

Annual Report
2020-21



**Bandhan
Bank**



Transforming
with India

Transforming
for India

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ABOUT THIS REPORT

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

FORWARD-LOOKING STATEMENT

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



To view this report online, please visit the investor's corner section at:
www.bandhanbank.com

Numbers that Define Us

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States & UTs



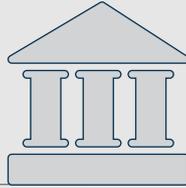
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Cities



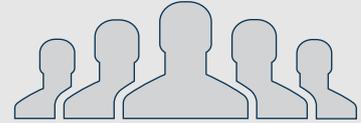
5,310

Banking Outlets



2.30 crore

Customers



49,445

Employees



31 lakh+

CSR
Beneficiaries



Transforming with India. Transforming for India.

India truly embodies the spirit of transformation. Historically, it has emerged stronger from every challenge it has faced; whether natural calamities, man-made disasters, or changes in the operating environment. We are currently in the midst of an unprecedented pandemic that has not only affected lives and livelihoods but also changed human behaviour and social norms. Yet, we are confident that India will not only emerge stronger but also continue to be one of the fastest growing large nations, driven by a unique combination of favourable demographics, vibrant democracy, growing demand, and rapid digitalisation.

Looking back, the transformation that India has undergone in the last decade or so has been remarkable. The improvement in infrastructure, both physical and digital, education, healthcare, among others, has led the nation to make significant strides in its forward journey. The divide between 'Bharat' and 'India' has been considerably reduced, thanks to the transformation driven by rising penetration of telecom, consistently declining cost of technology and data, access to low-cost hardware such as smartphones, and growing connectivity.

With this transformation, consumer choices and preferences have also undergone a radical shift. Easy access to content, both Indian and international, has heightened people's expectations from the brands they consume. At the same time, the availability of a wide variety of options has also made consumer choice a highly contested space. The modern Indian consumers want what she likes, wherever she is, and whenever she needs it.

Your Bank's history has also been punctuated by timely transformations, each of which has propelled the organisation to the next level. From an NGO to an NBFC, and then to a universal Bank - with each transformation, not only did the organisation expand its scope but also its growth aspirations. While on one hand, the Indian economy is geared to jump from \$3 trillion to \$5 trillion - finding its place next to superpowers, on the other hand, the country ranks 131 in Human Development Index, falling among countries like Namibia and Honduras. For the holistic



prosperity of the nation and its people, there needs to be sustainable and inclusive growth, driven by banks and other financial institutions, through credit, savings, insurance and investments, alongside community development programmes. Bandhan has always catalysed financial inclusion to ensure that the bottom of the pyramid has a fair opportunity for sustainable livelihood and prosperity, and the goal itself has transformed from financial inclusion to inclusive banking.

Each state and union territory in India is diverse, yet our culture and traditions bind us. As a thoroughbred Indian organisation, the Bank understands this diversity, and with a pan-India reach, is geared to serve the needs of the vast populations across the length and breadth of India. One of the key contributors to the success of your Bank has been its ability to have an ear to the ground and picking up early insights. The Bank aims to align its own path of transformation with that of the nation, and for the same, willpower relevant business, digital, technology and people transformations.



What better way to show the diversity of this nation than the dance forms that have been handed down for centuries, and are an integral part of our culture and tradition.

Among all the cultural treasures handed down through generations, the nation is in a constant state of transformation, and this is what makes India unique. The theme for the Annual Report captures this essence of transformation in a diverse, yet united India, where traditions hold strong, yet the new is embraced with open arms. Your Bank is ready to support the needs of this incredible nation.

Thus, our theme – ‘Transforming with India. Transforming for India.’

Corporate Snapshot

One of India’s youngest universal banks, your Bank is steered by the ethos of inclusive banking, rooted in trust. Its business strategy is driven by the philosophy of ‘Aapka Bhala, Sabki Bhalai.’, which is aligned closely with India’s transformational story. The Bank itself is consistently evolving through continuous transformations across its business operations to address the evolving aspirations of every Indian.

Led by a strong customer-centric value proposition, the Bank offers an extensive portfolio of world-class banking products, backed by a 360-degree service proposition. The Bank’s business strategy is focussed on reaching out to the unbanked and under-banked segments of the country’s population. Its last-mile banking services are powering the transformation of a growing network of customers across India’s metro, urban, semi-urban and rural areas.

Our Vision

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

Our 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.

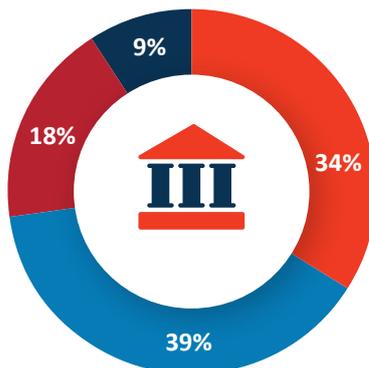
Our Values

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

- C** Cost Effective & Simple
- R** Respect for All
- E** Exemplary Governance
- A** Accountability, Professionalism & Discipline
- T** Transparency & Integrity
- E** Effective Teamwork & Commitment

Serving the unserved and underserved

Our constant endeavour is on enabling financial inclusion of the unbanked and under-banked masses of the country.

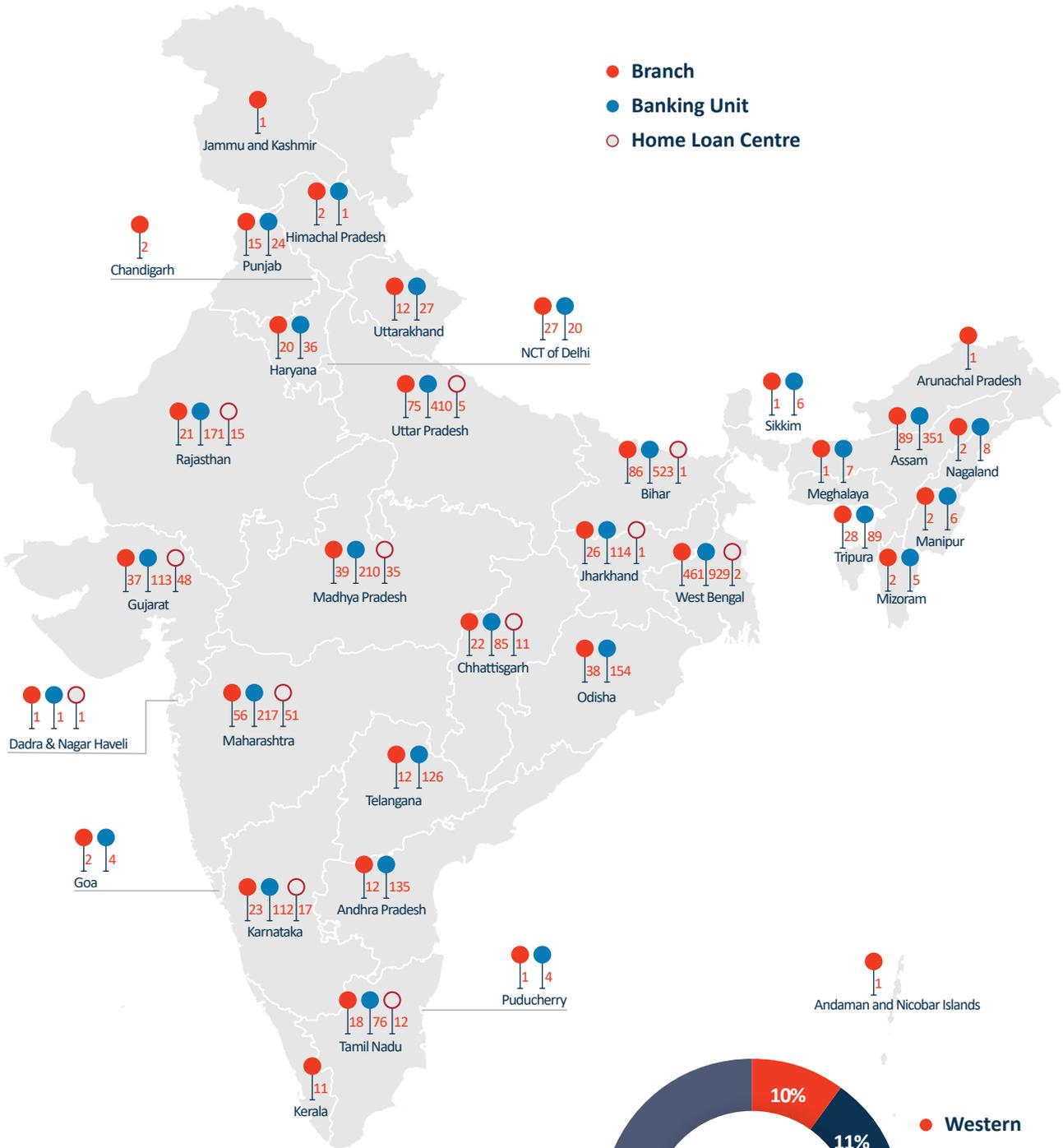


DISTRIBUTION OF BANKING OUTLETS

- Rural
- Semi-urban
- Urban
- Metro

Growing outreach

Expanding progressively over the years, your Bank delivers product and service excellence to 2.30 crore customers in 34 states/UTs, through its 5,310 banking outlets.

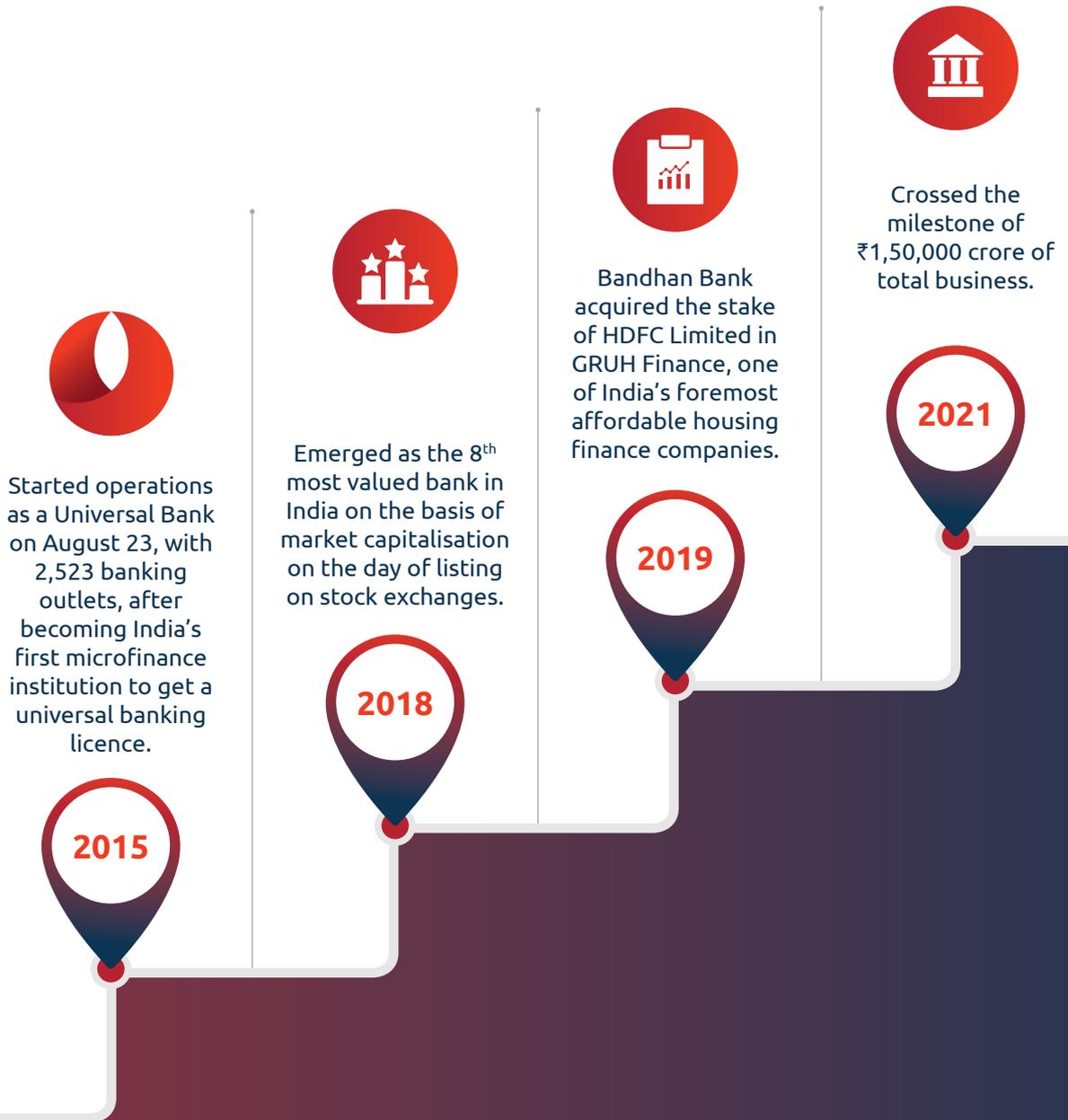


GEOGRAPHICAL DISTRIBUTION OF BANKING OUTLETS
 Diversifying presence with non-East increasing over 50% now

Journey of Transformation

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

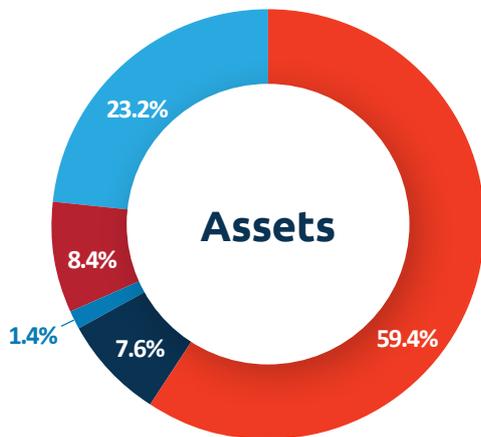




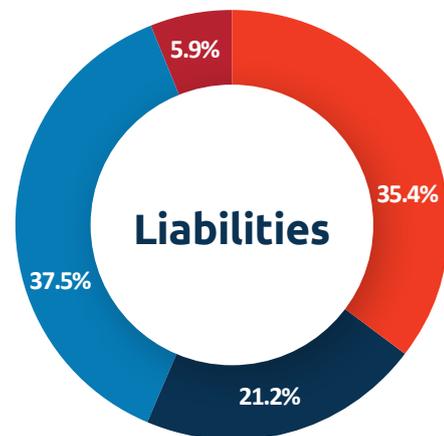
Your Bank's Growth in Numbers

In a transformation mode since it scaled up business as a universal banking entity in 2015, your Bank has made significant progress across the key metrics of growth. As it prepares to take the leap into the next phase of its transformation agenda, here is a look at its Key Performance Indicators (KPIs) of the past 5 years.

Business Mix in FY 2020-21



- EEB** Group
- Retail Loans
- Mortgages
- EEB** Individual
- Commercial Banking



- Term Deposit Retail
- Savings Account
- Term Deposit Others
- Current Account

Total Business

(₹ in crore)



Advances

(₹ in crore)



*(TLTRO amount ₹ 409 crore included in FY 2020-21 Advance)

**EEB - Emerging Entrepreneurs Business

Deposits

(₹ in crore)



Net Worth

(₹ in crore)



CASA

(₹ in crore)



CASA Ratio

(%)



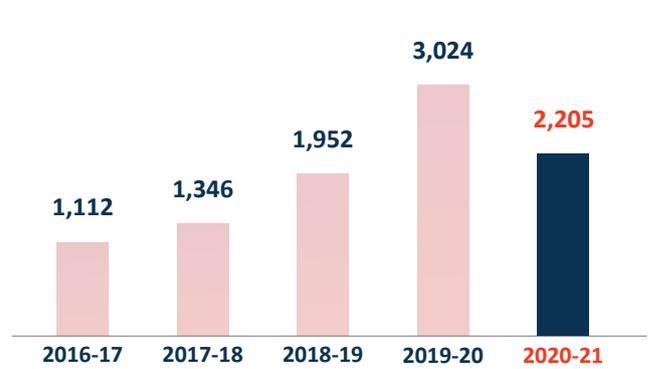
Total Income (Net)

(₹ in crore)



Profit After Tax

(₹ in crore)



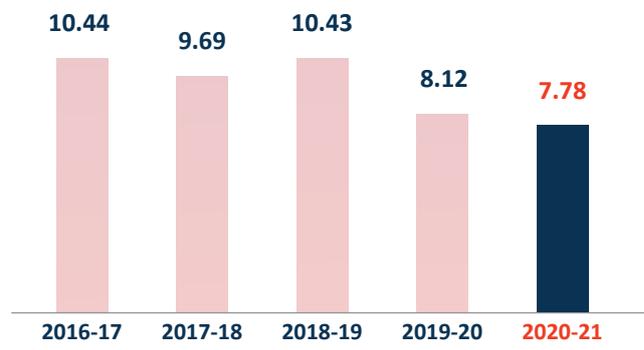
Capital Adequacy Ratio

(%)



Net Interest Margin

(%)



Cost to Income Ratio

(%)



Gross NPA

(%)



Net NPA

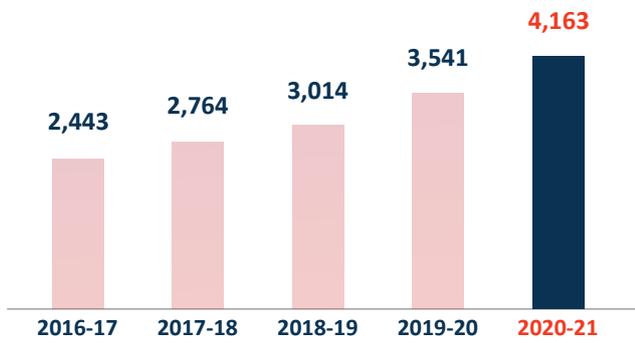
(%)



Branches



Banking Units



Customers

(in crore)



Message from the Chairman

Dear Shareholders,

I hope and pray that you all are well and keeping yourselves safe amid times that have proven tough for mankind. FY 2020-21 has been a year of learning. Even amid the global disruption of 2020, your Bank remained steadfast on partnering its customers to help them transform their lives as the Bank entered its sixth year of operations. This has been possible because of your Bank's unwavering focus on its purpose.

India is in a state of transformation and your Bank is geared to ride this wave of transformation with the nation. The Bank is on the cusp of an all-encompassing transformation, focussed on further asset, product and geographical diversifications, and technological and digital transformations in line with Vision 2025 to continue being relevant to consumers' choices and people's transformations to achieve the goal.

MACRO-ECONOMIC ENVIRONMENT AMID COVID-19

The year in review was a difficult one for economies and industries across the globe. The Indian economy witnessed one of its worst years. However, economic activities had started turning around by the second half of the financial year, partly reflecting a series of strong counter-cyclical policy initiatives. Reflecting the pandemic impact, India's growth rate fell from 6.5% in FY 2018-19 to 4% in FY 2019-20 and further to a contraction of 7.3% during FY 2020-21. However, the inherent strength of India's economy

is evident in the fact that despite this unprecedented pandemic and the views of impending recession, the economy seems to have absorbed the shock, partly reflecting the timely intervention by the Government of India and the Reserve Bank of India.

Though downgraded from 10.5% earlier, the RBI's forecast for India's FY 2021-22 GDP is still a healthy 9.5%. Almost all rating agencies and leading banks and brokerages predict a high single digit growth rate for India's GDP in FY 2021-22, despite a severe second wave of COVID-19.

INDIA'S INITIAL RESPONSE TO THE PANDEMIC

The Indian government had imposed a nationwide lockdown in March 2020. It was sudden and stringent; something that worked to contain the spread of the pandemic in India at a time when very little was known about the virus, and the fatality rate was very high. The government rightly put lives before livelihoods and the result was evident in the contained numbers in India during the lockdown, where other nations were seeing a very rapid increase in COVID-19 infections.



The Bank is on the cusp of an all-encompassing transformation, focussed on further asset, product and geographical diversifications, and technological and digital transformations, in line with Vision 2025.

The lockdown, though, came with its anticipated side-effects. Economic activity came to a standstill. There was a loss of earning for a vast population and barring essential services, businesses had to suspend operations and, therefore, their revenues were drastically reduced. Even after the easing of the national lockdown, there were local lockdowns in many states of the country. This prolonged the adverse impact on the economy.

However, the subsequent targeted interventions of the central government and the RBI, which started early in the pandemic period, helped stabilise the situation and facilitate a recovery by the economy.

MEASURES TO STIMULATE RECOVERY

The RBI's Targeted Long-Term Repo Operations (TLTRO) gave banks access to long-term funds from the central bank. The 6-month loan moratorium announced by the RBI brought in some relief during the most difficult initial months of the pandemic in 2020. Further, as part of the Atmanirbhar Bharat Package, the Centre also launched an Emergency Credit Line Guarantee Scheme (ECLGS) to support small entrepreneurs, which was subsequently extended to twenty-six of the most stressed sectors.

Reduction in Cash Reserve Ratio (CRR) as well as TLTROs for fresh deployment and investment in investment-grade corporate bonds, commercial paper, etc., helped sustain faith of investors to an extent. Increase in banks' limit to enable the banking system to avail additional liquidity at reduced Marginal Standing Facility (MSF) rate, special refinance facilities for NABARD, SIDBI and NHB, special liquidity facility (SLF) for mutual funds, easing of working capital financing by reducing margin were among other focussed measures initiated by India's central bank as part of its operational and business continuity measures for the banking sector.

THE ROAD AHEAD

At the start of FY 2021-22, the RBI indicated that it intended to continue supporting the economy through various liquidity and other measures like GSAPs, OMOs, to help manage the

market borrowing programme smoothly and efficiently. This bodes well for the banking sector, which is also expected to benefit from enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms, coupled with advancements in technology leading to enhanced customer engagement and experience. In June 2021, the Finance Minister of Government of India, announced several new schemes to boost an economy direly impacted by COVID-19. The measures included a ₹1.1 lakh crore loan guarantee scheme for the COVID affected and an additional ₹1.5 lakh crore under ECLGS that was launched as part of Atmanirbhar Bharat package, earlier in 2020. The announcements are welcome reforms with the country emerging from a devastating second wave, and bracing for a possible third wave.

During the last financial year, the government also redefined the slabs for MSME. This redefinition has brought a number of businesses into the definition of MSME. The Atmanirbhar Bharat package of the Government of India, along with various other stimulus incentives announced in the wake of the pandemic impact, are expected to continue to push economic growth across the key sectors of economy, particularly among the MSMEs. Your Bank's endeavour in creating micro entrepreneurs at the bottom of the pyramid has aligned well with the government's priority of supporting MSMEs.

OUR STRATEGIC PRIORITIES

At your Bank, the focus, going forward, shall continue to be on strengthening asset quality, liquidity and capital adequacy, backed by continued risk mitigation measures to minimise the impact of COVID-19 on our business. Expansion of network, investments in strengthening human capital, as well as scaling up technology and digitalisation drives remain high on the priority agenda for the Bank. In line with the transformation agenda to create more touchpoints for customer engagement, your Bank shall continue to strengthen its portfolio of products to fulfil the evolving and aspirational needs of customers across markets, segments and regions.



Led by the Bank's optimistic outlook, with confidence in the overall growth promise of the Indian economy and the banking sector, your Bank remains dedicated and focussed on moving actively forward on its transformation trajectory.

IN CONCLUSION

Led by the Bank's optimistic outlook, with confidence in the overall growth promise of the Indian economy and the banking sector, your Bank remains dedicated and focussed on moving actively forward on its transformation journey. The overarching goal of this transformation is to ensure sustainable growth, coupled with sustained value creation for all stakeholders. Inclusive banking remains the key strategic priority of this journey, and we look forward to your continued support in successfully taking us forward to achieve your Bank's Vision 2025.

Warm regards,

Dr. Anup Kumar Sinha

Non-Executive (Independent) Chairman

Message from the MD & CEO

Dear Shareholders,

I sincerely hope that you and your loved ones have been well during these trying times.

It is my pleasure to present to you the performance of your Bank for the year in review and the way forward.

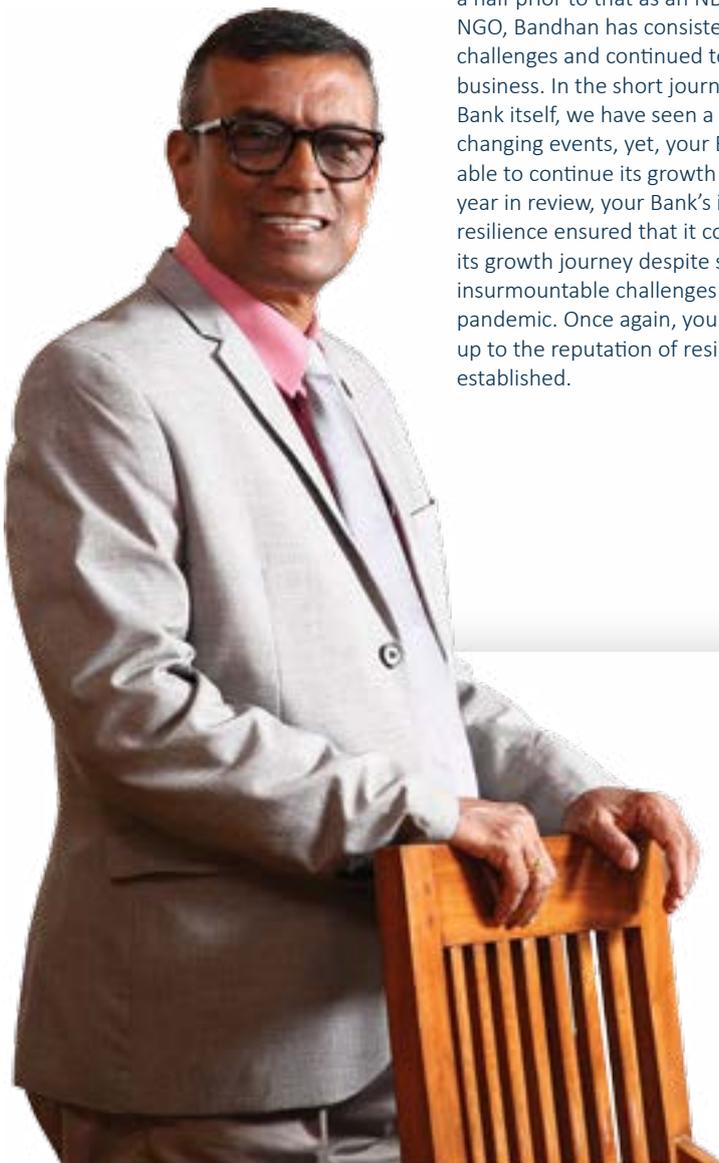
CHALLENGES BRING OUT OUR BEST

Your Bank has established a reputation of resilience. In its journey over the last nearly six years and for the decade and a half prior to that as an NBFC and an NGO, Bandhan has consistently overcome challenges and continued to grow the business. In the short journey of the Bank itself, we have seen a few paradigm changing events, yet, your Bank was able to continue its growth story. In the year in review, your Bank's inherent resilience ensured that it continued its growth journey despite seemingly insurmountable challenges created by the pandemic. Once again, your Bank lived up to the reputation of resilience it has established.

HONOURING OUR BRAVEHEARTS

The Bank, being in essential services, continued operating through the national and the state level lockdowns. Our colleagues ensured that the customers of the Bank had one less worry in times of the pandemic - their finances and access to money. While the staff ensured that business continued as usual with all safety protocols followed, the Bank ensured that they have the necessary medical support, in case they tested positive for the virus. The Bank tied up with leading hospitals across the country for COVID-19 packages and home care solutions to ensure the employees had the right support at the right time.

The Bank's employees braved the pandemic and continued to seamlessly serve customers.



In a year where very little seemed 'usual', your Bank ensured that performance-linked payouts, annual increments, employee benefits were made available to eligible employees, as usual.

In a year where very little seemed 'usual', your Bank ensured that performance linked payouts, annual increments, employee benefits were made available to eligible employees, as usual.

BUSINESS OVERVIEW

Despite challenging extraneous environment, the topline of your Bank grew impressively. Advances grew 21.1% Y-o-Y to ₹87,043 crore (including TLTRO of ₹409 crore), while deposits grew 36.6% to ₹77,972 crore. I would like to bring to your attention that your Bank surpassed ₹1,50,000 crore of total business, giving it the coveted distinction of being one of the fastest growing Banks in the initial five years of operations. CASA at ₹33,827 crore grew 60.9% compared to the previous year and was at 43.4% of total deposit as against 36.8% in the previous year. Your Bank has always focussed on the retail segment and a retail to total deposit ratio of 79% bears testimony to that. Average balances in savings accounts for general banking customers increased by nearly 33% to about ₹55,700.

The Net Interest Income (NII) was ₹7,563 crore, up by 19.6%. Operating profit grew by nearly 26% to ₹6,855 crore. Your Bank's prudent approach to cost was further established with cost to income ratio of 27.6%, before reversal of ₹538 crore on account of NPA recognition and waiver of interest on interest. Your Bank's Capital Adequacy Ratio (CAR) was at a healthy 23.5%.

During the year, as a measure of prudent management and to further strengthen the balance sheet, your Bank took provisioning to the tune of more than ₹3,900 crore. Due to the impact of the pandemic and the side effects of the lockdown, the Bank saw gross NPA at 6.8% and net NPA at 3.5%. There is enough confidence that these figures are for a point in time as 78% of the EEB customers have paid partially. With the recovery of the nation from the pandemic and restarting of businesses, we remain confident about our customers' resilience and that repayment rates will improve further to original levels.

THE COMMITMENT TO 'TRANSFORMATION'

The theme for this year's annual report is 'Transforming with India. Transforming for India.' Your Bank is no stranger to transformation. In its avatar as a bank and in all other avatars, each transformation resulted in diversification, growth and more changed lives. This time around, the core reason for the transformation ahead is the rapidly evolving customer. The Bank aims to continue to be relevant and provide superior customer value and experience to not only the existing customers but also the new customers that your Bank will be serving in future. In an environment where customer habits and preferences are changing, and at an even more accelerated rate because of the pandemic, your Bank has embarked on a transformation journey to continue to be a bank of choice for its customers.

Your Bank's transformation agenda has four pillars – Business, IT, Digital and People. Let me discuss each of these with you.

BUSINESS TRANSFORMATION

Your Bank has always looked at keeping the business verticals aligned to consumer demands and preferences. In the year in review, your Bank made decisive changes to key verticals to align them to Vision 2025. Along with this, the Bank also brought about changes in existing business verticals to prepare them for the future. All these changes are a part of the larger transformation agenda to enable portfolio and geographical diversification.

EMERGING ENTREPRENEURS BUSINESS (EEB)

Your Bank has been keenly focussed on empowering women at the bottom of the pyramid with formal financial services and enabling them to become business owners. In this journey with them, the Bank realised the need to provide an entire bouquet of financial services to them aligned to their emergent aspirations, along with increasing ticket sizes of loans to support their business growth. To partner the entrepreneurs in a holistic manner for their growth and



The Bank aims to continue to be relevant and provide superior customer experience to not only the existing customers but also the new customer base that your Bank will be serving in future.

aspirations, the EEB vertical was set up in September 2020.

Your Bank has also consciously focussed on migrating vintage customers to individual loans. In the EEB portfolio, close to 11.4% of loans were migrated to individual loans. With this, the contribution of individual loans in the total asset book stands at 7%. In the next two years, your Bank will endeavour to take individual loans to a substantial part of the EEB book in the states of West Bengal and Assam.

RETAIL ASSETS

As your Bank focusses on diversifying the asset book, it is strengthening various asset verticals. The home loan portfolio of your Bank is a high vintage secured book. Ever since the acquisition of the business, there has been a keen focus on leveraging the Bank's strong distribution network for home loans. In the year in review, 29 additional bank branches were activated for home loans. The primary focus of your Bank will continue to be the affordable housing segment. The government's vision of two crore housing units in the affordable segment has shown muted progress given the pandemic. Once

we have businesses regain usual form, the demand for affordable housing is bound to pick up and your Bank is well positioned to serve the demand for loans for them.

The Bank already had a thriving gold loan portfolio, whereas the personal loan and two-wheeler loan portfolios were nascent. To consolidate the retail loans and to bring in singular focus on the portfolio, your Bank created a Retail Assets vertical in August 2020, bringing together gold loans, personal loans and auto loans under one vertical. In just six months of the financial year, the contribution of retail assets to the total assets portfolio, on a growing portfolio, has increased by 40 bps.

QUALITY MATTERS

Your Bank has garnered a sizeable portfolio over the years and ensured portfolio quality by lending only to high quality borrowers. In the current environment, your Bank will focus on



Today, your Bank has a pan-India presence and caters to customers through its strong network of more than 5,300 banking outlets. The Bank is committed to diversifying its geographical presence further and acquire new customers pan-India.

consolidating and further improving portfolio quality through improved credit selection and strengthening collection process. Your Bank is also working on building the teams with right capacity and capabilities especially in the newly set-up verticals like Retail Assets, strengthening processes, risk management and technology and benchmarking competitively to price the credit. Your Bank is building scorecards and algorithms to improve the predictability, use alternate data sources and data science for better credit selection and portfolio monitoring, and offer digital collection options to supplement existing collection channels.

COMMERCIAL BANKING

The Commercial Banking vertical is aimed at fulfilling the credit requirements of small entrepreneurs, SMEs, NBFCs (including MFIs) and mid-sized corporates. Your Bank aims at strengthening the vertical further and is already in the process of implementing Cash Management and Trade Services to expand the service offering to its clients.

Your Bank is committed to serve the needs of the MSME sector and views this as a major opportunity. In doing so, it will continue to evaluate opportunities and add products and services to its suite to ensure that the Bank fulfils the holistic need of the sector.

LIABILITIES AND THIRD-PARTY PRODUCTS

Your Bank has been able to garner a strong deposit base. With the right set of third party products like mutual funds and insurance, your Bank is already deepening the relationship with existing customers. The retail and granular deposit focus is a firm stance of the Bank, as it takes banking closer to those in the unbanked and the underbanked segments of the nation. In the years to come, your Bank will consolidate Current and Savings Account ('CASA') by developing deeper customer engagement leveraging digital and analytics.

NURTURING AND STRENGTHENING CUSTOMER BONDS

Your Bank has strong foundations of a robust and diverse product suite, and a strong customer base. One of the key

focus areas of the Bank would be on building more customer lifetime value. For this, the Bank will lay emphasis on the entire customer journey from acquisition to retention to growth and finally, advocacy. The Bank will also put in place a robust digital marketing stack to ensure that customers are engaged and handheld through their journey with the Bank. More products per customer, more revenue per customer, migration of customers to Digital Banking self-service options and less churn will be the key results delivered. With the right usage of data combined with AI/ML, the entire customer journey will be mapped and optimised to drive higher loyalty and lifetime value.

GEOGRAPHICAL EXPANSION

In the year in review, despite the challenges on ground, your Bank opened 751 new banking outlets of which 622 were banking units. Of these new banking units, only one was in the state of West Bengal; all others were in geographies outside of the East and North-East. Today, your Bank has a pan-India presence and caters to customers through its strong network of more than 5,300 banking outlets. The Bank is committed to diversifying its geographical presence further and acquire new customers pan-India.

In terms of business growth as well, deposits grew 29% in the East and North-East whereas, for the rest of the country deposit growth was 48%.

IT TRANSFORMATION

IT is the backbone of any successfully scaling enterprise and your Bank has always enjoyed a robust IT backend. Technology is changing rapidly and your Bank is committed to keep pace with this change and benefit from emerging trends in this space.

One of the key IT transformation decisions taken by the Bank in FY 2020-21 has been to build an in-house IT Ecosystem-infrastructure, network, applications, data and security. To enable this, the Bank has already started building the backbone of the modern architecture that will enable the scalability, performance, flexibility and agility needs of your Bank. Additionally, your Bank has already embarked upon

setting up Enterprise Data Lake to harness the power of data to serve our customers better through hyper-personalised and contextually relevant offerings. Finally, your Bank has also invested in refreshing the application stack and is scaling up its infrastructure to support current and future scale.

To ensure the delivery of the ambitious IT transformation agenda, your Bank has also been hiring competent resources across levels to address the skill gaps.

DIGITAL TRANSFORMATION

The Bank's ability to cater to the 360 degree banking needs of customers in an omni-channel manner, through both hi-touch and hi-tech modes using its robust and secure digital channels, is one of the key imperatives of its long-term sustainable growth. Bandhan Bank's Digital 2.0 will be simple, smart, seamless and secure.

In line with Vision 2025, Digital Banking will deliver a one-stop platform for hyper-personalised and relevant omni-channel banking experiences across customer lifecycle. To enable the same, your Bank launched a new platform for digital account opening in a completely paperless and contactless mode – Neo+ Digital Savings Account. The Bank has made significant efforts in the year in review to improve Digital Banking and Payments experience, and invested in a new state-of-the-art Digital Banking solution and implementation efforts are already underway to deliver next generation functionalities and cutting-edge experience. Your Bank has also launched a new contemporary website reflecting the transformation journey underway at the Bank. With a keen focus on bringing innovative propositions through digitalisation and operational efficiency through digitisation, your Bank will continue to promote the culture of "Digital First" with enhancements in its product and service suite through digital channels.

PEOPLE TRANSFORMATION

Your Bank has always been focussed on the empowerment of its employees through investments in training and development, career progression, and

performance management. The objective of these interventions is to encourage a culture of meritocracy, and ultimately to serve our customers better.

The pandemic threw unforeseen challenges from an HR point of view. Not only was the function responsible for ensuring support to employees during the pandemic, but also ensuring that the necessary processes of training, performance management, hiring and on-boarding, among others, continued unhindered while adhering to the new norms of social interaction.

The Bank hired more than 17,500 new employees in the year in review and crossed the milestone of 50,000 on-roll employees in early FY 2021-22. It has also on-boarded senior members to drive growth and transformation in some of the key areas, in line with Vision 2025. Some of the prominent hiring in the year in review were the Heads of EEB, Retail Assets, Marketing & Digital and IT & Operations. All of them come with robust experience in their respective domains and are geared to deliver the transformation agenda.

Going ahead, your Bank's focus will be on growing human capital in line with business needs to scale up. With the other transformations, people transformation will also focus on building capacity, capability and the right culture at the Bank for achieving Vision 2025.

With these four pillars of transformation working in a well-orchestrated manner and, support and control functions enabling this transformation, your Bank is confident of achieving its ambitious Vision 2025.

IN IT TO WIN IT

Your Bank has proven itself over the years. If the last few months of change in habits and behaviour is anything to go by, the coming few years will be far different than the ones that just went by. Our commitment to the transformation agenda will ensure that we remain ahead of the curve and continue to be relevant to our customers. There are certain inherent advantages with your Bank – it doesn't have legacy systems



Going ahead, your Bank's focus will be on growing human capital in line with business needs to scale up. With the other transformations, people transformation will also focus on building capacity, capability and the right culture at the Bank for achieving Vision 2025.

and processes which makes it easier to transform; it has the right skill sets within the Bank to drive the transformation agenda; it has a strong management to ensure that the Bank grows steadily; and a young workforce that is eager to do more and achieve more.

The last few years have been very satisfying. The best, though, is yet to come.

Warm regards,

Chandra Shekhar Ghosh

Managing Director & CEO

Board of Directors



DR. ANUP KUMAR SINHA
Non-Executive (Independent) Chairman

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

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

He has held visiting appointments at the University of Calcutta, Indian Statistical Institute, University of Southern California,

Washington, University at St. Louis, Curtin University at Perth and Kyoto University. He has been actively engaged in training and consulting for a number of organisations in the public and private sectors, as well as for international agencies in the field of economics. He has also authored publications on various topics, including economics, rural economy, management, etc.

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

Dr. Sinha has been the Non-Executive Chairman of the Bank since January 07, 2019.



CHANDRA SHEKHAR GHOSH
Managing Director & CEO

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

Mr. Ghosh is the former President of Bengal Chamber of Commerce & Industry (BCC&I) and the former Chairman of Confederation of Indian Industry (CII), Eastern Region. He is also a member of Managing Committee of Indian Banks' Association (IBA), and a member of Corporate Governance Council, CII. He co-chairs the Financial Inclusion Committee of Federation of Indian Chambers of Commerce and Industry (FICCI). He is

a member of the Committee on Micro, Small and Medium Enterprises (MSME) sector, Government of West Bengal, besides being a member of College Advisory Committee (CAC) in College of Agriculture Banking (CAB), Pune. He has also been a distinguished invitee on the Council of Management, AIMA. Mr. Ghosh was elected as 'Senior Ashoka Fellow' in 2007 by Ashoka Foundation (social entrepreneurship award).

He holds an MSc degree in Statistics. He attended the HBS-ACCION programme on Strategic Leadership at the Harvard Business School in April 2006. He has completed a Certification Programme in IT & Cyber Security conducted by the 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 SUBRAMANYA RAMASASTRI
Independent Director

Dr. Ramasastry is widely known for his commendable domain knowledge in banking technologies such as cybersecurity, analytics, cloud computing, and payment systems, in addition to his other areas of expertise. He was the Director of the Institute for Development and Research in Banking Technology ('IDRBT') during 2014-20. Prior to joining IDRBT, he was the Chief General Manager-in-charge of the Department of Information Technology at RBI. In the RBI, he had spearheaded many important projects, including the implementation of the Next Generation RTGS, adoption of XBRL and ISO 20022, and preparation of the IT Vision of RBI from 2011-17.

He has authored two books titled 'Quantitative Methods for Valuation of Assets' and 'Quantitative Methods for Banking and Finance'. He had also

guided the Bank of Mauritius, Bank of Malaysia and Bank of Uganda on the implementation of Data Warehouse, XBRL, etc., and delivered talks on standards and technology for data reporting at the International Monetary Fund and Bank of International Settlements. Currently, he is also on the Board of Telangana Industrial Health Clinic Limited.

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

He has been on the Board since August 08, 2018. He is also the Chairman of IT Strategy Committee of the Bank.



DR. HOLGER DIRK MICHAELIS
Nominee Director (Caladium Investment Pte. Ltd.)

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

Previously, he was the Partner and the Managing Director at the Boston Consulting Group, where he worked in Germany and China. He advised clients in corporate and investment banking,

transaction banking, retail banking, insurance and asset management on topics of strategic relevance including corporate and business line strategies, organisation, operations, IT and risk management.

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



N V P TENDULKAR
Independent Director

Mr. Tendulkar is a Chartered Accountant and Company Secretary. He has more than 37 years of experience in Finance, General Management & Operations in IT, Telecom and Manufacturing industries. He has extensive experience working with American & European multinational organisations, and has successfully resolved multi-dimensional, dynamic and challenging issues.

He was an Executive Director with Hewlett Packard Enterprise India Limited for almost 14 years. He was also associated with many IT Companies, including Tata

Telecom, AT & T, USA, Digital Global Soft etc. Currently, he is an Independent Director of Centrum Capital Limited and Corporate Catalyst India Private Limited.

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

He has been on the Board since May 08, 2020. He is also the Chairman of Stakeholders Relationship Committee of the Bank.



RANODEB ROY
Non-Executive Non-Independent Director

Mr. Roy is the co-founder and CEO of RV Capital Management Private Limited, an asset management company based in Singapore that he founded in November 2011. He has significant experience in the banking and finance sector.

He started his career at the 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. Currently, he is also on the Board of Bandhan Financial Holdings Limited.

He holds an MBA from IIM, Ahmedabad, with a major in Finance and Marketing and a B.Tech. in Computer Science & Engineering from IIT, Kanpur.



