	-	(171.34)
Depreciation	-	80.26	-	-	80.26
	-	(78.17)	-	-	(78.17)

Notes:

The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.

*Treasury segment liabilities includes share capital and reserve & surplus

Previous year figures are shown in "()".

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18.13 Related Party disclosure

A) Names of related parties and nature of relationship

Entities	Nature of relationship
Bandhan Financial Services Limited	Ultimate Parent Company
Bandhan Financial Holdings Limited	Parent Company
Nakshi Creations Pvt. Ltd.	Entity in which key management personnel are interested
Key Management Personnel	
Mr. Chandra Shekhar Ghosh	Managing Director & Chief Executive Officer
Mr. 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.

In accordance with paragraph 5 of AS-18, the Bank has not disclosed certain transactions with entity in which Key management personnel or thier relatives are interested as they are in the nature of banker-customer relationship.

The Bank's related party balances and transactions for the year ended March 31, 2020 are summarised as follows:

(₹ in crore)

Items/Related Party	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits taken	58.67	156.70	0.54	6.40	222.31
	(492.27)	(372.24)	(2.37)	(8.07)	(874.95)
Deposits placed	-	-	-	-	-
Advances given	-	-	-	-	-
Borrowings	-	-	-	-	-
Investments	-	-	-	-	-
Non Funded Commitments	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-
Dividend paid	-	294.44	0.46	0.01	294.91
Dividend received	-	-	-	-	-
Interest paid	20.33	10.42	0.09	0.15	30.99
Interest Received	-	-	-	-	-
Rendering of services	-	-	-	-	-
Receiving of Services	-	-	-	-	-
Remuneration paid	-	-	3.81	1.28	5.09
Stock options exercised during the year*	-	-	0.27	-	0.27
Other reimbursements	-	-	0.16	-	0.16

Figures in bracket () indicate maximum balance outstanding during the year.

*Options exercised under Employee Stock Option Plan Series 1.

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The Bank's related party balances and transactions for the year ended March 31, 2019 are summarised as follows:

(₹ in crore)

Items/Related Party	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits taken	267.92	77.13	0.79	2.92	348.76
	(746.86)	(252.14)	(2.65)	(4.51)	(1,006.16)
Deposits placed	-	-	-	-	-
Advances given	-	-	-	-	-
Borrowings	-	-	-	-	-
Investments	-	-	-	-	-
Non Funded Commitments	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-
Dividend paid	-	98.15	0.15	-	98.30
Dividend received	-	-	-	-	-
Interest paid	15.31	6.51	0.06	0.13	22.01
Interest Received	-	-	-	-	-
Rendering of services	-	-	-	0.00	0.00
Receiving of Services	-	-	-	-	-
Remuneration paid	-	-	3.63	1.10	4.73
Stock options exercised during the year*	-	-	1.21	0.11	1.32
Other reimbursements	-	-	0.21	0.01	0.22

Figures in bracket () indicate maximum balance outstanding during the year.

*Options exercised under Employee Stock Option Plan Series 1.

A specific related party transaction is a significant transaction wherever it exceeds 10% of all related party transactions in that category. The significant transactions between the Bank and related parties during the year ended 31 March, 2020 and 31 March, 2019 are given below

(₹ in crore)

Particulars	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel
Deposit	58.67	156.70		
	(267.92)	(77.13)		
Dividend paid		294.44		
		(98.15)		
Interest paid	20.33	10.42		
	(15.31)	(6.51)		
Remuneration paid				
Chandra Shekhar Ghosh			1.97	
			(2.04)	
Sunil Samdani			1.25	
			(1.10)	
Indranil Banerjee			0.59	
			(0.49)	
Dibakar Chandra Ghosh				0.86
				(0.74)
Vaskar Chandra Ghosh				0.42
				(0.35)

Previous year figures are shown in "()".

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18.14 Deferred Tax

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets arising out of		
Depreciation on fixed assets.	20.72	27.77
Provisions for loan losses	305.64	123.63
Provision for depreciation in value of investments	0.00	3.21
Expenditure charged to reserve in the current year but allowed for tax purposes as per provision or on actual basis	8.31	-
Expenditure charged to the profit & Loss account in the current year but allowed for tax purposes on payment basis	62.99	72.53
Total (a)	397.66	227.14
Deferred Tax Liability arising out of		
Special Reserves	(187.56)	-
Total (b)	(187.56)	-
Deferred tax asset (net) (a-b)	210.10	227.14

18.15 Liability for Operating Leases

The Door step service center premises are generally rented on cancellable terms for less than twelve months with no escalation clause and renewable at the option of the Company. The Head office and the Bank Branches office premises are obtained on non-cancellable lease terms. Lease payment during the year are charged in the statement of profit & loss.

The amount of rent expenses included in the Profit & Loss Account towards operating leases aggregate to ₹159.06 crore (Previous year ended March 31, 2019: ₹135.12 crore).