SANTANU MUKHERJEE
Independent Director

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

Currently, he is also on the Boards of 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.

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

He has been on the Board since January 7, 2019. He is also the Chairman of Risk Management Committee of the Bank.



SNEHOMOJ BHATTACHARYA
Independent Director

Mr. Bhattacharya has 36 years of experience in the banking industry. He served as a Director on the Board of Axis Private Equity Limited. Subsequently, he was an adviser to Axis Bank on Leadership Development and Talent Management.

He started his career with State Bank of Bikaner and Jaipur as a Probationary Officer and reached the level of Chief Manager, International Banking. Thereafter, he moved to Axis Bank as Asst. General Manager and held various positions, including that of the Executive Director (Corporate Affairs), where he

oversaw the functioning of the human resources, compliance, internal audit, legal, corporate communications and corporate infrastructure departments. He was also the Head of Human Resources, and the Chairman of the Audit Committee of Executives at Axis Bank.

Mr. Bhattacharya is a Science graduate from the University of Calcutta and a Cost Accountant from the Institute of Cost and Works Accountants of India.

He has been on the Board since July 09, 2015.



SUBRATA DUTTA GUPTA
Independent Director

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

Mr. Gupta worked at the International Financial Corporation ('IFC'), World Bank Group, for more than a decade, from 2005 to 2019, and retired as the Principal

Financial Officer of IFC. During his stint at IFC, he worked in South Asia, South East Asia, and Central Asia. He has also been associated with BHW Birla Home Finance as the Managing Director, with SREI International Finance as Senior Vice President, and with Classic Financial Services & Enterprises Ltd. as the Regional Manager for Operations. Currently, he is a member of the Board of Joyville Shapoorji Housing Private Limited as a Nominee Director of Asian Development Bank.

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

He has been on the Board since March 19, 2021. He is also the Chairman of Corporate Social Responsibility Committee of the Bank.



SUHAIL CHANDER
Independent Director

Mr. Chander is a veteran Banker with 37 years of rich experience in Banking Operations, Trade Finance, Retail and Wholesale Banking. His extensive experience covers the entire gamut from retail, small and medium enterprise, mid-sized corporates to large corporates.

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

Institutional Banking at IndusInd Bank in March 2020. Currently, he is a member of the Board of Canara Robeco Asset Management Company Limited.

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

He has been on the Board since March 19, 2021. He is also the Chairman of Nomination and Remuneration Committee of the Bank.



THEKEDATHUMADAM SUBRAMANI RAJI GAIN
Independent Director

Ms. Gain is currently the Chief General Manager and state in-charge at MP Regional Office of NABARD. She had also held the position of Executive Director at Bankers Institute of Rural Development (BIRD). She has over 34 years' experience in the field of agricultural and rural development. She has worked in various capacities in NABARD where she was involved in capacity building, and conducted programmes on organisational and institutional development, microfinance, self-help groups, gender and

participatory management. She has been a Faculty Member at the BIRD, Lucknow and Technical Advisor at UP Diversified Agriculture Support Program, a World Bank Project.

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

She has been on the Board since August 06, 2015.



VIJAY N BHATT
Independent Director

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

He worked at KMPG for over 10 years (Senior Independent Director), E&Y for 2 years, with RSM & Co., Chartered Accountants for 19 years, and briefly with

Lovelock Lewis. He has been a member of various committees of the Institute of Chartered Accountants of India, such as Accounting Standard Board, Audit Standard Board, Information Technology Committee, Financial Reporting Review Group and Professional Development Committee of WIRC. Currently, he is on the Board of Qontrac Prints Private Limited.

He has been on the Board since May 08, 2020. He is also the Chairman of Audit Committee of the Bank.

Core Management Team

ARVIND SINGLA

Head – Operations and Technology

DEEPANKAR BOSE

Head – Corporate Centre

KUMAR ASHISH

Head – Emerging Entrepreneurs Business (EEB)

RAHUL PARIKH

Chief Marketing and Digital Officer

SANJEEV NARYANI

Head – Business

SANTANU BANERJEE

Head – Human Resources

SUNIL SAMDANI

Chief Financial Officer

BISWAJIT DAS

Chief Risk Officer

NAND KUMAR SINGH

Head – Banking Operations & Customer Service

RONTI KAR

Chief Information Officer

SIDDHARTHA SANYAL

Chief Economist and Head-Research

SRINIVASAN BALACHANDER

Chief Compliance Officer

SUJOY ROY

Head – Branch Banking

ARVIND KANAGASABAI

Head – Treasury

JAGANNADHA RAO

Head – Legal

RAVI LAHOTI

Chief Audit Executive

SAURABH JAIN

Head – Commercial Banking

SURESH IYER

Head – Housing Finance

VINEET TRIPATHI

Head – Retail Assets

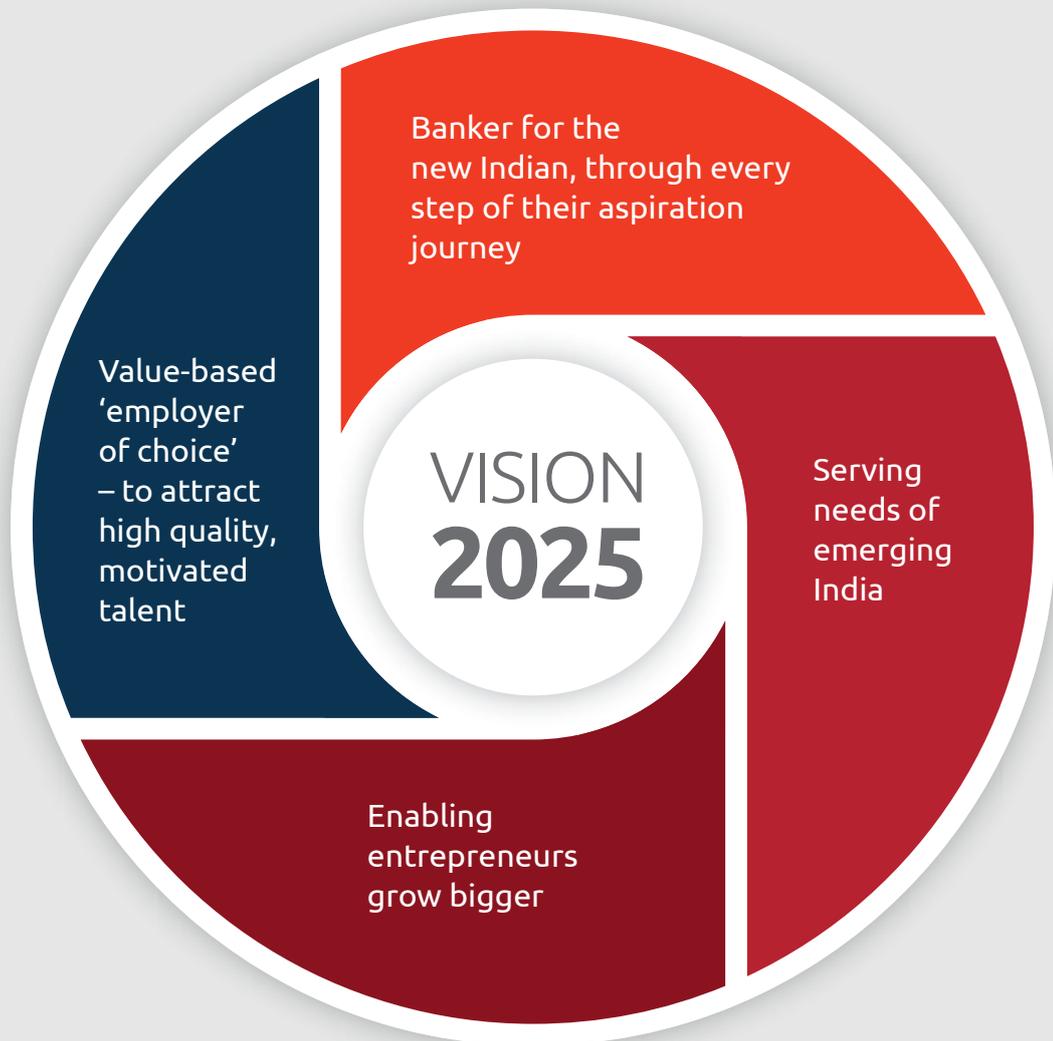
INDRANIL BANERJEE

Company Secretary

Transforming with India Transforming for India

Bandhan Bank's transformation strategy is focussed on serving the rapidly changing and emerging India. Aligned with its Vision 2025, the transformation focusses on four key areas – Business, IT, Digital and People. All functions will align to power the transformation agenda, which is aimed at ensuring that your Bank remains relevant to and a preferred choice of customers.





In its endeavour to realise these goals, your Bank has identified the following areas for investment till FY 2024-25:

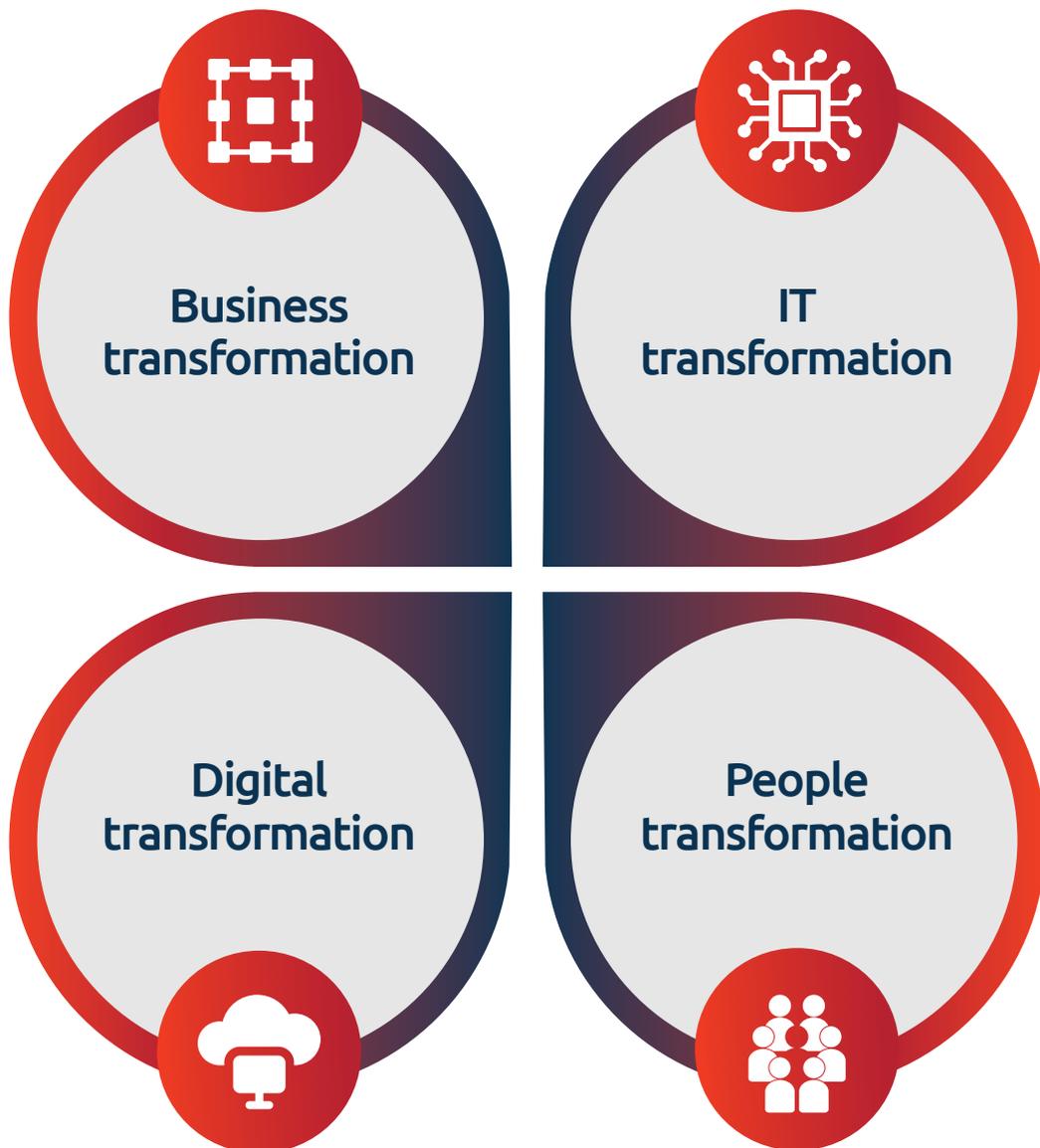
- Diversification of asset portfolio with modern underwriting and collection capabilities
- Strengthening people capabilities, including hiring new talent, for growth
- Development of in-house technology, analytics and digital capabilities
- Consolidation of CASA by developing deeper customer engagement, leveraging digital and analytics

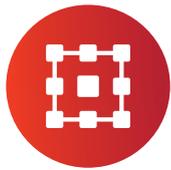
On the Path of Transformation

Mapping its growth trajectory to the changing needs of Indians through the years, Bandhan Bank has been steadfast in its endeavour of being a bank that makes a difference in the lives of people. As it surges forward, your Bank is continually evolving itself with the changing extraneous operating environment.



The three Cs – Capacity, Capability and Culture – will be the key determinants in the transformation journey of your Bank. It is continually pushing its change agenda through powerful interventions across the key areas mentioned below:





Transforming the Business

A deep understanding of the operating environment is your Bank's key strength. Your Bank, on an ongoing basis, brings in interventions to ensure that it stays relevant to the various customer segments it serves. This is the key reason why, even in the wake of challenges thrown in by the pandemic, your Bank continued its topline growth and added more customers to the books.

As it moves forward, your Bank is committed to catalyse intensive transformation initiatives to not only continue to be the preferred bank for existing customers but also enter the consideration set of a diverse set of prospective customers in the years to come.



STRONG PRESENCE ACROSS VERTICALS

In the year in review, your Bank took a close look at the existing business models and verticals and evaluated transformations that are necessary to achieve Vision 2025. The objective is to enable the business verticals serve customers better and more holistically, as well as to diversify the Bank's portfolio and geographical contribution. Within each vertical, the Bank is building its internal expertise, and strengthening its relevant risk management and control practices to ensure scalable and sustainable long-term growth.

INTRODUCING EMERGING ENTREPRENEURS BUSINESS (EEB)



Your Bank has a two-decade experience in serving the credit needs of the unserved and the underserved. In this journey, your Bank has been fortunate to handhold millions of women in their journey towards becoming successful entrepreneurs, thereby promoting economic growth and inclusive development. As a universal bank, all their financial needs can be fulfilled under one umbrella by your Bank.

To partner the evolution and aspirations of customers and ensure that they have access to banking products and services to fulfil their changing needs, your Bank decided to establish a new vertical. Emerging Entrepreneurs Business (EEB) encompasses the erstwhile Micro Banking vertical, including group and individual loans, and in addition to that, also has Micro Home Loans (MHL), Micro Bazaar

Loans (MBL) and two-wheeler loans. Your Bank wants to ensure that the customers in this line of business grow horizontally, i.e. adopt new product propositions in line with their needs, and vertically, i.e. supporting their growing credit needs.

The EEB vertical will drive the transformation of customers at the ground level. Your Bank has already started migrating high vintage and quality customers to individual loans from their existing group loans. In the year in review, about 11% of EEB loan portfolio, amounting to roughly ₹6,600 crore, was migrated to individual loans. The share of EEB individual loans in the overall asset book stands at 7.6%. In the next two years, your Bank aims to have significant part of the EEB book as individual loans, in the states of West Bengal and Assam.

BANKING ON INDIA'S RETAIL POTENTIAL



Growing incomes, favourable demographics, entry of foreign players, and increasing urbanisation are expected to continue to push India's retail growth. The COVID-19 impact notwithstanding, the overall retail story remains intact, propelled by the e-commerce market growth.

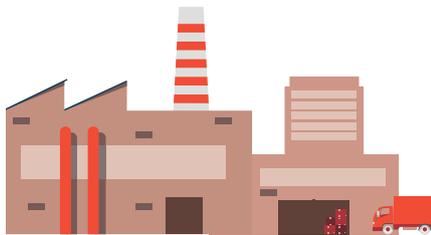
Your Bank already had a bouquet of retail asset offerings, comprising home loan, gold loan, personal loan and two-wheeler loan.

The home loan business of your Bank has, and will continue to be keenly focussed on affordable housing. However, to remain equipped to cater to the varied needs of home loan customers, your Bank introduced a high-ticket size loan for mass affluent customers. During the year in review, the vertical expanded its

scope to distribute home loans from 29 additional branches of your Bank. The scope of affordable housing in particular, and home loans in general, remains very promising. The pandemic has put a temporary limitation in the category but the future still looks promising, and your Bank is equipped to fulfil the cherished Indian dream of owning a home.

The Bank consolidated gold loan, personal loan and two-wheeler loan under one vertical. Using cross-sell, sourcing through existing branch network, partnership with DSAs and other sourcing agents, and digital acquisition, the retail assets vertical promises a healthy contribution to the asset book of the Bank, thereby helping in the diversification of the book. Your Bank will continue to evaluate and introduce newer products and processes to serve the growing needs of emerging India.

STRENGTHENING COMMERCIAL BANKING



Your Bank was early to realise the importance of the MSME in fuelling the growth of the economy. Through the years, the Bank has been privileged to partner customers in their evolution from being small business owners to entrepreneurs, in both letter and spirit. The government announced restructuring of stressed MSMEs in 2020. This bodes well for your Bank, as it helps expand the scope and coverage of MSME.

The Commercial Banking vertical of your Bank focusses on the credit needs of this sector, covering small entrepreneurs and business owners, SMEs, NBFCs, NBFC MFIs and mid-sized corporates. Among the various products offered by Commercial Banking is Small Enterprise Loan (SEL). This loan is targeted towards

small businesses, to fulfil their short to medium-term fund requirements. In the year under review, your Bank expanded the scope of SEL and increased the upper limit of the product from ₹10 lakh to ₹25 lakh.

SME loans focus on secured loans with ticket sizes of more than ₹10 lakh. These are meant for SMEs and mid-sized corporates involved in manufacturing, trading and services, through products designed to cater to their specific business needs. To further strengthen the Bank's offering for this segment, your Bank has initiated deployment of Loan Originating System (LOS), and is in the process of implementing Cash Management and Trade Services for its commercial clients.

DIVERSE LIABILITIES OFFERINGS



Your Bank has built a strong liabilities franchise in the little over half a decade of operations. In the year under review, the deposit book grew by 37%. The focus has always been on building a strong retail deposit book, which has resulted in 79% of deposits being from retail segment. The CASA ratio is at 43%, which again shows the quality of the deposit book.

With the increase in the distribution, your Bank continues to expand its reach and the opportunity to garner more deposits from retail customers. Along with that, the Bank also launched a digital savings account, with which a new account can be opened with speed, without any paper, and from the convenience of one's home or workplace.

Your Bank continues to explore opportunities in the liabilities space. Key among the projects kicked off in the year in review are the special programme for senior citizens, a women-oriented programme, and up-sell debit cards.

For the commercial depositor, the Bank launched a high end current account called Biz Elite.

The merchant acquiring business has been enabling EDC-POS machines for business owners to aid their payment collection. Your Bank is in the process of launching a digital payment collection mechanism, whereby the dependence on EDC machines will be nullified, thus making the solution far more convenient and economical.

VALUE ADDING THIRD-PARTY PRODUCTS



The Bank, over the last few years, has built a robust third-party products distribution business, leveraging its strong branch network, robust processes in different segments, diligent product selection and focussed partnerships. The strategy of the Bank is to provide a one-stop insurance and investment solutions to all its customers.

In the transformation journey of the Bank, third-party distribution will help further strengthen the relationship with the Bank's customers. With awareness

on various investment and protection products being imparted at industry levels, the demand for such products has increased, and your Bank is well placed to serve these needs of customers.

Going ahead, the Bank will continue to engage with customers through the branches and digital channels, and also leverage data and technology for identifying the right product suite for customers to create a win-win for the customers and the Bank alike.

ENSURING PARTNERSHIP THROUGH THE CUSTOMER LIFECYCLE



Your Bank has a large customer base, and branches and verticals ensure proper customer connect. Going forward, your Bank will focus on garnering more customer lifetime value, to not only fulfil the needs of the customers in their journey with the Bank but also create long-term value for customers for the Bank. The Bank is planning a customer lifecycle management agenda, whereby, through digital marketing, the

customer's journey, from prospecting to conversion, engagement, loyalty and advocacy, will be managed basis data and a technology stack. With the right usage of data, along with advanced analytics, the lifecycle of the customer will be mapped, and necessary interventions will be programmed to engage with the customer to drive higher loyalty and lifetime value.



DIVERSIFYING GEOGRAPHICAL PRESENCE

Bandhan Bank is utilising its pan-India distribution network and deep penetration in rural and semi-urban markets to harness the opportunities across its business verticals.

The Bank's distribution has been one of its major strengths. The more than 5,300 banking outlets across 34 of the 36 states and union territories give the Bank a sizeable pan-India footprint. The significant presence in rural and semi-urban markets helps the Bank differentiate itself from other private banks. More than 30% of the banking outlets are in rural areas, far higher than the 11% of all banks put together. The Bank aims to be a one-stop shop for banking needs of all customers, big or small.

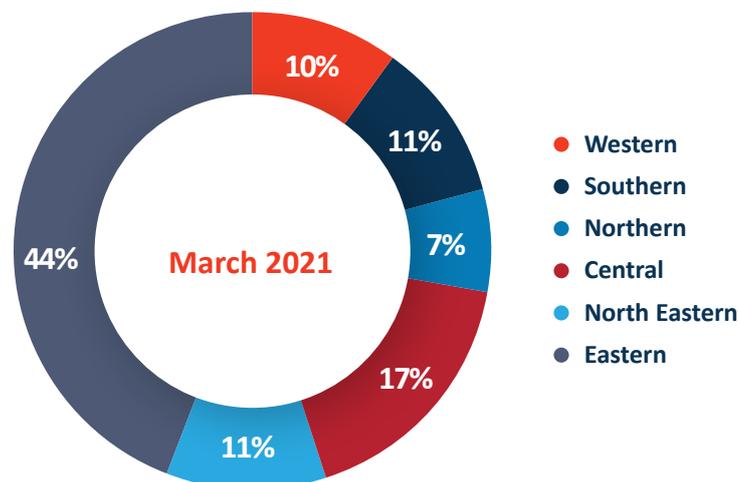
Your Bank's distribution expansion strategy is structured to tap the underpenetrated rural opportunity, with more branches to be opened in rural and semi-urban India. The move will also help in transforming the rural landscape of the country to make it more socio-economically empowered.

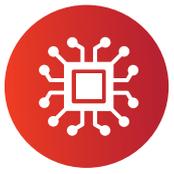
During the year in review, the Bank opened 751 new banking outlets, with a focus on geographies outside of East and North-East.



DIVERSIFYING PRESENCE WITH NON-EAST INCREASING OVER 50% NOW

Distribution of banking outlets





Building Robust Technology Backbone

Bandhan Bank has been continuously investing in technology to provide a robust, secure and seamless experience to customers. Last year has been an inflection point, with the usage of digital channels becoming ubiquitous and thus putting onerous thrust on technology to support scale, performance and agility to deliver digital propositions. Your Bank has been at the forefront of this transformation, investing in multiple areas keeping in view the long-term perspective of making the Bank future-ready:

1. Modernisation of architecture and APIs through micro-services
2. Refreshing of the application stack
3. Data lake and analytics capability
4. Exploring emerging technologies

Your Bank is investing in all the above areas, with the end objective of driving transformation that will support the growth ambitions and deliver superior value, as well as experience to the end customers.





THE IT TRANSFORMATION JOURNEY

In the past financial year, the Bank has invested in building robust, scalable and state-of-the-art technology backbone for augmenting the resilience, improving security and scalability, and launching new features and propositions. Your Bank has embarked on an IT transformation journey, and is building in-house expertise to manage the IT ecosystem infrastructure, network, applications, data and security.

In late 2019, your Bank embarked on a journey driven by an IT Strategy roadmap for the next 5 years. The strategy was approved by the Board in early 2020.

As part of this strategy, your Bank has started implementing and modernising the architecture. The core tenets of the new architecture are ensuring de-coupling across tiers, hollowing the core, and adopting micro-services architecture to deliver on performance, scalability, agility and flexibility objectives, besides eliminating single point of failure. Your Bank has already started implementing a middleware to integrate upstream with channels and downstream with application, as well as database layers to de-couple the architecture. Among other benefits, this will help the Bank scale horizontally and vertically in an agile and flexible manner, leading to potential cost saving and reducing the go-to-market time.

Your Bank is also in the process of building its own Data Centre (DC) and Disaster Recovery (DR) Centre, and has started work on setting up a state-of-the-art intelligent infrastructure at Tier IV data centres in different cities, which will act as primary DC and backup DC for disaster recovery. In addition, your Bank has decided to invest in near DR to ensure almost no data loss in case of any exigency. This will help your Bank deliver high availability, scalability and performance for all the applications that runs from the Data Centre. Further, your Bank is building the necessary network infrastructure and enhancing security systems to ensure delivery of transformation in a robust and secure environment. Your Bank has also started exploring Cloud native application and services, and will further work on it wherever there are advantages of cost

savings and faster go-to-market. It is pertinent to note that such models provide for faster proof of concepts and prototypes without much cost, and help the Bank innovate and experiment as it scales its Digital Banking proposition.

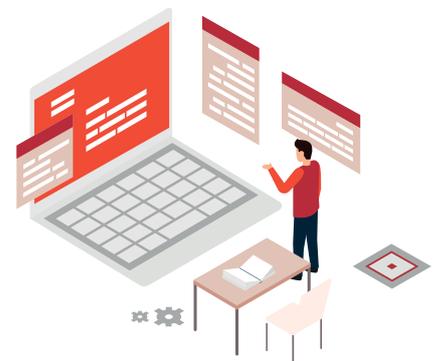
Your Bank is working on refreshing the current application stack and on-boarding new applications to support the growth objectives and imperatives of its business. Your Bank is on-boarding the best of breed applications to build capabilities, like Digital Banking, Digital Account Opening, Enterprise Data Lake, Loan Origination System, Cash Management System, Enterprise Risk Management, etc. Moreover, your Bank has recently finalised the new applications for Core Banking, Loan Management System, Trade Finance, Supply Chain, Enterprise GL, and Treasury, among others, and is in the process of starting the implementation work in line with its transformation roadmap. Your Bank has made significant investments in refreshing the application stack, which will serve its current and future needs. Further, your Bank has also been enhancing the current applications to improve digital banking, branch banking and payments experience.

While building the Enterprise Data Lake, your Bank has decided to implement Enterprise Data Lake using the Hadoop framework to meet all its information and analytics needs – be it providing data for ad hoc reports, MIS, regulatory reporting or advanced analytics for delivering hyper personalisation, or models for driving retention, along with growing breadth and depth of relationship or decision-making, based on insights. This is a long-term investment by your Bank to harness the power of data and analytics that will add significant value to it.

Finally, your Bank has also been exploring new emergent technologies with the view to support business growth and future vision. Your Bank has been actively exploring use cases of data science and AI/ML technologies, cloud native services and applications, conversational user experience, etc., and would further work on the same to ensure better customer value and experience, delivered in a robust and secure environment.

Your Bank has engaged a leading System Integrator to ensure that the

Your Bank has started implementing and modernising the IT architecture. The core tenets of the new architecture are ensuring de-coupling across tiers, hollowing the core, and adopting micro-services architecture.



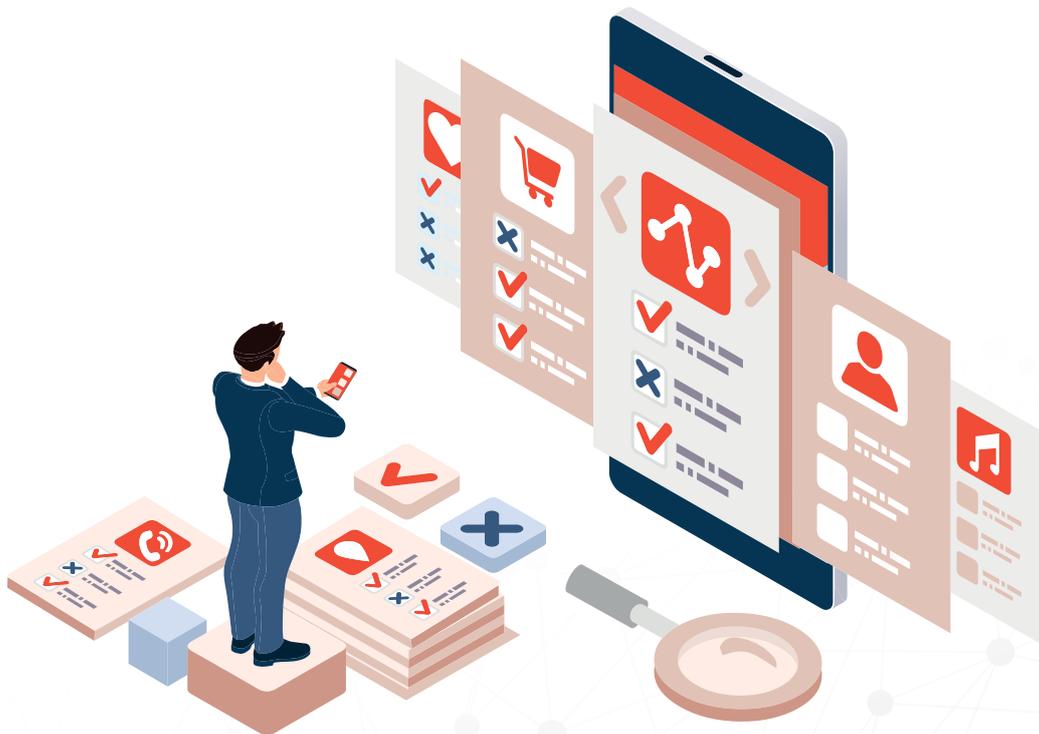
transformation is successfully carried out. The Bank is confident that the investments in IT transformation journey will go a long way in improving customer experience, bringing new innovative propositions, building robust partnerships with fintech and big tech players, and ultimately support and enable business growth that will help it achieve its vision. Your Bank has also invested in on-boarding the talent that will not only oversee and engineer transformation but also ensure that the Bank runs smoothly while transforming. Finally, the technology team is working diligently and relentlessly with external partners towards delivering the transformation under the guidance of the Management, the Board and the Technical Advisory Committee.



Powering the Digital Banking Proposition

From automation to analytics, and from ease of customer transactions to safe digital payment modes, your Bank launched several new initiatives during the year, while augmenting the scale of its existing tools and applications to ensure seamless banking services amid the pandemic.

Your Bank has a vision to deliver one-stop platform for hyper-personalised and relevant omni-channel banking experiences across the customer lifecycle. The Bank's ability to cater to the 360-degree banking needs of customers in an omni-channel manner, through both hi-touch and hi-tech modes using its robust and secure digital channels, is one of the key imperatives of its long-term sustainable growth. The Bank continues to invest significantly in upgrading its technology and data analytics to enhance digital propositions for better customer value and experience, and improved operational efficiency.



Its wide gamut of digital products and service offerings enables your Bank to provide anytime, anywhere, easy and quick banking experience to its customers, across the retail and corporate segments.

TOUCHING A NEW 'HI'

Over the years, Bandhan Bank's model shifted from 'hi-touch' to 'hi-touch enabled by hi-tech'. Accordingly, product and service offerings are being designed to deliver superior customer value and experience.



DIGITALISATION 2.0 – EMBARKING ON A NEW JOURNEY

With COVID-19 catalysing a new way of banking, your Bank was quick to adapt to the new norms of banking. Moving with extraordinary agility, it embraced a new Digital order, with its primary focus continuing on offering simple and smart solutions supported by seamless banking in a secure manner. Your Bank is working to provide money services through various propositions digitally

for the entire customer lifecycle and is working with a customer-first approach to provide seamless services, high-end user experience, personalised product offerings, transparency and security, and delivering the needs of customers to their satisfaction 24X7 at all touchpoints.



THE DIGITAL 2.0 PROPOSITION

With ever increasing usage of smart devices, improved connectivity and demand for high-end user experience, your Bank is undergoing rapid modernisation to take services to the customer's doorstep.

Your Bank's strategy will be to focus on building differentiated front-end layer, platform layer and intelligence layer using data to deliver superior banking value and experience continually across all customer lifecycle. As a part of Digital transformation roadmap, your Bank has started work on the following key areas by leveraging technology and data analytics at its core -

1. Modernise architecture to ensure decoupling of channels from applications, agility of operations, vertical and

horizontal scalability, and harnessing the power of data for driving personalisation, at scale.

2. Intelligent infrastructure to ensure high availability, performance and scalability for digital banking propositions.
3. Refreshing the application stack to bring in the best of breed applications.
4. Re-imagining and revamping the user journeys to ensure cutting edge omni-channel experiences.
5. Continuous improvement in digital assets with an iterative approach.
6. Innovation through POCs within the Bank and in partnership with

FinTech, BigTech and online consumer companies.

7. Improving productivity for front line and improve operational efficiency at back office.
8. Leverage data and advanced analytics capabilities to deliver hyper personalised experience, at scale.
9. Build open API stack to ensure partnerships across mutually value creating ecosystems.
10. Build the right talent with right capabilities and enabling culture to deliver the best digital banking proposition to our customers.

Way Forward

In line with its vision, your Bank has started implementing a completely new digital banking solution (mobility and net banking), which is channel agnostic. Your Bank has also started scaling the payments infrastructure to radically improve functionalities and experience in line with growing volumes.

Your Bank has started work on self-service customer sourcing capabilities where in the second quarter of 2020, the Bank introduced an instant digital savings account, Neo+ Digital Savings Account. Neo+ enables users to open a new savings account with the Bank from the comfort of their homes or workplaces, through a paperless and contactless process. Your Bank is already in the process of launching video KYC capabilities to enable seamless,

self-service full KYC account opening. Your Bank is also currently developing self-service and assisted customer-centric journeys for assets, liabilities and third-party products as part of the digital strategy roadmap. Finally, your Bank is actively engaged in multiple POCs with different fintech partners exploring new technologies to improve efficiency in business processes and bring value to end users.

Going forward, your Bank will continue to promote the culture of "Digital First" with enhancements in its product and services offerings digitally. It plans to leverage the power of data analytics and artificial intelligence to provide superior customer value and experience and better operational efficiency.





Empowering People for Transformation

Your Bank has consistently invested in the empowerment of its employees through focussed investments in training and development, career progression, and performance management. These initiatives are driven by the overall aim of fostering a culture of meritocracy, to further sharpen the employee-customer interface, amid the fluidity in the external ecosystem of the country.

The Bank sharpened its Human Resource (HR) focus further amid the COVID-19 pandemic, as it adapted rapidly to the new normal to ensure business continuity in these times of uncertainty. During these unprecedented times, the Bank saw an opportunity to hire talent, reskill and upskill its workforce, and speed up technology advancement and adoption to suitably support business growth.

During the year, the Bank hired and inducted 17,549 new employees, conducted training equivalent to 1,02,500 man-days on upskilling and reskilling, and delivered 10 key HR system projects on its transformation journey.

TRANSFORMATION: A WAY OF LIFE FOR EMPLOYEES AT BANDHAN BANK

The journey of more than five years of Bandhan Bank witnessed a quick scaling up of its workforce from 13,000 to 49,300. It resulted in an exciting blend of the old and new, in a culture of values-driven growth, professionalism, and ethical governance. The already existing principles of working together towards a common purpose, for instance, collaboration, teamwork and result-focussed efforts, were seamlessly adopted in the new form. To fulfil the need gaps created in talent required versus talent available, the Bank adopted a fine mix of lateral hiring and upskilling of existing employees. Led by its strong customer orientation, your Bank designed people-centric processes and systems to further augment its exemplary employee value proposition of retaining and attracting talent. It is because of the efforts of the employee force that the Bank was able to grow at an aggressive pace.



PROPELLING TRANSFORMATION IN THE NEW NORM

Challenged by the scale and severity of the COVID-19 pandemic, the Bank moved with exceptional agility to respond to the crisis, with varied initiatives to ensure employee safety and protection. A Quick Response Team (QRT), comprising senior leaders of the organisation, was put in place to constantly monitor and guide the employees amid the pandemic. In addition to this, the Bank also took the following key initiatives:

● “Bandhan Cares”

The Bank launched Virtual Medical Assistance for COVID-19 affected employees in home quarantine. Medical safety kits, consisting of essential equipment, were provided, and the Bank also tied up with leading hospitals to extend home care facilities to such employees, who were remotely monitored by specialised doctors and medical staff for 14 days.



● Group Mediclaim Policy

The Bank modified this policy, incorporating various measures related to COVID-19 measures, such as removal of capping on billing basis sum assured and inclusion of treatment expenses during home quarantine.

Being a part of essential services, your Bank was operational all through the pandemic while adhering to regulatory, government or local administration

guidelines. To ensure that employees took adequate care, the Bank also ran a communication series to educate employees about best practices during

the pandemic to keep themselves safe. These were put up on the Human Resource Management System (HRMS) and circulated via email and an e-booklet.

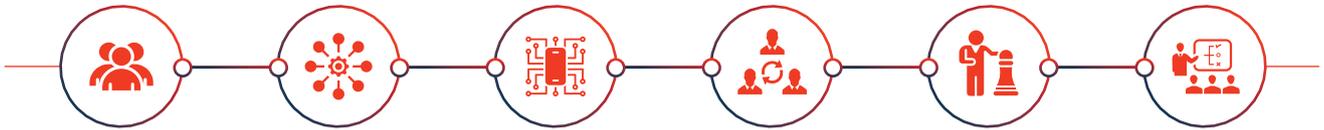


DRIVING A CULTURE OF PERFORMANCE

To build a culture of performance, in alignment with its overall vision, the Bank is continuously evolving its HR practices aimed at nurturing talent and powering growth. The Bank's focus is on building the right capabilities and capacities at all levels, and hiring the right mix of people with relevant banking experience.

CAPACITY BUILDING WITH RIGHT COMPETENCY MIX

Your Bank's people philosophy is based on the belief that an organisation-wide transformation requires the right blend of competencies at all levels. The drivers of such capacity building include customer orientation, innovation, digitalisation, change management, strategic thinking and critical decision-making.



The Bank's strategy for building these capabilities encompasses the following:

Strategic Hiring

- IDENTIFY & HIRE senior team members with inherent competencies. During the year, the Bank hired across levels, with new top and senior level executives bringing to the table the desired blend of competencies needed to lead the transformation.
- Formation of new business channels and strengthening of capabilities across departments and verticals was undertaken in line with Vision 2025.
- To drive IT transformation, the Bank conducted an in-depth study, with an external partner, of the skills and capabilities needed to manage current and future responsibilities in IT. Through this, the Bank was able to identify and assess the skill gaps, and competency mapping was done for the entire IT team. The Bank's existing IT manpower analysis was aimed to create a planned, optimised, cost-effective hiring pipeline across various skills. It includes manpower hiring timelines and numbers that would support the Bank's current operations and transformation journey roadmap till February 2024.

Robust Performance Management

- DESIGN role elevation - to promote talent with the right set of competencies, as part of performance management system. During this financial year, 1,450 employees were elevated across Branch Banking. The top performing talent pool was picked through a structured process of psychometric assessment and interviews.
- Role elevation, through the process the Bank has implemented, ensures the all-round evaluation of the candidate and also a determination of future capacity and capability, aligned to the manpower needs of the Bank.
- The process is aimed at strengthening the leadership pipeline that will drive Vision 2025.

Focussed Learning & Development

- DEVELOP workforce to enhance skills and knowledge required to address the changing needs of customers and the market in the next 5 years.
- Strategic implementation of structured learning and development to get the workforce ready for the future.

DRIVING PERFORMANCE MANAGEMENT

To foster a strong performance-based culture, the Bank has adopted a well-structured Performance Management System (PMS), which helps the organisation align its mission, goals and objectives to the available resources.

The Bank's promotion appraisal process covers three stages:

- Formal appraisal by supervisors
- Psychometric test
- Face-to-face interviews by relevant cross-functional panels

In its endeavour to augment the PMS process, the Bank:

- Has adopted an approach in its promotion evaluation process, where each eligible candidate, above a certain grade, appears for promotion interviews to determine if he/she is ready for the next level.
- Provide role change opportunities to employees, in line with the employee's and the organisation's growth plans.
- Has created a transparent and unbiased digitised system focussed on the employee's all-round assessment.

In the uncertain pandemic times, your Bank acknowledged the contribution of the employees and rewarded the eligible employees with annual bonus as well as salary increments in line with its PMS cycle.



DIGITISING THE EMPLOYEE INTERFACE

As part of its employee value creation agenda, Bandhan Bank embarked upon a 360-degree change drive in HR functions, processes, and practices during the year. An e-HR approach was deployed to digitise the HR service delivery for better employee experience. The integrated Human Resource Management System (HRMS) platform has made the entire scope of the Employee Life Cycle Management accessible to the employees on their own devices. The complete digitisation of the Talent Acquisition Module has been a major achievement in making the overall sourcing-to-onboarding process of the employees hassle-free, especially during the pandemic times where social distancing is a must. With the incorporation of the grievance redressal mechanism into the HRMS, the employees have a one-stop solution for any queries or complaints.

From control and governance perspective, Workline HRMS now acts as a repository with details of employees having Loan Sanctioning Power, Power of Attorney, Authorised Signatory and Token Holders, Designated Persons, Critical Application Holders, etc., thus helping in overall management of employee separations, role changes and transfers.

UNLEARN-LEARN-RELEARN-REPEAT

Changing times demand agility in unlearning, learning and relearning. To keep pace with the demand for highly skilled workforce and to maintain its edge in the market, your Bank continued to focus on training and development of its employees even during the pandemic.

- Shifted quickly from classroom training to a virtual mode to sustain the learning momentum. All 11 training facilities across the country started delivering training programmes on virtual platforms to maintain training continuity as per the calendar for the year.
- 1,02,500 employee man-days invested in upskilling and reskilling of employees in functional, regulatory, and behavioural areas.
- 83% of the employees underwent at least 1 training programme.

PROMOTING NEW-AGE LEARNING EXPERIENCE

The Bank upgraded its learning management systems to a new-age Learning Experience Platform, for providing an enhanced and fulfilling learning experience to its employees. With this platform, employees can learn through byte-sized lesson modules at their own pace, on the web and mobile

devices. The platform will support new-gen features like gamified and simulated content, and will have the capability of classroom training management with real-time reports and analytics. Paper-based L&D activities, such as attendance and feedback, will also get digitised.



CREATING NEXT GEN BANKERS

To nurture the next generation of bankers capable of meeting the banking needs of new India in general and Bandhan Bank in particular, the Bank has partnered with Maulana Abul Kalam Azad University of Technology (MAKAUT) – West Bengal, to offer a Post Graduate Diploma in Banking and Finance. The collaboration with the university will help attract young talent in search of a career in banking with a university certification. The one-year course aims to impart specialised knowledge in different domains across the banking and finance sector for inculcating an appropriate blend of knowledge and practical skills among students. It is divided into three semesters of four months each. The comprehensive programme has 21 core subjects to be taught over 12 months, including a two-month project work in the third semester.

Your Bank is well placed to manage the demands and needs of human capital in its ambitious transformation journey. Through the optimum blend of training, upskilling, performance management and hiring, your Bank is geared to make human capital a critical advantage in its journey towards making Bandhan Bank a bank for all, big or small.

In its endeavour to deliver on its commitments and goals, both in the short term and the long term, your Bank is consistently strengthening its business systems, with regard to products, operations and functions, to drive sustainable and long-term growth for its stakeholders and the country at large.