Particulars of future minimum lease payment in respect of Head office & Bank branches are as mentioned below :

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
a) Not later than 1 year	112.85	107.91
b) Later than 1 year and not later than 3 years	232.74	226.92

18.16 Earnings per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20- "Earnings per Share".

Particulars	(₹ in crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Basic		
Weighted Average Number of equity shares	1,61,00,11,850	1,21,74,06,047
Net Profit after tax available for equity share holders	3,023.74	1,951.50
Basic Earnings Per Share (FV ₹10/-)	18.78	16.03
Diluted		
Weighted Average Number of equity shares (including dilutive potential equity share)	1,61,13,72,777	1,21,89,26,854
Net Profit after tax available for equity share holders	3,023.74	1,951.50
Diluted Earnings Per Share (FV ₹10/-)	18.76	16.01
Nominal value per share	10.00	10.00

The dilutive impact is due to stock options granted to employees of the Bank.

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18.17 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

18.18 Description of contingent liabilities

a) Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business and related to taxation matters which are in dispute and are under appeal.

b) Guarantees given on behalf of constituents:

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

c) Other items:

Other items represent outstanding amount of estimated amount of contracts remaining to be executed on capital account.

d) Acceptances, endorsements and other obligations:

These includes documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

18.19 Additional Disclosures

A) Floating Provisions

The Bank does not have any floating provision as at March 31, 2020 and March 31, 2019.

B) Draw Down from Reserve

There has been no draw down from reserves during the year ended March 31, 2020 and March 31, 2019.

C) Disclosure of customer complaints

i) Customer Complaints:

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
i) No. of complaints pending at the beginning of the year	27	23
ii) No. of complaints received during the year	7491	1797
iii) No. of complaints redressed during the year	7510	1793
iv) No. of complaints pending at the end of the year	8	27

ii) Awards passed by the Banking Ombudsman

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
i) No. of unimplemented Awards at the beginning of the year	Nil	Nil
ii) No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
iii) No. of Awards implemented during the year	Nil	Nil
iv) No. of unimplemented Awards at the end of the year	Nil	Nil

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iii) ATM related complaints

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
i) No. of complaints pending at the beginning of the year	514	935
ii) No. of complaints received during the year	44693	35673
iii) No. of complaints redressed during the year	45028	36094
iv) No. of complaints pending at the end of the year	179	514

ATM transaction disputes relating to the Bank's customers on the Bank's ATMs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) No. of complaints pending at the beginning of the year	0	0
(b) No. of complaints received during the year	5654	2600
(c) No. of complaints redressed during the year	5651	2600
(d) No. of complaints pending at the end of the year	3	0

ATM transaction disputes relating to the Bank's customers on other banks' ATMs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) No. of complaints pending at the beginning of the year	514	935
(b) No. of complaints received during the year	39039	33073
(c) No. of complaints redressed during the year	39377	33494
(d) No. of complaints pending at the end of the year	176	514

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 March 31, 2020 and March 31, 2019.

E) Provision coverage ratio

Particulars	As at March 31, 2020	As at March 31, 2019
The provision coverage ratio of the Bank computed in terms of the RBI guidelines	60.78%	72.14%

F) Bancassurance Business

The following table shows breakup of income derived from sale of insurance /Mutual funds.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
For selling life insurance policies	61.67	22.50
For selling non-life insurance policies	11.50	8.28
For selling mutual fund products	2.08	1.69
Others	0.41	0.22

(₹ in crore)

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G) Concentration of Deposits, Advances Exposures & NPAs

I) Concentration of Deposits

(₹ in crore)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
i) Total Deposits of twenty largest depositors	8,969.45	5,646.31
ii) Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	15.71%	13.06%

II) Concentration of Advances

(₹ in crore)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
i) Total Advances to twenty largest borrowers	3,300.75	2,663.70
ii) Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	4.59%	5.95%

III) Concentration of Exposures

(₹ in crore)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
i) Total Exposure to twenty largest borrowers / customers	3,334.32	2,663.70
ii) Percentage of Exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	4.87%	5.92%

IV) Concentration of NPAs

(₹ in crore)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Total Exposure to top four NPA accounts	414.50	402.64

V) Movement of NPAs

(₹ in crore)

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
Gross NPAs- as on April 1	819.56	373.14
Opening balance adjustment on account of amalgamation	114.44	-
Additions (Fresh NPAs) during the year	926.01	763.86
Sub total (A)	1,860.01	1,137.00
Less :-		
(i) Upgradations	124.73	5.29
(ii) Recoveries (excluding recoveries made from upgraded accounts)	87.48	34.66
(iii) Technical / Prudential Write offs	655.02	277.49
(iv) Write offs other than those under (iii) above	-	-
Sub total (B)	867.23	317.44
Gross NPAs as on March 31 (A-B)	992.78	819.56

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VI) Movement of Technical/Prudential written off accounts

Particulars	(₹ in crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance of Technical/Prudential written off accounts	344.64	78.12
Add: Prudential/Technical write offs during the year	655.02	277.49
Sub Total (A)	999.66	355.61
Less: Recoveries made from previously technical/prudential written off accounts during the year (B)	24.38	10.97
Closing Balance (A-B)	975.28	344.64

VII) Overseas Assets, NPAs and Revenue

The Bank does not have any overseas assets as on March 31, 2020 and March 31, 2019.

VIII) Off-balance Sheet SPVs sponsored

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

18.20 Disclosure of Provision for Frauds

Particulars	(₹ in crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
No. of Frauds reported during the year to Reserve Bank of India	213	82
Amount involved in such Frauds	7.67	2.78
Amount involved in fraud net of recoveries / write-offs as at the end of the year	7.88	3.26
Provision held as at the end of the year	7.88	3.26
Unamortised provision debited from "reserves" as at the end of the year	-	-

18.21 Disclosures on Remuneration*

Qualitative Disclosures

a) Information relating to the composition and mandate of the Remuneration Committee.

The Bank's Nomination and Remuneration Committee (NRC) oversees the framing, review and implementation of the Compensation Policy on behalf of the Board of Directors. The NRC reviews the policy at least once a year to ensure that the reward design is aligned to industry best practices and is consistent with effective risk management and long term business interests of the Bank. The NRC works in close coordination with the Risk Management Committee of the Bank, to achieve the effective alignment between remuneration and risks.

As on March 31, 2020 the NRC comprises of the following directors.

Shri Chintaman Mahadeo Dixit- Chairman

Shri Snehomoy Bhattacharya

Shri Ranodeb Roy

Shri Harun Rasid Khan

The NRC functions with the following main objectives:

- (i) To identify persons who are qualified to become directors in accordance with the criteria laid down, recommend to the Board their appointment, re-appointment or removal and to carry out evaluation of every Director's performance;
- (ii) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and decide their 'fit & proper' status;
- (iii) To oversee the framing, review and implementation of compensation policy of the Bank and recommend to the Board the overall remuneration philosophy and policy including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock based remuneration to employees;
- (iv) To oversee the framing, implementation and review of the Remuneration of the Whole Time Director (WTDs) /Managing Director (MD)/ Chief Executive Officer (CEOs) as per the RBI Guidelines and Companies Act, 2013. The Committee shall recommend to the Board the remuneration package for the Managing Director

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& CEO and the other Whole Time Directors – including the level of fixed pay, variable pay, stock based Remuneration and perquisites;

(v) To review the HR strategy and policy including the conduct and ethics of the Bank and review any fundamental changes in the organisation structure which could have wide ranging and high risk implications;

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

(vii) Recommend to the Board, all remuneration, in whatever form, payable to senior Management

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 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;

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- iv) that a part of the performance-based component may be deferred;
- v) that no hedging of deferred shares takes place;

Presently, the bank utilises only two form of performance based variable remuneration, viz., cash bonus, ESOP, as referred in note no 18.32 is linked to continuous service with the Bank.

The compensation policy of the Bank is reviewed by the NRC and approved by the Board of Directors. The NRC oversees the implementation of the policy and reviews the fixed pay increases, the organisational performance threshold for bonus to be paid, cash bonus and deferred variable remuneration.

c) Description of the ways in which current and future risks are taken into account in the remuneration process

The MD & CEO, employees in the grades of SVPs and above and employees engaged in the functions of Risk Control and Compliance are included in the policy of risk alignment of compensation.

The alignment of compensation to prudent risk taking is ensured through the following:

- i) Structure of remuneration is such that a significant part of performance based variable remuneration is deferred.
- ii) Performance hurdles includes financial and non-financial parameters, ensuring compensation is aligned to both.
- iii) Fixed Salary is reasonable and sufficient, thereby discouraging inappropriate risk taking.
- iv) Annual Bonus Plan is managed with an independent governance framework.
- v) Variable remuneration awards are conditional, discretionary and contingent upon a sustainable and risk-adjusted performance. They are therefore capable of forfeiture or reduction at the Bank's discretion.
- vi) For employees included in the policy of risk alignment of compensation, NRC has the discretion to apply malus and clawback – ex-post risk adjustment, allowing the Bank to adjust previously awarded remuneration to take account of subsequent performance and potential risk outcomes and thus enabling to recoup variable pay in the event of a negative contribution.

Deferral of Variable Pay

To ensure that risk measures are not focused only on the achievement of short term goals, variable payout is deferred, if it exceeds 50% of the fixed pay.

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

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

The Bank has a performance measurement framework in place to assess the achievements of the organisation as a whole, its business lines and organisational 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 organisation 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 prioritise 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.

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

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

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

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

Category I: MD&CEO / Whole Time Directors

Category II : Risk Control and Compliance Staff

Category III: Other Categories of Staff

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

Category I

- i) Variable Remuneration will not exceed 70% of annual Fixed Pay.
- ii) If the Variable Remuneration exceeds 50% of annual Fixed Pay, 40% of the Variable Remuneration will be deferred over a period of 3 years, on a proportionate basis.
- iii) In case the variable remuneration is a mix of cash and stock linked instruments (other than ESOP), a proper balance between cash and share / stock linked instruments will be ensured.

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

Category II

- 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.

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 claw back 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 utilises and the rationale for using these different forms.