At the core of this strategic approach lies a sustained commitment to ensuring business continuity through investments in a wide range of products, robust operations, compliances, asset and risk management, efficacy across business operations, optimal resource mobilisation, cash and liquidity management, and an unflinching commitment to CSR.

Diverse Product Suite

In line with its customer-led value proposition, the Bank offers a range of diversified products and services, crafted to cater to the wholesome banking needs of customers across geographies.



RETAIL LIABILITY PRODUCTS

SAVINGS ACCOUNT

The Bank offers a bouquet of liability products for its customers. The strong liability portfolio of the Bank is because of the trust that the customers have placed on it. A CASA ratio of 43% indicates the quality of deposits. The retail to total deposits ratio is at 79%, clearly demonstrating the Bank's focus on granular retail liability book.

Elite Savings Account

Specially designed for mass affluent segments, this account offers preferential banking services, higher insurance cover, and a host of special offers on shopping, dining, travel and online payments, among others. The account requires the customer to maintain 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).

Premium Savings Account

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

Advantage Savings Account

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

Standard Savings Account

This account offers a superior banking experience with minimum monthly balance requirements.

Special Savings Account

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

Sanchay Savings Account

This is a savings account designed to meet the everyday banking needs for those who prefer basic banking services at minimal cost.

Neo+ Digital Savings Account

A newly-launched product variant, Neo+ is the Bank's first foray into paperless, digital account opening. Neo+ Digital Savings Account can be opened instantly by the customer through an interactive self-assisted journey. It comes with Free Visa Classic Debit Card, easy utility bill payment facility, and immediate access to Internet banking and mobile banking, offering customers a convenient digital banking experience.

TASC Savings Account

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

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 Central government or state governments as per the RBI guidelines.

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.

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 minimal documentation.

Savings Accounts: Key Benefits

- 6%* interest on balances above ₹10 lakh and 4% 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 convenient banking
- No penal charges on non-maintenance of MAB

NRI Accounts: Key Benefits

These accounts offer customers the flexibility to earn attractive returns on savings and fixed deposits. Customers can remit money to their NRI account seamlessly, at competitive conversion rates.

- Secure channel for fund transfer
- Direct credit to Bandhan Bank account
- Convenient channel for creating Foreign Currency Non-Resident (FCNR) deposits
- Inward remittances allowed in USD, GBP, and EUR

*Interest on Savings Account

Daily balance up to ₹1 lakh - **3% p.a.**

Daily balance between ₹1 lakh and ₹10 lakh - **4% p.a.**

Daily balance between ₹10 lakh and ₹10 crore - **6% p.a.**

Daily balance between ₹10 crore and ₹100 crore - **6.50% p.a.**

Daily balance above ₹100 crore - **6.75% p.a.**

CORPORATE SALARY ACCOUNT

Bandhan Bank Corporate Salary Account provides holistic banking experience, and offers instant access to bank accounts through Internet and mobile banking. It also comes with exciting offers and discounts on Bandhan Bank ATM or debit card. For employers, the Bank offers speedy and efficient salary disbursement through Corporate Internet Banking, using bulk upload facility, NEFT/RTGS, etc.

The Bank has launched its Corporate Salary offering “Shaurya”, which caters to the wholesome banking needs of India’s military, paramilitary and police establishments, and helps the Bank serve those who have dedicated their lives to serve the nation. The accounts come with free-of-charge Shaurya Visa Platinum Debit Card, free personal accident insurance of ₹30 lakh for the family, free air accident cover of ₹1 crore, educational benefits for up to two dependent children in case of accidental death.

Salary Account: Key Benefits

- Higher transaction limit at other bank ATMs
- Higher daily ATM cash withdrawal and shopping limits
- Account number portability
- Anywhere, anytime banking, with the Bank’s Internet and mobile banking platforms

CURRENT ACCOUNT

Biz Elite Current Account

The Biz Elite Current Account has an MAB requirement of ₹5 lakh and allows customers to enjoy a host of privileges. The account offers preferential service, unlimited transactions, insurance benefits and special offers.

Biz Premium Current Account

The Biz Premium Current Account allows customers 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

The MAB for Biz Standard Current Account is ₹5,000 and it offers superior value to customers. It is 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

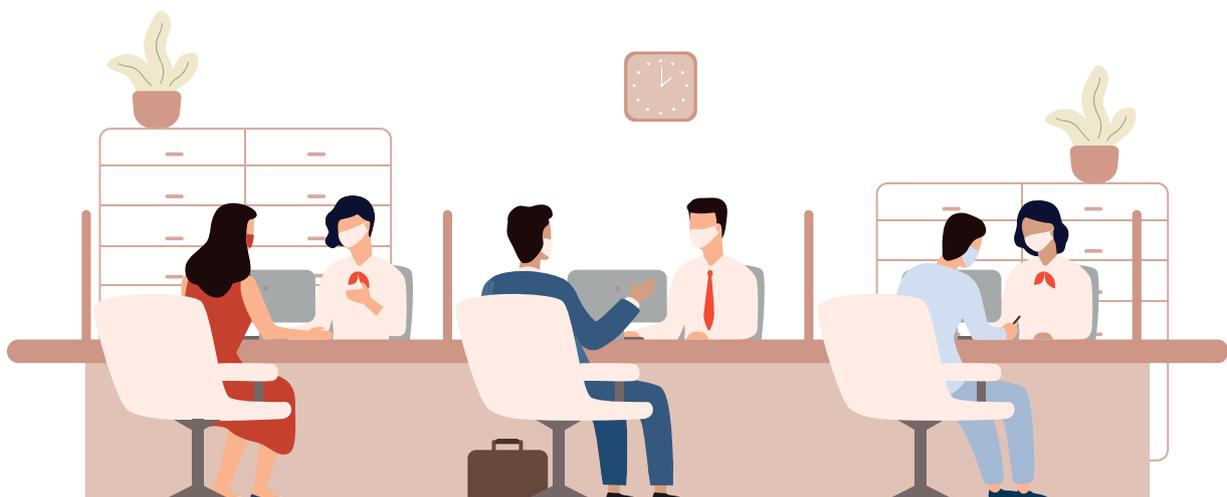
This account is a premium high-end current account aimed at handling the banking and transactional needs of government organisations.

Current Accounts: Key Benefits

- Internet Banking
- 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 strives to increase the 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. It offers a minimum of ₹2 crore deposit facility for select customers, for tenures ranging from 7 days to 10 years.

Advantage Fixed Deposit

With this reinvestment plan, the customer 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 schedules to ease monetary needs of the customer base, and offers attractive interest rates as per the convenience of the customer.

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.

Recurring Deposits

This is 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.

Fixed Deposit: Key Benefits

- Automatic renewal feature for deposits of less than ₹2 crore of face value
- Differential rates of interest for high-value deposits
- Overdraft facilities offered against fixed deposits
- Premature withdrawal option

DHAN SAMRIDDI (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. This helps customers boost income generation by helping meet their future financial goals.



DIGITAL PORTFOLIO

Neo+ Digital Savings Account

Neo+ Digital Savings Account enables users to open a new account instantly with the Bank from the comfort of their homes, through a paperless and contactless process. All that users need to have with them is their Aadhaar and PAN details. Neo+ Digital Savings Account allows funds transfer and transactions as soon as the account is opened.

Bandhan Bank UPI App – 2.0

The BHIM Bandhan UPI App lets users link multiple bank accounts in one app, make regular payments, check account balances, and exercise complete control over their accounts from a single banking app. The app also allows OD account linkage, mandate, inbox invoice, capability of sign intent and Sign QR.

Mobile Banking (mBandhan)

mBandhan, mobile banking app is designed to meet the daily banking needs of customers. The app is simple, making it easy for even non-tech-savvy customers to use mobile banking. The app allows 24x7 access to users' accounts on their respective smartphones. They can check their account balance, make fund transfers, request a cheque book, open a fixed deposit, and do much more.

Internet Banking

The Bank's Internet banking service helps customers fulfil all their regular banking needs. It provides easy access to their comprehensive account summary, including balance enquiry, transaction history, unified view of all linked accounts, and mini and detailed account statements. It also facilitates online deposits, including FD and RD, 24x7 inter and intra bank fund transfer via NEFT, RTGS, IMPS, and QuickPay. Service requests, including chequebook ordering, stop payment, user details modification, utility bill payment and others, can be initiated online as well.

New KBConnect Platform

The new KBConnect platform will help customers in automated payment disbursement through enrolled digital certificate. The platform enables financial transfers related to Direct Benefit Transfer (DBT), centrally sponsored schemes, Central sector schemes, and other government schemes, via the Bank. It provides a single integrated platform for all PFMS payments, and allows disbursement of Schematic Bank Account Management Systems (SBMS) payments via Banking Units.

USSD Banking

Your Bank has endeavoured to be accessible to users who are yet to ride the

wave of high-speed internet connectivity. Users can dial *99# to avail a range of financial and non-financial banking services in English as well as regional languages.

SMS Banking

Your Bank provides SMS Banking that allows users 24x7 access to their account information with the help of short code communication, without a smartphone or any data plan activated.

Missed Call Banking

Missed Call Banking is a service where users can access their account information with a missed call. Users can get their account balance and mini statement by giving a missed call to the pre-defined mobile numbers from their registered mobile number.

Tab Banking

The tablet banking (tab-banking) facility for micro banking customers helps accelerate the account opening process, eases paperwork on documentation, reduces cost, minimises human error, and gives the flexibility of serving customers beyond banking outlets. Tab banking comes with a comprehensive set of banking operations, including collection, disbursement, withdrawal, balance enquiry and NPS. On a daily basis, 21,000+ people use Bandhan Bank's tab banking across the country, with 10,00,000+ transactions through the platform.



EMERGING ENTREPRENEURS BUSINESS (EEB) PRODUCTS

Suchana Loan and Srishti Loan

A major part of the Indian population need loans for their income generating activities but there are only a few avenues for the same. This not only limits the cash flow required for their activities, but in many cases, it also compels them to depend on informal sources of lending or institutions, where they have to pay high interest on their borrowings.

Your Bank provides financial support to such women entrepreneurs in the form of Suchana and Srishti loans for income generating activities. These are micro loans under the JLG model.

Subridhhi Loan

Subridhhi Loan is offered as an additional loan facility to existing EEB borrowers to provide them liquidity support during their ongoing loan cycle, which helps them sustain and grow their business.

Samridhhi Loan

Samridhhi Loan has been designed specifically to meet the financial requirements of the small entrepreneurs who, after starting small, have shown considerable success in their endeavour and now aspire to graduate to a higher level of entrepreneurship.

Micro Bazaar Loan

Micro Bazaar Loan is for small entrepreneurs, who have existing super-saver account with the Bank. This loan provides financial support to the Bank's deposit customers for their working capital needs.

Micro Home Loan

A self-owned house is still a dream for most Indians, especially for those belonging to the middle and low-income segments. Even though there is a huge demand for housing finance in this segment, there are only a limited number of formal lending institutions. Your Bank offers Micro Home Loan to EEB borrowers for construction as well as renovation of houses to fulfil their dream of their own house.

Two-Wheeler Loan

Owning a two-wheeler is an aspiration for the Bank's customer segment in the EEB vertical. Addressing this need and demand for two-wheelers among the customers, the Bank offers two-wheeler loans to EEB borrowers.

Suraksha Loan

Often, there is income shortage when the Bank's borrowers try to meet emergency

needs like medical emergency, sanitary & hygiene requirements, and safe drinking water requirements. In order to provide additional support during such times of stress, the Bank offers Suraksha Loans to meet such immediate needs of the borrower and her family.

Susiksha Loan

Education is the first step towards fighting poverty. However, the lack of funds often causes a hindrance in the education of many of the Bank's borrowers' children. Susiksha loan is offered by the Bank for meeting educational needs of children of EEB customers.

Samadhaan Loan

The COVID-19 pandemic and nationwide lockdowns impacted everyone, especially the Bank's EEB customers, owing to the adverse impact on regular business activities. The customers under this category display socio-economic vulnerabilities, especially during times of natural and socio-political events. Thus, the Bank introduced Samadhaan Loan to support the existing EEB borrowers with the objective to fulfil their financial requirement in these uncertain times and help them grow their business.



RETAIL ASSET PRODUCTS

Home Loans

The Bank offers loans for purchase, construction, repairs and renovation of housing units. Loan against property and loan against rent receivables are also offered against self-occupied residential or commercial property.

In line with the Bank's objective of inclusive banking, home loans and Loan Against Property (LAP) are offered to salaried as well as self-employed customers. 'Suraksha' home loans are offered to salaried individuals and individuals having formal income proof. 'Suvidha' home loans are for self-employed individuals. In the year in review, your Bank also launched a high-end loan called 'Samman', with ticket sizes upwards of ₹30 lakh, for mass

affluent customers. The Bank also offers 'Sajavat' loans for repairs and renovation of house property. Developers can avail of loans from the Bank for construction of RERA approved residential or commercial projects. Home loans are offered with a repayment tenure of up to 30 years with easy repayment options.

The Bank continues to focus on the affordable housing space and has tied up with government projects as well as projects in the private sector. Consequently, a majority of the home loans are also eligible under priority sector. The Bank is also a leading player under the Pradhan Mantri Awas Yojana (PMAY). During the year, 13,594 home loan customers of the Bank received the Credit Linked Subsidy under the PMAY.

Other Retail Assets

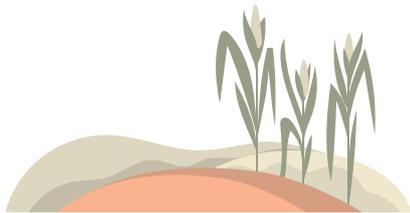
Retail customers can opt for various loans like gold loan, personal loan and two-wheeler loan. Gold loan aims at fulfilling urgent and quick monetary needs with ease of access, simplified documentation process and quick turnaround time. Personal loan and two-wheeler loan fulfil the consumption requirement of the customers and purchase of new two-wheeler respectively.





COMMERCIAL BANKING PRODUCTS

AGRICULTURAL LOANS



Farmers can avail funding in the form of loans for crop cultivation, agri allied activities, investment in agriculture infrastructure, repair/maintenance and consumption needs. The services offered are Cash Credit (CC), Overdraft (OD) and

Term Loan. Among the key highlights of the Bank's offerings are attractive interest rates, prompt service through dedicated Relationship Managers, and customised product solutions.

SMALL ENTERPRISE LOAN (SEL)

Small businesses regularly need support in the form of short-to-medium term funding. Through the Bank's small enterprise loan, borrowers can avail unsecured loans up to ₹25 lakh at competitive interest rates.

The following products are offered under SEL:

Collateral Free Loans

These loans with tenure of one to three years are towards business requirements pertaining to working capital or asset creation for business or other short-term business requirements. These loans range from ₹1 lakh to ₹10 lakh.

SEL MAX Loan

Businesses can avail this loan for meeting requirements pertaining to working capital or asset creation for business or other short-term business requirements. The tenure of this loan is from one year to four years. This loan is from ₹10 lakh to ₹25 lakh.

SEL – SPARK

This is a top-up loan for existing SEL clients who have been disbursed loans on or before December 31, 2019. The loan amount is up to 50% of the existing loan amount and not exceeding ₹10 lakh. The tenure is from one year to two years or the residual period of loan tenure, whichever is higher.

SMALL & MEDIUM ENTERPRISE (SME) LOANS

The Small and Medium Enterprises need various means of finance for day-to-day operations and business expansion. Your Bank offers an array of loan products to MSMEs for meeting their working capital and capital expenditure requirements, including non-fund-based facilities. These loans can be availed from the Bank's designated branches with the help of dedicated Relationship Managers.

The loan products focus on secured loans with ticket size of more than ₹10 lakh, which are extended to business entities (including SMEs and mid-sized corporates) involved in manufacturing, trading and services. The Bank has initiated deployment of Loan Originating System (LOS), and is in the process of implementing Cash Management & Trade Services, for its commercial clients.

The SME loan products offered are as follows-

SME Business Connect

This loan is from above ₹10 lakh to up to ₹2 crore. These loans are Fund Based (Overdraft/Cash Credit/Term Loan) and Non-Fund-Based (Letter of Credit/Bank Guarantee) for working capital and capex purposes, against primary security (Current/Fixed Assets) and collateral security (residential/commercial property and liquid securities).

overdraft (Fund-based) facility for working capital purpose, against collateral security (current assets, residential/commercial property and liquid securities).

Mortgage Loan

Loan Against Property – This loan is from above ₹25 lakh to up to ₹10 crore. The loan is in the form of Term Loan (Fund based) for general business purpose, against collateral security (residential/commercial/ industrial non-agricultural property and liquid securities).

Non-Schematic

This loan is up to ₹50 crore. The loan is in the form of secured Credit Facilities to eligible SME/Mid Corporate borrowers as per guidelines, other than those covered in the above schemes. The facilities offered are Term Loan, Cash Credit, Overdraft, Lease Rental Discounting (LRD), etc., under fund-based, and Letter of Credit, Bank Guarantee under non-fund-based facilities.

SME GST Connect

This loan is from above ₹25 lakh to up to ₹1.5 crore. The loan is in the form of an

LOANS TO NON-BANKING FINANCIAL COMPANY (NBFCs) & NBFC-MICROFINANCE INSTITUTION (MFI)

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



THIRD-PARTY PRODUCTS

The Bank, over the last few years, has built a strong and measured third-party products distribution business, leveraging its branch network, strong processes in different segments, diligent product selection and focussed partnerships. The strategy of the Bank is to provide a one-stop insurance and investment solutions to all its customers.

In the transformation journey of the Bank, third-party distribution will help further strengthen the relationship with the Bank's customers. With awareness on various investments and protection products being imparted at industry levels, the demand for such products has increased, and who better to fulfil this need than one's trusted bank.

Going ahead, the Bank will leverage data and technology to better identify the right product suite for customers, to create a win-win for the customers and your Bank alike.

Non-Life Insurance

FY 2020-21 was a year of uncertainties, wherein a global pandemic increased the vulnerability towards lives and livelihoods. For an individual, it is important to be prepared for eventualities, yet ensuring that savings do not get eroded while providing for unforeseen circumstances. The Bank keeps the customer's interest first, and distributes an array of non-life products, built around the need to provide for these uncertain times.

The Bank currently offers 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. At present, the Bank acts as a corporate agent of HDFC ERGO General Insurance Company Limited and Bajaj Allianz General Insurance Company Limited for distributing General Insurance products. Retail health market has been a key focus area to ensure that retail customers of the Bank, have the opportunity to build a safety net around their health-related risks.

Life Insurance

Life Insurance is necessary for the financial well-being of the loved ones.

Various life insurance products help in catering to different requirements of policy holders, helping them to cover for risk of loss of life, along with long-term savings, goal-based planning and tax-savings benefit.

The Bank has introduced several life insurance products across various segments of customers. The Bank currently 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 Bank has also started distributing annuity products across both immediate and deferred annuity options.

Mutual Funds

Wealth creation through goal-based financial planning and market participation are key behavioural transformations seen in Indian retail customers in recent years. Mutual funds, managed professionally, provide a wide basket of benefits in terms of asset diversification and allocation, disciplined savings, and tax benefits (in certain products).

Your Bank currently offers a range of products across asset classes to its customers through select branches. The current partners of the Bank are HDFC Mutual Fund, ICICI Prudential Mutual Fund, UTI Mutual Fund, Nippon India Mutual Fund, SBI Mutual Fund, Aditya Birla Sun Life Mutual Fund, Kotak Mutual Fund, Axis Mutual Fund, and Mirae Asset Mutual Fund (empanelled in FY 2020-21). The Bank offers recommended schemes of these fund houses to the customers, based on quantitative and qualitative evaluation parameters.

Credit Cards

Along with using data analytics to provide a pre-approved card to its customers, the Bank has also introduced non-pre-approved credit card offering to the existing and new customers. The technology platform has been synchronised with the partner bank, to offer a seamless experience to the branches for card sourcing and immediate credit decision.

Your Bank at present offers three variants of co-branded credit cards with Standard Chartered Bank. Reward points, fuel surcharge waiver, and spend-based higher reward points and benefits are the key features of the credit cards.

Ensuring Operational Excellence

The changes in the operating environment, especially given the new norms of social interaction, have pushed businesses to relook at their operations. This is more applicable for the services sector given the physical interaction with customers, which was the established practice all through. Your Bank has been nimble and made the necessary changes with speed, and ensured that the Bank's operations continue to support businesses in delivering the optimum customer experience, no matter what the circumstances.

Your Bank has a unique and differentiated business model, which mandates a significant focus on resources and technology. The Bank has made significant investments in creating a sustainable and scalable operations ecosystem across key areas to ensure compliance, minimise errors and seamlessly deliver services to drive positive customer experience. With the distinct operating models of EEB, branch banking and commercial banking, the Bank has built and continues to evolve its operations to drive synergies across all, resulting in high levels of operational efficiency. To achieve the growth envisioned by your Bank, it has been a constant endeavour to embrace emerging technology, remain flexible, adopt evolving business models, and put customers at the centre of every strategy.

The Bank's Operations Ecosystem

Your Bank has a vast network of more than 5,300 banking outlets, comprising branches, banking units and home loan centres. Banking units are self-sufficient and are empowered with tablets to open deposit accounts and loan accounts, after necessary credit bureau(s) checks and documentation. These tabs are connected to the Core Banking System (CBS) through Internet. The Relationship Officers of the banking units carry these tabs to the group meetings and the entire collection transaction and settlement for the customers happens through these tabs in real time, at the customer's doorstep.

To ensure business continuity and enhance customer experience, your Bank has brought in necessary digital intervention and increased resource deployment, resulting in reduced turn-around-time (TAT) in delivery of services.

Delighting Customers

With the ethos of "Aapka Bhala, Sabki Bhalai.", your Bank is committed to serve its customers with its diverse products and services. To provide superior customer experience, the Bank extends round-the-clock uninterrupted service.

FY 2020-21 brought with itself the challenges associated with the pandemic and the changes in the operating

environment that it forced. The sudden and stringent national lockdown presented itself as a significant challenge in running operations unhindered. The Bank's commitment to customers was furthered with the timely setting up of remote services during the lockdown period. This was done by deploying rationalised resources (human and technological) throughout the lockdown period from remote working locations and from branches and BUs.

Under the gamut of Banking Operations, there are many verticals working with agility and new verticals have also been created during this year aligned to Vision 2025.

Central Processing Unit

As your Bank expands its penetration and reach across all the states and union territories of the country, two Regional Processing Units (RPU), one each in Kolkata and Indore, have been set up under the Central Processing Unit (CPU) for liability account opening and customer on-boarding and KYC verification. The efficiency of the liability on-boarding operations enables the Bank to maintain a low TAT in account opening. The Loan Processing Unit (LPU) monitors on-boarding and disbursement of all loan products, other than micro loans and home loans. Numerous interventions

Supported by technological upgradations, flexibility in operations, agility, and quick adaptation of business models to the evolving eco-system, the Bank continued to put customers at the heart of every strategy amid the pandemic.

during the year have helped improve the TAT, agility, effectiveness and compliance to regulations. Key among them are straight-through account opening by e-KYC/bio-metric authentication and queue prioritisation methodology based on customer segments and business requirements.

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. On an average, about 4,000 to 5,000 calls are managed in a day through the IVR and recorded-monitored call centres. The new CRM implementation has been done to provide the necessary tools for enhanced customer delivery. IVR options for setting of green PIN, card limits, hot listing of cards, fund transfer options, among others, have also been introduced for improved customer accessibility and experience through Phone banking.

Electronic Banking Operations

Disruptive technology enhancement with increased regulatory oversight to push new digital products is not only driving a convenient mode of making payments but also helping the Bank reduce the cost of operations associated with processing of transactions, human capital, infrastructure etc.



During the current phase of transformation, your Bank has gone live in all the major electronic payment and settlement channels:



Dedicated centralised operations teams are monitoring these channels, and ensuring safe and secure transactions.

With your Bank securing almost 40% growth in its customer base in the last 5 years, the transaction volume has increased more than 100%. During FY 2020-21, the Bank saw close to 100% surge in the volume of digital transactions (₹14.76 crore) vis-à-vis volume processed in FY 2019-20 (₹7.77 crore). With the current branch expansion plans and introduction of new products, the projected growth in the customer base may be anywhere around 50% or more, leading to almost 120% growth in the transaction volumes.

Clearing Operations

The Bank has established a network of CTS cheque scanning centres, spread across the country. These are 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, 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.

To attain a robust and scalable CTS operating eco-system for the Bank, many processes, infrastructural and digital improvements have been rolled out. Remote processing was implemented for continuity of CTS clearing operations during the period of lockdown due to COVID-19 pandemic, ensuring uninterrupted customer service. Improved due diligence for inward clearing through outbound calling for high value cheques, Positive Pay System (PPS), reconfirming key details of cheques (cheque value >₹50,000) issued by customers- enabled in internet

banking platform, process and structural changes to make a shift arrangement for separation of inward and outward clearing processing, and improved clearing services are also being envisaged.

Micro Banking Operations

With Emerging Entrepreneurs Business as an important segment of growth for your Bank, extending operational support to the individual Banking units seamlessly became even more critical during the pandemic. In this period, the Bank further accelerated the implementation of its innovative measures to enable the banking units to effectively serve micro banking customers with minimum hindrances, in a compliant, efficient and cost-effective manner. To support and cater to day-to-day operations of the Banking Units, an MBOPS team is centrally operational in the Bank. For ensuring business expansion, the vertical implemented key transformations, like digital preservation of operational control communication documents, introduction of new system and product support team for resolution of issues of Banking Units, flexible and shiftwise staff, and resource deployments.

Cash Management

The Bank has a unique business model that makes it vital to ensure the availability of adequate cash 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. The regional and central operations teams monitor reconciliation of all current accounts maintained with other banks. The Bank has received approval from the RBI to open currency chests in Patna, Guwahati and Kolkata. The process is underway to make them operational. Establishment of currency chests will ease the cash management process for the Bank, and will reduce dependency on other banks for procurement and disposal of cash.

Corporate Banking Operations

Your Bank's Corporate Banking Operations cater to Loan Delivery, Trade Finance Operations and Loan Monitoring Management for all its commercial banking segments. Bandhan Bank has established a vertical under banking operations to ensure efficacy and control, along with compliance in its SME, Corporate and Institutional Lending segment portfolio. In line with its transformation journey, the Bank continues to explore major geographies. It aims to achieve a strategically high value proposition by building a robust loan portfolio.

Your Bank's corporate banking operations are spread across 6 major metros - Kolkata, Delhi, Mumbai, Pune, Hyderabad, Ahmedabad, and two major cities - Indore and Chandigarh. Loan delivery and oversight, along with documentation and security creation, is handled through these 8 centres on-site, and across all the operational branches of the Bank, linked for off-site mechanism to these centres.

The team has undertaken major product developments and system changes, such as:

- Trade Finance (inland) process and system development
- Corporate Loan Origination and Management system (under implementation)
- Centralised limit monitoring
- Regulatory reporting of advances

Forex Operations

Your Bank had introduced foreign exchange business for its resident and non-resident individuals in the year 2017, along with inter-bank transactions on behalf of the Treasury department. Later, in view of the increasing volumes of Forex business, a separate vertical, i.e. Forex & Trade Operations (FTO), was established in 2019 to serve customers in a more effective manner. Your Bank currently deals in three foreign currencies, i.e. USD, GBP & EUR, with five correspondent Nostro banks.

The major transformations and improvements that have been brought in, to ensure compliant and customer-centric operations under the Forex vertical, are:

- Automation of transactions processing, with interfacing of treasury and CBS platforms
- SWIFT module re-alignment in CBS interface to enhance regulatory compliance and improve TAT
- Straight-through and online platform processing module under development for A2 remittances; Other Forex services for SME/ Corporate customers also under development to expand the product portfolio

Stressed Assets Management and Recovery Vertical

Your Bank initiated another important step towards improved portfolio health and profitable Loan Book during the year, by opening a new vertical in the form of Stressed Assets Management Recovery vertical. Currently, this vertical is striving to implement a better and efficient

recovery ecosystem across the general banking loan portfolio of the Bank. This vertical is going to play a key role in times to come, especially in the wake of current downturn in the economy, which may lead to higher delinquency in the Banking Industry.

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.

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 is minimised.

Your 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 enable 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.

Strengthening the Risk Management Framework

“Indeed, better risk management may be the only truly necessary element of success in banking.” - **Alan Greenspan**

- Your Bank's Risk Management Framework describes the Bank's approach to risk management, including provisions for risk governance arrangements; our appetite and limits for risk exposures; policies for the management of various risk types; risk culture standards; and risk reporting.
- It is under this framework that the key arrangements and standards for risk management and internal controls that support your Bank's compliance with statutory and regulatory requirements are defined.

APPROACH TO RISK MANAGEMENT

“A good rule of thumb is to assume that everything matters.” - **Richard Thaler**

- Your Bank looks at risks in an integrated way: Holistically managing all types of risks through risk management processes - including operational risk, fraud risk, conduct risk, outsourcing risk, compliance and legal risk, information security (InfoSec) risk, credit risk, credit concentration risk, market risk, liquidity risk, interest rate risk in banking book, strategic risk and business risk, reputational risk, legal and underlying interlinkages.
- Scenarios and measurement approaches for quantifying risk and capital demands 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.” - **Pearl Zhu**

- Your Bank follows three levels of Risk Governance Framework - Board, Committees of the Board, Management Committees.
- 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 Management Committee of the Board (RMCB) deliberates with the Management on the issues of aggregate risk disposition and risk strategy. It also supports the Board in monitoring the implementation of this strategy.
- Various risk-related committees at Executive Level, such as Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Information Security Committee (ISC), etc., provide formalised decision-making forums, which enable the views of risk decision takers and risk managers to be taken into account.
- The Chief Risk Officer (CRO) has direct management responsibility for all the risk management functions, such as Credit Risk Management, Market Risk Management, Operational Risk Management, Liquidity Risk Control and Information Security. In addition, the CRO is also responsible for monitoring, analysing, and reporting risks on a comprehensive basis.
- Independence of the CRO is ensured through a fixed tenure, reporting structure and periodic reviews by the Board and RMCB.



RISK CULTURE

“ Culture is the arts elevated to a set of beliefs” - **Thomas Wolfe**

- Your Bank focusses on norms, attitudes, and behaviours related to risk awareness, risk taking, and risk management, as constitutions of the Bank’s risk culture.
- Your Bank believes in the philosophy of “Setting the Tone from the Top” regarding Risk Culture, with the Board and Management taking the lead to instil a strong risk culture in the organisation.
- Your Bank periodically evaluates current Culture and Risk Awareness status in the organisation.
- Your Bank nurtures culture building with:
 - regular and adequate training of personnel in the business areas on their roles in risk management
 - issuing of weekly/monthly newsletters and publications on various areas of risks
 - issuing directions on measures required for strengthening of risk culture, formulation of policies and frameworks, whistle blower mechanism, risk appetite framework, etc.
- strong governance structure, with clear delineation between risk taking and oversight responsibilities in the Bank etc.
- emphasis on the fact that risk is taken within a defined risk appetite, and ensuring that risk thus taken is adequately compensated in line with the risk adjusted performance measures

RISK, STRATEGY AND CAPITAL

“ Risk is a function of how poorly a strategy will perform if the ‘wrong’ scenario occurs.” - **Michael Porter**

- Your Bank aims to maintain adequate capitalisation on an ongoing and forward-looking basis, i.e. internal capital supply to exceed internal capital demand. The Bank maintains compliance with the 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.

RISK AWARENESS & COMMUNICATION

“ The kinds of errors that cause plane crashes are invariably errors of teamwork and communication.” - **Malcolm Gladwell**

- Your Bank believes that communication plays a pivotal role in building enhanced risk awareness, especially in matters related to Risk culture and cybersecurity amongst the stakeholders, and that a risk aware employee and customer is itself a way to mitigate undesired risk.
- Your Bank runs regular awareness campaigns to educate its employees regarding the various aspects of risk management through various modes like:
 - Periodic newsletters
 - Circulars
 - Floor level awareness sessions and workshops
 - Innovative messaging through desktop screensavers



Your Bank also uses various channels with special focus on social media to spread Cybersecurity-related awareness among customers.



BUSINESS CONTINUITY MANAGEMENT AMID COVID-19

“One thing that makes it possible to be an optimist is if you have a contingency plan for when all hell breaks loose.” - **Randy Pausch**

From the early days of February 2020, when the spread of COVID-19 virus in China had started to take the shape of an epidemic, your Bank had started analysing the impact and had reviewed its Business Continuity preparedness. With the onset of the lockdown since the last week of March 2020, the Bank successfully rolled out its Business Continuity measures as per the requirements of the situation.

- The Management, including the Risk Team, has continually kept the Board and the RMCB updated on the measures taken and the status during the period.
- Your Bank took required measures to ensure workplace and employee safety in terms of sanitisation and social distancing, in accordance with the government guidelines, besides tying up with a number of hospitals.
- Your Bank strengthened its cyber security framework in view of increased digital transactions and WFH option to employees. Cyber Security tools were installed and adequate controls were implemented to ensure comprehensive security to repulse any malicious attack, including tool for User Behaviour Analysis (UBA) which tracks and monitors abnormal user activity. The Bank's internal CSOC was also operationalised for identifying and blocking a number of malicious email-borne attacks, e.g., spam, phishing emails, etc.
- Your Bank focussed on liquidity preservation by having surplus liquid investment, which is largely reflected in HQLA maintained by the Bank. LCR Stress Scenario were also carried out to assess the availability of HQLA.
- Substitute framework for important job roles was implemented and the necessary cross-training among employees was done as part of BCM.
- To address the credit risk of the loan portfolio, your Bank carried out specific stress testing to gauge the impact of the pandemic in various stress scenarios, and actively monitored economic developments by performing sensitivity analysis/scenario building. Precautionary actions for prudent exposure management were also ensured.
- Your Bank is aware that each new black swan event highlights valuable lessons for businesses and risk managers about how to respond, and as Phase 2 of the COVID-19 pandemic sets in, the Bank's Risk managers are continuously looking for ways and means to “measure” the “unmeasurable” and blur the line between uncertainty and risk, to ensure a healthy Business Continuity.

Treasury Management

The Treasury department of the Bank manages the investment portfolio, forex transactions, assets and liabilities. The department is responsible for liquidity management of the Bank to ensure sufficient liquidity at all times. Apart from building a core portfolio of investments, the team actively participates in trading activities to monetise short-term movements in the market.

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, credit and operational risks, under the guidance of the Bank's Asset Liability Management Committee (ALCO) and Market Risk Management Committee (MRMC).

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

Your Bank's Treasury operates actively by way of:

- **Trading Desk:** The trading desks actively trade in fixed income securities, money markets, foreign exchange and equity. Trading desk also actively participates in primary auctions of government securities.
- **Customer Transactions:** The customer-facing desks at the Treasury assist and manage customer transactions across all foreign exchange products.
- **The ALM Desk:** It maintains a cautious stance while managing the funding, and regulatory investments of the Bank. The ALM desk specifically focusses on liquidity parameters in an eventful year. The desk successfully maintains adequate and appropriate liquidity, as well as, various regulatory reserve requirements.

Your Bank maintains a portfolio of government securities, in accordance with the regulatory norms governing the Statutory Liquidity Ratio (SLR). A significant portion of these SLR securities is 'Held-to-Maturity' (HTM) category, while some are under 'Available for Sale' (AFS) category. Your Bank's trading desk holds fixed income securities under 'Held for Trading' (HFT) category.

In the year under review, your Bank continued to be a significant participant in the domestic interest rate markets. It also capitalised on falling bond yields to book profits and encashed gains in Equity IPOs.

The SLR desk and non-SLR desks are required to maintain regulatory obligations, and also to optimise returns 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 Treasury department is provided with Integrated Treasury Management Systems (ITMS) to undertake transactions and generate various MIS reports. Further, the department is equipped with various platforms, like Bloomberg, Reuters, Cogencis, Ticker Plant and CCIL and other dealing systems to provide real-time financial data and news feed, to achieve competitive advantage in the market.

Ensuring Compliance at Every Step

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

The Compliance department assists the Board and Management in managing the compliance risk of the Bank. The department ensures that the overall business of the Bank is conducted in strict adherence to the guidelines issued by the RBI and other regulators, various statutory provisions, standards and codes prescribed by FEDAI, FIMMDA, etc. by evaluating the products/processes, guiding business departments on the various regulatory guidelines with a special emphasis on better understanding of

the given perspective. It closely works with operational risk and internal audit functions, and monitors various activities of the Bank with more emphasis on active risk management.

As the focal point of contact with the RBI and other regulatory entities, the Compliance department evaluates the adequacy of internal controls and examines any design and systemic correction required, based on its analysis and interpretation of regulatory guidelines and

deviations observed during monitoring and testing. The Bank has a robust Anti Money Laundering (AML) policy/framework and tools to manage the AML risk. It periodically apprises the Audit Committee of the Board, the Board itself and the Management on compliance levels, based on changes in the external regulatory environment. The Audit Committee of the Board reviews the performance of the Compliance department and the status of compliance with regulatory guidelines on a periodic basis.



Enhancing the Brand Experience

Your Bank has been able to develop a strong brand equity in the East and North East, thanks to its roots in this part of the country. The Bank has a pan-India presence today with branches and banking units in 34 of the 36 states and union territories. The Marketing strategy of the Bank is based on the following objectives:

1. Further strengthening the brand in its core markets
2. Driving brand recognition in other than the core markets
3. Engaging relevant audiences to drive familiarity with the brand
4. Engaging customers of the Bank to drive deeper relationship and loyalty
5. Delivering the right brand experience across touchpoints, and managing customer value across lifecycle

The Bank's brand strategy is an exciting mix of the traditional and the new media, which it deploys to achieve the above objectives.

The major marketing initiatives undertaken by the Bank during FY 2020-21 are as given below:

FOUNDATION DAY 2020

Bandhan Bank celebrates August 23 as its Foundation Day. It was on this day in 2015 that the Bank was inaugurated by the then Hon'ble Finance Minister of India, late Shri Arun Jaitley.

The Foundation Day of 2020 was the fifth anniversary of your Bank. The Bank restated its commitment to small businesses by marking the Foundation

Day with a campaign pledging support for these businesses. A series of short films were created to showcase the Bank's resolution. These films were run on leading television channels and also on digital media. A print advertisement on the Foundation Day, a radio engagement, and out-of-home media supported the campaign and helped it catch many eyeballs.

In line with its practice of organising the Anniversary Lecture by the Chief Guest on its Foundation Day every year, your Bank arranged an online lecture in 2020. The Chief Guest was the Chief Economic Advisor to the Government of India, and a former member of the Board of your Bank, Dr. K V Subramanian. The lecture was webcast live on a video streaming service and garnered more than 20,000 views.

OTHER BRAND PROMOTION CAMPAIGNS

From time to time, to establish trust and confidence among the target audiences, your Bank runs multimedia campaigns. Among the prominent campaigns conducted during FY 2020-21 were those arranged to declare the quarterly results and the Bank's growth journey, as well as a campaign to urge viewers to practice safety measures to keep themselves and their loved ones safe during COVID-19 times.



STRENGTHENING DIGITAL MARKETING

FY 2020-21 has been an eventful year in terms of digital marketing initiatives. Your Bank launched a revamped and modern website, designed to drive better user experience. The website's experience is in line with the Bank's strategic priority of being a banker for the new Indian and the emerging India.

Your Bank also regularly maintains good traction with relevant audiences through trigger-based films that are run on social media. A prominent film during the year was the campaign on Women's Day where the Bank, through the real life stories of three women, established its commitment to women empowerment. The campaign received more than 10 lakh views on a prominent social media platform, and more than 30 lakh views on a video streaming platform.



CONTINUING THE LEGACY OF CREATING FIRSTS

A distinct initiative that was taken up during FY 2020-21, was the branding of Kolkata's Salt Lake Sector V Metro station, located close to the Bank's headquarters. This location is a commercial hub, with IT parks, various corporate offices and education centres. The location enjoys heavy footfall of youth and young professionals. This is the first instance of the Indian Railways entering a branding arrangement for a station it operates. The station is now called 'Bandhan Bank Salt Lake Sector V Metro Station'.



AUGMENTING CONNECT WITH CUSTOMERS

Your Bank runs various communication drives for its existing customers. These include safe banking awareness, product launches, drives to push digital adoption, among others. Going forward, your Bank will focus on strengthening its digital marketing capabilities by investing in

requisite talent, besides the necessary tools and technology. This will help in building acquisition, engagement, retention and growth metrics for the Bank. Your Bank will also focus on engagement with customers through a planned approach towards Customer

Life Cycle Management. With the right building blocks in place, your Bank will reach out to customers in a hyper-personalised and contextualised manner, to keep the Bank in the customer's consideration set for all banking products.



Transformation of Lives Powered by Bandhan Bank



Yasmin Bano
Bundi, Rajasthan

Bandhan's support is paramount to me and my family. My decade-long association with them has been a blessing.

Meet Yasmin Bano. A woman who braved all odds to dream and achieve big.

Yasmin's husband Muftakin was a salesperson in a bangles' stores, with a meagre monthly salary. With his paltry income, it was rather difficult for them to make both ends meet. So, Yasmin decided to shoulder some responsibilities. She reached out to a local bangle manufacturer, who gave her the job of studding the bangles. She used to do so from home and started earning a daily wage for the same.

The couple proceeded with these earnings for a considerable period of time. However, they realised, that even with their cumulative income, it would

be practically impossible to secure a decent future for their two children. To improve their financial condition, they took a leap of faith. Yasmin and Muftakin pooled in all their savings and started a small unit of bangle manufacturing. They would buy raw base for the bangles, add all the finishing elements at the unit, and thereafter sell the bangles at the market.

As their business started to grow, they felt the dire need of funds since they had run out of personal capital. To keep the unit running, Yasmin sold her gold earrings and invested the sale proceeds into the business. This surely was of help, but only temporary. Their enterprise still needed the impetus of regular and organised capital. At this point, on the advice of her neighbour, Yasmin met the Bandhan officials and without any delay, availed her first loan in 2011. Since then, there has been no looking back. Her association with Bandhan only became stronger with subsequent loans of larger amounts. With the increase in the flow of systematic capital, Yasmin had the courage of discontinuing the process of buying bangle bases; instead, she started to manufacture it herself at the unit. The couple worked hard with utmost dedication, and this helped them create a loyal base of customers.

It was a big moment for Yasmin and her family when they christened their unit as 'Raza Bangles'.

With their sustained relationship with Bandhan, they expanded their business, and added new equipment to enhance production and its quality. Raza Bangles, today employs 8 people and the bangles made by them are supplied across all the markets of Bundi.

With their secured financial condition, Yasmin and Muftakin have also ensured a secure education for their kids. They are both studying in middle school, poised to take decisive steps in their lives.



Kasthuri Varadharajan
Thiruvallur, Tamil Nadu



Without Bandhan's assistance I would not have been able to address my financial inadequacies.



It is inspiring stories of women like Kasthuri that motivate women and communities, from all walks of lives to become financially independent.

Kasthuri got married to Varadharajan, who worked as a labourer in the railways. His earnings were meagre. As the family grew, they both realised that an additional source of income was needed for the family. It was then, that Kasthuri took up the mantle of starting a grocery store at home itself. Given the family's financial inadequacies, she had to mortgage her jewellery. With ₹20,000 as loan from the mortgage, she started her grocery store. It was certainly difficult in the beginning. For the regular operational expenses of her business, she was dependent on the local moneylenders. Therefore, in spite of increase in sales, her store was not profitable because of this dependence on the moneylenders.

As time passed, Kasthuri was convinced that she will have to address her financial situation to make progress in her business. Hence, she reached out to Bandhan and availed her first loan in 2017. It not only empowered her with capital, but also provided her with the impetus to grow her business. With subsequent loans over the years, her business flourished. A testimony to this is the fact that she moved the store from her residence, and set it up at a separate location. She had developed entrepreneurial skills, and started to diversify her business. This is evident as she installed a rice mixer in her store to draw more sales. Recently, she invested in an icebox to start selling ice-cream. Her husband has quit his job, and helps her in the business.

Kasthuri is happy that she has been able to fulfil her duties as a mother. She has wed off her daughter; and her son is employed in a sales job with a private organisation. Kasthuri has indeed come a long way.



Puspallata Das
Goalpara, Assam



My world has changed with Bandhan by my side. From a stage of despair, Bandhan helped me to become self-sufficient.



Puspallata is the burning example of how no adversity can douse the growth of a determined person.

Since the early days of marriage, Puspallata's life has been fraught with challenges and disheartening experiences. Her husband, Deben, who was a factory worker in a small unit, unfortunately was an alcoholic. He would spend his daily wages in alcohol consumption. Owing to his erratic behaviour, he soon lost his job at the factory. Even though, he tried to take up irregular odd jobs, but that was insufficient for a household of four. Puspallata and Deben had two children.

As Puspallata was not left with any option, she decided to be bold and took control of things. While she started a stitching set-up at home; she continued to look for other avenues for income. She managed to secure a job in a manufacturing unit for making Mekhela and Bihu Gamcha, which are cloth materials indigenous to

Assam, available in various styles. At this job, she gathered significant experience. Unfortunately, her husband met with an accident while driving when he was drunk and did not survive. The entire burden shifted on Puspallata's shoulders. She quit her full-time job and resumed her stitching activities from home. At this juncture, she approached Bandhan for financial assistance. With her first loan in 2012, she set up a Mekhala-making unit at home. With consistent flow of finances, she purchased two Mekhala-weaving units that helped increase her production and scaled her business. As her business grew, she started generating profit, thus stabilising her financial condition.

She is glad to have ensured satisfactory education for both her children, thereby, paving way for a secure future. Her daughter is completing graduation, and son is in 12th standard. She has also repaired her home. She certainly leads a transformed life now.

The images of the programmes are from 2019 or earlier.

Strengthening the Community Connect

Bandhan Bank’s journey is deeply entrenched in its dedication towards transforming lives and building communities. It runs multiple holistic programmes through Bandhan-Konnagar, its CSR implementing agency. Each programme of Bandhan-Konnagar has been devised to bring about far-reaching effects in the fields of education, health, livelihood promotion, enterprise development, financial literacy, skill development and employment generation.



TARGETING THE HARDCORE POOR PROGRAMME



This is a unique programme designed for the poorest of the poor. Grants (in the form of free assets, not cash) are offered to destitute women. They start generating income from this asset and are consequently able to sustain their livelihoods. It is seen that within 24 months of this grant intervention, these hardcore poor beneficiaries start to graduate, uplift themselves from extreme poverty and get linked to mainstream society.

This programme follows a 360-degree approach. Besides free assets, consistent counselling and mentoring support is also extended. A weekly consumption stipend (considerable amount of cash) is also given to these women to meet their daily basic expenses until the assets begin to yield returns. Financial literacy is imparted so that they can make informed financial decisions. Education on socially relevant issues is also offered to increase their awareness and help them live better

lives. Overall confidence building is done so that they do not fall in the poverty trap again. Over the years, it has been seen that there is a positive impact of this intervention in the lives of many. There are certain beneficiaries who have moved from a stage in life where they were even contemplating suicide for want of money to a position where they earn reasonable monthly income, have a healthy life and are able to support their families.

12

States

10,009

Villages

1,459

Staff

1,28,250

Households

94,110

Families Graduated

The images of the programmes are from 2019 or earlier.



HEALTH PROGRAMME



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

8

States

5,385

Villages

895

Staff

9,893

Health Volunteers

16,76,729

Households



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

1,782

Villages

371

Staff

4,454

Schools

1,38,395

Students

The images of the programmes are from 2019 or earlier.

EMPLOYING THE UNEMPLOYED PROGRAMME



This programme is aimed at addressing the issue of unemployment in India. Vocational centres known as Bandhan Skill Development Centre (BSDC), are set up to provide training to unemployed youth. The youth can choose from an array of domains, such as sales, hospitality, ITes-BPO, computerised accounting, refrigerator and air conditioner repair, etc. After successful completion of these skill development courses, candidates either generate self-employment or find themselves employment with reputed companies.

5	114	160
States	Villages	Staff
26		36,902
Skill Development Centres		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 programme encourages participants to become financially aware and gain financial confidence. The objective is to increase awareness among rural and disadvantaged women about financial matters, empowering them to plan their personal economies. They are also taught to access varied banking services, including insurance and pension schemes.

2	2,062
States	Villages
156	6,67,166
Staff	Beneficiaries

SUPPORT FROM GOVERNMENT AND DONORS

Besides funding support from Bandhan Bank, these entities have garnered the trust and support of the state governments, corporates, and renowned national and international donor agencies. It is because of the faith that these organisations repose that the programmes are able to create a meaningful impact in the lives of people.

The images of the programmes are from 2019 or earlier.

TOTAL PROGRAMME HIGHLIGHTS

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

12	19,066
States	Villages
3,340	31,82,895
Staff	Beneficiaries

Partnering People in the Fight Against Pandemic

COVID-19 has had a significant impact on people, livelihoods and the community, at large. Your Bank has been doing its bit to support and help those in need. To respond to the need of the hour, your Bank contributed to the relief efforts of various state governments, to back their fight against the pandemic.

Your Bank has contributed ₹14 crore to the relief funds set up by the governments of West Bengal, Assam, Tripura and Odisha. These funds were aimed towards the relief work being carried out by the aforementioned governments.

The staff of the Bank's banking outlets reached out to customers and ensured support in case they needed help. There have been many instances when the Bank staff were called upon by customers asking for help with medical facilities, daily household requirements and other such needs, and the staff engaged with the local authorities to fulfil them.



Bandhan-Konnagar, the Bank's CSR implementing agency, actively participated in building awareness of safe practices and also in distribution of COVID-19 related essentials. They extended support through various initiatives, within the government framework:

- Distribution of masks, sanitisers and soaps.
- Distribution of essential food items (rice, wheat, pulses, edible oil, soyabean, potato, onion, salt).
- Spread awareness about the pandemic and the necessary steps (based on government guidelines) to combat the virus.

Bandhan-Konnagar also revived the Kolkata Police Hospital where the entire building renovation, equipment procurement and infrastructure availability was undertaken. It is now a state-of-the-art, 300-bed hospital (including a 40-bed HDU) dedicated to the treatment of COVID-19 patients.

Board's Report

To
The Members,

Your Board of Directors present the Seventh Annual Report on the business and operations of your Bank together with the Audited Financial Statements for the financial year ('FY') ended March 31, 2021.

Financial Performance of the Bank

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

(Figures in ₹ Crore)

Particulars	For the financial year ended	
	March 31, 2021	March 31, 2020
Deposits:	77,972.22	57,081.50
- Savings Bank Deposits	29,260.32	17,726.99
- Current Account Deposits	4,566.99	3,301.47
- Term Deposits	44,144.91	36,053.04
Advances (Net):	81,612.88	66,629.95
- Cash credits, overdrafts and loans repayable on demand	2,395.82	1,274.80
- Term loans	79,217.06	65,355.15
Total Assets/Liabilities	1,14,993.05	91,717.80
Net Interest Income	7,563.35	6,323.91
Non-Interest Income	2,109.06	1,549.20
Operating Expenses (excluding depreciation)	2,714.09	2,346.28
Profit before Depreciation, Provisions and Tax	6,958.32	5,526.83
Depreciation	103.06	80.26
Provisions	3,906.60	1,393.15
Profit before Tax	2,948.66	4,053.42
Provision for Tax	743.20	1,029.68
Profit After Tax	2,205.46	3,023.74
Balance in Profit & Loss Account brought forward from previous year	4,758.71	3,283.64
Opening Profit & Loss Account balance adjustment on account of amalgamation	-	(64.55)
Appropriations:		
Transfer to Statutory Reserves	551.37	755.94
Transfer to Statutory Reserve u/s 36(1)(viii) of Income Tax Act 1961	74.37	103.12
Transfer to Capital Reserve	84.64	11.45
Transfer to Investment Reserve	-	5.16
Transfer to Investment Fluctuation Reserve	82.79	-
Dividend Paid (Including Dividend Distribution Tax) pertaining to previous year paid during the year	-	608.45
Balance carried over to Balance Sheet	6,171.00	4,758.71
EPS (Basic)	13.70	18.78
EPS (Diluted)	13.69	18.76

State of Affairs of the Bank

Your Bank had commenced its business on August 23, 2015, and within six years of its operation, the balance sheet size of the Bank has crossed a landmark of ₹1 lakh crore. The Total Liabilities (including capital and reserves) of your Bank stood at ₹1,14,993.05 crore and the Total Advances (Net) at ₹81,612.88 crore whereas banking outlets increased to 5,310 as on March 31, 2021. During the FY under review, the number of banking outlets that have been added to the network is 751. Out of the

total 5,310 banking outlets, 34 per cent. were established in rural, 39 per cent. in semi-urban, 18 per cent. in urban and 9 per cent. in metro locations. The number of customers has increased from 2.01 crore as on March 31, 2020 to 2.30 crore as on March 31, 2021. With the expanding network of banking outlets and customers, the total deposits increased from ₹57,081.50 crore as on March 31, 2020 to ₹77,972.22 crore as on March 31, 2021 registering a promising climb of 36.60 per cent.

The Current Account and Savings Account ('CASA') deposits have seen a significant increase of 60.86 per cent. from ₹21,028.46 crore as on March 31, 2020 to ₹33,827.31 crore as on March 31, 2021.

During the FY under review, the total income (net) of your Bank has increased by 22.85 per cent. to ₹9,672.41 crore as against the total income of ₹7,873.11 crore for FY 2019-20. However, during the FY the Bank has made additional provisions on NPA accounts resulting from elevated risk observed in certain geographies and the potential impact of the COVID-19 pandemic on certain loan portfolios. These provisions held by the Bank are based on the information available at the time of approval of accounts and are in excess of the RBI prescribed norms. Due to this, the profit after tax ('PAT') for the financial year under review stood at ₹2,205.46 crore, a decline of 27.06 per cent. as compared to ₹3,023.74 crore for FY 2019-20. Consequently, Return on Average Equity ('ROAE') was 13.24 per cent. for FY 2020-21 as against 21.07 per cent. for FY 2019-20 and Return on Average Asset ('ROAA') was 2.13 per cent for FY 2020-21 as against 3.64 per cent for FY 2019-20. Correspondingly, basic earnings per share ('EPS') decreased from ₹18.78 to ₹13.70 whereas diluted EPS decreased from ₹18.76 to ₹13.69 as at the end of FY 2020-21 in comparison to FY 2019-20.

Your Bank's strength lies in priority sector lending ('PSL') as it continues to focus on financial inclusion by providing various financial services to the underserved. The Reserve Bank of India ('RBI') has mandated PSL of a minimum 40 per cent. of advances for all banks. During FY 2020-21, your Bank's PSL went up from ₹60,640.98 crore (net of IBPC of ₹4,612.70 crore) as on March 31, 2020 to ₹74,369.51 crore (net of IBPC of ₹2,124.13 crore) as on March 31, 2021 of which ₹70,448 crore was sold to other banks falling short of PSL targets by way of Priority Sector Lending Certificate ('PSLC') (as against the previous FY of ₹56,805.75 crore). At the end of FY 2020-21, PSL as a proportion of the gross advances of ₹84,509.60 crore (after IBPC) was 88 per cent. (including PSLC).

COVID - 19 pandemic

At the beginning of FY 2020-21, the COVID-19 pandemic was spreading across the world resulting in a global crisis. Almost all the countries in the world were significantly affected, infecting millions of people.

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

Your Bank has diligently been abiding by the advisories issued by the GoI, State Governments and various statutory and regulatory authorities, from time to time. While enforcing the social distancing protocols and keeping the safety of employees

in mind, banking outlets and offices of the Bank operated in accordance with the guidelines/directions issued by various statutory, regulatory and local authorities.

Your Bank has proactively leveraged its technology wherein a major portion of the workforce was benefitted through availing work from home facilities. Moreover, to effectively manage operations, and cater uninterrupted services to the customers during these difficult times posed by the impact of the COVID-19 pandemic, your Bank has triggered its business continuity plan ('BCP'). Your Bank managed to run its operations smoothly with limited staff across all its banking outlets. 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 COVID-19 pandemic, your Bank had managed to keep its services open to customers. Your Bank has engaged with its customers through digital channels and contact centres with the objective of catering to their banking needs, as well as, enquiring about their well-being during these extraordinarily difficult times.

Your Bank 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 checks at premises.
- Regular distribution of Hand Sanitizers at banking outlets.
- Maintaining social distancing norms through effective floor management.
- Touch base with all existing customers and enquiring about their well-being.
- Adopting new digital initiatives from time to time.
- Community outreach initiatives.

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

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 considering the impact of the second wave and the subsequent waves, if any. 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.

Emerging Entrepreneur Business

Your Bank has been serving borrowers at the bottom of the pyramid with affordable and convenient loans to help them develop into entrepreneurs and transform their lives. As the Bank's good microcredit customers expanded their businesses,

it supported them with enhanced banking facilities. Your Bank realised that these customers need more than just business loans to help them achieve their dreams and aspirations. Hence, providing them wholesome banking support is necessary.

With this backdrop, your Bank established a new vertical called Emerging Entrepreneur Business ('**EEB**') for serving Micro Banking customers: Microcredit loans under JLG model, Individual Business Loans, Micro Bazaar Loans, Micro Home Loans and Two Wheeler Loans.

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

Each BU is linked to a bank branch for operational convenience. BUs are self-sufficient and empowered to open deposit accounts using TABs and also open loan accounts after necessary credit checks. The highlight of the BU's operations is the TABs that are connected to the Core Banking System ('**CBS**') through cellular data. Your Bank's Relationship Officers ('**RO**') carry these TABs to their group meetings, and the entire instalment reconciliation for the customer happens through these TABs on realtime. To ensure timely and effective support to the BUs in their day-to-day functioning, the Bank has a structure comprising Circles, Territories, Divisions, Areas and Banking Unit Catchments. A central operations team 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 EEB strategy is guided by its philosophy of financial inclusion and economic empowerment of the disadvantaged sections of society. During FY 2020-21, your Bank opened 618 new BUs pan-India with a sole focus on financial inclusion. Your Bank's commitment towards financial inclusion is also reflected in the fact that it offered loans to 16,26,127 new borrowers during FY 2020-21. The growth of over 26 per cent. in the aggregate micro banking asset portfolio from ₹46,189 crore to ₹58,346 crore during FY 2020-21, is another indicator of your Bank's commitment.

Your Bank now has EEB loans in 10 categories to cater better to the varied demands of the customers:

1. **Suchana Loan:** Loan size is from ₹1,000 to ₹25,000 (no processing fee) and is sanctioned for income-generating activities.
2. **Srishti Loan:** Loan size is from ₹25,001 to ₹1,50,000.
3. **Suraksha Loan:** Loan size is up to ₹15,000 and is sanctioned to help customers meet emergency medical/ sanitary/ drinking water needs.
4. **Susikhsha Loan:** Loan size is up to ₹10,000 and is sanctioned to help customers meet expenses towards the education of their children.
5. **Su Briddhi:** Sanctioned to help customers meet the extra business requirements during their ongoing loan.
6. **Samadhaan:** The COVID-19 pandemic and nationwide lockdowns affected the routine life of everyone in the country. It had an impact on the EEB customers of your Bank as normal business activities remained affected in the country. Your bank introduced Samadhaan Loan product from ₹5,000 to ₹15,000 to support these existing EEB borrowers.
7. **Micro Bazaar Loan:** Loan size from ₹25,001 to ₹1,50,000, for small entrepreneurs who have fixed place to deliver their services to meet their working capital requirements.
8. **Samridhhi Business Loan:** Loan size from ₹75,000 to ₹3,00,000, for matured EEB customers who have shown considerable success in their endeavour.
9. **Micro Home Loan:** Loan size from ₹1,00,000 to ₹10,00,000 to existing EEB borrowers for construction as well as renovation of their houses.
10. **Two Wheeler Loan:** Loan size from ₹30,000 to ₹80,000 sanctioned to existing EEB customers to meet their requirement of two-wheelers.

Your Bank has been taking many precautionary and corrective measures to improve its portfolio quality.

During FY 2020-21, with the advent of the COVID-19 pandemic, your Bank enhanced its workforce adding additional front end officers in its large BUs. Further, your Bank has also put in place certain operating controls from its learnings, in order to sustain a good portfolio quality in the future.

Your Bank is in the process of putting in place a comprehensive restructuring option for its stressed borrowers in the BU, including a moratorium option, under the Resolution framework 2.0 of the RBI. This will provide necessary time relief to borrowers whose livelihoods have been impacted, and will help them pay their instalments regularly at a later date.

Finally, your Bank has laid out a strategy to increase the share of its individual business loans in its overall portfolio. Your Bank has a large percentage of its borrowers who have successfully completed more than one loan cycle. The business of these borrowers are being evaluated by a dedicated individual loan team, so that these families can be offered an individual monthly instalment loan. As the collection from individual borrowers is through standing instruction given to the Banks, no physical collection is involved for regular paying borrowers.

Branch banking

The CASA Business of your Bank has grown by 60.86 per cent. during FY 2020-21 over FY 2019-20. The affluent business which consists of flagship savings products like Elite and Premium Saving products during the same periods has grown by 136 per cent. vis-a-vis FY 2019-20.

During FY 2020-21, your Bank has launched its first foray into the digital account opening journey- **Neo+ Savings account**, with an objective to digitise the liability on-boarding process. The launch was in view of the recent unprecedented challenges that your Bank officials are facing in terms of meeting new customers and new account acquisition. With its unique attributes such as low cost, ease of use, scalability and ubiquity, digital on-boarding is expected to truly accelerate account acquisition across all geographies.

Your Bank is immensely proud to launch its Corporate Salary offering "**Shaurya**", which will cater to the banking and financial needs of our Military, Paramilitary and Police establishments and help your Bank serve those valiant individuals who have dedicated their lives to serve our Nation.

Your Bank has recently launched "**Biz Elite Current Account**", a product proposition with enhanced features of a current account clubbed with additional benefits which help our Premium business segment customers enjoy the experience of Elite banking along with the features of Current Account.

Commercial Banking

RBI had 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**'). Further, RBI extended the COVID-19 Regulatory Package vide notification dated May 23, 2020, wherein the lending institutions were permitted to extend the

moratorium from June 01, 2020 to August 31, 2020. In respect of the working capital facilities sanctioned in the form of cash credit/overdraft ("**CC/OD**"), the Lending institutions were also permitted, at their discretion, to convert the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan ('**FITL**') which shall be repayable not later than March 31, 2021. Also, the working capital financing was eased as a one-time measure by re-calculating the drawing power through margin reduction till August 31, 2021, provided the margins are restored to the original levels by March 31, 2021. In this regard, a Board approved policy duly incorporating the COVID-19 Regulatory Package has been implemented by your Bank with a suitable enabling clause to accommodate any further regulatory instructions in respect of the COVID-19 Package. Customers of the Bank can place their requests through banking outlets and call centres. Your Bank extended support to its deserving borrowers by granting moratorium and FITL facilities, 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.

As part of the COVID-19 Regulatory Package, operating guidelines on Emergency Credit Line Guarantee Scheme ('**ECLGS 1.0**') were introduced by National Credit Guarantee Trust Company ('**NCGTC**') on June 02, 2020, and was initially valid till October 31, 2020. The scheme was subsequently extended till November 30, 2020 vide operating guidelines dated October 31, 2020. The introduction of ECLGS 2.0 along with extension of ECLGS 1.0, both schemes valid till March 31, 2021, were communicated vide operating guidelines dated November 26, 2020. Further, the introduction of ECLGS 3.0, modification in ECLGS 2.0 along with extension of all three schemes (ECLGS 1.0, 2.0 & 3.0) till June 30, 2021, were communicated vide updated operating guidelines dated April 16, 2021. Introduction of ECLGS 4.0 and modifications in ECLGS 3.0 were communicated vide updated operating guidelines dated June 07, 2021, along with an extension of all four schemes (ECLGS 1.0, 2.0, 3.0 & 4.0) till September 30, 2021.

The following are the brief details of ECLGS 1.0, ECLGS 2.0 & ECLGS 3.0, valid till September 30, 2021:

- ECLGS-1.0 refers to the scheme for providing 100 per cent. guarantee to member lending institutions in respect of eligible credit facility extended by them in the form of additional working capital term loan facility to its borrowers up to 20 per cent. of their total fund based credit outstanding up to ₹50 crore across all lending institutions and up to 60 days past due as on February 29, 2020. A moratorium period of one year on the principal amount shall be provided to borrowers under the scheme during which interest shall be payable. The principal shall be repaid in 36 instalments (three years) under ECLGS 1.0 after the moratorium period is over.
- ECLGS-2.0 refers to the scheme for providing 100 per cent. guarantee to member lending institutions in respect

of eligible credit facility extended by them in the form of working capital term loan facility and/or non-fund based facility or a mix of the two, to its borrowers in the 26 sectors identified by the Kamath Committee on Resolution Framework vide its report dated September 04, 2020 and the Healthcare sector, up to 20 per cent. of their total fund based credit outstanding of above ₹50 crore and not exceeding ₹500 crore across all lending institutions and up to 60 days past due as on February 29, 2020. A moratorium period of one year on the principal amount (fund based portion) shall be provided to borrowers under the scheme during which interest shall be payable. The principal shall be repaid in 48 instalments (four years) under ECLGS 2.0 after the moratorium period is over.

- ECLGS 3.0 refers to the scheme for providing 100 per cent. guarantee to member lending institutions in respect of eligible credit facility extended by them in the form of working capital term loan facility and/or non-fund based facility to its borrowers in the Hospitality (hotels, restaurants, marriage halls, canteens, etc.), Travel & Tourism, Leisure & Sporting and Civil Aviation (scheduled and non-scheduled airlines, chartered flight operators, air ambulances and airports) sectors, up to 40 per cent. of their total fund based credit outstanding up to ₹500 crore across all lending institutions, subject to a cap of ₹200 crore per borrower, and up to 60 days past due as on February 29, 2020. Eligible Borrowers under ECLGS 3.0 who have already availed benefit under ECLGS 1.0 or ECLGS 2.0, shall be eligible for additional credit up to 20 per cent. of their total credit outstanding as on February 29, 2020. A moratorium period of two years on the principal amount (fund based portion) shall be provided to borrowers under the scheme during which interest shall be payable. The principal shall be repaid in 48 instalments (four years) under ECLGS 3.0 after the moratorium period is over.
- ECLGS 4.0 refers to the scheme for providing 100 per cent. guarantee to member lending institutions in respect of eligible credit facility up to ₹2 crore per borrower extended by them in the form of fund based (term loan) or non-fund based (LC for import of capital goods) facility to its hospitals/nursing homes/clinics/medical colleges/units engaged in manufacturing of liquid oxygen, oxygen cylinders, etc., for setting up of on-site oxygen producing plants. A moratorium period of six months on the principal amount (fund based portion) shall be provided to borrowers under the scheme during which interest shall be payable. The principal shall be repaid in maximum of 54 instalments (four years and six months) under ECLGS 4.0 after the moratorium period is over.

In line with the Board-approved Credit Policy, the Bank extended support to the deserving and eligible borrowers based on requests.

Commercial Banking, despite the pandemic situation, grew by 15 per cent. year-on-year. Small Enterprise Loan ('SEL') and Small

and Medium Enterprises Loan ('SME') Books have grown steadily during FY 2020-21. SEL has accounted for a total Book size of ₹3,095 crore as on March 31, 2021, registering a growth of 50 per cent. during the period. The SME book was at ₹1,504 crore as on March 31, 2021, registering a growth of about 102 per cent. during FY 2020-21. The Institutional book, comprising lending to NBFCs and MFIs depleted by 24 per cent. since your Bank was cautious in building incremental advances in this segment.

Housing Finance

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

Post amalgamation of erstwhile GRUH Finance Limited with the Bank, your Bank has expanded its scope of housing activities and has additionally started offering home loan products from more than 125 bank branches across the nation. Your Bank continues to focus on the affordable housing space and has tied up with various Government projects as well as projects in the private sector in the Affordable Housing space. Consequently, a majority of the housing loans are also eligible under the PSL category.

As on March 31, 2021, your Bank had a total Housing plus LAP exposure to ₹20,213 crore constituting 23 per cent. of the total gross advances.

Retail Asset

Retail Assets portfolio currently comprises Gold Loan, Personal Loan, Two-Wheeler Loan and Loan/Overdraft against Term Deposits.

FY 2020-21 witnessed retail portfolio registering a growth of 63 per cent. to ₹1,193 crore, in which the primary product drivers were Gold Loan, Loan/Overdraft against term deposits and Personal Loan. FY 2020-21 also witnessed reengineering of Retail Assets Vertical both in terms of Organisational structure, product depth and laying the technology foundation.

During FY 2020-21, Gold Loan was strengthened as a product. The book size grew from ₹222 crore to ₹394 crore, with a disbursement of ₹443.27 crore to 31,541 customers. Gold loan is now being offered from 321 branches across the country up from about 100 branches in the previous year. The financial year also saw the reintroduction of Personal Loan ('PL') with a new credit framework and PL attained book size of ₹91 crore at the end of FY 2020-21.

Third Party Products

The Bank currently distributes mutual funds, life insurance, general insurance including health insurance products and co-branded credit cards. During the financial year under review, your Bank has designed a strong customer proposition, on the retail health insurance segment in order to ensure the retail customers

who bank with us, have the opportunity to build a safety net around their health/medical related risks. In the life insurance business, your Bank has added, annuity products across both immediate and deferred annuity options, in the product basket being offered for solicitation. In mutual funds distribution, your Bank has additionally empaneled a new asset management company with a vision of providing its customers more choices while planning for investments.

The total mutual fund AUM managed under your Bank's code during FY 2020-21 was ₹324.23 crore earning an income of ₹2.32 crore. A total of ₹120.74 crore and ₹327.60 crore of general and retail life insurance business, respectively, was garnered through the branches during FY 2020-21 earning a fee income of ₹14.19 crore and ₹93.05 crore, respectively. During FY 2020-21, the life insurance business through the existing arrangement in all asset verticals amounted to ₹855.63 crore earning an income of ₹42.78 crore. Your Bank has distributed the co-branded credit cards and earned ₹1.03 crore as commission during FY 2020-21. Your Bank has also earned Re. 0.04 crore as commission for distribution of Atal Pension Yojana and NPS Lite Swavalamban schemes of PFRDA during FY 2020-21.

Corporate Social Responsibility

Your Bank's core commitment to creating inclusive growth is reflected in its Corporate Social Responsibility ("CSR") initiatives, which focus on the empowerment of the marginalised sections of the society.

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

For the seamless implementation and monitoring of the CSR programme, your Bank has constituted the Corporate Social Responsibility Committee of the Board ('CSRCB'), 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 the CSRCB is given in the Report on Corporate Governance forming part of the Board's Report.

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

Your Bank continues to engage itself with the marginalised sections of the society for inclusive growth. During the financial

year under review, your Bank has contributed ₹54.17 crore towards 25 CSR programmes implemented through 14 Project Implementing Agencies ('PIAs'). The CSR programmes were spread across 671 project locations in 71 districts of 13 states across India, benefitting 2,94,550 individuals during the financial year, thereby taking the total beneficiaries to 11,32,490 individuals.

Outline of the CSR Policy of the Bank and the details of CSR activities/projects undertaken during the financial year are given as **Annexure – 1** and forms part of this Board's Report. The CSR Policy is in line with the recent amendments to the Companies Act, as recommended by the CSRCB and approved by the Board, and is available on the Bank's website: https://bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2021-07/CSR-Policy-2021_1.pdf

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

Targeting the Hard-Core Poor Programme ('THP')

During the financial year under review, your Bank has contributed ₹18.20 crore towards the 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 lucrative micro-enterprises (in the form of farm, non-farm and mixed assets, non-cash) along with handholding support and training on confidence building, enterprise skills, consumer interaction, marketing and financial skills. They are also provided with sustenance allowance to meet their daily needs till they start generating substantial income from the assets provided. In 18 to 24 months, these ultra-poor women start graduating, uplifting themselves from extreme poverty¹ and get linked to mainstream society².

During the financial year under review, 27,444 ultra-poor women were provided farm-based, non-farm and mixed assets to sustain their livelihoods. These women belonged to 133 locations under your Bank's catchment area spread across 18 districts of Assam, Jharkhand, Madhya Pradesh, Odisha and West Bengal.

A long term study done by the Nobel Laureate, Dr. Abhijit Banerjee et.al.³, based on Randomised Control Trials ('RCT') method, suggests that in seven years after the assets were first distributed, livestock revenue, income from non-agricultural entrepreneurial activities and daily wage income was 286 per cent., 100 per cent. and 25 per cent., respectively, higher in the treatment group as compared to the control group mean, and it was not because of more working hours, but because 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.

¹ Poverty Line benchmarked accordingly to the Suresh Tendulkar's Committee Poverty Lines per capita monthly expenditure, 2011-12, Niti Aayog, Government of India.

² India SDG Index Score for Goal 1 – No Poverty; Goal 2 – Zero Hunger and SGD 5 – Gender Equality

³ Abhijit Banerjee, Esther Dufló, Raghavendra Chattopadhyay and Jeremy Shaprio (2016). The Long Term Impacts of a "Graduation" Program: Evidence from West Bengal. Working Paper, September, 2016. J-PAL, MIT, Cambridge, Massachusetts. USA.

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

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

Health, Nutrition, Drinking Water and Sanitation

During the financial year under review, your Bank has contributed ₹15.67 crore towards seven health programmes of five PIAs covering 35 districts in nine states of India.

Health

Your Bank contributed towards creating health and hygiene-related awareness and behaviour change through a network of 3,440 village-level female health volunteers known as “*Swasthiya Sahayikas*” who reached out to 1,37,854 pregnant women and lactating mothers. The *Swasthiya Sahayikas* held 48,234 health awareness forums. These sessions were attended by 2,36,063 female participants belonging to the reproductive age group. The *Swasthiya Sahayikas* made 1,92,830 home visits to follow up on the health status of pregnant women, lactating mothers and children below five years and have taken 373 pregnant women for institutional deliveries during emergencies or in case of absence of any family members and referred 3,203 women for ante-natal check-ups (**‘ANC’**) and institutional deliveries in 457 healthcare centres.

The *Swasthiya Sahayikas* of the health programme inducted menstrual hygiene behaviour change communication amongst the women especially the adolescent girls and infant-care behaviours to the pregnant women and lactating mothers. They provided 3,08,179 sanitary pads during door-to-door visits and have also started to supply infant diapers, soaps, hand sanitisers, moisturisers, etc.

These efforts resulted in improving the institutional deliveries to 90.25 per cent. compared to the national average of 78.90 per cent.⁴ and complete ANC to 91 per cent. compared to the national average of 51.20 per cent.⁴

A study conducted by Grameen Foundation and Freedom from Hunger India Trust from 2016 to 2018⁵, concluded that the

programme has a visible positive impact amongst the participants of the health awareness programme on the level of awareness and health-related behaviour between and end-line, from <10 per cent to > 90 per cent of women know about Mother and Child Health (**‘MCH’**) and from 20 per cent to 80 per cent of adolescent girls managing menstrual complications.

Healthcare

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

Nutrition

During the financial year under review, 2,13,440 children, under the age of five years, were enrolled in the nutrition initiatives, of which 2,910 children were identified with severe acute malnutrition (**‘SAM’**) and were supported for nutrition rehabilitation, whereas 13,060 children were found with moderate acute malnutrition (**‘MAM’**) and were provided with nutritional supplements including support for a nutritional garden. 94 per cent. of the children, over 24 months completed their primary immunisation and 83.25 per cent. (National Average of 54.90 per cent.)⁴ of children from 0- 6 months were exclusively breastfed.

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

Drinking Water

During the financial year under review, 49 community-level reverse osmosis water treatment plants were set up, which provided 14,752 kilolitres of purified safe drinking water to 33,749 households.

Sanitation

Your Bank has contributed towards developing the community-led sanitation and school sanitation programme by two PIAs covering three districts in three states of India. The initiatives helped in

⁴National Family Health Survey (NFHS-4) 2015-16. International Institute for population sciences Deonan, Mumbai. <http://rchiips.org/nfhs/NFHS-4Reports/India.pdf>

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

improving the sanitation infrastructure of 502 households, 19 government schools, which included separate toilets for boys and girls using child-friendly engineering, RO drinking water stations, mid-day meal platform with shades, dishwashing stations, roof rainwater harvesting system, etc. The programme induced behavioural change amongst the school teachers and children through classroom sessions and demonstrations regarding sanitation and personal hygiene including hand-washing using soaps after using toilets, before and after a meal, before holding infants, after arriving, after playing outdoors, after playing with animals, after coughing, sneezing or blowing one's nose, cleaning toilets, flushing toilets after use, using sanitary pads for menstrual hygiene, etc. The programme also supported monitoring of the operation and maintenance of the facilities created.

Education

Your Bank has contributed towards education programmes which provides quality education to the children belonging to the marginalised section of the society in its catchment areas. The education programme enables the children to improve their learning outcomes, especially in Science, Technology, English and Mathematics ('STEM') subjects and increase their retention and classroom engagement. The programme also provides training to the teachers belonging to the communities, government schools and schools run by the various charitable trust who are providing free education to transform their pedagogy and integrate various teaching and learning tools in their lesson plans and track the comprehensive continuous assessment of each child. For inclusive learning, your Bank has also contributed to "Sammilit Pathshala" for providing education to children with special needs with other children. For creating a better learning environment, the programme also contributed to the creation of school education facilities including, setting up of computer labs, smart classrooms, furniture and fixtures, building as a learning aid ('BALA') paintings, etc.

Your Bank contributed ₹14.80 crore towards the education programme by three PIAs benefiting 69,812 marginalised children in 33 districts of six states of India.

Support to Person with Disabilities

In line with the commitment to inclusive growth, your Bank has contributed ₹38.85 lakh to the initiatives of four PIAs who are dedicated to providing equal opportunities and a conducive environment to persons with disabilities ('PwD'). During the financial year under review, the initiatives have supported 732 PwDs in three districts of three states of India.

Skill Development

Skill development initiatives, supported by your Bank, provide market-linked and job-ready employable skills to the youths from the marginalised sections of the society in various domains. This initiative not only provides on-the-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 financial year under review, your Bank contributed ₹4.89 crore toward the skill development initiatives of four PIAs in 17 districts of nine states of India. These PIAs operated

20 training centres in domains like Warehousing and Logistics, Retail and Customer Care, Sales and Marketing, ITes and BPO, Refrigeration and Air Conditioning, Computer Accounting, Hardware and Networking, BFSI, Tailoring, Mason, Electrical, GDA (Nursing), Manual Metal Arc Welding, Fitter Fabrication, Security Guard and Driving.

During the financial year under review, 3,123 youths were trained, of which nearly 80 per cent. were placed with net salary ranging from ₹6,500 to ₹12,000 plus other performance-based allowances and social security benefits like Provident Fund (PF) and Employee State Insurance (ESI).

Water Conservation

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

Afforestation

The afforestation initiatives, supported by your Bank, have contributed towards the project on establishing "Bio-shield" to save the mangroves in the Bharuch district of Gujarat. Mangrove plantation of 67,540 saplings was carried out in 20 Hectares in a stretch of one kilometre of coastline along with plantation of other medicinal plant species and fodder species, sequestering over 4,400 tonnes of CO₂ annually. The fodder bank was created to offset the biotic pressure from the mangrove area. The project created 4,629 person-days of employment and benefited 9,123 beneficiaries with additional income generating avenues from fodder and medicinal plants harvesting.

Dividend

Your Bank has a dividend distribution 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 distribution policy. In addition to the Dividend Distribution Policy, the dividend payout ratio of the Bank is guided by the extant Circulars on dividend issued by RBI, from time to time. The Policy is available on the Bank's website

at https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/Dividend_Distribution_Policy.pdf

The RBI vide its Notification No. RBI/2021-22/23 DOR.ACC. REC.7/21.02.067/2021-22 dated April 22, 2021, has directed that commercial banks may pay dividends on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty per cent. of the amount determined as per the dividend payout ratio prescribed in paragraph 4 of RBI circular no. DBOD.NO.BP. BC.88/ 21.02.067/2004-05 dated May 04, 2005. Accordingly, in compliance with the above Circulars issued by RBI and keeping in mind the future capital requirements, the Board of Directors of the Bank has recommended a dividend of ₹1 on equity shares of ₹10 each (i.e. 10%) for the financial year ended March 31, 2021, for approval of the shareholders at the 7th Annual General Meeting ('AGM') of the Bank. As per the amended Income Tax Act, 1961, the dividend shall be subject to applicable deduction of tax at source ('TDS').

Transfer to Reserves

In line with the RBI regulations, your Bank has transferred an amount of ₹551.37 crore to the statutory reserve during the financial year ended March 31, 2021.

Issuance of Equity Shares & Capital Adequacy Ratio

During the financial year under review, your Bank has issued 3,51,358 equity shares of ₹10 each pursuant to exercise of stock options by the eligible Employees of your Bank aggregating to ₹35,13,580.

Post allotment of aforesaid equity shares, the issued, subscribed and paid-up share capital of your Bank stood at ₹16,10,59,92,010/- comprising 161,05,99,201 equity shares of ₹10 each fully paid-up as on March 31, 2021.

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 23.47 per cent. as on March 31, 2021, well above the minimum regulatory requirements of 10.875 per cent., out of which Tier 1 CAR was 22.48 per cent. and Tier 2 CAR was 0.99 per cent.

Status on Dilution of Promoter's stake

In order to comply with the Guidelines for Licensing of New Banks in the Private Sector issued by RBI on February 22, 2013, ('Licensing Guidelines') and licensing conditions for the Bank, Bandhan Financial Holdings Limited ('BFHL' or the 'NOFHC'), the Promoter of the Bank had, on August 03, 2020 through a secondary market sale, diluted its excess voting equity capital of 20.95 per cent. i.e. 33,73,67,189 equity shares of ₹10 (Rupees Ten only) each fully paid-up, in the Bank. Consequently, the shareholding of NOFHC in the Bank has been reduced to 40 per cent. of the total paid-up voting equity capital of the Bank. The Bank is now fully compliant with the aforesaid Guidelines and the licensing conditions, and consequently, the regulatory restrictions imposed by RBI has been lifted.

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

Your Bank did not have any subsidiaries, associates or joint venture companies during FY 2020-21. Accordingly, no statement is required to be reported in Form AOC-1.

Rating of Various Debt Instruments

Details of rating of various debt instruments of the Bank as on March 31, 2021 are as under:

Instruments	Rating	Rating Agency	Amount (₹ in Cr.)
Subordinated Tier II Non-Convertible Debentures	[ICRA]AA(Stable)	ICRA	160
Term Loan from Banks	[ICRA]AA(Stable)	ICRA	80
Certificate of Deposit	[ICRA]A1+	ICRA	6,000 ⁽¹⁾
	CRISIL A1+	CRISIL	
Non-Convertible Debentures ⁽³⁾	[ICRA]AA(Stable)	ICRA	5,075 ⁽²⁾
	CRISIL AA/Stable	CRISIL	
Fixed Deposits Programme ⁽³⁾	FAAA / Stable	CRISIL	1,600
Subordinated Debt ⁽³⁾	CRISIL AA/Stable	CRISIL	35

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

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

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

Board of Directors

The composition of the Board of Directors of the Bank ("Board") is governed by the provisions of the Companies Act, the Banking Regulation Act, 1949 (the 'BR Act'), the SEBI LODR, other applicable laws and the Articles of Association of your Bank. At the end of March 31, 2021, the Board of your Bank had 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. Suhail Chander (DIN: 06941577) and Mr. Subrata Dutta Gupta (DIN: 08767943)

Pursuant to the recommendations of the Nomination and Remuneration Committee of the Bank ('NRC'), the Board approved the appointment of Mr. Suhail Chander (DIN: 06941577) and Mr. Subrata Dutta Gupta (DIN: 08767943) as Additional Directors (Independent) of the Bank effective March 19, 2021, after ascertaining their fit and proper status and independence from the management of your Bank. Pursuant to the provisions of Section 161 of the Companies Act, they would continue to hold office as Additional Directors 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 notices in writing from members proposing their candidature as Director on the Board of the Bank. Further, the NRC and the Board have also recommended their appointment as Independent Director(s), not liable to retire by rotation, to the

Shareholders at the ensuing AGM for a period of three years each effective March 19, 2021.

Mr. Suhail Chander, a Chartered Accountant, is having 37 years of rich experience in Banking Operations, Trade Finance, Retail and Wholesale Banking covering the entire gamut from retail, SME, mid-size corporate to large corporates including public sector undertakings and risk management.

Mr. Subrata Dutta Gupta, Master of Arts in Economics, has rich experience of more than 35 years in Asset Based Financing of which 20 years in the Mortgage Industry in India and 11 years in Development Finance with focus on Investment and Advisory Services in the mortgage sector covering areas like Strategic Planning, Business Plan, Underwriting and Policy Formulation, etc.

Re-appointments

Dr. Holger Dirk Michaelis (DIN : 07205838)

In terms of the provisions of Section 152 of the Companies Act, out of the two Non-Executive Non-Independent Directors, Dr. Holger Dirk Michaelis (DIN: 07205838), Nominee Director of Caladium Investment Pte. Ltd., being longest in office, shall retire at ensuing AGM and being eligible, offered himself for re-appointment.

Mr. Chandra Shekhar Ghosh (DIN : 00342477)

Mr. Chandra Shekhar Ghosh, was appointed as the Managing Director and Chief Executive Officer ('MD & CEO') of the Bank effective July 10, 2015 for a period of three years. Thereafter, Mr. Ghosh, MD & CEO was re-appointed for a period of three years effective July 10, 2018. In terms of the RBI Circular dated March 31, 2020 on *Appointment of Managing Director and Chief Executive Officer (MD & CEO) / CEO / part-time Chairperson (PTC) in Banks – 'Declaration and Undertaking' and allied matters*, the Bank submitted an application to RBI seeking re-appointment of the MD & CEO, for a period of five years effective July 10, 2021, as approved by the Board at its meeting held on November 02, 2020, on the basis of the recommendation of the NRC. RBI vide its letter dated June 08, 2021, has approved the re-appointment of the MD & CEO for a period of three years. Accordingly, as approved by RBI vide its letter dated June 08, 2021, and based on the recommendation of the NRC, the Board has approved the re-appointment of Mr. Chandra Shekhar Ghosh, MD & CEO of the Bank for a period of three years effective July 10, 2021, not liable to retire by rotation, subject to the approval of Shareholders at the ensuing AGM, and also designated him as the Key Managerial Personnel of the Bank.

Dr. A. S. Ramasastri (DIN : 06916673)

Dr. A. S. Ramasastri was appointed as an Independent Director of the Bank effective August 08, 2018 for a period of three years. Accordingly, considering the outcome of his performance evaluation, notice received under section 160 of the Companies Act from a member proposing his candidature for the office of Director and the recommendation of the NRC, the Board at its meeting held on June 25, 2021, has approved his re-appointment as an Independent Director of the Bank, not liable to retire by rotation, for a second term of five years effective August 08, 2021, subject to the approval of Shareholders of the Bank by way of a special resolution at the ensuing AGM.