The Bank presently utilises only one form of variable remuneration, viz., cash bonus, which is linked to corporate performance, business performance and individual performance ensuring differential pay based on the performance. ESOP, as referred in note 18.32 is linked to continuous service with the Bank.

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Quantitative disclosures :

The quantitative disclosures pertaining to the MD & CEO, employees in the grades of SVPs and above, for the year ended March 31,2020 are given below:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) i) Number of meetings held by the Remuneration Committee during the year.	6	9
ii) Remuneration paid to its members (sitting fees)	₹10,50,000	₹14,90,000
b) Number of employees having received a variable remuneration award during the year.	22	19
c) Number and total amount of sign on awards made during the year.	Nil	Nil
d) Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil	Nil
e) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
f) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	Nil	Nil
g) Total amount of deferred remuneration paid out in the year (paid in cash)	Nil	₹0.07 Crore
h) Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non deferred.	Fixed- ₹22.23 Crore, Variable - ₹3.24 Crore, Non-deferred - ₹3.24 Crore, Deferred- ₹0 Crore	Fixed- ₹15.66 Crore, Variable - ₹2.11 Crore, Non-deferred - ₹2.04 Crore, Deferred- ₹0.07 Crore
i) Shares granted under ESOP	15,47,801	Nil
ii) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	Nil	Nil
j) Total amount of reductions during the year due to ex post explicit adjustments.	Nil	Nil
k) Total amount of reductions during the year due to ex post implicit adjustments.	Nil	Nil

*In light of the RBI guidelines no. RBI/2019-20/89 DOR,Appt.BC.No.23/29.67.001/2019-20 dated November 04,2019, the revised Compensation Policy of the Bank has been amended which was approved by the Board on March 30,2020. The revised policy as approved by the Board is available on the website of the Bank.

18.22 Disclosure relating to Securitisation

There are no securitisation transactions undertaken by the Bank during the year ended March 31, 2020 and March 31, 2019.

18.23 Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2020 and March 31, 2019.

18.24 Intra Group Exposures

The Bank did not have any intra group exposure during the year ended March 31, 2020 and March 31, 2019.

18.25 Transfer to Depositor education and awareness fund (DEAF)

During the year ended March 31, 2020 and March 31, 2019 the Bank was not required to transfer any amount to Depositor Education and Awareness Fund.

18.26 Unhedged Foreign Currency Exposure

The borrower of the Bank does not have any Unhedged Foreign Currency Exposure as at March 31, 2020 and March 31, 2019.

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

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18.27 Disclosure on Liquidity Coverage Ratio

(a) Qualitative disclosure

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR). The Risk department computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review.

The Bank follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities in excess of minimum SLR requirement viz. Treasury Bills, Central and State Government securities and excess of minimum cash reserve ratio (CRR).

The Board of Directors has the overall responsibility for management of liquidity risk. The Board at overall level decides the strategy, policies and procedures of the bank to manage liquidity risk in accordance with the liquidity risk tolerance/limits. The Board has constituted Risk Management Committee, which reports to the Board, and consist of Managing Director and certain other Board members. The Committee is responsible for evaluating the overall risks faced by the bank including liquidity risk.

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

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Particulars	Day end Average for quarter ended June 30, 2019		Day end Average for quarter ended September 30, 2019		Day end Average for quarter ended December 31, 2019		Day end Average for quarter ended March 31, 2020	
	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)
High Quality Liquid Assets								
1) Total High Quality Liquid Assets (HQLA)	-	8,949.50	-	9,486.13	-	11,457.39	-	13,997.52
Cash Outflows								
2) Retail Deposits and deposits from small business customers, of which:	24,489.59	2,298.97	28,089.63	2,654.45	31,200.53	2,958.27	33,794.15	3,203.47
a) Stable deposits	2,999.69	149.98	3,090.27	154.51	3,235.64	161.78	3,518.80	175.94
b) Less stable deposits	21,489.90	2,148.99	24,999.36	2,499.94	27,964.89	2,796.49	30,275.35	3,027.53
3) Unsecured wholesale funding, of which:	11,974.39	7,461.55	10,276.82	8,129.59	12,130.32	9,849.41	14,574.86	11,163.41
a) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
b) Non-operational deposits (all counterparties)	11,974.39	7,461.55	10,276.82	8,129.59	12,130.32	9,849.41	14,574.86	11,163.41
c) Unsecured debt	-	-	-	-	-	-	-	-
4) Secured wholesale funding	-	-	-	-	-	-	-	-
5) Additional requirements, of which:	-	-	537.95	26.90	1,009.02	50.47	1,051.48	52.62
a) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	0.01	0.01	0.05	0.05
b) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
c) Credit and liquidity facilities	-	-	537.95	26.90	1,009.01	50.45	1,051.43	52.57
6) Other contractual funding obligations	2,016.83	1,586.15	1,834.71	1,834.71	1,699.12	1,699.12	2,325.84	2,325.84
7) Other contingent funding obligations	53.82	1.61	86.07	2.58	137.80	4.13	195.17	5.86
8) Total Cash outflows	38,534.63	11,348.29	40,825.17	12,648.23	46,176.79	14,561.40	51,941.51	16,751.20
Cash Inflows								
9) Secured lending (eg. Reverse repos)	-	-	-	-	-	-	-	-
10) Inflows from fully performing exposures*	7,577.19	5,546.80	8,896.09	6,803.97	9,447.93	6,986.94	7,975.53	5,570.00
11) Other cash inflows	-	-	571.85	571.85	428.89	428.89	363.57	363.57
12) Total Cash Inflows	7,577.19	5,546.80	9,467.94	7,375.82	9,876.82	7,415.84	8,339.10	5,933.57
13) Total HQLA	-	8,949.50	-	9,486.13	-	11,457.39	-	13,997.52
14) Total Net Cash outflow	-	5,801.49	-	5,272.41	-	7,145.56	-	10,817.63
15) Liquidity Coverage Ratio(%)	-	154.26%	-	179.92%	-	160.34%	-	129.40%