Dr. Anup Kumar Sinha (DIN: 08249893)

Dr. Anup Kumar Sinha was appointed as an Independent Director of the Bank effective January 07, 2019 for a period of three years and his current term is expiring on January 06, 2022. RBI vide Circular dated April 26, 2021 on 'Corporate Governance of the Bank' has increased the upper age limit for NEDs, including the Chair of the board of a bank, to 75 years and mandated that after attaining the age of 75 years no person can continue in these positions. Dr. Sinha would complete his 75 years on July 04, 2026. Accordingly, considering the outcome of his performance evaluation, notice received under section 160 of the Companies Act from a member proposing his candidature for the office of Director and the recommendation of the NRC, the Board at its meeting held on June 25, 2021, has approved his re-appointment as an Independent Director of the Bank, not liable to retire by rotation, for a second term from January 07, 2022 up to July 04, 2026 i.e. up to the date of his attaining the age of 75 years, subject to the approval of Shareholders of the Bank by way of a special resolution at the ensuing AGM.

Further, the current term of Dr. Sinha as the Non-Executive Chairman of the Bank would expire on January 06, 2022, as approved by RBI and Shareholders. Accordingly, pursuant to the recommendation of the NRC, the Board at its meeting held on June 25, 2021 has also approved his re-appointment as Non-Executive Chairman of the Bank from January 07, 2022 up to July 04, 2026 i.e. up to the date of his attaining the age of 75 years, subject to the approval of Shareholders of the Bank at the ensuing AGM and the approval of RBI, from time to time.

Mr. Santanu Mukherjee (DIN : 07716452)

Mr. Santanu Mukherjee was appointed as an Independent Director of the Bank effective January 07, 2019 for a period of three years and his current term is expiring on January 06, 2022. Accordingly, considering the outcome of his performance evaluation, notice received under section 160 of the Companies Act from a member proposing his candidature for the office of Director and the recommendation of the NRC, the Board at its meeting held on June 25, 2021, has approved his re-appointment as an Independent Director of the Bank, not liable to retire by rotation, for a second term of five years effective January 07, 2022, subject to the approval of Shareholders of the Bank by way of a special resolution at the ensuing AGM.

The resolution(s) in respect of appointment and re-appointment of the Directors, as aforesaid, have been included in the Notice convening the 7th AGM of the Bank. Brief profiles of these Directors have been annexed to the said Notice. None of the Directors as proposed for appointment / re-appointment will cross the age of 75 years during the tenure of their continuation on the Board of the Bank.

Shareholders approved appointments/ re-appointments

During the financial year under review, the following appointments/re-appointments were approved by the Shareholders at the 6th AGM of the Bank held on August 21, 2020:

- Appointment of Mr. NVP Tendulkar (DIN: 00869913) as an Independent Director of the Bank for a period of three years effective May 08, 2020.

- Appointment of Mr. Vijay N Bhatt (DIN: 00751001) as an Independent Director of the Bank for a period of three years effective May 08, 2020.
- Mr. Ranodeb Roy (DIN: 00328764), Non Executive Non Independent Director, being longest in office, liable to retire by rotation and being eligible, was re-appointed.

Cessations

During the financial year under review, the following four Independent Directors ceased to hold office by virtue of completion of their respective terms on the Board of the Bank, as under:

- Mr. Chintaman Mahadeo Dixit (DIN: 00524318) completed his second term as an Independent Director of the Bank on July 08, 2020. Accordingly, he ceased to be an Independent Director of the Bank effective July 09, 2020.
- Mr. Harun Rasid Khan (DIN: 07456806) completed his first term as an Independent Director of the Bank on March 26, 2021. He has requested the Board not to consider his re-appointment due to his other pre-occupations and priorities. Accordingly, he ceased to be an Independent Director of the Bank effective March 27, 2021.
- Mr. Bhaskar Sen (DIN: 03193003) completed his second term as an Independent Director of the Bank on March 31, 2021. Accordingly, he ceased to be an Independent Director of the Bank effective April 01, 2021.
- Mr. Sisir Kumar Chakrabarti (DIN: 02848624) completed his second term as an Independent Director of the Bank on March 31, 2021. Accordingly, he ceased to be an Independent Director of the Bank effective April 01, 2021.

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

Key Managerial Personnel

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

Meetings of the Board and Board Committees

The Board met fourteen times during the Financial Year 2020-21 viz. on April 13, 2020, May 08, 2020, May 12, 2020, June 04, 2020, July 13, 2020, July 15, 2020, August 26, 2020, October

12, 2020, November 02, 2020, November 30, 2020, January 12, 2021, January 21, 2021, March 18, 2021 and March 19, 2021. The details of the 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 Board's Report.

The Bank currently has the following nine Board Committees:

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

Additionally, 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, attendance of members, etc., of these Board Committees are provided in the Report on Corporate Governance forming part of this Board's Report.

Declaration from Independent Directors

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

Familiarisation Programmes for Independent Directors

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

Board Evaluation

Pursuant to the recommendation of the NRC, the Board has framed the 'Performance Evaluation Policy for the Board, Committees, Non- Independent / Whole Time Directors and Independent Directors' (the '**Board PE Policy**') in accordance with the relevant provisions of the Companies Act, the SEBI LODR and SEBI Guidance Note on Board Evaluation. In terms of the Board PE Policy, performance evaluation of the Board and its Committees, Chairman and individual Directors are done on

various parameters. Parameters for the Board include various aspects such as structure, meetings, appointments, agenda, discussions, roles and responsibilities, evaluation of risks, strategy, governance and compliance, conflict of interest, etc.

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

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

The evaluation process has been carried out electronically. The Board of Directors has done the evaluation of Independent Directors where the Independent Director who was subject to evaluation did not participate. Similarly, Independent Directors have done the evaluation of the Board as a whole, Non-Executive Chairman and Non-Independent Directors including the MD & CEO. The Chairman of Board Committees have done performance evaluation of respective Committees. Thereafter, the report on performance evaluation of Directors and Chairman was submitted to the NRC where the report on performance evaluation of the Board as a whole and Board Committees were submitted to the Board for necessary action. The NRC, after considering the performance evaluation report of 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 the Board Committees. The Board evaluation has provided some valuable inputs for optimising the roles and responsibilities, quality, quantity and timeliness of flow of information between the Bank's management and the Board.

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

Appointment of Directors

Appointment of Directors on the Board is guided by the provisions of the BR Act and the guidelines/ circulars issued by the RBI, from time to time, the Companies Act and the SEBI LODR. In view of these provisions, your Bank has adopted a 'Policy on Appointment and fit and proper criteria for Directors'. In terms of this Policy, while appointing directors, the NRC / Board considers fit and proper criteria, various skill sets, professional knowledge, practical experience, integrity, gender diversity and additionally, status of independence in case of

Independent Directors. The details of the same have been included in the Report on Corporate Governance forming part of this Board's Report. The Policy on Appointment and Fit & Proper Criteria for Directors of the Bank is available on the Bank's website: <https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/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 Board's Report. The Compensation Policy of your Bank is available on the Bank's website: <https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/CompensationPolicy.pdf>

Employees Remuneration

As on March 31, 2021, your Bank had 49,445 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 your Bank and other details in terms of Section 197(12) of the Companies Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure – 2(b)**.

Employee Stock Options

Your Bank has instituted Employees Stock Option Scheme ('ESOP'), i.e., Bandhan Bank Employee Stock Option Plan Series 1 ('ESOP Scheme') to enable its employees to participate in your Bank's future growth and financial success. Your Bank provides its employees with a platform for participating in important decision making and instilling long-term commitment towards the future growth of the Bank by way of rewarding them through stock options. ESOP Scheme of your Bank is in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 ('SEBI SBEB') and no change has been made therein during the financial year under review. The ESOP Scheme is administered by the NRC. In terms of the ESOP Scheme, the Options would vest not earlier than one year and not later than four years from the date of grant as decided by the NRC /Board. The Options granted shall be equally vested over four years. The exercise period shall be a maximum of five years from the date of the respective vesting of Options. Since your Bank has been allotting fresh equity shares upon exercise of Options, the source of the shares is of primary issuance.

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

The information pertaining to the ESOP Scheme as prescribed under SEBI 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 <https://bandhanbank.com/annual-reports>.

Further, as required under SEBI SBEB, the auditor's certificate on the implementation of the ESOP Scheme, in accordance with SEBI SBEB, 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, 2021 forming part of this annual report.

Internal Financial Controls, Audit and Compliance

Your Bank has an Internal Audit Department ('IAD') and a Compliance Department ('CD'), which independently carry out evaluation of the adequacy of all internal controls. These departments ensure that operation and business units adhere to the laid down internal processes and procedures as well as to the regulatory/statutory and legal requirements.

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

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

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

The IAD proactively recommends improvements in operational processes and systems. 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. To safeguard the independence, the performance evaluation of the Chief Compliance Officer ('CCO') and the Chief Audit Executive ('CAE') is carried out by the ACB. It further reviews the effectiveness of controls and compliance with regulatory guidelines. IAD further ensures independent checks and balances, and adherence to the laid down policies and procedures of the Bank that are in accordance with the 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 ACB, the Board of Directors is of the opinion that the internal financial controls established and maintained by the Bank are adequate.

Related Party Transactions

There were no materially significant transactions with related parties during the financial year 2020-21, which could lead to a potential conflict of interest between the Bank and these parties. Prior omnibus approval is also obtained from the ACB for the related party transactions which are of repetitive nature as well as for the normal banking transactions which cannot be foreseen. The quarterly update on the details of transactions with the related parties, pursuant to the omnibus approval, were placed before the Audit Committee. The Related Party Transactions that were entered during the financial year under review were on an arm's length basis and were in the ordinary course of business, pursuant to the approval of the ACB. 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 notes no. 18.13 to the annual financial statements for the financial year 2020-21. Your Bank's Policy on dealing with Related Party Transactions is available on the Bank's website: https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-06/Details_of_Related_Party_Transactions.pdf

Particulars of Loans, Guarantees or Investments

In terms of the provisions of Section 186 (11) of the Companies Act, the provisions of Section 186 of the Companies Act except sub-section (1), do not apply to any loan made, any guarantee given, security provided, or any investment made by a banking company in the ordinary course of its business. However, the particulars of investments made by the Bank are disclosed in the Financial Statements for the financial year 2020-21, as per the applicable provisions of the BR Act.

Whistle Blower Policy/Vigil Mechanism

The Bank has adopted the Board approved 'Vigilance Policy and Whistle Blower Mechanism', as required under Section 177 of

the Companies Act, Regulation 22 of SEBI LODR and applicable circulars issued by RBI, in this regard. This Policy empowers the employees to 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 ACB 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 Board's Report.

Significant and Material Orders passed by Regulators or Courts or Tribunals

During FY 2020-21, 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.

Statutory Auditors and their Report

The Members of the Bank at the 5th AGM held on June 28, 2019 had 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 the 5th AGM till the conclusion of the 9th AGM, subject to the approval of the RBI on an annual basis. In terms of the 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)' dated April 27, 2021 ('RBI Guidelines') issued by RBI, banks shall appoint the Statutory Auditors for a continuous period of three years, subject to the firms satisfying the eligibility norms each year and the approval of RBI on an annual basis. Since Deloitte Haskins & Sells will complete two years as Statutory Auditors at the conclusion of the 7th AGM, they may continue as Statutory Auditors for one more year i.e. till the conclusion of the 8th AGM to be held in 2022, subject to the approval of RBI on an annual basis. Accordingly, on the basis of the recommendation of the ACB, the Board has recommended the re-appointment of Deloitte Haskins & Sells as Statutory Auditors for a period of one more year to the RBI for approval.

The Report, given by the Auditors on the financial statements of the Bank for the financial year ended on March 31, 2021, forms part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. Also, no offence of fraud was reported by the Auditors of the Bank under section 143(12) of the Companies Act.

Further, in terms of the RBI Guidelines and the Bank's Policy for Appointment of Statutory Auditors, your Bank is required to appoint two statutory Auditors. Accordingly, the Board of Directors, on the recommendation of the ACB, has recommended the name of M. M. Nissim & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 107122W/W100672) as the first preferred firm, to act as the joint Statutory Auditors of the Bank, to RBI for approval for a period of one year. The Board of Directors has also recommended the appointment of M. M. Nissim & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 107122W/W100672), as Joint Statutory Auditors of the Bank, for a period of three years to hold office from the conclusion of the 7th

AGM until the conclusion of the 10th AGM of the Bank, for the approval of the shareholders at the ensuing AGM, subject to the approval of RBI on an annual basis. M. M. Nissim & Co. LLP shall act as the joint Statutory Auditors of the Bank along with Deloitte Haskins & Sells till the conclusion of the 8th AGM and thereafter act as joint Statutory Auditors of the Bank with such other new joint Statutory Auditor(s) who will be appointed by the Bank subject to prior approval from RBI and approval of the shareholders of the Bank.

Secretarial Auditors and their report

Pursuant to the provisions of Section 204 of the Companies Act, the Board has appointed CS Anjan Kumar Roy, Practising Company Secretary (C.P. 4557) as Secretarial Auditor to conduct Secretarial Audit of the Bank for FY 2020-21. Accordingly, the Secretarial Audit Report for FY 2020-21 is enclosed to this Board's Report as **Annexure – 3**. There are no qualifications, reservations, adverse remarks or disclaimers in the Secretarial Audit Report. No offence or 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.

Corporate Governance

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

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

Annual Return

Pursuant to the provisions of Section 92(3) read with Section 134(3)(a) of the Companies Act, the Annual Return as of March 31, 2021, is available on your Bank's website at <https://bandhanbank.com/annual-reports>.

Management Discussion and Analysis

The Management Discussion and Analysis report for the financial year 2020-21, as prescribed under SEBI LODR, forming part of this report as **Annexure – 5**.

Business Responsibility Report

In terms of the provisions of SEBI LODR, a Business Responsibility Report describing the initiatives taken by your Bank from an environmental, social and governance perspective is forming part of this report as **Annexure – 6**.

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

Compliance with Secretarial Standards

The Board of Directors affirms that your Bank has complied with the applicable Secretarial Standards issued by the Institute of Company 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 adopted zero tolerance towards any action on the part of any of its employees, which may fall under the ambit of 'sexual harassment' at workplace and is fully committed to uphold and maintain the dignity of every woman constituent associated with your Bank. It takes all necessary measures to ensure a harassment free workplace and has instituted an Internal Committee for redressal of complaints and to prevent/prohibit sexual harassment, in compliance with the guidelines enumerated in the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. At the beginning of the financial year under review, two complaints were pending and during the financial year, seven complaints were received, out of which six complaints have been closed during the financial year. Three complaints were pending at the end of the financial year, out of which two complaints have since been closed.

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

Energy and natural resource conservation have been one of the focus areas for your Bank and conscious efforts are being made towards improving energy performance, year on year. In our endeavour to achieve aggressive goals to reduce carbon footprints, the conservation of energy has been integrated with the vision of the organisation and its operations. Some of the steps undertaken by your Bank towards conservation of energy are as under:

- Creating flexibility in the smart building systems to achieve the highest level of efficiency.
- At banking outlets, the focus is on insulation on walls and roof, optimum window wall ratio, premises shape and orientation, and re-engineering and retrofit of equipment.
- Tracking of energy consumptions at all levels and comparing with the best international benchmarks.
- Incorporation of smart meters for energy use monitoring and engagement with key stakeholders at regular intervals to drive energy conservation in the organisation culture.
- Inclusion of the latest technologies in air-conditioning and inductive equipment in terms of variable drives and improved IKW (Consumption per Ton) in HVAC.
- **Lighting:** Incorporation of 100 per cent. LED for lighting, day light harvesting, timed illumination of signage through central monitoring system.
- **Daily operations and usage** - Conservation through basic hygiene practices on energy usage through occupancy sensors, zoning of electrical circuits and master switches for premises.
- **Water Conservation:** Ground water recharge facilities through rain water harvesting in upcoming projects, volume flow controls at each sink point, water recycling through STPs.

During the pandemic, the travel needs were met through video conferencing across the organisation using multiple platforms adding to your Bank's contribution towards the carbon foot print reduction.

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 ₹47 lakh (including the net gains arising in all exchanges/derivatives transactions) whereas the foreign exchange outgo was of ₹76 lakh during the financial year 2020-21.

Human Resource Management

Your Bank understands the power of human motivation and dedicated efforts to achieve the desired goal. As a Bank, we are proud of our employees who have served throughout the year during this COVID-19 pandemic as an exemplar of customer service. Our focus includes rewarding and recognizing the performance, ensuring a safe and competitive work environment for the employees and providing a platform for sustainable growth. The Human Resource Department also drives the initiatives for the employees' wellbeing, by way of subsidised loans and also, more importantly for their physical wellbeing.

During FY 2020-21, your Bank increased its employee strength to 49,445 from 39,750. Your Bank has also added 129 Retail Banking

Branches, 618 Banking Units and 4 Home Loan Centres. Series of programmes were conducted to meet the on-going learning and development needs in the Bank and promote an environment of learning, self-growth and excellence. The learning architecture in your Bank focuses on:

- Developing tailor-made, competency based programmes for different sets of employees, based on their roles and functional area in the Bank.
- Induction and onboarding programmes for the new hires through online and offline mode.
- Training the front line bankers on several aspects of Compliance, AML, Risk and Regulatory norms.
- Specifically designed tailor made programme delivered by specialists for Leadership roles covering areas such as conflict management, people management, etc.
- Competency based succession plan for majority of the roles; overall 7,000 employees were identified for the higher role.
- Competency based promotion process to nurture identified talent.
- Identification of critical resources and differentiated career path for retaining the critical resources.
- Creating a fresh talent pool by adding resources from college campuses and the NextGen Banker's Programme.
- Introduction of the COVID-19 homecare programme for staffs, with approximately 600 impacted staffs utilized the professional service.
- Digitisation of the various HR processes to enhance employee experience.

Your Bank has completed the annual appraisal process during the financial year under review for all the eligible employees and amid all the crisis employees were paid their annual increments and performance-based variable pay/bonuses. Overall approximately 31,000 employees participated in the process. Your Bank has also taken various precautionary measures during the pandemic crisis and successfully executed the banking operations by optimizing workforce deployment.

The Bank provides training through a wide range of training programmes, 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.

Risk Management

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

Risk is part of our Business Model. Your Bank measures and manages risk as part of its business, including in connection

with the products and services it offers to its customers. The risks we take include financial such as credit, interest rate, market, liquidity and non-financial such as operational including compliance, strategic and reputation risks.

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

Risk Appetite & Risk Profile

The management defines and the Board approves your Bank's risk appetite, which is the amount of risk your Bank is comfortable sustaining given its existing level of resources. Risk appetite defines which risks are acceptable and at what level and guides businesses and risk leaders. Risk appetite boundaries are set within the Bank's risk-bearing capacity. Your Bank's risk appetite is articulated in a statement of risk appetite, which is approved at least annually by the Board.

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

Your Bank continuously monitors its risk appetite, and the Board reviews periodic risk appetite reports and analyses.

Risk and Strategy

Your Bank's risk profile, risk capacity, risk appetite, and risk management effectiveness (i.e., the holistic measure of the quality and effectiveness of your Bank's risk management activities, including the functional or programmatic use of controls and capabilities to manage risks) are considered in the strategic planning process, which is closely linked with the Bank's capital planning process ('**ICAAP**').

Your Bank's Integrated Risk Management Department ('**RMD**') participates in strategic planning at several points and in the process, providing a challenge to an independent assessment of the Bank's self-assessment of the risks associated with strategic planning initiatives. RMD also independently assesses the impact of the strategic plan on risk capacity, risk appetite, and risk management effectiveness at the principal line of business, enterprise function, and at an aggregate Bank level. Post effective review by the management, the strategic plan is presented to the Board every year for its review and approval thereon.

Everyone Manages Risk

Every employee creates risk in the course of performing business activities and is required to manage that risk. Risk is therefore everyone's responsibility. Every employee is required to comply with applicable laws, regulations, and Bank policies.

Risk and Culture

Senior management sets the "tone at the top" by supporting a strong culture, defined by the Bank's expectations, that guides how employees conduct themselves, work with colleagues,

and make decisions. The Board holds senior management accountable for establishing and maintaining the right culture and effectively managing risk. Employees are strongly encouraged and expected to speak up as and when they see something that could cause harm to any stakeholder of the Bank risking its reputation. This is because risk management is everyone's responsibility, all employees are expected to challenge risk decisions when appropriate and to escalate their concerns when they have not been addressed appropriately. Your Bank has a well-defined Whistle Blower Policy in place.

Employee performance evaluations are tied to and take into account, effective risk management. Your Bank's performance management and incentive compensation programmes are designed to establish a balanced framework between risk and reward under core principles that employees are expected to know and practice. The Board, through its respective Committees, plays an important role in overseeing and providing credible challenge to your Bank's performance management and incentive compensation programmes.

Risk Management Framework

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

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

Board Committee Structure

The Board carries out its risk oversight responsibilities directly and through its Committees. RMCB reviews and recommends the Bank's risk management framework and oversees its implementation, including the processes established by the management to identify, assess, measure, monitor, and manage risks. It also monitors the Bank's adherence to its risk appetite.

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

Management Committee Structure

The Bank has established management committees, that support management in carrying out its governance and risk management

responsibilities. Each management governance 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 to a Board committee, as appropriate.

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

Risk Operating Model – Roles and Responsibilities

The Bank has three lines of defence: the Front Line, Independent Risk Management and Internal Audit. Your Bank's risk operating model creates necessary interaction, interdependencies, and ongoing engagement among the lines of defence:

- **Front Line:** The front line, which is composed of our five principal lines of business and certain activities of enterprise functions, is the first line of defence. In the course of its business activities, the front line identifies, measures and assesses, manages, controls, monitors, and reports on the risk associated with its business activities and balances risk and reward in decision making while remaining within the Bank's risk appetite.
- **Risk Management Department ('RMD')** is the second line of defence. It establishes and maintains your Bank's risk management programme and provides oversight, including the challenge to and independent assessment of the front line's execution of its risk management responsibilities
- **Internal Audit Department ('IAD')** is the third line of defence. It is responsible for acting as an independent assurance function and validates that the risk management programme is adequately designed and functioning effectively.

Risk Type Classifications

Your Bank uses common classifications, hierarchies, and ratings to enable consistency across all risk management programmes and aggregation of information. Risk type classifications permit the Bank to identify and prioritise its risk exposures, including emerging risk exposures.

Operational Risk Management: Operational risk, is the risk resulting from inadequate or failed internal processes, people and systems, or external events. The RMCB has primary oversight responsibility for all aspects of operational risk, including significant supporting programmes and/or policies regarding your Bank's business resiliency and disaster recovery, and third-party risk management. As part of its oversight responsibilities, the RMCB reviews and recommend significant operational risk policies and oversees the Bank's operational risk management programme.

At the management level, Operational Risk Management, which is part of RMD, has oversight responsibility for operational risk. Operational Risk Management reports to the CRO and provides periodic reports related to operational risk to the Operational Risk Management Committee ('ORMC') as also to the RMCB.

Your Bank is committed to providing uninterrupted service to its customers. Therefore, it is essential to protect the critical infrastructure in the Bank from natural and manmade disasters / events and ensure business continuity of the various operational units. Business Continuity Management (BCM) Policy has been put in place with the objective to recover critical activities and systems within defined timelines; the safety of people and its assets; communicate with stakeholders during an emergency; manage reputation risk, etc. BCM Committee ('BPMC') is responsible to ensure Business Continuity Plan ('BCP') capabilities in the organization and their regular testing.

The Bank has the following framework in place to monitor Business Disruption Risk:

- Having trackers for identifying major risk due to Business Disruption.
- Assessment of BCP test results and DR Drill report to identify a gap.
- Identifying risk areas related to BCP while carrying out assessment of any product or process or during field visit or by any other means and raising the same with the concerned stakeholder for resolution.
- Identifying Business Disruption Risk (if any) during Risk and Control Assessments as per the defined calendar.

During the COVID-19 pandemic, the BMCB formed a QRT (Quick Response Team) to ensure business continuity and resilience. The RMD continues to plan and monitor your Bank's COVID-19 business Continuity and resilience in terms of (i) Effectiveness of Business Continuity Plan; (ii) Emerging Risks especially Information Security and Cyber-attacks with the onset of Work From Home (WFH) process; (iii) Present and Emerging Liquidity position; (iv) Communications/Awareness for staff and customers; (v) Emerging Credit Risk on segmental portfolio; (vi) Impact on other pillar 2 risks : Reputation, Strategic & Business Risk and (vii) People Risk in terms of employee workplace safety; amongst others. Regular reports on the same get reviewed by RMCB during the period.

Information security is a significant operational risk for financial institutions such as Bandhan Bank and includes the risk arising from unauthorised access, use, disclosure, disruption, modification, or destruction of information or information systems. The Information Security function, part of the RMD, is headed by the Chief Information Security Officer ('CISO') reporting into the CRO.

The Board is actively engaged in the oversight of your Bank's information security risk management and cyber defence programmes. The RMCB and the Information Technology Strategy Committee of the Board ('ITSCB') have oversight responsibility for the same. A Technology Advisory Committee ('TAC'), comprising

Senior Executives from IT and Information Security Department ('InfoSec') functions of the Bank and external experts analyses the technical requirements whereas the Information Security Committee ('ISC') looks into the entire gamut of the Information Security and comprises the CRO, CISO, CIO and other senior functionaries. ISC reports into the ITSCB which provides oversight of technology, information security, and cybersecurity risks as well as data management risk.

Your Bank, like other financial institutions, continues to be the target of various evolving and adaptive cyber-attacks, including malware, ransomware, phishing, 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 information. Cyber-attacks have also focused on targeting online applications and services, such as online banking, as well as cloud-based and other products and 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. Cybersecurity risk is a priority for Bandhan Bank, and we continue to develop and enhance our controls, processes and systems in order to protect our networks, computers, software and data from attack, damage or unauthorised access. Your Bank is also proactively involved in industry cybersecurity efforts and working with other parties, including our third-party service providers and governmental agencies, to continue to enhance defences and improve resiliency to cybersecurity threats.

Your Bank has started its in-house Cyber Security Centre ('C-SOC'), which is further enhancing better analyses and control.

Outsourcing Risk

Your Bank has outsourced a good part of the IT activities to a third party. Additionally, some of the non-IT activities have been also outsourced to external vendors. Considering the risk involved in these outsourcing arrangements, the Bank has put in place a well-defined outsourcing policy. The Central Outsourcing Committee of the Bank is responsible to manage outsourcing risk during the onboarding of new vendors and perform regular reviews of existing vendors and outsourced activities. Your Bank has also defined indicators for Outsourcing Risk including risk in IT Outsourcing. The indicators are regularly tracked and reviewed by the Risk Department. Adverse findings are reported to concerned authorities.

Compliance risk (a type of operational risk) is the risk resulting from the failure to comply with laws (legislation, regulations and rules) and regulatory guidelines, and the failure to appropriately address associated impacts, including to customers. Compliance risk encompasses violations of applicable internal policies, programme requirements, procedures, and standards related to ethical principles applicable to the banking industry. Your Bank has an independent Compliance Department, headed by the

Chief Compliance Officer ('**CCO**') who oversees such compliances. A Compliance Committee, comprising the senior business and control executives and chaired by the MD & CEO has been put in place from the year under review.

Fraud Risk: A comprehensive approach to combat fraud has become a prerequisite and any organization that fails to protect itself appropriately, faces increased vulnerability to fraud. Your Bank has framed an effective fraud risk management framework to establish a strong internal control framework to detect, investigate, report and identify frauds at the earliest. The framework follows P-D-R (Prevention, Detection and Response) model.

Your Bank has also put in place a Fraud Prevention and Monitoring Committee ('**FPMC**') which deliberates on the alleged incidents referred to it by respective departments, as fraud or not and direct concerned departments for necessary actions. Fraud risk indicators at the Enterprise Level and Business level (as applicable) get defined and tracked and reviewed by RMCB on a regular basis.

Conduct risk, a sub-category of Operational risk, is the risk of inappropriate, unethical, or unlawful behaviour on the part of employees or individuals acting on behalf of the Bank, caused by deliberate or unintentional actions or business practices. The RMCB reviews the conduct risk components as part of your Bank's risk culture. Apart from the annual review of the status of the Risk culture as part of CRO's Annual Risk Report; the RMCB during this financial year has started reviewing the status on a quarterly basis and has approved the Bank's overall approach to the Risk Culture.

Considering the legal risk involved in various activities of the Bank the following risk framework is in place to address legal risk in the Bank;

- Legal risk parameters with the threshold at Enterprise and Business level (as applicable) has been defined and get tracked.
- Legal department is a permanent member of the change management framework.
- Trend analysis of legal cases (against the Bank and by the Bank), identifying emerging legal risk in the Bank, analysis of legal cases to identify the concern areas that get reported to the ORMC and RMCB on a regular basis.

Credit Risk

Your Bank defines credit risk as the risk of loss associated with a borrower or counterparty default (failure to meet obligations in accordance with agreed upon terms). Credit risk exists with many of our assets and exposures such as debt security holdings and loans. At the management level, the Credit Risk function, which is part of RMD, has oversight responsibility for credit risk. Credit Risk reports to the CRO and supports periodic reports related to Credit Risk to the Credit Risk Management Committee ('**CRMC**') consisting of senior executives from Business and Risk and chaired by the MD & CEO and also to the RMCB.

Your Bank manages credit risk by establishing what it believes are sound credit policies for underwriting new business, while monitoring and reviewing the performance of our existing loan portfolios. Your Bank employs various credit risk management and monitoring activities to mitigate risks associated with multiple risk factors affecting loans including:

- Loan concentrations and related credit quality;
- Counterparty credit risk;
- Economic and market conditions;
- Legislative or regulatory mandates;
- Changes in interest rates.

Your Bank's credit risk management oversight process is governed centrally, but provides for direct management and accountability by the lines of business. The overall credit process includes comprehensive credit policies, disciplined credit underwriting, frequent and detailed risk measurement and modelling, regular credit training programmes, and a continual loan review and audit process. A key to the credit risk management is adherence to a well-controlled underwriting process, suited to the business segment and size of the loan.

Asset/Liability Management involves evaluating, monitoring and managing interest rate risk, market risk, liquidity and funding. Primary oversight of all these risks resides with the RMCB, which oversees the administration and effectiveness of risk management policies and processes used to assess and manage these risks. At the management level, the Asset Liability Management Committee ('**ALCO**'), which consists of senior management from finance, risk and business groups, oversees these risks and reviews periodic reports provided to the RMCB. For market risk activities of the Trading Book, a separate management level oversight committee Market Risk Management Committee ('**MRMC**') has been constituted this financial year with senior executives from Finance, Treasury and Risk departments.

Interest rate risk is created in the role of a financial intermediary for customers based on investments such as loans and other extensions of credit and debt securities. Interest rate risk can have a significant impact to our earnings. Your Bank is subject to interest rate risk because:

- Assets and liabilities may mature or reprice at different times. If assets reprice faster than liabilities and interest rates are generally rising, earnings will initially increase;
- 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. For example, the shape of the yield curve may affect yield for new loans and funding costs differently;
- The remaining maturity for various assets or liabilities may shorten or lengthen as interest rates change; or

- Interest rates may have a direct or indirect effect on loan demand, collateral values, credit losses, mortgage origination volume, and other financial instruments.

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. Your Bank has always maintained a 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.

Your Bank engages in trading activities to accommodate the investment and risk management activities of the customers and to execute economic hedging to manage certain balance sheet risks. Income earned on the financial instruments used in the trading activities include net interest income, changes in fair value and realized gains and losses.

Reputational Risk

Trust is the bedrock of any business relationship. As such, reputational risk has long been recognized as a key risk by business leaders and often tops the list of risks of most concern to the senior executives. In the wake of tremendous rise of social media, reputational risk has gained a new importance in the corporate world.

In your Bank, reputational risk is handled as mentioned in the External Communications Policy of the Bank. Your Bank uses a listening tool to monitor the brand mentions in the digital space. Through the PR agency, the Bank monitors media reports about the Bank. The branches reach out to the central office in case of any media queries in the branch.

Your Bank is fully aware of the importance of reputational risk, and has put reputation as one of the anchors (along with earning, capital and liquidity) for finalising its Risk appetite and from this financial year has included a Reputation Risk Dashboard as part of Enterprise Risk Dashboard which gets reviewed by the RMCB and the Board at quarterly intervals.

Strategic risk is the risk to Earnings, Capital, or Liquidity arising from adverse business decisions, improper implementation of strategic initiatives, or inadequate responses to changes in the external operating environment.

Your Bank's strategic plan till 2020 focused mainly on defending core markets in microfinance, building a good liability franchise along with strong CASA ratios and building a customer base in adjacent segments in retail and SME assets. Post successfully

traversing the path, the Bank has come up with a new 5-year Strategy Document (2020-25); which can help it to break into the next orbit.

Accordingly, the Board through the Risk Appetite Framework has put low tolerance towards any threats to the effective and efficient delivery of the Strategy plans.

Your Bank is monitoring the Strategic Risk by tracking the following parameters:

- Assumptions made by the Bank in forming its strategic plan and their alignment with the macro-economic environment
- Bank's Strategy plans vis-à-vis achievements

Information Technology at the Bank

Information Technology has been a pivotal role player in the promising journey of the Bank. Few major initiatives are mentioned below:

- Integration of various applications through robust Middleware and API Gateway platform.
- Development of an Enterprise Data Lake as a Single Source of Truth for all Data elements. This application is being designed to house Internal, External, Structured, Unstructured and Semi-Structured Data.
- Modernisation of the Loan Origination Platform. Further, the Bank has implemented a new Tab Banking solution for its Micro Credit Business, as part of Financial Inclusion.
- Bank has set up its own Data Center ('DC') and Disaster Recovery ('DR') Center with state-of-the-art technology and has started migrating the Applications to the new DC & DR.

Material Changes and Commitment Affecting Financial Position of the Bank

There were no material changes and commitments, affecting the financial position of the Bank, which has occurred between the end of the financial year of the Bank i.e. March 31, 2021 and the date of this Board's Report.

Directors' Responsibility Statement

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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, 2021, and of its profit for the financial 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 were 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 operating effectively.

Acknowledgements and Appreciations

The Board of Directors of your Bank extends its gratitude for the invaluable support and guidance received from the Reserve Bank of India, other government and regulatory authorities, and

financial institutions. The Board also thanks the correspondent banks for their cooperation and help. The Board acknowledges the support of its shareholders, and also places on record its sincere thanks to its valued clients and customers for their patronage.

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

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

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

Place: Kolkata
Date: June 25, 2021

Annexure - 1

Annual Report on Corporate Social Responsibility ('CSR') activities for the financial year ended March 31, 2021**1. A Brief Outline of the CSR Policy:**

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

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

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

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

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

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr Bhaskar Sen	Chairperson, Independent Director	1	1
2	Mr Chandra Shekhar Ghosh	Member, Managing Director & CEO	1	1
3	Ms T. S. Raji Gain	Member, Independent Director	1	1
4	Mr Vijay N Bhatt	Member, Independent Director	1	1

The composition of the CSR Committee has been changed with effect from April 01, 2021, as under:

Chairman	Mr Subrata Dutta Gupta [Additional Director (Independent)]
Members	Mr Chandra Shekhar Ghosh (Managing Director & CEO) Mr Ranodeb Roy (Non-Executive Non-Independent Director) Mr Vijay Nautamlal Bhatt (Independent Director)

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

Sl. No.	Details of CSR	Web-link
1	Composition of CSR Committee	https://www.bandhanbank.com/corporate-governance
2	CSR Policy	https://www.bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2021-07/CSR-Policy-2021_1.pdf
3	CSR Projects	https://www.bandhanbank.com/beyond-banking

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

None of the CSR projects qualified for impact assessment during the FY 2020-21 as per the sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2017-18	0	0
2	2018-19	2,17,00,000	0
3	2019-20	3,84,00,000	0
	Total	6,01,00,000	0

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

SN	Financial Year	Net Profit Before Tax u/s 198 (in ₹)
1	2017-18	20,55,89,74,395
2	2018-19	30,13,05,39,107
3	2019-20	40,53,41,87,208
	Average	30,40,79,00,237

7. Total CSR obligation for the financial year

Sl. No.	Heads	Amount (₹)
(a)	Two per cent of the average net profit of the Bank as per section 135(5)	60,81,58,005
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	0
(c)	Amount required to be set off for the financial year, if any	0
(d)	Total CSR obligation for the financial year (7a+7b-7c).	60,81,58,005

8. Details of CSR spend during the financial year:

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)					
	Total Amount transferred to Unspent CSR Account as per section 135(6)			Amount transferred to any fund specified under Schedule VII as per the second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer	
50,54,37,402	8,63,00,000	April 28, 2021	NA	Nil		NA
	1,64,62,598	April 30, 2021	NA	Nil		NA
Total	50,54,37,402	10,27,62,598	NA	NA	Nil	NA

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

1	2	3	4	5	6	7	8	9	10	11
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project State Districts	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current Financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (in ₹)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency Name CSR Registration Number
1	Targeting The Hard Core Poor Programme	(i); (ii) & (iii)	Yes	1. Assam (i) Dibrugarh (ii) Goalpara (iii) Kamrup (iv) Sivsagar 2. Jharkhand (i) Pakur (ii) Ranchi 3. Madhya Pradesh (i) Hoshangabad 4. Odisha (i) Bhadrak 5. West Bengal (i) Alipurduar (ii) Bankura (iii) Birbhum (iv) Dakshin Dinajpur (v) Jalpaiguri (vi) North 24 Parganas (vii) Purba Medinipur (viii)Purulia (ix) South 24 Parganas (x) Uttar Dinajpur	3 Years	21,41,00,000	18,20,02,358	3,20,97,642	No	Bandhan Konnagar CSR00001463
2	Bandhan Education Programme	(ii)	Yes	1. Assam (i) Barpeta (ii) Cachar (iii) Darang (iv) Udalguri 2. Bihar (i) Begusarai (ii) Bhojpur (iii) Jehanabad (iv) Jamui (v) Katihar (vi) Kishanganj (vii) Lakhisarai (viii)Nawada (ix) Patna 3. Jharkhand (i) Bokaro (ii) Pakur (iii) Ramgarh (iv) Ranchi (v) Sahibganj 4. Tripura (i) Sipahijala (ii) West Tripura 5. West Bengal (i) Alipurduar (ii) Bardhaman (iii) Birbhum (iv) Cooch Behar (v) Darjeeling (vi) Howrah (vii) Malda (viii)Murshidabad (ix) Nadia (x) North 24 Parganas (xi) South 24 Parganas (xii) Uttar Dinajpur	4 Years	18,10,00,000	14,07,96,323	4,02,03,677	No	Bandhan Konnagar CSR00001463

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current Financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (in ₹)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	Districts						Name	CSR Registration Number
3	Bandhan Health Programme	(i)	Yes	1. Assam	(i) Bangaigaon (ii) Dhubri (iii) Kokrajhar (iv) Nalbari	3 Years	17,31,00,000	14,36,84,291	2,94,15,709	No	Bandhan Konnagar	CSR00001463
				2. Bihar	(i) Begusarai (ii) Bhagalpur (iii) Katihar (iv) Patna (v) Samastipur (vi) Vaishali							
				3. Jharkhand	(i) Deoghar (ii) East Singhbhum (iii) Pakur (iv) Ramgarh							
				4. Odisha	(i) Balasore (ii) Bhadrak							
				5. West Bengal	(i) Alipurduar (ii) Bankura (iii) Birbhum (iv) Cooch Behar (v) Howrah (vi) Jalpaiguri (vii) Malda (viii) Murshidabad (ix) Nadia (x) North 24 Parganas (xi) Purba Medinipur (xii) Purulia (xiii) South 24 Parganas							
4	Employing the Unemployed Programme	(ii)	Yes	1. Assam	(i) Kamrup	2 Years	4,00,00,000	3,89,54,430	10,45,570	No	Bandhan Konnagar	CSR00001463
				2. Bihar	(i) Patna							
				3. Madhya Pradesh	(i) Indore							
				4. Odisha	(i) Khordha							
				5. West Bengal	(i) Bardhaman (ii) Darjeeling (iii) Hooghly (iv) Malda (v) Murshidabad (vi) Nadia (vii) North 24 Parganas (viii) South 24 Parganas							
Total							60,82,00,000	50,54,37,402	10,27,62,598			

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	-	-	-	-	-	-	-	-	-
Total									

- d. Amount spent on Administrative Overheads: NIL
- e. Amount spent on Impact Assessment, if applicable: NIL
- f. Total amount spent for the Financial Year (8b+8c+8d+8e): ₹50,54,37,402

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

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of the average net profit of the Bank as per section 135(5)	₹60,81,58,005
(ii)	Total amount spent for the Financial Year	₹50,54,37,402
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	The amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

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

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6) if any			The amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2017-18	-	14,14,00,000	-	NIL	N/A	-
2.	2018-19	-	30,00,00,000	-	NIL	N/A	-
3.	2019-20	6,07,30,000*	67,09,00,000	-	NIL	N/A	6,07,30,000*
Total		6,07,30,000	1,11,23,00,000	NIL			6,07,30,000*

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

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

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed /Ongoing
1	2018-19/SCT/3	Educating Out of School children of Sarkhej & Vejalpur areas of Ahmedabad, Gujarat	2018-19	4 Years	26,02,000	7,82,517	18,26,655	Ongoing
2	2019-20/SCT/4	Samerth Taleem Kendra, Ahmedabad, Gujarat	2019-20	2 Years	13,34,300	2,95,462	11,11,142	Ongoing
3	2019-20/SCT/5	Development of Water Harvesting Structures at Rapar Block, Kutch District, Gujarat	2019-20	2 Years	24,91,000	19,42,006	18,43,230	Ongoing
4	2017-18/YU/1	Transforming Sanitation of five schools of Pune, Maharashtra	2017-18	4 Years	30,88,000	-	29,00,000	Completed
5	2018-19/YU/2	School Sanitation and Smart Classroom-Karnataka	2018-19	3 Years	50,00,000	3,00,000	50,00,000	Completed
6	2018-19/YU/3	School Sanitation and Smart Classroom-Rajasthan	2018-19	3 Years	50,00,000	2,00,000	50,00,000	Completed
7	2019-20/ACF/3	Employability through Skill Initiative Project (ESIP), Chandrapur, Maharashtra	2019-20	3 Years	46,37,260	23,18,255	35,33,661	Ongoing

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed /Ongoing
8	2019-20/ACF/4	Employability through Skill Initiative Project (ESIP), Bhatapara, Chhattisgarh	2019-20	3 Years	40,59,660	28,68,046	40,59,660	Completed
9	2019-20/ACF/5	Employability through Skill Initiative Project (ESIP), Chhindwara, M.P	2019-20	3 Years	47,20,440	30,13,230	47,20,440	Completed
10	2019-20/BPA/1	Maintenance & Expansion of Eye Hospital at Bareja run by BPA, Gujarat	2019-20	4 Years	67,50,000	22,50,000	45,00,000	Ongoing
11	2019-20/BPA/2	Day care Centre with disability, Mandor, Jodhpur, Rajasthan	2019-20	3 Years	19,79,000	12,14,068	16,70,657	Ongoing
12	2018-19/GVK/2	MMU in villages of Indore district- M.P.	2018-19	4 Years	1,32,40,500	57,82,875	1,20,82,875	Ongoing
13	2017-18/HI/1	MMU at Jaipur for three years starting from Dec. 2017- Rajasthan	2017-18	4 Years	68,21,000	18,47,925	68,21,000	Completed
14	2019-20/HI/2	MMU at Ahmedabad for three years starting from April, 2019, Gujarat	2019-20	4 Years	90,40,000	26,54,763	47,35,263	Ongoing
15	2019-20/ESO/1	Gyan Shala Middle School Programme for Slum Children of Ahmedabad, Gujarat	2019-20	4 Years	1,35,00,000	63,73,069	84,68,429	Ongoing
16	2019-20/NAB/2	“Sammilit Pathshala”, Bavla for 2019-20, Gujarat	2019-20	2 Years	15,31,200	1,74,365	15,31,200	Completed
17	2019-20/SII/2	Education & Rehabilitation of deaf & blind children in Ujjain	2019-20	4 Years	78,92,343	22,00,817	37,59,057	Ongoing
18	2018-19/VCD/2	Establishing Bio-shield at Tankari Village, Jambusar, Bharuch, Gujarat	2018-19	4 Years	34,23,000	2,86,189	23,33,654	Ongoing
19	2019-20/SF/2	Skill Training to 100 women at Hosur in Tamil Nadu	2019-20	2 Years	14,25,500	14,25,500	14,25,500	Completed
20	2019-20/NBMT/1	“UttamAngreji” Education Programme	2019-20	3 Years	43,32,000	-	9,37,000	Completed
21	2019-20/JV/1	‘Driverben’ Driving Skill Training to women, Ahmedabad, Gujarat	2019-20	2 Years	17,20,000	3,60,545	16,97,135	Completed
Total					10,45,87,203	3,62,89,632	8,00,55,334	

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

No capital assets were created or acquired in the balance sheet of the Bank through CSR spends.