* In accordance with the regulatory package announced by the Reserve Bank of India on March 27, 2020, the Bank has extended the option of payment moratorium for all dues falling due between March 1, 2020 and May 31, 2020 to its borrowers. As the moratorium has been given effect in April 2020, inflows from advances are based on the original contractual cash flows prevailing at March 31, 2020.

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(₹ in crore)

Particulars	Average for the quarter ended June 30, 2018			Average for the quarter ended September 30, 2018			Average for the quarter ended December 31, 2018			Average for the quarter ended March 31, 2019		
	Unweighted Value (Average)	Weighted Value (Average)	Total Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Total Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Total Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Total Value (Average)
High Quality Liquid Assets												
1) Total High Quality Liquid Assets (HQLA)	-	5,663.23	-	-	6,827.36	-	-	7,187.33	-	-	-	7,405.34
Cash Outflows												
2) Retail Deposits and deposits from small business customers, of which:	17,108.79	1,584.73	18,935.28	18,935.28	1,766.53	20,630.17	20,630.17	1,919.81	22,816.28	22,816.28	2,125.82	2,125.82
a) Stable deposits	2,522.96	126.15	2,539.97	2,539.97	127.00	2,864.11	2,864.11	143.21	3,116.22	3,116.22	155.81	155.81
b) Less stable deposits	14,585.83	1,458.58	16,395.31	16,395.31	1,639.53	17,766.05	17,766.05	1,776.61	19,700.07	19,700.07	1,970.01	1,970.01
3) Unsecured wholesale funding, of which:	9,673.71	5,086.33	9,856.43	9,856.43	4,813.11	9,244.77	9,244.77	4,651.14	10,597.33	10,597.33	5,284.19	5,284.19
a) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-	-	-	-	-
b) Non-operational deposits (all counterparties)	9,673.71	5,086.33	9,856.43	9,856.43	4,813.11	9,244.77	9,244.77	4,651.14	10,597.33	10,597.33	5,284.19	5,284.19
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	1,249.19	1,249.19	1,644.69	1,644.69	1,644.69	650.85	650.85	650.85	1,181.68	1,181.68	1,181.68	1,181.68
7) Other contingent funding obligations	55.04	1.65	55.15	55.15	1.65	55.06	55.06	1.65	55.25	55.25	1.66	1.66
8) Total Cash outflows	28,086.73	7,921.90	30,491.69	30,491.69	8,225.99	30,587.82	30,587.82	7,225.48	34,827.68	34,827.68	8,603.08	8,603.08
Cash Inflows												
9) Secured lending (eg. Reverse repos)	-	-	-	-	-	-	-	-	-	-	-	-
10) Inflows from fully performing exposures	6,188.34	4,678.54	5,453.83	5,453.83	3,842.82	5,305.17	5,305.17	3,576.14	5,508.13	5,508.13	3,668.51	3,668.51
11) Other cash inflows	-	-	-	-	-	-	-	-	-	-	-	-
12) Total Cash Inflows	6,188.34	4,678.54	5,453.83	5,453.83	3,842.82	5,305.17	5,305.17	3,576.14	5,508.13	5,508.13	3,668.51	3,668.51
13) Total HQLA		5,663.23		6,827.36		7,187.33	7,187.33		7,405.34	7,405.34		7,405.34
14) Total Net Cash outflow		3,243.36		4,383.17		3,649.35	3,649.35		4,934.57	4,934.57		4,934.57
15) Liquidity Coverage Ratio(%)		174.61%		155.76%		196.95%	196.95%		150.07%	150.07%		150.07%

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forming part of the Balance sheet as at March 31, 2020