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

The Board approved an amount of ₹60.82 Crore towards the CSR spends, as prescribed under the provision of Section 135(5). The amount included contribution towards the CSR programmes that are beyond a period of one year and therefore the approved amount includes the provisions of its spending for the three subsequent financial years.

The CSR programme faced multi-dimensional and *inter alia* challenges due to the lockdown measures enforced by the Government of India from March 25 to May 31, 2020, in four phases followed by restrictive unlock in 10 phases from June 01, 2020 to March 31, 2021, which resulted in the delay of the proposed activities of the entire CSR programmes by over a period of six months.

Although many of the projects eventually achieved the spend targets, a few programmes like Targeting the Hard-core Poor Programme, Bandhan Education Programme, Bandhan Health Programme and Employing the Unemployed could not meet their spend targets as they were dependent on group activities that required larger physical gathering of the beneficiaries like, conducting participatory rural appraisals, focused group discussions, classroom sessions, group training and so on, which could not be performed as per the timelines due to COVID-19 restrictions.

Based on the above justification, the Board of the Bank, following the provisions of Section 135(6) of the Act, approved the transfer of the balance unspent amount of ₹10.28 Crore to an Unspent CSR Account for its utilisation in the subsequent financial years.

Chandra Shekhar Ghosh

Managing Director & Chief Executive Officer
(DIN: 00342477)

Subrata Dutta Gupta

Chairman
Corporate Social Responsibility Committee
(DIN: 08767943)

Place: Kolkata

Date: June 25, 2021

Anup Kumar Sinha

Non-Executive 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 2020-21

Sr. No.	Name of the Employee	Designation	Remuneration received during FY 2020-21 (Amt. in ₹)	Nature of employment, whether contractual or otherwise	Qualifications and experience	Date of joining the Bank	Age (in years)	Last employment before joining the Bank
A. Employees in service for the whole year (top ten employees in terms of remuneration drawn and employees drawing emoluments more than ₹1,02,00,000 per annum)								
1	Chandra Shekhar Ghosh	Managing Director & CEO	3,33,08,973	Regular	MSc. in Statistics with more than 32 years of experience	From the incorporation of the Bank	60	Bandhan Financial Services Limited
2	Sanjeev Naryani	Head-Business	1,47,30,974	Regular	MCA with 34 years of experience	18-Jul-2019	57	State Bank of India
3	Deepankar Bose	Head-Corporate Centre	1,46,74,437	Regular	MA in Economics with 38 years of experience in banking industry	22-Mar-2018	61	State Bank of India
4	Sunil Samdani	Chief Financial Officer	1,30,62,710	Regular	CA with 23 years of experience	14-Mar-2015	45	Karvy Financial Services Limited
5	Santanu Banerjee	Head-Human Resources	1,26,60,929	Regular	MBA with 25 years of experience	3-Sep-2014	51	Axis Bank Limited
6	Suresh Srinivasan Iyer	Head-Housing Finance	1,15,92,971	Regular	MBA with 23 years of experience	17-Oct-2019	45	GRUH Finance
7	Srinivasan Balachander	Chief Compliance Officer	1,13,15,866	Regular	Bsc. and PGDDP with 22 years of experience	6-Mar-2019	51	Axis Bank Limited
8	Siddhartha Sanyal	Chief Economist and Head Research	1,04,93,454	Regular	MA in Economics with 21 years of experience	19-Jul-2019	46	Barclays Bank PLC.
9	Saurabh Jain	Head-Commercial Banking	96,02,939	Regular	MBA with 19 years of experience	29-Sep-2018	41	Deutsche Bank
10	Ronti Kar	Chief Information Officer	94,12,135	Regular	Masters in Computer Science & Engineering with 27 years of experience	1-Dec-2009	52	Cognizant Technology Solutions
B. Employees in service for part of the year (drawing emoluments more than ₹8,50,000 per month)								
1	Sudhin Bhagwandas Choksey*	Head-Housing Finance	6,81,36,966	Regular	CA with 35 years of experience in Financial industry	17-Oct-2019	66	GRUH Finance Limited
2	Kumar Ashish	Head-Emerging Entrepreneurs Business	87,56,100	Regular	MBA with more than 26 years of experience in the field of Banking and Finance	1-Sep-2020	49	Airtel Money
3	Rahul Dhaneesh Parikh	Chief Marketing & Digital Officer	72,30,169	Regular	Engineering & MMS with more than 20 years of experience in Financial Industry	24-Sep-2020	44	Bajaj Capital Limited
4	Arvind Singla	Head-Operations & Technology	27,88,780	Regular	MBA with more than 26 years of experience in banking industry and IT Sector	1-Feb-2021	49	Citi Bank

* retired from the services of the Bank with effect from February 15, 2021.

Notes:

- Remuneration shown above includes basic salary, allowances, performance bonus, leave encashment, cash allowances in lieu of perquisites and taxable value of perquisites including perquisites on exercise of ESOPs, if availed, as computed as per Income-tax rules but excludes gratuity, PF settlement, super annuation settlement, and superannuation perquisite.
- All appointments are terminable by one / three months' notice as the case may be on either side.
- 2% of employer PF contribution for the month of May, June & July 2020 has been added with gross salary (As per directive of the Ministry of Finance).
- None of the employees listed above hold 2% or more of the paid-up share capital of the Bank as at March 31, 2021.
- 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 Part-time Chairman
(DIN: 08249893)

Place: Kolkata
Date: June 25, 2021

Annexure - 2(b)

Disclosure on remuneration as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for FY 2020-21**1. Ratio of remuneration of each Director to the median employees' remuneration for the financial year 2020-21**

Name	Designation	Ratio
Dr. Anup Kumar Sinha	Non-Executive (Independent) Chairman	12:1
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	90:1

Note:

- Fixed pay has been considered for the computation of ratio. Fixed pay includes basic, allowances and employer contribution of Provident Fund.
- In case of Non-Executive Chairman, fixed remuneration of ₹24 lakh per annum as approved by RBI and sitting fees paid for attending Board and Independent Directors' meetings during FY 2020-21 has been considered.
- The above includes all employees of the Bank excluding advisors.
- Other than Non-Executive Chairman, the Non-Executive Directors including Independent Directors were paid sitting fees for attending Board and Committee meetings during FY 2020-21.

2. Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the financial year 2020-21

Designation	Percentage Increase
Chairman	Nil
Managing Director & CEO	Nil
CFO	4.76
CS	10.20

Non-executive/Independent Directors:

During FY 2020-21, Non-Executive Directors including Independent Directors of the Bank were paid sitting fees of ₹75,000 per meeting for attending the Board meetings and ₹50,000 per meeting for attending the Board Committee

meetings. However, on the basis of recommendation of the NRC, the Board of Directors of the Bank at its meeting held on November 02, 2020 has increased the sitting fees to ₹90,000 per Board Meeting, ₹75,000 per meeting for Audit Committee of the Board and Risk Management Committee of the Board, and ₹60,000 per meeting for other Board Committees effective January 01, 2021. Additionally, the Non-Executive Chairman of the Bank is also paid fixed remuneration of ₹24 lakh per annum. There has been no change in the fixed remuneration of the Chairman during FY 2020-21.

3. Percentage increase in the median remuneration of employees in the financial year 2020-21

Percentage increase in the median remuneration of employees in the financial year 2020-21 was 13 per cent.

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

As on March 31, 2021, the number of permanent employees on the rolls of the Bank was 49,445.

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: 11.45 per cent.

The average percentage increase for Non-Managerial Staff: 11.23 per cent.

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

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

Anup Kumar Sinha

Non-Executive Part-time Chairman
(DIN: 08249893)

Place: Kolkata

Date: June 25, 2021

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st March, 2021

[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(1) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

To
The Members

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

1. We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bandhan Bank Limited** (here in after to be referred as “**the Bank**”) during the financial year ended 31st March, 2021 (here in after to be referred as “**review period**”). Secretarial Audit was conducted on test check basis, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon:
2. On the basis of aforesaid verification of the secretarial compliance and on the basis of secretarial audit of 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 including by way of electronic communication and also based on the information provided by the Bank, its officers, agents and authorized representatives over electronic communication 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, 2021, 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 the Bank for the review period, according to the provisions of the following laws, rules and regulations, to the extent applicable on the Bank during the year under review period:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) viz.:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;
 - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended;
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - g) Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
 - h) 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;
 - i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;-Not Applicable for review period
 - j) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018.- Not Applicable for review period

- (II) 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 the Bank for Review period, according to the provisions of the following Acts and Rules made thereunder specifically applicable to the company 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;
 - b) The Banking Regulation Act, 1949 and notifications and circulars issued by the Reserve Bank of India from time to time;
 - c) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
 - d) The Bankers' Books Evidence Act, 1891;
 - e) Recovery of Debts Due to Banks and Financial Institutions Act, 1993;
 - f) Credit Information Companies (Regulation) Act, 2005;
 - g) Prevention of Money Laundering Act, 2002;
 - h) The Deposit Insurance & Credit Guarantee Corporation Act, 1961;
 - i) The Deposit Insurance & Credit Guarantee Corporation General Regulations, 1961;
 - j) Industrial Disputes (Banking and Insurance Companies) Act, 1949; and
 - k) Information Technology Act, 2000
5. We have also examined compliance with the applicable clauses of the following:
- a. Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Companies Act, 2013.
6. That on the basis of the audit as referred above, to the best of our knowledge, understanding and belief, we are of the view that during the review period the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above in Paragraph 4(I), Paragraph 4(II) and Paragraph 5 of this report;
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 review period:
- 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 including woman Director. The changes in the composition of the Board of Directors that took place during the review period were carried out in compliance with the applicable provisions of the Act.
 - b) Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - c) Majority decision is carried through and recorded as part of the minutes.
9. We further report that, there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, such as laws related to taxation, local laws applicable to the area of operation of business and other laws generally applicable to the Bank.
10. This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this Report.

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

ANJAN KUMAR ROY

Proprietor

FCS No. 5684

CP. No. 4557

UDIN: F005684C000495569

Place : Kolkata
Date: 25th June, 2021

“Annexure A”

(To the Secretarial Audit Report of M/s. Bandhan Bank Limited
for the financial year ended 31st March, 2021)

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

Our Secretarial Audit Report for the financial year ended 31st March, 2021 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 COVID 19 pandemic, the aforesaid Audit has been conducted partially physically and partially through electronic communication in the best possible manner in the prevailing situation.
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: F005684C000495569

Place : Kolkata
Date: 25th June, 2021

Annexure - 4

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 (the 'Companies Act'), for the financial year ended March 31, 2021 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 of such practices. The Bank understands and respects its fiduciary role and responsibilities towards its stakeholders and strives hard to meet their expectations. The Bank's philosophy on corporate governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its engagements with its stakeholders. It acknowledges that the best Board practices, transparent disclosures and shareholder empowerment are necessary for creating shareholder value. The philosophy on corporate governance is an important tool for shareholder protection and maximisation of their long-term values.

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

Board of Directors

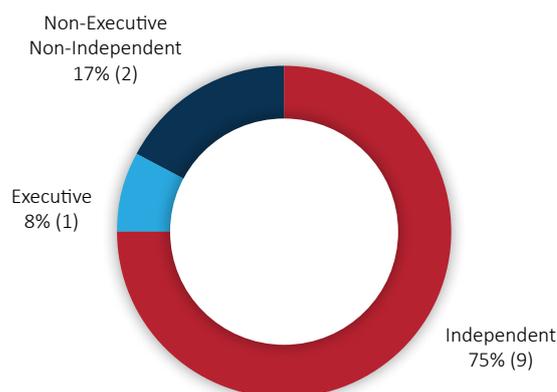
Your Bank entrusts its Board of Directors (the 'Board') with the ultimate responsibility of the management, affairs, directions and performance of the Bank and is vested with the requisite powers, authorities and duties. The Corporate Governance philosophy of your Bank establishes that the Board's independence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

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

Composition of the Board and Tenure on the Board

At the end of March 31, 2021, the Board of your Bank comprised twelve Directors, of whom nine were Independent Directors including Non-Executive (Independent) Chairman and one woman Independent Director, two Non-executive Non-Independent Directors including one Nominee Director of Caladium Investment Pte. Ltd. (equity investor) and one Managing Director & CEO.

Board Composition



During the financial year under review, four of the Independent Directors completed their tenure whereas four new Independent Directors were appointed as under:

- The Board has approved the appointments of Mr. Narayan Vasudeo Prabhutendulkar [DIN: 00869913] and Mr. Vijay Nautamlal Bhatt [DIN: 00751001] as Additional Directors (Independent) effective May 08, 2020 and the Members at the 6th AGM held on August 21, 2020 approved their appointments as Independent Directors for a period of three years each;
- Based on the recommendations of the Nomination and Remuneration Committee of the Board ('NRC'), the Board has approved the appointments of Mr. Suhail Chander [DIN: 06941577] and Mr. Subrata Dutta Gupta [DIN: 08767943] as Additional Directors (Independent) effective March 19, 2021;
- Mr. Chintaman Mahadeo Dixit [DIN: 00524318], Independent Director had completed his second term as an Independent Director on July 08, 2020;
- Mr. Bhaskar Sen (DIN: 03193003) and Mr. Sisir Kumar Chakrabarti (DIN: 02848624) had completed their second term as Independent Directors of the Bank on March 31, 2021; and
- Mr. Harun Rasid Khan [DIN: 07456806], Independent Director completed his first term on March 26, 2021, since he requested the Bank not to consider his re-appointment for the second term.

The profiles of the Directors are available on the website of the Bank at <https://www.bandhanbank.com/our-board-of-directors>.

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

The average tenure of the Board Members in years at the end of March 31, 2021 is as follows:

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

* RBI vide its letter dated June 08, 2021 has approved the re-appointment of Mr. Chandra Shekhar Ghosh, MD & CEO, for a period of three years effective July 10, 2021

[#] Appointed as Additional Directors (Independent) on the Board

Separation of office of Chairman and the MD & CEO

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

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

Responsibilities of the Board

The responsibilities of the Board 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, based on the information provided to it. The Board is also responsible for approving the strategic direction, plans and priorities for the Bank, monitoring corporate performance against strategic business plans, reviewing and approving the Bank's financial and operating results periodically, overseeing the Bank's corporate governance framework and supervising the succession planning process for its Directors and Senior Management.

Accordingly, the Board deliberates on matters such as business strategy, risk, financial results, succession planning, compliance, customer service, information technology and human resources

as covered under the seven critical themes prescribed by RBI and such other matters as may be deemed appropriate. The Board spends considerable time perusing the information provided to them which facilitates informed decision making and effective participation at its meetings, leading to higher board effectiveness. The Board oversees the actions and results of the management to ensure that the long term objectives of enhancing the shareholders' value is 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 arrive at the decisions after detailed deliberations.

Board Meetings and Agenda

The Board plays an important role in ensuring sound Corporate Governance practices, providing strategic direction and functioning of the Bank. Notice and agenda papers are circulated to the Directors in advance before each meeting of the Board and Committees for facilitating meaningful and focused discussions at the meetings. All information, as applicable and specified in Regulation 17(7) read with Part A of Schedule II of the SEBI LODR are regularly placed before the Board. The Board also periodically reviews the compliance reports with regard to the laws applicable to the Bank. In case of exigency(ies) or urgency(ies) of matters, proposals are approved through circulation which is submitted in the next meeting of the Board for noting as required under Section 175 of the Companies Act and forms part of the minutes of such meeting.

The Board meets at least once in a quarter and at least four times a year to review and approve the quarterly/annual financial results and matters relating to the business operations of the Bank. Apart from the above, Board meetings are also convened, as and when required, by giving due notice to the Directors. The emphasis of the Bank has been to have all the Directors physically present for all the Meetings of the Board and Committees, however, to facilitate Directors travelling / residing abroad or at other locations to participate in the meetings, video-conferencing facilities are also used. Further, pursuant to the relaxations granted by the Ministry of Corporate Affairs ('MCA') due to the outbreak of the COVID-19 pandemic, the Bank has conducted its Board and Committee Meetings through video conferencing ('VC'), 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 fourteen times during FY 2020-21 through VC. The details of Board meetings held during the financial year ended March 31, 2021 are as under:

Sl. No.	Date	Through VC - Location	No. of Directors Present / No. of Directors on the Board
1	April 13, 2020	Kolkata	11/12
2	May 08, 2020	Kolkata	11/12
3	May 12, 2020	Kolkata	13/14
4	June 04, 2020	Kolkata	14/14
5	July 13, 2020	Kolkata	12/13
6	July 15, 2020	Kolkata	12/13
7	August 26, 2020	Kolkata	13/13
8	October 12, 2020	Kolkata	12/13
9	November 02, 2020	Kolkata	13/13
10	November 30, 2020	Kolkata	12/13
11	January 12, 2021	Kolkata	13/13
12	January 21, 2021	Kolkata	13/13
13	March 18, 2021	Kolkata	11/13
14	March 19, 2021	Kolkata	11/13

Board attendance and Directorships

The names and categories of the Directors on the Board, their attendance at Board Meetings and the last Annual General Meeting ("AGM") held during the financial year under review, directorship in other public companies including names of listed entities and Chairmanship / Membership of the Committees of such public limited companies at the end of March 31, 2021 are given hereinbelow:

Sl. No.	Name of the Directors	Category	Attendance during FY 2020-21				Number of Directorship in other Public Companies		Number of Committee positions held in other Public Companies	
			No. of Board meetings		AGM held on August 21, 2020	Chairman*	Member	Chairman	Member	
			Held [§]	Attended						%
1.	Dr. Anup Kumar Sinha (Chairman) [DIN: 08249893]	Independent	14	14	100	Yes	-	-	-	-
2.	Mr. Chandra Shekhar Ghosh (Managing Director & CEO) [DIN: 00342477]	Executive	14	14	100	Yes	-	-	-	-
3.	Dr. A. S. Ramasastri [DIN: 06916673]	Independent	14	14	100	No	-	1	-	-
4.	Mr. Bhaskar Sen [DIN: 03193003] (retired effective April 01, 2021)	Independent	14	14	100	Yes	NA	NA	NA	NA
5.	Mr. Chintaman Mahadeo Dixit [DIN: 00524318] (retired effective July 09, 2020)	Independent	04	04	100	NA	NA	NA	NA	NA
6.	Mr. Harun Rasid Khan [DIN: 07456806] (retired effective March 27, 2021)	Independent	14	14	100	No	NA	NA	NA	NA
7.	Dr. Holger Dirk Michaelis ¹ [DIN: 07205838]	Nominee Director	14	09	64.29	No	-	-	-	-
8.	Mr. Narayan Vasudeo Prabhutendulkar [DIN: 00869913] (appointed effective May 08, 2020)	Independent	12	12	100	Yes	-	1 [®]	-	1

Sl. No.	Name of the Directors	Category	Attendance during FY 2020-21				Number of Directorship in other Public Companies		Number of Committee positions held in other Public Companies	
			No. of Board meetings		AGM held on August 21, 2020	Chairman*	Member	Chairman	Member	
			Held [§]	Attended						%
9.	Mr. Ranodeb Roy [DIN:00328764]	Non-Executive Non-Independent	14	14	100	Yes	-	1	-	-
10.	Mr. Santanu Mukherjee [DIN: 07716452]	Independent	14	14	100	Yes	-	4 [#]	1	3
11.	Mr. Sisir Kumar Chakrabarti [DIN: 02848624] <i>(retired effective April 01, 2021)</i>	Independent	14	14	100	Yes	NA	NA	NA	NA
12.	Mr. Snehomoy Bhattacharya ² [DIN: 02422012]	Independent	14	12	85.71	Yes	-	-	-	-
13.	Mr. Suhail Chander [DIN: 06941577] <i>(appointed as additional director effective March 19, 2021)</i>	Independent	14	NA	-	NA	-	1	-	1
14.	Mr. Subrata Dutta Gupta [DIN: 08767943] <i>(appointed as additional director effective March 19, 2021)</i>	Independent	14	NA	-	NA	-	-	-	-
15.	Ms. T. S. Raji Gain [DIN: 07256149]	Independent	14	13	92.86	Yes	-	-	-	-
16.	Mr. Vijay Nautamlal Bhatt ³ [DIN: 00751001] <i>(appointed effective May 08, 2020)</i>	Independent	12	09	75	Yes	-	-	-	-

[§] Meeting held during the tenure of the Directors for FY 2020-21

* Chairmanship includes the membership.

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

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

1. During FY 2020-21, Caladium Investment Pte. Ltd. ('Caladium'), one of the equity shareholders of the Bank has increased its shareholding in the Bank from 4.49% to 7.79% of the paid-up voting equity capital of the Bank, pursuant to RBI approval, which also helped the Bank to be in compliance with the Non-operating Financial Holding Company's ('NOFHC') dilution requirements under the applicable RBI requirements. Accordingly, keeping in mind the responsibilities of the Board of Directors and the spirit governing the same, as prescribed by the SEBI LODR, the legal counsel of Caladium had advised Dr. Holger Dirk Michaelis, its nominee on the Board of the Bank, not to participate in Board meetings of the Bank until further notice so as not to be exposed to any Unpublished Price Sensitive Information ('UPSII') relating to the Bank. Accordingly, Dr. Holger sought a leave of absence from five Board meetings held on April 13, 2020, May 08, 2020, May 12, 2020, July 13, 2020 and July 15, 2020, during FY 2020-21 which was granted by the Board. Caladium believes that this is in line with best corporate governance practice, by ensuring that its nominee is able to adhere to professional conduct and discharge his/her duty effectively, without compromising the responsibilities conferred by law

2. Mr. Snehomoy Bhattacharya could not participate in two of the Board Meetings due to health issues

3. Mr. Vijay N Bhatt could not participate in two Board meetings due to health reasons and one due to other 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 a member of more than ten committees or chairperson of more than five committees across all the public companies in which he / she is a Director.

3. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee of the Board and Stakeholders' Relationship Committee of the Board 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, 2021 have been made by the Directors.

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

Skills / Expertise / competence of Board of Directors

Being a Banking Company, your Bank is regulated by the provisions of the BR Act, besides the SEBI LODR and the Companies Act. In terms of Section 10A(2)(a) of the BR Act and the Bank's 'Policy on Appointment and Fit 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, 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 RBI, be useful to the banking company and as may be deemed appropriate for the Bank's business from time to time. The Board of Directors of the Bank is guided by the above as and when any new Directors are appointed on the Board. The brief profile of all the members of the Board is available on the website of the Bank at <https://www.bandhanbank.com/our-board-of-directors>

The details of the core skills/expertise/competence possessed by the existing Directors of the Bank is given as under, along with their shareholding in the Bank as at the end of March 31, 2021. None of the Directors is holding shares of the Bank as a beneficial owner.

Name of the Director(s)	Date of Appointment/ re-appointment	Special Knowledge/Experience	Number of @equity shares
Dr. Anup Kumar Sinha	January 07, 2019 (A)	Economics Agriculture	-
Mr. Chandra Shekhar Ghosh	July 10, 2015 (A) / July 10, 2018 (R)	Financial Services (Micro Finance Sector) Medium & Small-Scale Industry Banking Finance Business Management	15,74,436
Dr. A.S. Ramasastry	August 08, 2018 (A)	Information Technology Finance	-
Dr. Holger Dirk Michaelis	February 12, 2016 (A) / June 28, 2019 (R)	Risk Management Finance Economics	-
Mr. NVP Tendulkar	May 08, 2020 (A)	Accountancy Finance Information Technology Law	-
Mr. Ranodeb Roy	July 26, 2016 (A) / August 21, 2020 (R)	Banking Finance	-
Mr. Santanu Mukherjee	January 07, 2019 (A)	Banking Treasury Operations Risk Management Finance	-
Mr. Snehomoy Bhattacharya	July 09, 2015 (A) / July 09, 2018 (R)	Banking Human Resource Law	-
Mr. Subrata Dutta Gupta [#]	March 19, 2021 (A)	Mortgage finance Housing Economics	-
Mr. Suhail Chander [#]	March 19, 2021 (A)	Banking Operations including Trade Finance, Retail and Wholesale Banking, Strategy Risk Management Finance Accountancy	-
Ms. T S Raji Gain	August 06, 2015 (A) / August 06, 2018 (R)	Agriculture Rural Economy	-
Mr. Vijay N Bhatt	May 08, 2020 (A)	Audit Accountancy Assurance Finance	-

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

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

[#]Appointed as Additional Directors (independent) effective March 19, 2021

Independent Directors

At the end of March 31, 2021, the Board consisted of the following nine Independent Directors, in accordance with the provisions of the Companies Act, the BR Act and the SEBI LODR:

Sr. No.	Name of the Directors	Date of Appointment (A) /Re-appointment (R)
1	Dr. Anup Kumar Sinha	January 07, 2019 (A)
2	Dr. Allamraju Subramanya Ramasastry	August 08, 2018 (A)
3	Mr. Narayan Vasudeo Prabhutendulkar	May 08, 2020 (A)
4	Mr. Santanu Mukherejee	January 07, 2019 (A)
5	Mr. Snehomoy Bhattacharya	July 09, 2018 (R)
6	Mr. Subrata Dutta Gupta (Additional Director)	March 19, 2021 (A)
7	Mr. Suhail Chander (Additional Director)	March 19, 2021 (A)
8	Ms. Thekedathumadam Subramani Raji Gain	August 06, 2018 (R)
9	Mr. Vijay Nautamlal Bhatt	May 08, 2020 (A)

Meeting of Independent Directors

During the financial year under review, the Independent Directors met twice without the presence of management, i.e., on June 12, 2020 for performance evaluation of the Board, Chairman and Non-Independent Directors and on March 04, 2021 to assess the quality, quantity and timeliness of the flow of information between the management and the Board and other governance-related matters. Further, in accordance with Regulation 25(4) of the SEBI LODR and Clause VII of Schedule IV to the Companies Act, the Independent Directors met exclusively on June 07, 2021 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 2020-21. 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 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 is available on the website of the Bank at <https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Terms-condition-appointment-Independent-Directors.pdf>

Independent director databank registration

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

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 provided with a comprehensive Induction Kit including the business, operations and financials of the Bank, history of the Bank, organisational structure, composition and roles of the Board and Committees, core management team of the Bank, rights, responsibilities and liabilities as an Independent Director, copies of the applicable

policies and Code of the Bank along with the Memorandum of Association (**'MOA'**) & Article of Associations (**'AOA'**). The Bank also nominates the Directors to attend relevant external programs at reputed forums and/ or internally provide deep-dives/ presentations on subjects relevant from Bank's perspective, as may be necessary from time to time. The details of the familiarisation programmes conducted for the Independent Directors of the Bank are available on the website of the Bank at <https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-01/Familiarisation-Programme-08102020.pdf>

Performance Evaluation Criteria for Independent Directors:

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

Policy on Appointment of Directors

Your Bank has in place a 'Policy on Appointment and fit 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 NRC while recommending appointment / re-appointment of Director. The Policy is available on the website of the Bank at <https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Policy-Fit-Proper-Criteria-Director.pdf>. The Policy on appointment of Director(s) is guided by the provisions of the BR Act and the rules framed thereunder, the Companies Act and the SEBI LODR and the circulars or guidelines issued by RBI, from time to time, in this regard. While appointing a Director on its Board, your Bank follows the direction of RBI with regard to 'fit and proper' criteria as applicable to private sector banks and obtains the 'Declaration and Undertaking' from the candidate and executes a deed of covenants, which includes the requirement for Directors to discharge their duties and responsibilities to the best of their abilities, individually and collectively. The NRC ascertains the fit and proper status of the candidate for the office of director, fulfilment of criteria of independence as prescribed under the Companies Act and SEBI LODR in case of independent directors, and thereafter recommends to the Board for approval. The Board also ensures that the Directors have the requisite skill sets, practical experience, special knowledge required for the banking business and as prescribed under Section 10A(2) (a) of the BR Act. The Board is duly constituted including gender

diversity while appointing directors on the Board of the Bank. The appointment of the Chairman and/or the Managing Director on the Board is made with the prior approval of RBI. The Board also takes into account the outcome of performance evaluation while considering the re-appointment/continuation of appointment of independent directors.

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

Remuneration policy

The Bank has formulated and adopted a Compensation Policy for Directors, Key Managerial Personnel and Employees of the Bank, in terms of Section 178 of the Companies Act read with the relevant Rules made thereunder, Regulation 19 of the SEBI LODR and the Guidelines or Circulars issued by RBI, in this regard, from time to time. The Bank's Compensation Policy is aligned to its business strategy, market dynamics, internal characteristics and complexities within the Bank. The Bank's remuneration framework aims to attract, motivate and retain people with the requisite skill, experience and ability to deliver the Bank's strategy; create an alignment and balance between the rewards and risk exposure of shareholders and interests of employees; promote responsible growth and create long term sustainable shareholder value consistent with strategic goals and appropriate risk management; reinforce behaviour consistent with the Bank's values, principles and objectives and support appropriate conduct and meritocratic culture through differentiated performance rewards. The Compensation Policy of the Bank is available on the website of the Bank at <https://www.bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2020-12/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 basic 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. Annual increments for the senior management are recommended by the NRC and approved by the Board. The annual increment for the Managing Director & CEO is recommended by the NRC and the Board for the approval of RBI and the 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 RBI for approval of the variable pay payable to the Managing Director & CEO for the financial year. The remuneration of the Managing Director & CEO is subject to prior approval of RBI and the approval of Members.

Non-Executive Directors' Compensation and Disclosures

In terms of the provisions of the Companies Act, the SEBI LODR and the Compensation Policy of the Bank, the Non-Executive Directors including Independent Directors of the Bank are paid sitting fees of ₹75,000 per meeting for attending the meeting of the Board and ₹50,000 per meeting for attending the meeting of the Committees of the Board, subject to applicable taxes, and reimbursement of expenses for participation in such meetings. However, on the basis of recommendation of the NRC and keeping in view the volume of business, the future growth prospects as well as the challenges involved in discharging the duties and responsibilities by the Board and its Committees, the Board of the Bank at its meeting held on November 02, 2020 has increased the sitting fees to ₹90,000 per Board Meeting, ₹75,000 per meeting for the Audit Committee of the Board and the Risk Management Committee of the Board, and ₹60,000 per meeting for other Board Committees effective January 01, 2021. Additionally, the Non-Executive Chairman of the Bank is also paid fixed remuneration with prior approval of RBI pursuant to the provisions of the BR Act and approval of the Shareholders of the Bank. Details of sitting fees paid to the Non-Executive Directors and the remuneration to Non-Executive Chairman are given hereinafter. During the financial year under review, there was no increase in the fixed remuneration of the Non-Executive Chairman of the Bank. The Compensation Policy of the Bank is available on its website and the link for the same has been provided above. No stock options were/are granted to any of the Non-Executive Directors of the Bank.

Remuneration to Directors

Details of the total remuneration paid to all the Directors of your Bank for the financial year ended March 31, 2021 are as follows:

a. Non-Executive Directors

		(Amt. in ₹)		
Sr. No.	Name of the Directors	Salary	Sitting fees	Total
1.	Dr. Anup Kumar Sinha*	24,00,000	11,45,000	35,45,000
2.	Dr. Allamraju Subramanya Ramasastry	-	15,80,000	15,80,000
3.	Mr. Bhaskar Sen (retired effective April 01, 2021)	-	26,85,000	26,85,000
4.	Mr. Chintaman Mahadeo Dixit (retired effective July 09, 2020)	-	5,75,000	5,75,000
5.	Mr. Harun Rasid Khan (retired effective March 27, 2021)	-	19,90,000	19,90,000
6.	Dr. Holger Dirk Michaelis	-	7,35,000	7,35,000
7.	Mr. Narayan Vasudeo Prabhutendulkar	-	17,60,000	17,60,000
8.	Mr. Ranodeb Roy	-	15,05,000	15,05,000
9.	Mr. Santanu Mukherjee	-	25,90,000	25,90,000
10.	Mr. Sisir Kumar Chakrabarti (retired effective April 01, 2021)	-	29,60,000	29,60,000
11.	Mr. Snehomoy Bhattacharya	-	17,55,000	17,55,000
12.	Mr. Subrata Dutta Gupta [#]	-	-	-
13.	Mr. Suhail Chander [#]	-	-	-
14.	Ms.Thekedathumadam Subramani Raji Gain	-	13,30,000	13,30,000
15.	Mr. Vijay Nautamlal Bhatt	-	15,65,000	15,65,000

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

[#]No meetings of the Board were held after the date of their appointment till March 31, 2021

During the financial 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 at an arm's length basis).

b. Managing Director & CEO

		(Amt. in ₹)				
Sr. No.	Name	Salary	Perquisite and Allowances	Contribution to Provident Fund	Variable pay / Bonus(s)	Total
1.	Mr. Chandra Shekhar Ghosh	1,77,75,000 [§]	1,38,08,973*	17,25,000	Nil	3,33,08,973

* includes perquisite value on exercise of 50,000 stock options exercised during FY 2020-21

[§]2% of employer's PF contribution for the months of May, June and July has been added to the Gross Salary (as per Directives of Ministry of Finance).

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| <p>a. As approved by RBI, Mr. Chandra Shekhar Ghosh has been re-appointed as MD & CEO for a period of three years from July 10, 2018 to July 09, 2021. Further, approval of the RBI has been received for re-appointment of Mr. Chandra Shekhar Ghosh, the MD & CEO for a period of three years effective July 10, 2021 and the approval of shareholders is being sought at the ensuing AGM.</p> <p>b. RBI vide its communication dated August 17, 2020 has lifted the regulatory restriction i.e. "the remuneration of the MD & CEO of the Bank stands frozen, at the existing level". Accordingly, on the basis of the recommendation of the NRC and the Board, an application has been made to RBI for approval of revision in total compensation of the MD & CEO w.e.f. August 18, 2020 for FY 2020-21 and the proposal has also been placed for the approval of Shareholders at the ensuing AGM of the Bank. Approval of RBI is awaited.</p> <p>c. No stock options were granted to Mr. Ghosh during FY 2020-21. Mr. Ghosh has been granted 200,000 stock</p> | <p>options during FY 2017-18 which was approved by RBI and the Shareholders. These options would vest not earlier than one year and not later than four years from the date of grant as decided by the NRC and shall be equally vested over four years with a gap of one year between each vesting. Mr. Ghosh has exercised 50,000 stock options during FY 2020-21.</p> <p>d. The notice period applicable to him is three months. No severance fees is required to be paid to Mr. Ghosh.</p> <p>e. For the overall performance assessment of the MD & CEO, a Balanced Score Card ('BSC') is used. The BSC is a performance evaluation technique that takes into consideration a number of financial and non-financial performance indicators aligned to the long-term strategy of the organisation. The performance goals are organised to address four perspectives, viz. financial, customer, internal process and people, the latter three, being drivers of future performance. In the BSC, the Bank has considered financial performance measures, asset quality, the</p> |
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cost to income ratio, adherence to anchor wise risk appetite, compliance management and other strategic initiatives with longer horizons. As per the RBI guidelines dated November 4, 2019, the performance based variable pay is subject to in year adjustment, malus or clawback.

- f. Further details regarding the compensation of the MD & CEO as well as other disclosures as required to be made as given in the Appendix 3 of RBI Guidelines on compensation of the WTD/CEO/Material Risk Takers and Control Function Staff dated November 04, 2019 is made available as notes to annual accounts forming part of this annual report.
- g. No sitting fee was paid to Mr. Ghosh for attending meetings of the Board and Board Committees held during FY 2020-21.

Board Committees

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

The Agenda for the meetings of the Committees is finalised in consultation with the Chairmen of the concerned Committees. The Committees ensure that any feedback or observations made by them during the course of the meetings form part of the Action Taken Report for their review at the subsequent meetings. The Chairmen of the Committees brief the Board on the key decisions taken at its meetings. In case of business exigency(ies) or urgency(ies) of matters, proposals are approved through circulation by the Committees which are submitted in the next meeting for noting as required under the Companies Act. During the financial year under review, all Committee Meetings of the Bank were conducted through VC, to adhere to the social distancing norms and the restriction on movements imposed due to lockdown in various parts of the country.

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

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

1. Audit Committee
2. Nomination & Remuneration Committee

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

Audit Committee

Qualified and Independent Audit Committee

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

The ACB provides direction to the audit function and monitors the quality of internal and statutory audits. Its responsibilities, *inter alia*, include examining the financial statements and auditors' 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, the internal audit of the Bank.

Meetings of the Audit Committee

As on March 31, 2021, the ACB comprised four Independent Directors, chaired by Mr. Vijay Nautamlal Bhatt, who is a Chartered Accountant. During FY 2020-21, the Committee met fifteen times on May 07, 2020, May 12, 2020, June 10, 2020, July 15, 2020, August 04, 2020, August 26, 2020, September 14, 2020, September 30, 2020, November 02, 2020, November 18, 2020, November 30, 2020 January 13, 2021, January 21, 2021, March 09, 2021 and March 22, 2021 and the gap between two meetings did not exceed one hundred and twenty days.

The Company Secretary acts as the Secretary to the ACB. Mr. Indranil Banerjee is the Company Secretary and Compliance Officer in terms of the SEBI LODR. He also acts as a Compliance Officer to ensure compliance and effective implementation of the Bank's Code of Conduct for Prevention of Insider Trading ('PIT Code') and submitting the reports on the matter relating to the PIT Code to the ACB on a regular interval.

Further, the last AGM of the Bank was held on August 21, 2020 which was attended by Mr. Vijay Nautamlal Bhatt, Chairman of the ACB.

Composition and attendance

Name of Member	Category	Number of Meeting during the FY 2020-21 (fifteen meeting)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Vijay Nautamlal Bhatt ⁽¹⁾ , Chairman	Independent	13	12	92.31	7,00,000
Mr. Chintaman Mahadeo Dixit ⁽²⁾	Independent	03	03	100	1,50,000
Mr. Harun Rasid Khan ⁽³⁾	Independent	02	02	100	1,00,000
Mr. Santanu Mukherjee	Independent	15	15	100	8,50,000
Mr. Sisir Kumar Chakrabarti ⁽⁴⁾	Independent	15	15	100	8,50,000
Mr. Bhaskar Sen ⁽⁵⁾	Independent	13	13	100	7,50,000

1. Appointed as member of the ACB effective June 04, 2020 and as Chairman effective July 09, 2020

2. Retired as an Independent Director of the Bank effective July 09, 2020 upon completion of the second term and accordingly, ceased to be the Chairman of the ACB

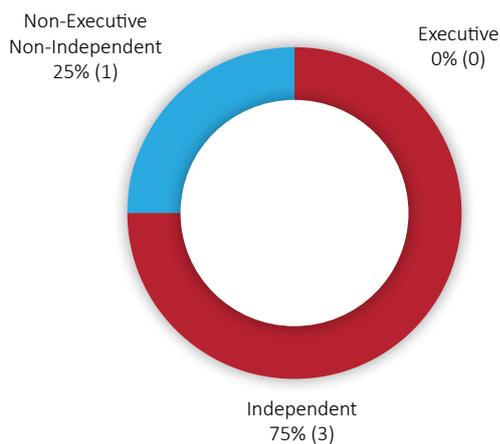
3. Ceased to be a Member of the ACB effective June 04, 2020

4. Ceased to be member of ACB effective April 01, 2021

5. Appointed as member of the ACB effective June 04, 2020 and ceased effective April 01, 2021

Note: The Board at its meeting held on March 19, 2021, has re-constituted the ACB effective April 01, 2021 with Mr. Vijay Nautamlal Bhatt as Chairman, Mr. Santanu Mukherjee and Mr. Suhail Chander as Members. Further, the Board at its meeting held on June 25, 2021 inducted Mr. Ranodeb Roy, Non-Executive Non-Independent Director, as a member of the ACB.

ACB Composition - (as on date)



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 Companies 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 the 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 thereon;
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 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 whistleblower 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 or the SEBI LODR 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 a report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI (LODR), 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 SEBI (LODR).

23. Consider and comment on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Bank and its shareholders.

Nomination & Remuneration Committee

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

The NRC evaluates fit and proper criteria of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board for their appointment and removal, and specifies the manner for effective evaluation of the performance of the Board, its Committees and individual directors. The NRC formulates the criteria for determining qualifications, positive attributes and independence of a director and recommends to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees of the Bank. Criteria for performance evaluation for Independent Directors are provided in the Board's Report.

Meetings of the Nomination & Remuneration Committee

As on March 31, 2021, the NRC comprised three Directors including two independent Directors and one Non-Executive Non-Independent Director, and was chaired by Mr. Snehomoy Bhattacharya, an Independent Director. During FY 2020-21, the NRC met six times, i.e., on May 07, 2020, June 12, 2020, August 25, 2020, October 29, 2020, November 30, 2020 and March 16, 2021.

The last AGM of the Bank was held on August 21, 2020 which was attended by Mr. Snehomoy Bhattacharya, Chairman of the NRC.

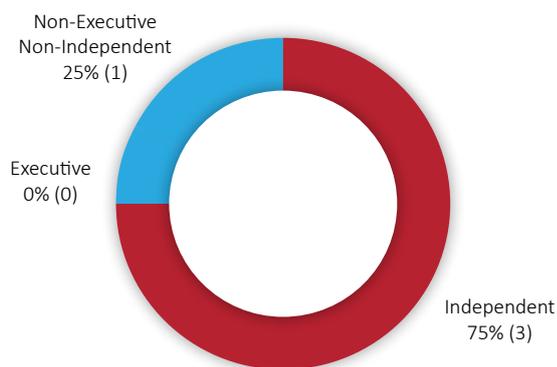
Composition and attendance

Name of Member	Category	Number of Meeting during FY2020-21 (six meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Snehomoy Bhattacharya, Chairman ⁽¹⁾	Independent	6	5	83.33	2,50,000
Mr. Chintaman Mahadeo Dixit ⁽²⁾	Independent	2	2	100	1,00,000
Mr. Harun Rasid Khan ⁽³⁾	Independent	6	6	100	3,10,000
Mr. Ranodeb Roy	Non-Executive, Non-Independent	6	5	83.33	2,60,000
Mr. Bhaskar Sen ⁽⁴⁾	Independent	5	5	100	2,60,000

1. Appointed as Chairman of the NRC effective July 09, 2020
2. Retired as an Independent Director of the Bank effective July 09, 2020 upon completion of second term and accordingly, ceased to be the Chairman of the NRC
3. Ceased to be a member of NRC effective March 27, 2021.
4. Appointed as member of the NRC effective June 04, 2020 and ceased effective April 01, 2021

Note: The Board at its meeting held on March 19, 2021, has re-constituted the NRC effective April 01, 2021 with Mr. Suhail Chander as Chairman, Dr. A S Ramasastri, Mr. Ranodeb Roy and Mr. Snehomoy Bhattacharya as Members.