Particulars	(₹ in crore)										Total	
	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years		
Liabilities												
Borrowings	-	684.20	-	-	1,175.63	129.95	1,634.91	10,691.78	1,069.48	993.23	16,379.18	
	-	(361.35)	-	-	-	-	-	(160.00)	-	-	(521.35)	
Deposits*	193.23	1,452.18	1,537.70	884.90	6,274.64	4,982.41	11,754.37	27,187.13	1,966.00	848.95	57,081.51	
	(160.99)	(1,043.96)	(1,325.51)	(356.94)	(2,174.70)	(2,326.17)	(9,729.85)	(24,429.19)	(1,454.38)	(229.93)	(43,231.62)	
Foreign Currency Liabilities	-	-	-	-	0.04	6.19	41.86	12.79	-	-	60.88	
	-	-	-	-	-	(1.38)	-	(2.07)	-	-	(3.45)	
Assets												
Advances	674.61	1,103.59	965.34	1,910.28	9,363.30	11,320.32	14,402.37	10,735.68	2,301.94	13,852.53	66,629.95	
	(188.18)	(788.70)	(974.19)	(2,143.69)	(7,362.67)	(9,694.13)	(12,131.78)	(5,966.97)	(48.70)	(344.37)	(39,643.39)	
Investment	-	52.20	98.61	10.90	1,928.07	1,207.66	27.41	627.76	1,664.29	9,734.86	15,351.77	
	-	(249.74)	-	(1.02)	(622.16)	-	(1,590.04)	(591.24)	(767.45)	(6,215.84)	(10,037.49)	
Foreign Currency Assets	9.74	-	-	-	-	-	-	-	-	18.92	28.66	
	(30.82)	-	-	-	-	-	-	-	-	-	(30.82)	

* Deposits include Foreign Currency Liabilities which is shown separately

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.

Previous year figures are shown in "()".

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18.29 Sector-wise advances

(₹ in crore)

Sr. No.	Sector	As at March 31, 2020			As at March 31, 2019		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector*						
1	Agriculture and allied activities	22,309.39	97.42	0.44%	16,766.97	121.23	0.72%
2	Advances to industries sector eligible as priority sector lending	7,689.17	78.01	1.01%	5,594.50	81.02	1.45%
3	Services	16,290.50	170.99	1.05%	14,769.16	188.37	1.28%
4	Personal loans	14,351.92	135.41	0.94%	757.52	9.22	1.22%
	Sub Total (A)	60,640.98	481.83	0.79%	37,888.15	399.85	1.06%
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry sector	225.50	-	-	12.35	-	-
3	Services	842.46	385.09	45.71%	574.99	385.09	66.97%
4	Personal loans	5,524.39	125.86	2.28%	1,759.14	34.61	1.97%
	Sub Total (B)	6,592.35	510.95	7.75%	2,346.48	419.71	17.89%
	Total (A+B)	67,233.33	992.78	1.48%	40,234.63	819.56	2.04%

*Priority sector includes ₹56,805.75 crore (previous year : ₹28,895 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the year ended March 31, 2020, the Bank has bought PSLC amounting ₹1,850 crore (previous year : ₹895 crore), which is not included in above.

18.30 Details of Priority sector lending certificates (category wise) sold and purchased:

(₹ in crore)

Sl. No.	Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
		Purchase	Sale	Purchase	Sale
i)	PSLC – Agriculture	1,000.00	7,000.00	-	4,954.00
ii)	PSLC- Small & Marginal farmers(SFMF)	-	13,585.00	345.00	8,725.00
iii)	PSLC- Micro Enterprises	-	21,820.75	-	14,316.00
iv)	PSLC – General	850.00	14,400.00	550.00	900.00

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

During the year ended March 31, 2020 the Bank has sold its advances through IBPCs. The details are as follows:

(₹ in crore)

Sl. No.	Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
		Sale	Purchase	Sale	Purchase
i)	Aggregate value of IBPCs entered	9,287.53	499.99	6,498.50	663.54
ii)	Aggregate consideration received	9,287.53	499.99	6,498.50	663.54
iii)	Aggregate gain recorded	-	-	201.19	-
iv)	IBPCs outstanding [including principal amount of ₹674.83 crore (March 31, 2019 : ₹457.05 crore) collected against the pool sold and not yet due for payment and included under other liabilities]	5,287.53	-	4,998.50	-

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18.32 Employee Stock Option Scheme (ESOS)

On July 26, 2017 the board of directors approved the Bandhan Bank Employee Stock Option Plan Series 1 for issue of stock options to eligible employees and directors of the Bank.

The Shareholders of the Bank at the meeting held on November 23, 2017 has approved the Employee Stock Option Plan Series 1 and the grant of Employee Stock Option to the employees of the Bank. For the purpose of initial grant (Tranche 1), the shareholders had accorded approval for grant of options not exceeding 22,20,725 constituting 0.20% of the issued capital (excluding outstanding warrants and conversions) of the Bank. Thereafter, based on the recommendation of the Board, at the Annual General Meeting held on June 28, 2019, the shareholders of the Bank have accorded for increase in the total numbers of options for grant under the Employee Stock Options Plan Series 1, from 22,20,725 to 5,47,57,052 options. The said approval accords the Board of Directors of the Bank or any Committee including the Nomination and Remuneration Committee, which the Board has constituted, to create, offer and grant at any time to permanent employees of the Bank, including any Director of the Bank, whether whole-time or otherwise but excluding Promoter(s), Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares, employee stock options from time to time in one or more tranches.

This plan was framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and as applicable at the time of the grant. The accounting for the stock options has been in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 to the extent applicable.

“Employee Stock Option Plan Series 1 provides for the issuance of options by the Board and/ or the Nomination and Remuneration Committee of the Board (‘NRC’) at the closing price on the Indian stock exchange with the highest trading volume as of the working day preceding the date of grant. The options would vest not earlier than one year and not later than four years from the date of the grant. The period in which the options may be exercised cannot exceed five years from date of the vesting. However, on retirement of an employee, the whole of the unvested options shall vest on the first vesting date relating to the said grant, immediately following the date of superannuation. Vesting of Option would be subject to continued employment and has not served any notice of resignation.

Further, pursuant to the provisions of the ‘Scheme of Amalgamation’ of erstwhile GRUH Finance Limited (“GRUH”) with Bandhan Bank Limited (“BANK”), the Bank has granted options under the Employee Stock Option Plan Series 1, with the revised exercise price, to the eligible employees who were holding stock option under the erstwhile GRUH’s Employee Stock option Scheme-2015 (GRUH ESOS-2015) and are presently the employees of the Bank.

Activity in the options outstanding under the Employee Stock Option Plans

Activity in the options outstanding under the various employee stock option plans as at March 31, 2020

Sl. No.	Particulars	Number of options	Weighted average exercise price (₹)
i)	Options outstanding, beginning of year	18,57,049	180
ii)	Granted during the year*	95,68,358	472.18
iii)	Exercised during the year**	2,10,035	199.11
iv)	Forfeited / Lapsed during the year	2,76,170	431.97
v)	Options outstanding, end of year	1,09,39,202	428.84
vi)	Options exercisable	10,01,065	255.25

*59,92,685 options have been granted by the Bank to the employees of erstwhile GRUH who have joined the services of the Bank pursuant the Scheme of Amalgamation.

** Includes 680 shares against which application money was received but pending allotment to ₹0.02 crore.

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Activity in the options outstanding under the various employee stock option plans as at March 31, 2019:

Sl. No.	Particulars	Number of options	Weighted average exercise price (₹)
i)	Options outstanding, beginning of year	22,20,725	180
ii)	Granted during the year	0	180
iii)	Exercised during the year*	2,84,885	180
iv)	Forfeited / Lapsed during the year	78,791	180
v)	Options outstanding, end of year	18,57,049	180
vi)	Options exercisable	2,50,019	180

* Includes 6,974 shares against which application money was received but pending allotment to ₹0.09 crore

The following table summarises the information about stock options outstandings as at March 31, 2020:

Sl. No.	Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining life of options (in years)	Weighted average exercise price (₹)
1	Plan Series 1	180.00 to 539.22	1,09,39,202	5.23	180.00 to 472.18

The following table summarises the information about stock options outstandings as at March 31, 2019:

Sl. No.	Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining life of options (in years)	Weighted average exercise price (₹)
1	Plan Series 1	180	18,57,049	6.52	180

Fair value methodology

The weighted average fair value of stock option granted during the year was ₹233.73. The fair value of options used to compute the proforma net profit and earnings per equity share have been estimated on the dates of each grant using the Black Scholes Valuation model. The Bank estimates the volatility based on the historical prices of its equity shares. The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2020 are:

Particulars	March 31, 2020
Dividend yield (%)	0.23% to 0.61%
Expected volatility (%)	17.07%- 47.27%
Risk-free interest rate (%)	5.26%- 6.66%
Expected remaining life of the options (yrs)	0.83-7.29 yrs

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome.

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The Bank measures the cost of ESOP using the intrinsic value method. Had the Bank used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed as indicated below:

Particulars	(₹ in crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Profit after tax as reported	3,023.74	1,951.50
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method	88.78	6.59
Proforma profit after tax	2,934.96	1,944.91
Weighted Average Number of equity shares	1,61,00,11,850	1,21,74,06,047
Weighted Average Number of equity shares (including dilutive potential equity share)	1,61,13,72,777	1,21,89,26,854
Earnings Per Share		
Basic		
- As reported	18.78	16.03
- Proforma	18.23	15.98
Diluted		
- As reported	18.76	16.01
- Proforma	18.21	15.96

18.33 Corporate Social Responsibility

a) Gross amount required to be spent by the Bank during the year ended is ₹69.32 crore (Previous year ended March 31, 2019 : ₹27.83 crore)

b) The following table sets forth, for the periods indicated, the amount spent by the Bank on CSR related activities;

Sr. No.	Particulars	(₹ in crore)					
		Year ended March 31, 2020			Year ended March 31, 2019		
		In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
i)	Construction/ acquisition of any assets	-	-	-	-	-	-
ii)	On purpose other than (i) above*	67.09	-	67.09	30.00	-	30.00

*An amount of ₹6.07 crore has been transferred to a special account "Unspent Corporate Social Responsibility Account" maintained with a scheduled Bank.

18.34 Miscellaneous income includes ₹453.33 crore (previous year ended March 31, 2019 ₹308.58 crore) on sale of Priority sector lending certificates.

18.35 Other Expenditure includes IT operating expenses of ₹90.58 crore (previous year ended March 31, 2019 ₹71.55 crore) and ATM expenses of ₹44.85 crore (previous year ended March 31, 2019 ₹48.88 crore).