NRC Composition - (as on date)



Terms of reference

Terms of reference of the NRC is given below:-

1. Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board of Directors a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
2. Formulating of criteria for evaluation of the performance of the Independent Directors and the Board of Directors;
3. Devising a policy on Board of Directors' diversity;
4. 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;
5. 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;
6. Analysing, monitoring and reviewing various human resource and compensation matters;
7. 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;
8. 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 of Directors;

9. Reviewing and approving compensation strategy from time to time in the context of the prevailing current Indian market in accordance with applicable laws;
10. To propose to the Board, the members that must form part of the Nomination and Remuneration Committee;
11. To report on the systems and on the amount of the annual remuneration of Directors and senior management;
12. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003
13. Performing such other activities as may be delegated by the Board of Directors and/or specified/provided under the Companies Act, together with the rules framed thereunder, as amended and to the extent notified, or the SEBI (LODR), as amended, or by any other regulatory authority;
14. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and decide their 'fit & proper' status;
15. To oversee the framing, review and implementation of compensation policy of the Bank and recommend to the Board the overall remuneration philosophy and policy including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based remuneration to employees;
16. To review the HR strategy and policy including the conduct and ethics of the employees and Directors of the Bank and review any fundamental change in the organisational structure, which could have wide spread and high-risk implications;
17. To review and recommend to the Board, the succession policy at the level of Managing Director & CEO, other Whole-time Directors (WTDs), senior management one level below the Board and key roles;
18. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

Risk Management Committee

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

The Bank has laid down a procedure to inform the RMCB and the Board, on a periodic basis, about the identified risks and

the steps taken to mitigate and minimise the same. The Bank has already identified and assessed the major elements of risks, which may adversely affect the various divisions of the Bank. The RMCB reviews the identified risks, including assessment of the said risks and procedures, which are being implemented for monitoring, mitigating and minimising the said risks.

Meetings of the Risk Management Committee

As on March 31, 2021, the RMCB comprised four Directors including three Independent Directors and was chaired by Mr. Santanu Mukherjee, Independent Director. During FY 2020-21, RMCB met four times, i.e., June 24, 2020, September 23, 2020, November 25, 2020 and March 12, 2021. The RMCB meets on a quarterly basis.

Composition and attendance

Name of Member	Category	Number of Meeting during FY 2020-21 (four meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Santanu Mukherjee, Chairman ⁽¹⁾	Independent	4	4	100	2,25,000
Mr. Bhaskar Sen ⁽²⁾	Independent	NA	NA	NA	NA
Dr. Allamraju Subramanya Ramasastry	Independent	4	4	100	2,25,000
Mr. Chandra Shekhar Ghosh	Executive	4	4	100	-
Mr. Harun Rasid Khan ⁽³⁾	Independent	4	4	100	2,25,000
Mr. Sisir Kumar Chakrabarti ⁽⁴⁾	Independent	4	4	100	2,25,000

1. Appointed as Chairman of RMCB effective June 04, 2020

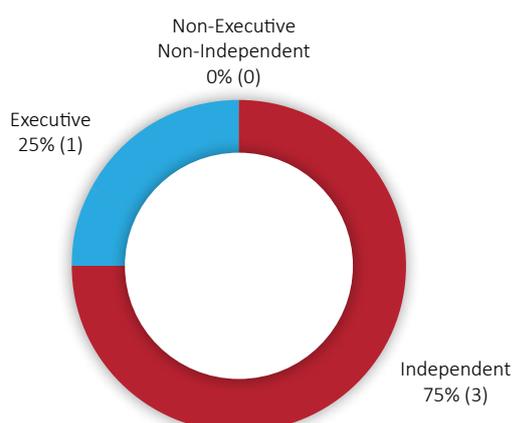
2. Ceased to be member and Chairman of RMCB effective June 04, 2020

3. Ceased to be member of RMCB effective March 27, 2021

4. Appointed as member of RMCB effective June 04, 2020 and ceased effective April 01, 2021

Note: The Board at its meeting held on March 19, 2021, has re-constituted the RMCB effective April 01, 2021 with Mr. Santanu Mukherjee as Chairman, Mr. Chandra Shekhar Ghosh, Dr. A S Ramasastry and Mr. Subrata Dutta Gupta as Members.

RMCB Composition - (as on date)



Terms of reference

Terms of reference of the RMCB is given below:-

- To oversee risk management function and obtain assurance from the respective committees and Risk Department that the risk faced by the Bank including cybersecurity related risks have been properly identified and are being appropriately managed;
- To define the risk appetite of the Bank within overall parameters set by the Board in terms of business strategy and growth;

- To ensure effectiveness in the conduct of the overall risk governance;
- To approve risk limits at the Bank-wide level for various portfolios such as product, industry, geography, risk types, etc.;
- To approve risk management and measurement policy/policies, framework, guidelines and procedures before submission to the Board which shall include:
 - A framework for identification of internal and external risks specifically faced by the Bank, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cybersecurity risks or any other risk as may be determined by the Committee
 - Measures for risk mitigation including systems and processes for internal control of identified risks
 - Business continuity plan
 - Appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company
 - Monitor and oversee the implementation of the risk management policy/policies, including evaluating the adequacy of risk management systems
 - Reviewing the risk management policy/policies, at least once in two years, including by considering the changing industry dynamics and evolving complexity
- To ensure effectiveness and performance of risk rating system and associated processes and controls through pre-approval validation, periodical review or as a part of annual validation exercise;

7. To oversee allocation and maintenance of sufficient resources (including IT support) for risk identification, measurement, monitoring and reporting;
8. To approve risk capital computation and place it to the Board for approval;
9. To reinforce the culture and awareness of risk management throughout the organisation;
10. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
11. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Corporate Social Responsibility Committee

Your Bank has a Corporate Social Responsibility ('CSR') Committee of the Board with the powers and the role that is in accordance with Section 135 of the Companies Act. The function of the CSR Committee includes a review of CSR initiatives, undertaken by the Bank for inclusive growth, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the Bank, and the amount of expenditure to be incurred on such activities. It also

makes recommendations to the Board with respect to the CSR initiatives, annual action plan, policies and practices of the Bank, monitor the conformity of CSR activities, implementation and compliance with the CSR Policy, and reviews and implements, if required, any other matter relating to CSR initiatives as recommended/suggested by any statutory or regulatory body.

The CSR Policy of the Bank, duly aligned with the amendments made to Section 135 of the Companies Act and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 is available on the Bank's website at <https://www.bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2020-12/CSR-Policy-New-Format.pdf>.

The Report on CSR activities including the details of the CSR programme and activities carried out by the Bank during FY 2020-21 are enclosed as **Annexure – 1** to the Board's Report and is also forming part of this Annual Report.

Meetings of the Corporate Social Responsibility Committee of the Board ('CSRCB')

As on March 31, 2021, the CSR Committee comprised four Directors including three Independent Directors and was chaired by Mr. Bhaskar Sen, Independent Director. During FY 2020-21, CSR Committee met on June 12, 2020.

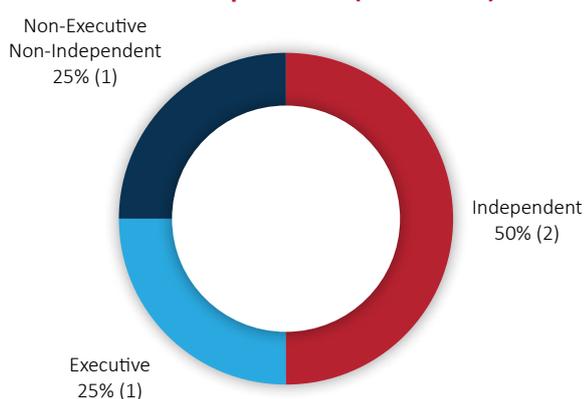
Composition and attendance

Name of Member	Category	Number of Meeting during the FY 2020-21 (one meeting)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Bhaskar Sen ⁽¹⁾ , Chairman	Independent	1	1	100	50,000
Mr. Chandra Shekhar Ghosh	Executive	1	1	100	-
Ms. T S Raji Gain ⁽²⁾	Independent	1	1	100	50,000
Mr. Vijay Nautamlal Bhatt ⁽³⁾	Independent	1	1	100	50,000
Mr. Ranodeb Roy ⁽⁴⁾	Non-Executive, Non- Independent	NA	NA	NA	NA

1. Appointed as a member and Chairman of CSRCB effective June 04, 2020 and ceased as a member and Chairman effective April 01, 2021
2. Ceased to be Chairperson of CSRCB effective June 04, 2020, however continued as member of CSRCB
3. Appointed as a member of CSRCB effective June 04, 2020
4. Ceased to be a member of CSRCB effective June 04, 2020

Note: The Board at its meeting held on March 19, 2021, has re-constituted the CSRCB effective April 01, 2021 with Mr. Subrata Dutta Gupta as Chairman, Mr. Chandra Shekhar Ghosh, Mr. Ranodeb Roy and Mr. Vijay Bhatt as Members.

CSRCB Composition - (as on date)



Terms of reference

Terms of reference of the CSRCB is given below:-

1. 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;
2. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
3. Identifying and appointing the corporate social responsibility team of the Bank including the corporate social responsibility manager, wherever required;
4. Delegating responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
5. 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;
6. To monitor the CSR policy of the Bank from time to time; and

7. 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 from time to time.

Information Technology (IT) Strategy Committee

The IT Strategy Committee of the Board ('ITSCB'), constituted pursuant to guidelines/circulars issued by RBI, deals with the information technology, information security, cybersecurity, etc., aspects of the Bank. It reviews and recommends the strategy and policy for IT related-matters to the Board, ensures that IT strategy is aligned with the business strategy, reviews IT risks, ensures proper balance of IT investments for sustaining

the Bank's growth, oversees the aggregate funding of IT at the Bank-level, ascertains if the management has adequate resources to ensure proper administration of IT risks and reviews the contribution of IT.

Meetings of the IT Strategy Committee

As on March 31, 2021, the ITSCB comprised three Directors including two Independent Directors and was chaired by Dr. Allamraju Subramanya Ramasastry, Independent Director. During FY 2020-21, ITSCB met four times, i.e., on June 23, 2020, September 22, 2020, November 24, 2020 and March 10, 2021. ITSCB meets on a quarterly basis.

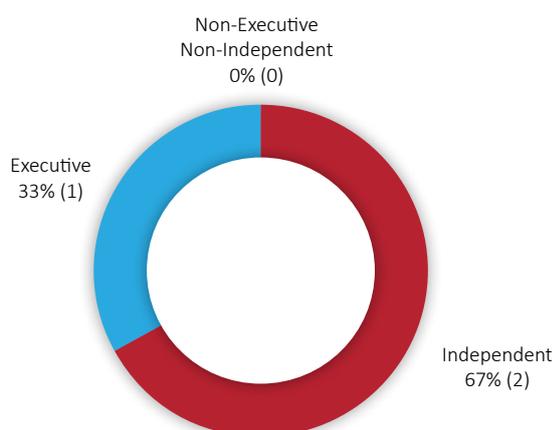
Composition and attendance

Name of Member	Category	Number of Meeting during FY 2020-21 (four meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Dr. Allamraju Subramanya Ramasastry, Chairman	Independent	4	4	100	2,10,000
Mr. Bhaskar Sen ⁽¹⁾	Independent	NA	NA	NA	NA
Mr. Chandra Shekhar Ghosh	Executive	4	4	100	-
Mr. Harun Rasid Khan ⁽²⁾	Independent	4	4	100	2,10,000
Mr. Narayan Vasudeo Prabhutendulkar ⁽³⁾	Independent	4	4	100	2,10,000
Mr. Santanu Mukherjee ⁽¹⁾	Independent	NA	NA	NA	NA

1. Ceased to be a members of ITSCB effective June 04, 2020
2. Appointed as a member of ITSCB effective June 04, 2020 and ceased effective March 27, 2021
3. Appointed as a member of ITSCB effective June 04, 2020

Note: The Board at its meeting held on March 19, 2021, has re-constituted the ITSCB effective April 01, 2021 with Dr. A S Ramasastry as Chairman, Mr. Chandra Shekhar Ghosh and Mr. N V P Tendulkar as Members.

ITSCB Composition - (as on date)



Terms of reference

Terms of reference of the ITSCB is given below:-

1. To approve the IT Strategy and policy documents;
2. To ensure whether the Management has put effective strategic planning in place;

3. To ratify whether the business strategy is indeed aligned with the IT strategy;
4. To ensure whether the IT organisational structure complements the business model and its direction;
5. To ascertain whether management has implemented processes and practices which ensure that IT delivers value to the business;
6. To ensure that the IT investments represent a balance of risk & benefits and that the budgets are acceptable;
7. 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;
8. To ensure proper balance of IT investments for sustaining Bank's growth;
9. To be aware of the exposures towards IT risks and controls and evaluating the effectiveness of management's monitoring of IT risks;
10. To assess senior management's performance in implementing IT strategies;
11. To issue high-level policy guidance (e.g. related to risk, funding or sourcing tasks);
12. To confirm whether the IT or business architecture is designed to derive the maximum business value from IT;
13. To oversee the aggregate funding of IT at Bank-level and ascertaining if management has resources to ensure the proper management of IT risks;

14. To review IT performance measurement and contribution of IT to business (i.e., delivering the promised value);
15. The progress of achievement of digital transactions would be subsequently monitored by the IT Strategy Committee in all its meetings; and
16. To review & monitor the mechanism of the digital transactions as follows:
 - (i) Progress on implementation of new Digital Products
 - (ii) Number of Digital Transactions on existing digital channels
 - (iii) Increasing the number of Digital Transactions in existing digital channels.

Customer Service Committee

The functions of the Customer Service Committee of the Board ('CSCB'), constituted pursuant to the Master Circular on Customer Service in Banks issued by RBI, *inter alia*, include reviewing

customer service initiatives, overseeing the functioning of grievance redressal mechanism for customers, evolving innovative measures for enhancing the quality of customer service and improving the overall satisfaction level of customers of the Bank.

Enhanced disclosures on complaints received by the Bank from customers and from the Offices of Banking Ombudsman ('OBOs') and grievance redress as prescribed under Circular dated January 27, 2021 on Strengthening of Grievance Redress Mechanism in Banks issued by RBI, is made available as part of notes to annual accounts forming part of this annual report.

Meetings of the Customer Service Committee

As on March 31, 2021, the CSCB comprised four Directors including two Independent Directors and was chaired by Mr. Snehomoy Bhattacharya, Independent Director. During FY 2020-21, CSCB met four times, i.e., on June 16, 2020, September 18, 2020, November 19, 2020 and March 10, 2021. CSCB meets on a quarterly basis.

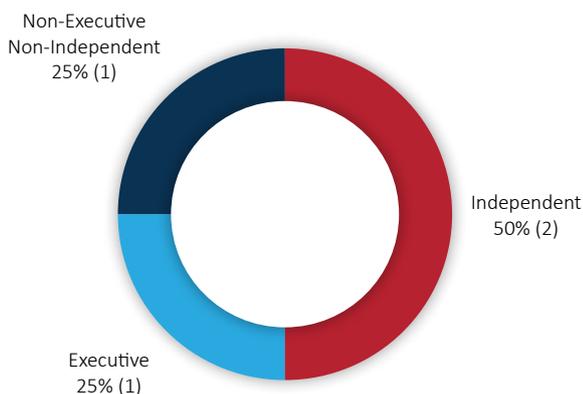
Composition and attendance

Name of Member	Category	Number of Meeting during FY 2020-21 (four meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Snehomoy Bhattacharya, Chairman	Independent	4	3	75	1,50,000
Mr. Chandra Shekhar Ghosh	Executive	4	4	100	-
Mr. Narayan Vasudeo Prabhutendulkar ⁽¹⁾	Independent	4	4	100	2,10,000
Mr. Ranodeb Roy ⁽¹⁾	Non-Executive, Non-Independent	4	4	100	2,10,000
Mr. Sisir Kumar Chakrabarti ⁽²⁾	Independent	NA	NA	NA	NA
Ms. T S Raji Gain ⁽²⁾	Independent	NA	NA	NA	NA

1. Appointed as a members of the CSCB effective June 04, 2020
2. Ceased to be members of the CSCB effective June 04, 2020

Note: The Board at its meeting held on March 19, 2021, has re-constituted the CSCB effective April 01, 2021 with Mr. NVP Tendulkar as Chairman, Mr. Chandra Shekhar Ghosh, Mr. Ranodeb Roy and Mr. Santanu Mukherjee as Members.

CSCB Composition - (as on date)



Terms of reference

Terms of reference of the CSCB is given below:-

1. To formulate a comprehensive deposit policy;
2. To monitor product approval process with a view to suitability and appropriateness;
3. To conduct an annual survey of depositor satisfaction;
4. To conduct a triennial audit of such services;
5. To review Regulatory guidelines issued from time to time and formulate policy for their implementation;
6. To set up a grievance redressal mechanism for the Bank to handle customer complaints;
7. To monitor and follow up on complaints / grievances escalated to be resolved by the Banking Ombudsmen of various States;
8. To implement awards under the Banking Ombudsman Scheme;
9. To address issues of systemic deficiencies, if any, brought out by the awards;

- To monitor awards remaining unimplemented for more than three months with the reasons (for a report to the Board) for such delays in implementation and for initiating necessary remedial action;
- To review customer service / customer care aspects in the Bank and submit a detailed memorandum in this regard to the Board of Directors, once every six months and initiate prompt corrective action wherever service quality / skill gaps have been noticed;
- To oversee and review / modify the initiatives taken by Customer Service Committee of the branches and other departments;
- To address any other issues having a bearing on the quality of customer service rendered, such as examining reports on the number and nature of complaints received and status of resolution thereof, etc.

Special Committee for Monitoring High Value Frauds

The Special Committee for Monitoring High Value Frauds ('SCMHVF') was constituted as per Master Directions on Frauds issued by RBI for commercial banks. The Committee is required to meet and review as and when a fraud involving an amount of ₹1 crore and above comes to light.

Meetings of the Special Committee for Monitoring High Value Frauds

As on March 31, 2021, the SCMHVF comprised five Directors including four Independent Directors and the Managing Director & CEO, and was chaired by Mr. Sisir Kumar Chakrabarti, Independent Director. During FY 2020-21, the SCMHVF met twice, i.e., on May 07, 2020 and February 26, 2021.

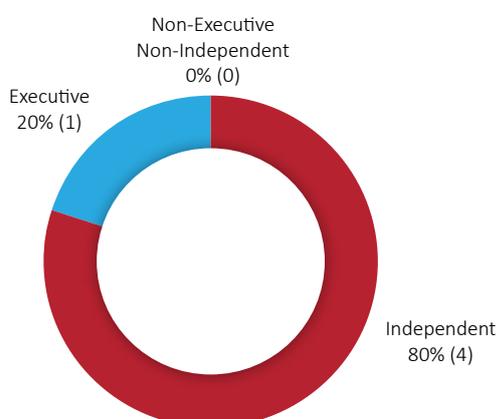
Composition and attendance

Name of Member	Category	Number of Meeting during FY 2020-21 (two meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Sisir Kumar Chakrabarti, Chairman ⁽¹⁾	Independent	2	2	100	1,10,000
Mr. Bhaskar Sen ⁽¹⁾	Independent	2	2	100	1,10,000
Mr. Chandra Shekhar Ghosh	Executive	2	2	100	-
Mr. Narayan Vasudeo Prabhutendulkar ⁽²⁾	Independent	1	1	100	60,000
Mr. Snehomoy Bhattacharya	Independent	2	1	50	50,000

1. Ceased to be Chairman/Member effective April 01, 2021
2. Appointed as a members of SCMHVF effective July 13, 2020

Note: The Board at its meeting held on March 19, 2021, has re-constituted the SCMHVF effective April 01, 2021 with Mr. Suhail Chander as Chairman, Mr. Chandra Shekhar Ghosh, Mr. Shenhomoy Bhattacharya, Mr. Subrata Dutta Gupta and Mr. Vijay N Bhatt as Members.

SCMHVF Composition - (as on date)



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 in the same;

- To identify the reasons for the delay in detection, and/or reporting to the top management of the Bank and RBI, if any;
- To monitor the progress of the 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 of the Board ('SRCB'), constituted in accordance with the provisions of Section 178(5) of the Companies Act and Regulation 20 of SEBI LODR, to specifically look into the various matters relating to shareholders/investors/Debt-holders, including the transfer and transmission of shares, issue of share certificates (including the issue of renewed or duplicate share certificates), claims of unclaimed dividend and shares lying in the suspense account as well as with IEPF Authority, non-receipt of Annual Report and so on. Additionally, the Committee also looks into other issues including the 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 and the matters related with unsecured debentures issued by the Bank.

Meetings of the Stakeholders Relationship Committee

As on March 31, 2021, the SRCB comprised four Independent Directors and was chaired by Mr. NVP Tendulkar, Independent

Director. During FY 2020-21, the SRCB met four times, i.e., on June 10, 2020, September 10, 2020, December 23, 2020 and February 10, 2021. The SRC meets on a quarterly basis.

The last AGM of the Bank was held on August 21, 2020 which was attended by Mr. NVP Tendulkar, Chairman of the SRCB. Mr. Indranil Banerjee is the Company Secretary and Compliance Officer of the Bank in terms of the SEBI LODR.

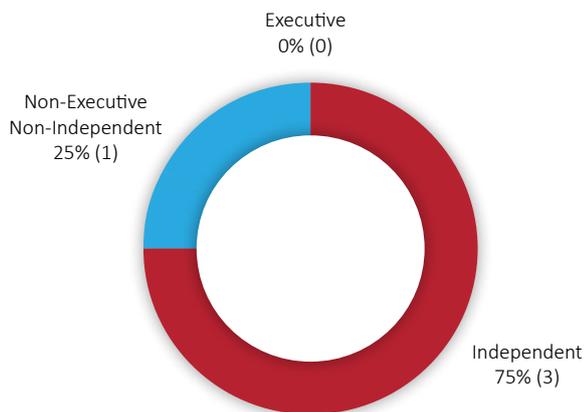
Composition and attendance

Name of Member	Category	Number of Meeting during the FY 2020-21 (four meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Narayan Vasudeo Prabhutendulkar ⁽¹⁾ , Chairman	Independent	4	4	100	2,10,000
Mr. Sisir Kumar Chakrabarti ⁽²⁾	Independent	4	4	100	2,10,000
Mr. Chintaman Mahadeo Dixit ⁽³⁾	Independent	1	1	100	50,000
Mr. Snehomoy Bhattacharya	Independent	4	3	75	1,50,000
Ms. T. S. Raji Gain ⁽⁴⁾	Independent	4	4	100	2,10,000

1. Appointed as member and Chairman of the SRCB effective June 04, 2020.
2. Ceased to be Chairman of the SRCB effective June 04, 2020, and as Member effective April 01, 2021
3. Retired as an Independent Director of the Bank effective July 09, 2020 upon completion of the second term and accordingly, ceased to be member of the SRCB
4. Appointed as member of the SRCB effective June 04, 2020

Note: The Board at its meeting held on March 19, 2021, has re-constituted the SRCB effective April 01, 2021 with Mr. NVP Tendulkar as Chairman, Mr. Ranodeb Roy, Mr. Snehomoy Bhattacharya and Ms. T. S. Raji Gain as Members.

SRCB Composition - (as on date)



Terms of reference

Terms of reference of the SRCB is given below:-

1. Review the mechanism adopted for redressing the grievance of shareholders, debenture holders and deposit holders and other security holders and the status of such redressal;
2. Considering and resolving the grievances of the security holders of the Bank including complaints related to transfer/transmission of shares, non-receipt of the annual report, non-receipt of declared dividends, general meetings, etc;

3. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
4. Issuing duplicate certificates and new certificates on split/consolidation/renewal;
5. Dematerialisation / rematerialisation of shares;
6. Transfer / transmission of shares and their redressal;
7. 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;
8. 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, the status of claims received, ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank and process for unclaimed shares, uploading of data relating to unclaimed dividends on the website of Investor Education & Protection Fund and the Bank;
9. Review the Action Taken Report in respect of recommendations made by the Committee;
10. Review the status of the litigation(s) filed by/ against the security holders of the Bank;
11. Review the mechanism adopted to review, monitor and report transactions relating to securities that may be suspicious from a money-laundering perspective;
12. The Committee shall perform such other functions as may be required under the relevant provisions of the Companies Act, and the SEBI (LODR) Regulations, 2015, relating to Corporate Governance, as amended from time to time;
13. Review of measures taken for the effective exercise of voting rights by shareholders.

Status of Shareholders' Complaints as on March 31, 2021

Particulars	Total
Number of Shareholders' complaints pending at the beginning of the Year	Nil
Number of Shareholders' complaints received during the Year	235
Number of Shareholders' complaints disposed of during the Year	235
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, 2021 on SCORES, the web based complaint redressal system of SEBI.

Pursuant to the authorisation by the Board and/or the SRCB, the Company Secretary is authorised to approve the 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) & 7(3) of SEBI LODR, a Compliance Certificate is filed with the Stock Exchanges where the shares of the Bank are listed. The said certificate is duly signed by both the Company Secretary & Compliance Officer of the Bank and the authorised representative of the Share Transfer Agent on a 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, and to handle any other issue as may be decided by the Board of Directors, from time to time, including borrowing of funds for the Bank.

Meetings of the Committee of Directors

As on March 31, 2021, the COD comprised five Directors including four independent Directors and was chaired by the Managing Director & CEO. During FY 2020-21, the COD met eight times, i.e., on May 29, 2020, June 25, 2020, August 19, 2020, September 21, 2020, December 07, 2020, December 29, 2020, February 23, 2021 and March 24, 2021.

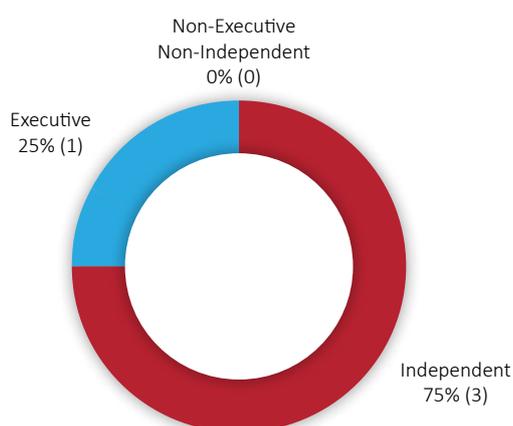
Committee of Directors ('COD')

Name of Member	Category	Number of Meeting during the FY 2020-21 (eight meetings)		% of attendance	Gross Amount of Sitting fees paid (amt. in ₹)
		During tenure	Attended		
Mr. Chandra Shekhar Ghosh, Chairman	Executive	8	8	100	-
Mr. Bhaskar Sen ⁽¹⁾	Independent	8	7	87.5	3,70,000
Mr. Santanu Mukherjee ⁽²⁾	Independent	7	7	100	3,70,000
Mr. Sisir Kumar Chakrabarti ⁽¹⁾	Independent	8	8	100	4,20,000
Mr. Snehomoy Bhattacharya	Independent	8	5	62.5	2,50,000

1. Ceased to be Member of COD effective April 01, 2021

2. Appointed as a member of the COD effective June 04, 2020

Note: The Board at its meeting held on March 19, 2021, has re-constituted the COD effective April 01, 2021 with Mr. Chandra Shekhar Ghosh as Chairman, Mr. Santanu Mukherjee, Mr. Suhail Chander and Mr. Subrata Dutta Gupta as Members.

COD Composition - (as on date)

Annual General Meetings

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

Sr. No.	Particulars of meeting	Location	Date & Time	Special Resolutions passed, if any
1.	4th 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
2.	5th 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
3.	6th Annual General Meeting	DN-32, Sector V, Salt Lake, Kolkata – 700091 (through VC)	August 21, 2020 at 11:00 A.M.	Two special resolutions were passed

Postal Ballot

During the financial year ended March 31, 2021, no resolution, whether ordinary or special, was passed by the members of the Bank through Postal Ballot. Further, no special resolution is proposed to be conducted through postal ballot. None of the businesses proposed to be transacted at the ensuing 7th AGM 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 are provided separately as **Annexure - 5** to the Board's Report and forms part of this Annual Report.

Disclosure on Material Subsidiary

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

Commodity Price Risks, Foreign Exchange Risks and Hedging Activities

Your Bank has not taken any position in commodity. The Bank has no foreign currency liability, neither in foreign currency bonds nor bilateral or syndicated loans. Your Bank has a Board approved Market Risk Policy which defines a risk control framework for undertaking any foreign exchange risk. Vide Market Risk Policy, the Board of the Bank has defined an overall Net Overnight Open Position (NOOP) Limit, Stop Loss Limit, Aggregate Gap Limit (AGL), Value at Risk (VaR) Limit to control the foreign exchange risk within its risk control framework.

Accounting Treatment

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and 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

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

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

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

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 2020-21, which could lead to a potential conflict of interest between the Bank and these parties. Prior omnibus approval is also obtained from the ACB for the related party transactions which are of repetitive nature as well as for the normal banking transactions which cannot be foreseen. The quarterly update on the details of transactions with related parties, pursuant to the omnibus approval, were placed before the ACB. The Related Party Transactions that were entered during the financial year were on an arm's length basis and were in the

ordinary course of the business. Accordingly, there are no Related Party Transactions required to be reported in Form AOC-2. However, necessary disclosures 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 note no. 18.13 to the annual financial statements for the financial year 2020-21. Your Bank's Policy on dealing with Related Party Transactions is available on the Bank's website at https://www.bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2021-06/Details_of_Related_Party_Transactions.pdf

Penalties and Strictures for last three financial years

With regards to the matters related to the capital market, there were no non-compliance neither penalties nor strictures were imposed on the Bank by the Stock Exchanges and/ or SEBI and/ or any other statutory authorities during the last three financial years.

Whistle Blower Policy & Vigil Mechanism

The Bank has adopted the Board approved 'Vigilance Policy and Whistle Blower Mechanism', as required under Section 177 of the Companies Act, Regulation 22 of SEBI LODR and applicable circulars issued by RBI, in this regard. The said Policy provides for adequate safeguards against the victimisation of the Directors and employees who avail this mechanism and ensures that the personnel gets direct access to the Chairman of the ACB as prescribed under the Companies Act and SEBI LODR. None of the Bank's personnel has been denied access to the ACB. The said Policy is available on the Bank's website at https://bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2021-03/Annexure%20B-%20%20Revised%20Vigilance%20Policy%20%20Whistle%20Blower%20Mechanism_.pdf.

Code of Conduct

The Bank has adopted a Code of Conduct for Directors and also a Code of Conduct for the 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, employees, regulators. This Code is available on the Bank's website at <https://www.bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2020-12/Code-Conduct-for-Senior-Management.pdf>. The Code of Conduct for Directors also contains a reference to the duties of the Independent Directors as laid down in Schedule IV to the Companies Act. This Code is also available on the Bank's website at <https://www.bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2020-12/Code-Conduct-for-Directors.pdf>. All Directors and senior management personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board.

Declaration as required under Regulation 26(3) of SEBI LODR with respect to the financial year ended March 31, 2021, signed by the Managing Director & CEO is reproduced in this Report.

Policy for the Preservation of Documents

In accordance with Regulation 9 of the SEBI LODR, the Bank has framed a policy for the preservation of documents, which has been approved by the Board of Directors of the Bank. This Policy is intended to guide the Bank and its officers on the maintenance of any documents, their preservation and disposal. The said policy can be accessed on the Bank's website at <https://www.bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2020-12/CompensationPolicy.pdf>

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

In accordance with Regulation 30 of the 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 the materiality of events, which will have bearing on the performance/operations of the Bank. The Policy has been reviewed and amended by the Board during the financial year under review primarily to align its provisions with the recent SEBI LODR amendments. The Policy is available on the Bank's website at <https://www.bandhanbank.com/sites/default/files/2020-12/Determination-Materiality-Policy.pdf>. Further, the Bank has a Board approved 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 has been uploaded on the Bank's website at <https://bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2020-12/Archival-Policy.pdf>

Code of Conduct for Prevention of Insider Trading

The Bank has adopted a Code of Conduct for Prevention of Insider Trading in the securities of the Bank ('PIT Code') in line with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The PIT Code, *inter-alia*, prohibits trading in the securities of the Bank by insiders while in possession of unpublished price sensitive information in relation to the Bank. The Bank has also adopted a 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 Board reviews the Code on a need basis. The PIT Code has been reviewed during the financial year under review primarily to align it with the recent amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and has been duly approved by the Board. The Company Secretary of the Bank acts as the 'Compliance Officer' in terms of the PIT Code and is responsible for implementation and overseeing compliance with the Code across the Bank. The cases of violations observed during the financial years have been submitted to the Disciplinary Committee of the Bank and accordingly, the intimation, with regard to the action taken by the Bank along with the details of the penal amount remitted to the Investor Protection and Education Fund maintained by SEBI, was submitted to the Stock Exchanges from time to time. The Bank has also undertaken various initiatives during the financial year to spread awareness amongst the employees of the Bank about the provisions of the PIT Code. The Bank has automated the process for submission of declarations and disclosures by designated persons through structured Digital Database (SDD). The report on the compliance with the PIT Code is being submitted to the ACB periodically.

Dividend Distribution Policy

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

Directors and Officers Insurance (D & O Policy)

The Bank has in place a Directors and Officers Liability Policy (D & O Policy) for all its Directors of the Bank with the quantum and risks determined by its Board of Directors. The Policy covers management liability, company securities, investigation cost, non-executive Directors protection, investigation, extradition, outside directorship, bodily injury and property damage defence costs, assets and liberty, etc.

Complaints pertaining to sexual harassment

The details of complaints filed and disposed off during the financial year as well as pending cases pertaining to sexual harassment are provided in the Board's Report of this Annual Report.

Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

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.

Tentative period of Board Meetings for the financial year ending March 31, 2022

The tentative period of the meetings of the Board of Directors for the consideration of quarterly financial results for the financial year ending March 31, 2022 are as follows:

Quarter	Tentative period of Board Meetings
First quarter ending on June 30, 2021	Within 45 days of the end of quarter
Second quarter ending on September 30, 2021	Within 45 days of the end of quarter
Third quarter ending on December 31, 2021	Within 45 days of the end of quarter
Fourth quarter ending on March 31, 2022	Within 60 days of the end of quarter

Compliance with Non-Mandatory Requirements

a) Board of Directors

The expenses pertaining to the office of the Non-Executive Chairman is maintained by the Bank along with the reimbursement of all the expenses incurred by the Chairman while performing his duties.

b) Shareholder's Rights

The Bank publishes its financial results every quarter on its website at www.bandhanbank.com, which is accessible to the public at large. The same is also available on the websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited ('NSE'). Along with the quarterly results, detailed earnings updates are also hosted on the website of the Bank. Further, a quarterly investors'/ analysts' conference call is made to discuss the financial results and performance of the Bank, the transcripts of which are posted on the website of the Bank. The Bank's results for each quarter is published in English newspapers having nationwide circulation and in a Bengali newspaper having a wide circulation in West Bengal (viz Economic Times, Mint, Business Standard, Business Line, Financial Express, Bartaman, Ek Din and Ei Samay). In view of the foregoing and the fact that the financial results of the Bank are available in the public domain and easily accessible, the half-yearly results of the Bank are not sent to shareholders individually.

c) Audit Qualifications

During the period under review, neither the Independent Auditors' Report nor the Secretarial Audit Report of the Bank have any qualification. The Bank continues to adopt the best practices to ensure a regime of unqualified financial statements.

d) Reporting of Internal Auditor

The Reporting of the Chief Audit Executive of the Bank is guided by the extant RBI Circular.

Means of Communication

The Board of the Bank has been approving the quarterly financial results well 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, Bartaman, Ek Din 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.

Corporate Policies

Sr. No.	Name of the Policy	Brief Discription	Web link
1	Policy on Appointment and fit and proper criteria for Directors	The Bank has adopted the policy for appointment of Directors on the board considering their fit and proper criteria including special knowledge or parctical experience required for banking business.	https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Policy-Fit-Proper-Criteria-Director.pdf
2	Vigilance Policy and Whistle Blower Mechanism	The Bank has adopted a whistle blower mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud.	https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-03/Annexure%20B-%20%20Revised%20Vigilance%20Policy%20%20Whistle%20Blower%20Mechanism_.pdf
3	Policy on dealing with Related Party Transaction	The Policy regulates all transactions between the Bank and its related parties.	https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-06/Details_of_Related_Party_Transactions.pdf
4	Policy for Determination of Materiality	This Policy applies to disclosures of material events for the Bank.	https://www.bandhanbank.com/sites/default/files/2021-06/Determination_of_Material_Event_Information_V2.pdf
5	Dividend Distribution Policy	The Bank has adopted the Dividend Distribution Policy to determine the distribution of dividends in accordance with the provisions of Circulars issued by RBI, from time to time, and applicable laws.	https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/Dividend_Distribution_Policy.pdf
6	CSR Policy	The Policy outlines the Bank's strategy to bring about a positive impact on society through programs relating to skill development, poverty alleviation, education, healthcare, sanitation, water conservation, afforestation.	https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021_1.pdf
7	Compensation Policy	This Policy formulates the criteria for determining the remuneration of the directors, KMP, senior management and other employees.	https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/CompensationPolicy.pdf
8	Policy for preservation of Documents	The Policy formulates categories of documents to be preserved as per regulatory requirements.	https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Policy-Preservation-of-Documents.pdf
9	Archival Policy	The Policy deals with the retention and archival of corporate records of Bandhan Bank Limited.	https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Archival-Policy.pdf

The Board has been reviewing the above policies from time to time to align with the regulatory and business requirements.

General Shareholder Information:

1	Corporate Identity Number (CIN) Address for Correspondence	L67190WB2014PLC204622 Registered Office: DN-32, Sector- V, Salt Lake, Kolkata – 700 091 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')	7th AGM of the Bank will be held on Friday, August 06, 2021 at 11:00 A.M. Since, the AGM will be conducted through VC / OAVM pursuant to the MCA General Circular No. 20/2020 dated May 5, 2020 read with General Circular No. 02/2021 dated January 13, 2021, as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of the 7 th AGM.
3	AGM Webcast link	https://emeetings.kfintech.com
4	Financial Year	April 01, 2020 to March 31, 2021
5	Date of Book Closure	Saturday, July 31, 2021 to Friday, August 06, 2021 (both days inclusive)
6	Dividend Payment Date	Dividend, if declared by the members, will be paid after August 12, 2021
7	Listing on Stock Exchanges	i) National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 ii) BSE Limited (BSE) (equity and debt both listed) Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400001 The Bank has paid the Annual Listing Fees to NSE & BSE for the financial year 2020-2021. 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.
8	Stock Code	NSE – BANDHANBNK BSE – 541153
9	Registrars & Share Transfer Agent (both Physical & Demat Segments) (Equity & Debentures)	KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Selenium Tower B, Plot No 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Hyderabad – 500 032, Telangana Email: einward.ris@kfintech.com Website: www.kfintech.com Toll free number- 1800-309-4001 Name of the Contact Person: Mr. S V Raju (Deputy General Manager, Corporate Registry) Members are requested to note that, our RTA, KFin Technologies Private Limited, has launched a mobile application- KPRISM and a website https://kprism.kfintech.com/ for our investors. Now shareholders can download the mobile app and see his/her portfolios serviced by KFin. Check dividend status, request for annual reports, change of address, change / update Bank mandate and download standard forms. The android mobile application can be downloaded from the Play Store by searching for “KPRISM”.
10	Share Transfer System	The Bank's shares which are in compulsory dematerialised (demat) form are transferable through the depository system. However, no request for transfer of shares in physical mode was received during the financial year.

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.

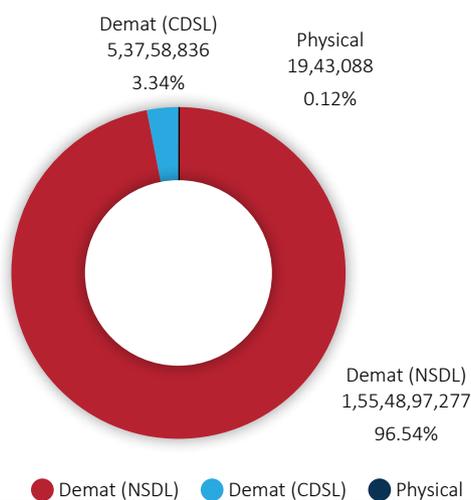
Therefore, members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat Account or the Members may also visit the website of the depositories viz. National Securities Depository Limited viz. <https://nsdl.co.in/services/demat.php> or Central Depository Services (India) Limited viz. <https://www.cdslindia.com/investors/open-demat.html> for further understanding of the dematerialisation procedure.

11 Dematerialisation of Shares and Liquidity

The shares of 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 2020-2021 have been paid to NSDL and CDSL. Trading in the Bank's shares can now be done only in the dematerialised form.

As on March 31, 2021, 160,86,56,113 Shares representing 99.88 per cent. of the total Share Capital of the Bank were held in dematerialised form. The International Securities Identification Number ('ISIN') of the Bank, as allotted by NSDL and CDSL is INE545U01014.

Mode of Shares held



12 Outstanding ADRs/GDRs/ Warrants or Any Convertible Instruments, Conversion Date and Likely Impact on Equity

Not applicable

13 Reconciliation of Share Capital Audit

Reconciliation of Share Capital Audit in terms of Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 read with SEBI circular D&CC/FITTC/CC/CIR/-16/2002 dated December 31, 2002, as amended, has been carried out by Company Secretary in Practice on a 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.

The Report in this regard has been submitted to stock exchanges viz., BSE and NSE and was placed before the Board of Directors of the Bank for its review.