18.36 Remuneration by way of sitting fees paid to the Non-Executive Directors for attending meeting of the Board and its committees during the year ended March 31, 2020 amounting to ₹1.77 crore (previous year: ₹1.60 crore).

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18.37 Details of payments to Auditors

Particulars	(₹ in crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Statutory Audit Fees	0.63	0.63
Others	1.57	0.34

18.38 Business Transfer

As per the 'Scheme of Amalgamation' of erstwhile GRUH Finance Limited ("GRUH") with Bandhan Bank Limited ("BANK") had been approved by the Reserve Bank of India, the Competition Commission of India, Stock Exchanges, the respective Shareholders and Creditors of each entities as applicable and the National Company Law Tribunals (NCLT) Bench at Kolkata and Ahmedabad, with appointed date as January 1, 2019 and effective date as October 17, 2019, all assets and liabilities pertaining to the GRUH Finance Limited ("GRUH") were transferred to the Bank on amalgamation for a consideration of ₹416.19 crore. The consideration has been determined as per the scheme of amalgamation. The acquired assets and liabilities were recorded at their existing carrying amount in BANK in accordance with 'Pooling of Interest Method' guidance provided in AS-14, 'Accounting for Amalgamations' ₹1101.03 crore being short of consideration settled by the Bank over net assets acquired have been transferred to Capital Reserve in the books of the Bank.

The summary of assets and liabilities acquired is as follows:

Description	(₹ in crore)	
	Amount	
Investments	2,501.64	
Advances	16,858.88	
Fixed Assets	15.02	
Cash and Bank Balances	808.28	
Other Assets	48.01	
Total Assets	20,231.83	
Deposits	1,620.93	
Borrowings	16,567.67	
Other Liabilities & Provisions	526.01	
Total Liabilities	18,714.61	
Net Assets (A)	1,517.22	
Consideration (B)	416.19	
Capital Reserve (B-A) (Refer Note No. 18.38 (i))	(1,101.03)	

For every 1000 shares of GRUH Finance Limited, 568 shares of Bandhan Bank Ltd were issued as consideration paid in relation to Net Assets acquired in relation to amalgamation and transferred to capital reserve accordingly.

18.38 (i) The balance of Capital Reserve includes an amount of ₹546.18 Crore in respect of Statutory Reserve created under Section 36(1)(VIII) of Income Tax Act 1961 and additional reserve amounting to ₹27.74 Crore, which have been carried forward in accordance with the terms of the Merger scheme.

18.38 (ii) The Opening Profit & Loss Account balance adjustment on account of amalgamation as stated in face of Profit & Loss Account includes

- 1) Profit of erstwhile Gruh Finance Limited ("GRUH") for the three months ended March 31, 2019 net of adjustments for accounting policy alignments, amounting to ₹116.83 Crore
- 2) Transfer of ₹105.00 Crore to statutory reserve and transfer of ₹76.16 Crore to General Reserve for the year ended March 31, 2019 made by GRUH after the effective date of Merger and during the three months ended March 31, 2019.

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18.39 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The RBI on March 27, 2020 and April 17, 2020, announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of the RBI guidelines, the lending institutions have been permitted to grant a moratorium of three months on payment of all instalments/interest as applicable, falling due between March 1, 2020 and May 31, 2020 ('moratorium period'). As such, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. The Bank holds provisions as at March 31, 2020 amounting to ₹690.00 crore against the potential impact of COVID-19 on standard assets based on all the available information at this point in time. This includes ₹63.87 crore as the minimum amount required as prescribed by Reserve Bank of India in terms of circular dated April 17, 2020; while RBI has permitted this amount to be spread over two quarters the Bank has decided to provide for the entire amount in current quarter. In addition, the Bank carries additional Standard Asset Provision on Micro Finance portfolio at 0.75% amounting to ₹310.00 crore. These aforesaid provisions, held by the Bank, aggregate to ₹1,000.00 crore.

18.40 As per RBI notification RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 Dated: April 17, 2020 all scheduled commercial banks are required to Disclose the following in the notes to accounts:

		(₹ in crore)
Sl. No.	Particulars	Amount
(i)	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3;	638.74
(ii)	Respective amount where asset classification benefits is extended.	638.74
(iii)	Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5;	63.87
(iv)	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.	-

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

As per our report of even date

For and on behalf of Board of Directors

For DELOITTE HASKINS & SELLS

Chartered Accountants

Firm Registration Number : 117365W

For Bandhan Bank Limited

G. K. Subramaniam

Partner

Membership Number : 109839

Anup Kumar Sinha

Chairman &

Independent Director

Kolkata

Chandra Shekhar Ghosh

Managing Director & CEO

Kolkata

C.M. Dixit

ACB Chairman &

Independent Director

Pune

Place : Mumbai

Date : May 12, 2020

Bhaskar Sen

Independent Director

Kolkata

Sunil Samdani

Chief Financial Officer

Kolkata

Indranil Banerjee

Company Secretary

Kolkata



Registered Office

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