Shareholders holding 1% and above as on March 31, 2021

Name of Holder	Share Holding	% of Holdings
Bandhan Financial Holdings Limited	64,41,15,857 ⁽¹⁾	39.99
Housing Development Finance Corporation Limited	15,93,63,149	9.89
Caladium Investment Pte. Ltd.	12,54,44,201	7.79
Life Insurance Corporation of India	5,94,55,863	3.69
Camas Investments Pte. Ltd.	2,69,94,706	1.68
Stichting Depository APG Emerging Markets Equity Pool	2,06,14,187	1.28

1. Five Individuals holding six 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, 2021

Ordinary shares held	No. of Shareholders	% of Shareholders	Number of Shares	% of Shares
1- 500	4,53,724	93.95	3,18,19,046	1.98
501 – 1,000	13,558	2.81	1,01,55,926	0.63
1,001 – 2,000	7,793	1.61	1,12,07,713	0.70
2,001 – 3,000	2,542	0.53	64,51,595	0.40
3,001 – 4,000	1,432	0.30	50,97,420	0.32
4,001 – 5,000	809	0.17	37,13,960	0.23
5,001 – 10,000	1,476	0.31	1,03,15,339	0.64
10,001 and above	1,606	0.33	1,53,18,38,202	95.11
Total	*4,82,940	100.00	1,61,05,99,201	100.00

*Number of shareholders on the basis of folios

Top 10 Shareholders as on March 31, 2021

Name of Holder	Present Holdings	% of Holdings
Bandhan Financial Holdings Limited	64,41,15,857 ⁽¹⁾	39.99
Housing Development Finance Corporation Limited	15,93,63,149	9.89
Caladium Investment Pte. Ltd.	12,54,44,201	7.79
Life Insurance Corporation of India	5,94,55,863	3.69
Camas Investments Pte. Ltd.	2,69,94,706	1.68
Stichting Depository APG Emerging Markets Equity Pool	2,06,14,187	1.28
St. James's Place Sustainable and Responsible Equity Unit Trust	1,37,13,980	0.85
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	1,11,88,922	0.69
Amansa Holdings Private Limited	1,08,79,395	0.68
Touchstone Strategic Trust- Touchstone Sands Capital Emerging Markets Growth Fund	1,06,76,635	0.66
International Finance Corporation	1,05,38,086	0.65

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

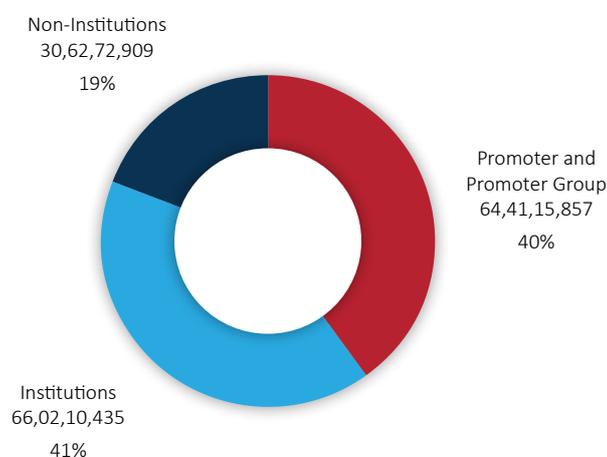
Categories of Shareholders as on March 31, 2021

Sr. No.	Category of Shareholder	Total	% of total shares
(A) Promoter and Promoter Group			
(a)	Bandhan Financial Holdings Limited (Promoter)	64,41,15,857 ⁽¹⁾	39.99
(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		64,41,15,857	39.99
(B) Public Shareholding			
(1) Institutions			
(a)	Mutual Funds /UTI	2,86,84,615	1.78
(b)	Financial Institutions /Banks	18,242	0.00

Sr. No.	Category of Shareholder	Total	% of total shares
(c)	Foreign Portfolio Investors	56,23,23,413	34.91
(d)	Qualified Institutional Buyer	6,72,44,137	4.18
(e)	Alternative Investment Fund	19,40,028	0.12
(2)	Non-Institutions		
(a)	Bodies Corporate	17,06,81,664	10.60
(b)	Individuals	10,62,88,145	6.60
(c)	Clearing Members	38,47,739	0.24
(d)	Foreign Nationals	953	0.00
(e)	H U F	26,68,965	0.17
(f)	I E P F	7,65,131	0.05
(g)	NBFC	19,21,918	0.12
(h)	Non Resident Indians	41,85,474	0.26
(i)	NRI Non-Repatriation	51,00,400	0.32
(j)	Trusts	1,08,12,520	0.67
Sub-Total		96,64,83,344	60.01
GRAND TOTAL (A+B)		1,61,05,99,201	100.00

- Five Individuals holding six equity shares as nominees of the Promoter, Bandhan Financial Holdings Limited and they are neither the promoters nor forming part of the promoter group
- Equity Shares held by the Promoters are neither under pledge nor under lock-in

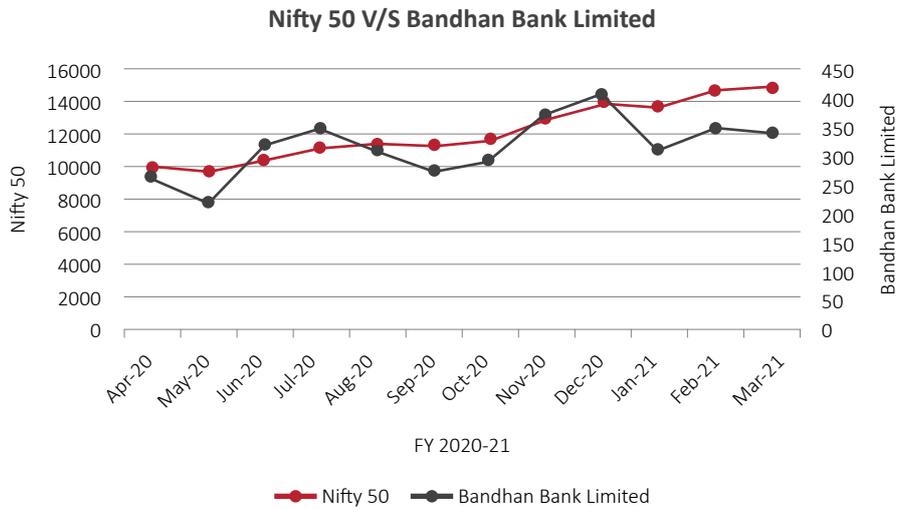
Category-wise Shareholding



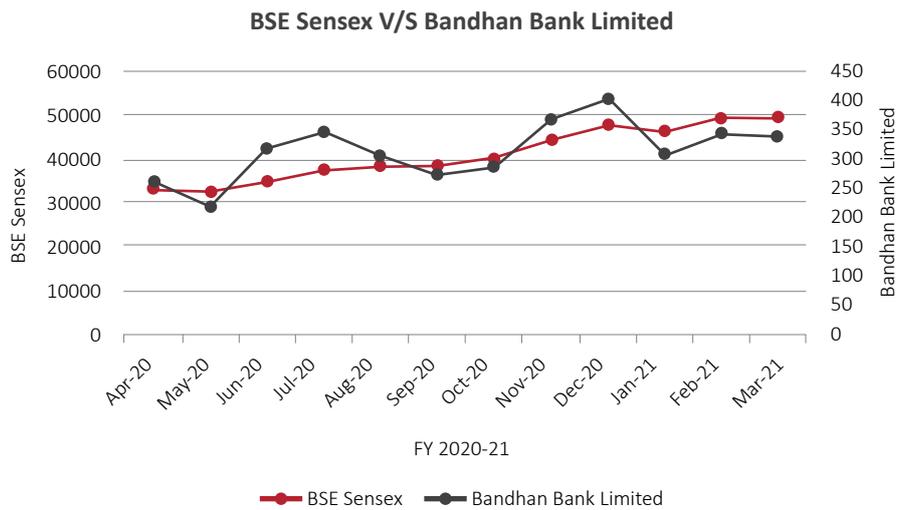
Market Price Data: High and Low during each month in the financial year 2020-21

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-20	266.45	164.30	34,91,17,947	266.50	164.00	1,40,79,159
May-20	263.90	195.40	26,14,23,855	263.90	195.40	1,03,44,189
Jun-20	367.80	223.00	41,72,96,219	367.85	222.60	1,83,64,910
Jul-20	402.00	315.00	31,33,73,803	401.95	315.05	1,74,47,387
Aug-20	328.35	283.00	55,36,38,878	328.25	283.00	40,07,40,714
Sep-20	322.35	251.40	22,45,63,257	322.00	251.40	1,47,63,418
Oct-20	332.35	276.05	20,01,05,208	332.00	276.05	81,05,796
Nov-20	374.95	294.00	24,14,32,392	374.95	292.85	1,21,49,933
Dec-20	430.70	365.80	21,83,35,479	430.25	365.80	79,93,501
Jan-21	424.09	297.00	31,73,19,324	424.00	295.00	2,26,01,057
Feb-21	357.00	304.90	21,25,31,324	356.95	304.80	1,31,16,535
Mar-21	371.00	330.00	16,78,81,950	371.15	330.00	72,49,123

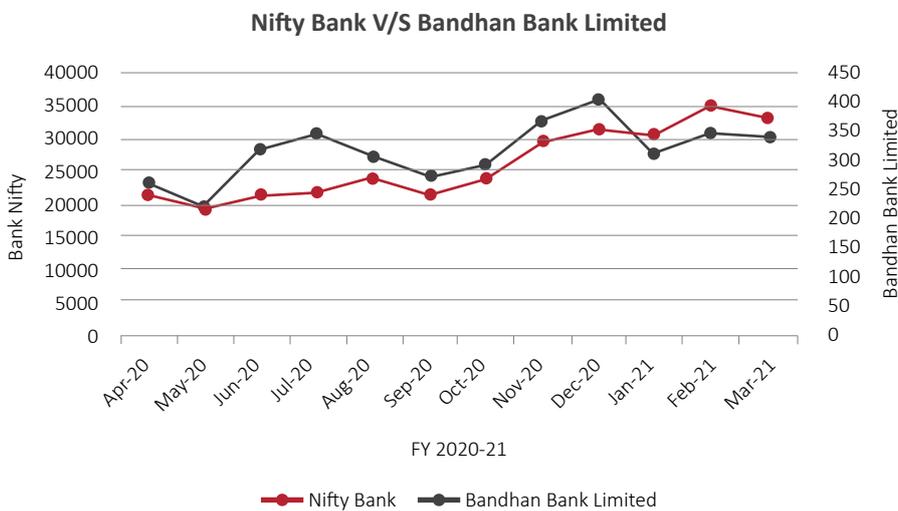
Performance of the Bank's Equity Shares as compared with NSE Nifty Indices during the FY 2020-21



Performance of the Bank's Equity Shares as compared with S&P BSE SENSEX during the FY 2020-21



Performance of the Bank's Equity Shares as compared with Nifty Bank Indices during the FY 2020-21



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 are the debenture trustees for the privately placed debentures of the Bank:

Axis Trustee Services Limited

Registered Office: Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai 400025

Corporate Office: The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar west, Mumbai – 400 028

Contact: 022-62300451

Fax: 022-62300700

Contact Person: Mr. Anil Grover, General Manager, Operations Head

E-mail: debenturetrustee@axistrustee

IDBI Trusteeship Services Limited

Asian Building, Ground Floor

17 R. Kamani Marg, Ballard Estate

Mumbai, Maharashtra – 400 001

India

022 40807000, +91 7208822299, +91 85915855821

022 66311776

Email: debenturetrustee@axistrustee

Website : <https://idbitrustee.com>

Plant Locations

Being in the banking business, the Bank does not have any plant. However, the Bank has 4,163 Banking Units and 1,147 Branches as on March 31, 2021. The total number of ATMs as on March 31, 2021 was 487. The locations of the banking outlets are displayed on the Bank's website.

Rating of Various Debt Instruments (As on March 31, 2021)

Details of rating of various debt instruments of the Bank for the financial year 2020-21 has been provided in the Board's Report forming part of this Annual Report.

CEO and CFO Certification

The Managing Director & CEO and the CFO of the Bank give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI LODR. The quarterly certificates for all the quarters on financial results were also placed before the 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 has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs ('MCA') or any such statutory authority. A Certificate to this effect from CS 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 seven 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 and 5th AGM held in 2018 and 2019, respectively. Hence, the Bank is not required to transfer any unclaimed dividend amount to IEPF Authority. However, GRUH Finance Limited ('GRUH') amalgamated into and with the Bank with effect from October 17, 2019 and in light of the aforesaid provisions, the equity shares issued by the Bank as against the equity shares held by the shareholders of erstwhile GRUH and unclaimed dividend pertaining to such equity shares not claimed for seven consecutive years was required to be transferred to IEPF during FY 2020-21. Accordingly, such equity shares, in respect of which dividend has not been claimed for seven consecutive years or more from the date of transfer to unpaid dividend account, have also been transferred to the demat account of the IEPF Authority. Further, the dividend that remained unclaimed for seven years, has also been transferred to IEPF during FY 2020-21.

The details of unclaimed dividends and shares transferred to IEPF Authority during FY 2020-21 are as follows:

Financial year	Amount of unclaimed dividend transferred (amt. In ₹)	Number of shares transferred
2012-13	18,14,248	83,307

The members who have a claim on the 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 physical copies 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 to IEPF Authority.

In the interest of the shareholders, three months before the due date for transfer to IEPF Authority, the Bank has sent reminders to the shareholders to claim their dividends/equity shares. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are available on the Bank's website under the investor relations section at <https://bandhanbank.com/corporate-governance#rctabfour>.

The following tables gives information relating to outstanding dividends and the dates by which they can be claimed by the shareholders from the Bank:

a. For shareholders of the Bank:

Financial Year	Date of Declaration of Dividend	Last date for claiming Dividend
2017-18	July 19, 2018	August 19, 2025
2018-19	June 28, 2019	July 29, 2026
2019-20	no dividend declared	Not Applicable

b. For shareholders of erstwhile GRUH which has merged with the Bank (the 'GRUH'):

Financial Year	Date of Declaration of Dividend	Last date for claiming Dividend
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

2) Payment of Dividend through Electronic mode

In terms of Regulation 12 and Schedule I of SEBI LODR, every listed entity is required to mandatorily make all payments to Investors, including Dividend, by using any RBI approved electronic mode of payments viz., Direct Credit, Real Time Gross Settlement (RTGS), National Electronic Fund Transfer (NEFT), Electronic Clearing Service (ECS), National Automated Clearing House (NACH) etc. The Bank would be entitled to use the bank account details of the shareholders available with the Depository Participant to facilitate payment through electronic mode.

Therefore, the Shareholders holding shares in demat mode are requested to update with their respective Depository Participants, their correct core banking account number, including 9 digits MICR Code and 11 digits IFSC Code, E-Mail ID and Mobile No(s). Updation of E-mail IDs and Mobile No(s) will enable sending communication relating to the credit of dividend, 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 digits MICR Code and 11 digits IFSC Code, E-mail ID and Mobile No(s) to KFin Technologies Private Limited, the Registrar and Share Transfer Agents of the Bank, with the 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. In case the dividend paid through electronic mode is rejected by the corresponding bank, for any reason whatsoever, the Bank will issue a dividend warrant and print the Bank account details available with the Bank/RTA on the said dividend warrant to avoid fraudulent encashment.

Members are requested to note that, our RTA, KFin Technologies Private Limited, has launched a mobile application- KPRISM and a website <https://kprism.kfintech.com/> for our investors. Now shareholders can download the mobile app and see his/her portfolios serviced by KFin. Check dividend status, request for annual reports, change of address, change / update Bank mandate and download standard forms. The android mobile application can be downloaded from the Play Store by searching for "KPRISM".

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, 2021. The fees paid to Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Bank for FY 2020-21 is as under:

Nature of Services	Amt. in ₹ Crores
Audit Fees	0.97
Certification and Other Fees to Auditors	0.41
Tax Audit Fees	0.09
Others	0.15
TOTAL	1.62

At the 5th AGM of the Bank, the Shareholders while approving the appointment of Statutory Auditors have given the power to the ACB/Board to alter and vary the terms and conditions of appointment, revision including upward revision of the

remuneration for the remaining tenure during the proposed tenure of four years, etc., including by reason of necessity on account of conditions as may be stipulated by 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 Report on Corporate Governance 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 forming part of this Annual Report.

4) Equity Shares in the Suspense Account

In terms of Regulation 39(4) read with Schedule VI of the SEBI LODR, the details of Equity shares lying in the suspense account are given below which includes the new equity shares issued by the Bank pursuant to the amalgamation of GRUH with the Bank against shares lying in the suspense account of erstwhile GRUH in terms of share exchange ratio:

Particulars	No. cases	No. of shares
Aggregate number of shareholders and the outstanding shares as on April 01, 2020	290	417,915
Shareholders who approached the Bank for transfer of shares during the financial year	0	0
Shareholders to whom shares were transferred during the financial year	0	0

Particulars	No. cases	No. of shares
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Companies Act	0	0
Aggregate number of shareholders and the outstanding shares as on March 31, 2021	290	417,915

The voting rights on the shares outstanding in the suspense account as on March 31, 2021 shall remain frozen until 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 MCA, the Bank once again requests all the shareholders, holding shares in dematerialised form and who have not yet registered their email address, to register their email 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 email address with KFin Technologies Private Limited, RTA of the Bank.

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

Anup Kumar Sinha

Place: Kolkata
Date: June 25, 2021

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

Declaration as Prescribed Under Schedule V of the SEBI LODR

I confirm that for the 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: June 25, 2021

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, 2021

[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 31st March, 2021 (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, as amended (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.

Name: **CS Deepak Kumar Khaitan**
Practising Company Secretary
ICSI Unique Code No.: I2003WB347200
(F.C.S. No.: 5615/ C.P. No.: 5207)
UDIN: F005615C000511604

Date: 25.06.2021
Place: Kolkata

Designated Partner- **Deepak Khaitan & Co. LLP**
ICSI Unique Code No.: L2020WB008100

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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as 'the SEBI LODR').

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 intimation 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 31st March 2021, 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 Bank 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 31st March, 2021:-

Sr. No.	Name of the Director (in order of Date of Appointment)	DIN	Date of Appointment in the Bank
1.	Mr. Bhasker Sen (Completed his second term as Independent Director on March 31, 2021)	03193003	23.12.2014
2.	Mr. Chandra Shekhar Ghosh	00342477	23.12.2014
3.	Mr. Sisir Kumar Chakrabarti (Completed his second term as Independent Director on March 31, 2021)	02848624	23.12.2014
4.	Mr. Chintaman Mahadeo Dixit (Completed his second term as Independent Director on July 08, 2020)	00524318	09.07.2015
5.	Mr. Snehomoy Bhattacharya	02422012	09.07.2015
6.	Mrs. Thekedathumadam Subramani Raji Gain	07256149	06.08.2015
7.	Dr. Holger Dirk Michaelis	07205838	12.02.2016
8.	Mr. Ranodeb Roy	00328764	26.07.2016
9.	Mr. Harun Rasid Khan (Completed his first term as Independent Director on March 26, 2021)	07456806	27.03.2018
10.	Dr. Allamraju Subramanya Ramasastry	06916673	08.08.2018
11.	Mr. Santanu Mukherjee	07716452	07.01.2019
12.	Dr. Anup Kumar Sinha	08249893	07.01.2019
13.	Mr. Vijay Nautamlal Bhatt	00751001	08.05.2020
14.	Mr. Narayan Vasudeo PrabhuTendulkar	00869913	08.05.2020
15.	Mr. Suhail Chander	06941577	19.03.2021
16.	Mr. Subrata Dutta Gupta	08767943	19.03.2021

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.

Name: **CS Deepak Kumar Khaitan**

Practising Company Secretary

ICSI Unique Code No.: I2003WB347200

(F.C.S. No.: 5615/ C.P. No.: 5207)

UDIN: F005615C000511605

Date: 25.06.2021

Place: Kolkata

Designated Partner- **Deepak Khaitan & Co. LLP**

ICSI Unique Code No.: L2020WB008100

Management Discussion & Analysis Report

A. Global and Indian Economy Scenario: An Overview

1. Global Economic Scenario: Aftermath of COVID-19 outbreak and fighting the resurgence

1. As a result of the worldwide impact of the coronavirus ('COVID-19') outbreak and the lockdown period, the global economic growth faced severe turbulence in FY 2020-21. All the economies across the globe took several measures on economic, social and administrative fronts to mitigate the impact of the pandemic and boost economic recovery. The International Monetary Fund ('IMF') in its April 2021 report predicts that the global economy will grow by 6 per cent. during 2021. IMF has revised its projection since January 2021, where global growth during 2021 was estimated at 5.5 per cent. According to the IMF, a visible way out of the ongoing health and economic crisis exists and initiatives from the policy makers can make the outlook possible.
2. As per the IMF, reflecting on the economic recovery across the globe, the growth in the advanced economy group is projected at 5.1 per cent. in 2021. Emerging market and developing economies are projected to witness a stronger growth of 6.7 per cent. As per the IMF projections, the global economy is estimated to grow further at 4.4 per cent. in 2022; advanced economies are projected to grow at 3.6 per cent. and emerging market and developing economies are expected to grow by 5.0 per cent. in 2022. The outlook reflects additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year.
3. Among advanced economies, the United States is expected to surpass its pre-COVID GDP level before most others in the group. Similarly, among emerging market and developing economies, China has already returned to its pre-COVID GDP in 2020, whereas many others are not expected to do so until well into 2023.
4. According to the IMF, driving vaccine coverage, boosting productivity, improving policy frameworks and addressing climate change are crucial for economies. The IMF has advised all nations to work towards escaping the crisis, prioritising health care spending, providing well-targeted fiscal support and maintaining accommodative monetary policy while monitoring financial stability risks.

2. Indian Economic Scenario: Recovery from the slowdown and re-building the nation

1. As per data available from India's Central Statistics Office ('CSO'), Ministry of Statistics and Programme Implementation, India's GDP contracted by 7.3 per cent. during FY 2021 (GDP growth of -24.4 per cent. in Q1 FY2021, -7.4 per cent. in Q2 FY 2021, +0.5 per cent. in Q3 FY2021 and +1.6 per cent. in Q4 FY2021).¹ Indian Economy faced the most severe turmoil in Q1 FY2021 due to the sudden outbreak of the COVID-19 pandemic, shutdown of major industries and nationwide lockdowns. However, the economy is expected to perform better in FY2022. During the meeting of the Monetary Policy Committee ('MPC') in June 2021, the Reserve Bank of India ('RBI') has projected a growth of 9.5 per cent. in FY2022, although a downward revision from its earlier forecast of 10.5 per cent., primarily reflecting on the second wave of the COVID-19 infections.²
2. Among the major industry groups, Trade and Transport has witnessed a decline in all the four quarters (-48.1 per cent. in Q1 FY2021, - 16.1 per cent. in Q2 FY2021, - 7.9 per cent. in Q3 FY2021 and -2.3 per cent in Q4 FY2021), whereas, Manufacturing (-36.0 per cent. in Q1 FY2021, - 1.5 per cent. in Q2 FY2021, 1.7 per cent. in Q3 FY2021 and 6.9 per cent. in Q4 FY2021), Construction (-49.5 per cent. in Q1 FY2021, -7.2 per cent. in Q2 FY2021, 6.5 per cent. in Q3 FY2021 and 14.5 per cent. in Q4 FY2021), Financial Services & Real Estate (-5.0 per cent. in Q1 FY2021, -9.1 per cent. in Q2 FY2021, 6.7 per cent. in Q3 FY2021 and 5.4 per cent. in Q4 FY2021) and Utility Services (-9.9 per cent. in Q1 FY2021, 2.3 per cent. in Q2 FY2021, 7.3 per cent. in Q3 FY2021 and 9.1 per cent. in Q4 FY2021) have made recovery during the latter half of FY2021. However, Agriculture (3.5 per cent. in Q1 FY2021, 3.0 per cent. in Q2 FY2021, 4.5 per cent. in Q3 FY2021 and 3.1 per cent. in Q4 FY2021) recorded a positive growth in all the four quarters.³
3. India's Consumer Price Index ('CPI') inflation stood at 5.52 per cent. in March 2021, with high inflation across several sub-groups such as food, core, fuel and transportation.⁴ The Wholesale Price Index ('WPI') inflation stood at 7.39 per cent. in March 2021.⁵

¹ http://www.mospi.nic.in/sites/default/files/press_release/Press%20Note_31-05-2021.pdf

² https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51683

³ http://www.mospi.nic.in/sites/default/files/press_release/Press%20Note_31-05-2021.pdf

⁴ http://www.mospi.nic.in/sites/default/files/press_release/CPI%20Press%20Release_March2021.pdf

⁵ https://eaindustry.nic.in/pdf_files/cmonthly.pdf

Subsequently, inflation prints moved further higher – as per the data pertaining to May 2021, CPI and WPI inflation stood at 6.3 per cent. and 12.9 per cent., respectively.

4. The Government of India's gross fiscal deficit in FY2021 was 9.3 per cent. of the GDP against a projection of 9.5 per cent. by the Ministry of Finance during the February 2021 Union Budget.⁶ As per the Union Budget announced in February 2021, the Government of India has fixed a fiscal deficit target of 6.8 per cent. of the GDP in the FY2022.
5. The sharp impact of the COVID-19 pandemic on the the economy has prompted the Government of India and RBI to implement several policy initiatives to combat the economic turbulence due to the nationwide lockdown and restrictions of business, trade and services.
6. The Government of India announced a fiscal stimulus package of nearly ₹21 lakh crore to cushion the economy from the severity of the impact of the COVID -19 pandemic. The stimulus was intended to spread across various sectors in the economy and also aimed at improving conditions of the underprivileged and the poor.
7. RBI has kept the repo rate unchanged at a markedly low level of 4 per cent. and reverse repo rate at 3.35 per cent. since May 2020 to mitigate the impact of the COVID-19 pandemic and support economic recovery. RBI also announced several measures to infuse a large quantum of liquidity since the outbreak of the COVID -19 pandemic.⁷
8. In March 2020, RBI announced auctions of Targeted Long Term Repo Operations ('**TLTRO**') of up to three-year tenor of appropriate sizes for a total amount up to ₹1 lakh crore at a floating rate with the objective of ensuring adequate liquidity in the financial system. Later, in April 2020, RBI announced TLTRO-2 of another ₹50,000 crore. Subsequently, RBI introduced on-tap TLTRO and eventually extended the period up to September 2021.⁸

B. Indian Banking: Key industry developments

1. Non-food credit ('**NFC**') from scheduled commercial banks grew at around 4.9 per cent. year-on-year in March 2021 compared to 6.7 per cent. in March 2020.⁹ According to RBI, credit growth for the agriculture and allied segment witnessed a significant

rise at 12.3 per cent. in March 2021, as compared to 4.2 per cent. in March 2020. Credit to industry continued to be subdued and witnessed a growth of 0.4 per cent. in March 2021, as compared to 0.7 per cent. in March 2020.

2. The microfinance industry has witnessed a moderate growth. As per the latest CRIF MicroLend report (Volume XV, March 2021), the microfinance industry has witnessed a year-on-year growth of 8.4 per cent. as at the end of March 2021. Banks (excluding Small Finance Banks) have witnessed year-on-year growth of 15.5 per cent. Small Finance Banks have witnessed a year-on-year decline of 6.6 per cent. and NBFC-MFIs witnessed a year-on-year growth of 10.1 per cent.
3. RBI has announced a fresh Special Liquidity Facility ('**SLF**') of ₹50,000 crore to All India Financial Institutions for new lending in April 2021 to support the continued flow of credit to the economy in the aftermath of the COVID-19 pandemic.¹⁰ RBI further announced an additional SLF of ₹16,000 crore to Small Industries Development Bank of India ('**SIDBI**') at the Monetary Policy Meeting of June 2021.¹¹
4. As per the January 2021 Financial Stability Report of RBI, the Gross Non-Performing Assets ('**GNPA**') of the Indian banking industry was 7.5 per cent. in September 2020, a decrease from 8.5 per cent. in March 2020.¹² However, macro-stress tests for credit risk reveal that under RBI's baseline scenario, GNPA ratio of the Indian banking system is likely to increase to 13.5 per cent. in September 2021.

1. Opportunities

- Enabled by a strong bureau infrastructure with over 60 per cent. adult population coverage, the retail lending portfolio is likely to expand further once the growth momentum recovers.¹³
- Commercial banking is expected to be a major engine of credit growth as penetration of formal credit improves with ongoing financial deepening, especially with GST and digitisation of transactions.
- Fresh liquidity support from RBI to financial institutions will likely support the economy through disbursal of funds mitigating the impact of the COVID-19 pandemic.
- Digital financial transactions are likely to grow, exponentially driven by, *inter alia*, government

⁶ <https://cga.nic.in/MonthlyReport/Published/3/2020-2021.aspx>

⁷ https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51683

⁸ https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51382

⁹ https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51507

¹⁰ https://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=51382

¹¹ https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51684

¹² https://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=50949

¹³ <https://data.worldbank.org/indicator/IC.CRD.PRVT.ZS?locations=IN>

decisions allowing non-banks for NEFT-RTGS services and further operating enhancements to Prepaid Payment Instruments.

- Consent-based data sharing is expected to change Indian banking as banks will no longer have a monopoly over customer data.
- Banks can provide more support to different sectors such as Agriculture, Housing and MSME through priority sector lending (PSL) classification lending extension.

2. Threats

- The resurgence of the COVID-19 pandemic has affected the economy once more. As India is coming out of one of the most difficult scenarios in terms of new cases, the economy braces itself to witness disruption in recovery in growth in the coming months.
- Subdued demand and NPA issues are likely to hold back the growth in bank credit during FY2022.
- Emerging cybersecurity related challenges in the financial services industry and constant enhancements to capabilities of Prepaid Payment Instruments, digital banks and non-banks are matters of concern.
- Fintech companies with new business models backed by robust technology are likely to increase the competition for the banks.

3. Outlook

1. According to RBI's latest forecast, India's real GDP will likely grow at 9.5 per cent. during FY2022. Rating agency Moody's expects growth to be at 9.3 per cent., while Organisation for Economic Co-operation and Development ('OECD') expects a growth of 9.9 per cent. during FY2022.
2. Constant vigilance in the fight with the resurgence of the COVID-19 pandemic, implementation of effective financial tools, proper focus on healthcare and vaccination coverage, widespread implementation and enhancement of digital avenues and boosting of economic productivity through all significant industry segments are the most important objectives to recover from the prevailing 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 to grow bigger
4. Value-based 'employer of choice' – to attract high quality, motivated talent

In order to drive this vision of the Bank, the following would be the key focus areas in the coming years –

- Diversification of asset portfolio with modern underwriting and collection capabilities
- Strengthening people capabilities, including hiring of fresh talent, for growth
- Development of in-house technology, analytics and digital capabilities
- Consolidate Current and Savings Account ('CASA') by developing deeper customer engagement leveraging digital and analytics

Given the huge untapped opportunity in the microcredit space in India, your Bank in the medium term will continue to expand its current geographic reach and increase its presence in the underbanked areas across the country. Your Bank will leverage its microcredit experience and upgrade its top-bracket micro banking customers to provide them individual loans. Your Bank will also utilise the skills and expertise of erstwhile GRUH Finance to penetrate strongly into the affordable housing segment. The Small and Medium Enterprises (SME) segment is expected to contribute strongly to the growth story with rising demand from the diverse business entities in the country.

As part of its strategy, your Bank has been a part of various social development programmes on enhancing education, health, poverty alleviation, livelihood promotion, market linkages, enterprise development, employment generation and financial literacy. Going forward, your Bank will continue to engage with the community through strategic interventions aimed at contributing to society.

Since its inception, your Bank has transformed with each milestone, to become better and stronger. As a universal bank and in all its previous avatars, each transformation resulted in further broad-basing of services, growth and increased impact on people and communities. As the Bank is about to commence its seventh year of operations, your Bank continues to evolve focusing on serving the needs of emerging India and to be the banker for the new Indian, through every step of their aspiration journey.

Your Bank is committed to executing its strategy ensuring professional integrity, corporate governance and ethical standards, and all legal and regulatory compliance.

D. Financial Performance of the Bank

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

Summary of Financial Performance

(Figures in ₹ crore)

Particulars	For the financial year ended	
	March 31, 2021	March 31, 2020
Deposits:	77,972.22	57,081.50
Advances (Net):	81,612.88	66,629.95
Total Assets/Liabilities	1,14,993.05	91,717.80
Net Interest Income	7,563.35	6,323.91
Non-Interest Income:	2,109.06	1,549.20
Operating Expenses (excluding depreciation)	2,714.09	2,346.28
Profit before Depreciation, Provisions and Tax	6,958.32	5,526.83
Depreciation	103.06	80.26
Provisions	3,906.60	1,393.15
Profit before Tax	2,948.66	4,053.42
Provision for Tax	743.20	1,029.68
Profit After Tax	2,205.46	3,023.74
Balance in Profit & Loss Account brought forward from previous year	4,758.71	3,283.64
Opening Profit & Loss Account balance adjustment on account of amalgamation	-	(64.55)
Appropriations:		
Transfer to Statutory Reserves	551.37	755.94
Transfer to Statutory Reserve u/s 36(1)(viii) of Income Tax Act 1961	74.37	103.12
Transfer to Capital Reserve	84.64	11.45
Transfer to Investment Reserve	-	5.16
Transfer to Investment Fluctuation Reserve	82.79	-
Dividend Paid (Including Dividend Distribution Tax)	-	608.45
Balance carried over to Balance Sheet	6,171.00	4,758.71
EPS (Basic)	13.70	18.78
EPS (Diluted)	13.69	18.76

The financial performance of your Bank during the financial year ended March 31, 2021, remained healthy with the Total Net Revenue (Net Interest Income Plus Other Income) rising by 22.85 per cent. to ₹9,672.41 crore from ₹7,873.11 crore in the previous financial year. Net Interest Income grew by 19.60 per cent. to ₹7,563.35 crore due to a robust growth in advances and a decrease in the cost of funds. The net interest margin ('NIM') was 7.78 per cent. during FY 2020-21 as against 8.12 per cent. during the FY2019-20.

Other Income grew by 36.14 per cent. to ₹2,109.06 crore. The largest component was Income from sale of Priority Sector Lending Certificate ('PSLC'), which increased by 61.42 per cent. to ₹731.76 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 ₹309.18 crore during FY 2020-21 from ₹114.05 crore during FY 2019-20 primarily due to profit from the sale of investments.

Operating (Non-Interest) Expenses increased to ₹2,817.15 crore from ₹2,426.54 crore during FY 2019-20.

Infrastructure and staffing expenses contributed to 20.61 per cent. of this increase. During the FY under review, your Bank has set up 129 new branches, 622 new Banking Units and 2 ATMs. Employee strength increased to 49,445 during FY 2020-21 from 39,750 as on March 31, 2020. Staff expenses also went up due to annual wage revisions and there was a 24.39 per cent. increase in staff strength. Despite an increase in infrastructure and staff expenses, the Cost to Income Ratio slightly improved to 29.13 per cent. from 30.82 per cent. in FY 2019-20.

The profit after tax ('PAT') at the end of the FY stood at ₹2,205.46 crore, a decrease of 27.06 per cent. over the previous financial year due to higher provisioning. Consequently, the Return on Average net worth was 13.24 per cent. in FY 2020-21 against 21.07 per cent. in FY 2019-20. Return on Average Asset ('ROAA') was 2.13 per cent. in FY 2020-21 against 3.64 per cent. in FY 2019-20. The Bank's basic earnings per share ('EPS') decreased from ₹18.78 in FY 2019-20 to ₹13.70 in FY 2020-21 and diluted EPS decreased from ₹18.76 in FY 2019-20 to ₹13.69 in FY 2020-21.

Total Provisions and Contingencies was ₹4,649.80 crore as compared to ₹2,422.83 crore in FY 2019-20. Your Bank made Specific Provisions of ₹4,331.70 crore during the financial year under review and a reversal of General Provision of ₹583.44 crore.

However, reflecting on the steady growth in the balance sheet, Total Liabilities (including capital and reserves) increased by 25.38 per cent. from ₹91,717.80 crore as on March 31, 2020 to ₹1,14,993.05 crore as on March 31, 2021 whereas Total Advances (Net) stood at ₹81,612.88 crore, a growth of 22.49 per cent. over FY 2019-20.

Priority Sector Lending and Investment

RBI has mandated Priority Sector Lending ('PSL') of 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 2020-21, your Bank's PSL went up from ₹60,640.98 crore (net of IBPC of ₹4,612.70 crore) on March 31, 2020 to ₹74,369.51 crore (net of IBPC of ₹2,124.13 crore) on March 31, 2021 of which ₹70,448 crore was sold to other banks falling short of PSL targets by way of PSLC (as against the previous year of ₹56,805.75 crore). At the end of FY 2020-21, PSL as a proportion of the gross advances of ₹84,509.60 crore (after IBPC) was 88.00 per cent. (including PSLC).

Key Ratios

The following table sets forth the key financial ratios for the periods indicated hereinbelow:

Particulars	FY 2020-21	FY 2019-20
Fee to total income	14.41%	12.46%
Cost to income	29.13%	30.82%
Earnings per share [#]	₹13.70	₹18.78
Book Value per share	₹106.47	₹94.37
Return on average assets [#]	2.13%	3.64%
Return on average net-worth [#]	13.24%	21.07%
Operating Profit to Average Total Assets	6.63%	6.56%
Net Interest Margin	7.78%	8.12%

[#]The Bank has made additional provisions against the existing NPA accounts resulting from elevated risk observed in certain geographies and potential impact of COVID-19 pandemic on certain loan portfolios.

E. Business Segment-wise Performance

A. Emerging Entrepreneurs Business ('EEB')

Your Bank has been serving borrowers at the bottom of the pyramid with affordable and convenient loans to help them develop into entrepreneurs and transform their lives. Your Bank realised that these customers need enhanced banking facilities to help them achieve their dreams and aspirations. Therefore, in order to provide them with wholesome banking support, your Bank established a new vertical called EEB serving Micro Banking customers both micro credit loans under the JLG model and Individual Business Loan, Micro Home Loans, Micro Bazaar Loans and Two Wheeler Loans.

Your Bank's EEB strategy is guided by its long-held philosophy of financial inclusion and economic empowerment of the disadvantaged sections of the society.

During FY 2020-21, your Bank opened 618 new Banking Units and offered EEB loans to 16,26,127 new borrowers. The growth of 26.32 per cent. in the aggregated EEB asset portfolio from ₹ 46,189 crore to ₹ 58,346 crore during FY 2020-21, is another indicator of its commitment.

In order to meet the financial requirements of our customers, the following key products are offered by your Bank under EEB:—

Microcredit Loans

- Suchana Loan:** Loan size is from ₹1,000 to ₹25,000 (no processing fee) and is sanctioned for income generating activities.
- Srishti Loan:** Loan size is from ₹ 25,001 to ₹1,50,000.
- Su Briddhi Loan:** Sanctioned to help customers fulfil their extra business requirement during their ongoing loan.
- Samadhaan Loan:** The COVID-19 pandemic and nationwide lockdowns affected the routine life of everyone in the country. It had an impact on the EEB customers of your Bank as normal business activities remained affected in the country. Your Bank introduced the Samadhaan Loan product from ₹5,000 to ₹15,000 to support these existing EEB borrowers.
- Suraksha Loan:** Loan size is up to ₹10,000 and is sanctioned to help customers meet emergency expenses due to health issues.
- Susiksha Loan:** Loan size is up to ₹10,000 and is sanctioned to help customers meet expenses towards the education of their children.

Individual Loans

- Samridhhi Business Loans:** With a loan size from ₹75,000 to ₹3,00,000, this product has been designed specifically to meet the financial requirements of the entrepreneurs who, after starting small, have shown considerable success in their endeavour and now aspire to be graduated to a higher level of entrepreneurship.
- Micro Bazar Loan:** With a loan size from ₹25,001 to ₹1,50,000, this product is for small entrepreneurs, who have an existing super-saver account with your Bank. This loan provides financial support to deposit customers for their working capital needs.
- Micro Home loan:** Your Bank offers Micro Home Loan ranging from ₹1,00,000 to ₹10,00,000 to existing EEB borrowers for construction as well as renovation of their houses so that this dream of theirs doesn't remain unfulfilled.
- Two-wheeler loan:** Your bank offers two-wheeler loans ranging from ₹30,000 to ₹80,000 to existing EEB borrowers; it brings them a step closer to their aspirations.

B. Commercial Banking

Small Enterprise Loan (SEL)

SEL is a unique business loan product for small entrepreneurs. These are affordable loan products for meeting the credit needs of entities having income generating activities in the form of working capital or assets creation for business or short-term business requirement.

Your Bank has taken various initiatives over the last year to tap into this segment. These include enhancement of maximum limit of the loan amount from ₹10 lakh to ₹25 lakh and smoothening the file processing by delegation of the sanctioning power to regions, among others. Further, your Bank has also initiated the deployment of a Loan Origination System to improve the processing time of loan files.

SEL has accounted for a total Book size of ₹3,095 crore as on March 31, 2021, registering a growth of 50 per cent. during FY2020-21. The loan outstanding was ₹2,066 crore as on March 31, 2020.

Small & Medium Enterprises Loan (SME)

The SME business under Commercial Banking focuses on secured loans with a ticket size of more than ₹10 lakh, which are extended to business entities (including SMEs & Mid-sized corporates) involved in manufacturing, trading and services through products designed to cater to their specific business needs.

The range of major products offered includes fund-based facilities such as cash-credit, term loans, overdrafts, demand loan and non-fund based facilities such as bank guarantees and inland letter of credit. Your Bank is in the process of implementing Cash Management and Trade Services to expand the service offering to its Commercial clients.

The SME book was at ₹1,504 crore as on March 31, 2021, registering a growth of about 102 per cent. during FY 2020-21. The loan outstanding was ₹745 crore as on March 31, 2020.

Non-Banking Financial Company (NBFC) and NBFC-Microfinance Institutions (MFIs)

The NBFC-MFI Lending business vertical lends to Micro Finance Institutions, Societies and Trusts engaged in microfinance activities. While most of these loans are extended as Term Loans, 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 NBFC lending vertical lends to all NBFCs, other than MFIs/Society/Trust engaged in micro finance activities. This vertical primarily deals with Term Loan products for on-lending purposes.

The Institutional book, comprising of lending to NBFCs and NBFC-MFIs depleted by 24 per cent., from ₹3,537 crore as on March 31, 2020 to ₹2,691 crore (including TLTRO of ₹409 crore) as on March 31, 2021, since the Bank was cautious in building incremental advances in this segment.

C. Retail Assets

Retail Assets portfolio currently comprises Home Loan, Loan Against property ('LAP'), Gold Loan, Personal Loan ('PL'), Two-Wheeler ('TW') Loan and Loan/Overdraft against Term Deposits. The Retail Assets book stood at ₹21,406 crore as on March 31, 2021.

Post-merger of GRUH Finance Limited, your Bank has expanded its scope of housing activities and has started offering home loan products from more than 125 additional bank branches as well. Your Bank continues to focus on the affordable housing space and has tied up with various Government projects as well as projects in the private sector in the affordable housing space. Consequently, a majority of the housing loans are also eligible under the PSL category. As on March 31, 2021, your Bank is having a total Housing plus LAP exposure of ₹20,213 crores constituting 23 per cent. of the gross advances.

During the financial year under review, the Gold Loan portfolio was strengthened and is being offered from 321 branches across the country. Book size grew from ₹222 crore to ₹394 crore, with 34,119 borrowers.

The financial year under review, also saw the reintroduction of PL with a new credit framework and PL attained a book size of ₹91 crore by registering a 24 per cent. growth over the previous year.

D. Liabilities

In building its liability business, the strategic focus of your Bank has been on retail customers. During the financial year under review, your Bank set up 129 new branches and 2 new ATMs. As a result, the branch distribution network went up to 1,147 branches and 487 ATMs during FY 2020-21.

The branch network covers different kinds of locations to maintain an appropriate balance among rural (banked and unbanked), semi-urban, urban and metropolitan regions.

Your Bank's customer deposits grew by 37 per cent. during FY 2020-21. Retail deposits at 79 per cent. of the total deposits indicate that your Bank has been able to reduce its funding through bulk term deposits. Your Bank's focus on the generation of low-cost deposits has resulted in the growth of its CASA book to 43.4 per cent. at the end of the FY 2020-21.

(In ₹ crore)

Type of deposit / financial Year	As at March 31	
	2021	2020
Total	77,972	57,082
Of which:		
Current account	4,567	3,301
Savings account	29,260	17,727
Term deposits	44,145	36,054
Of which		
Retail term deposit	27,606	23,742
Bulk term deposit [^]	16,539	12,312

[^] Term deposit of ₹2 crore and above

Third-party Products

Despite the challenges in the operating environment triggered by the pandemic, your Bank, through its internal processes and products proposition, ensured the distribution of Third-party Products as per the financial needs of the customer. In the Bank's endeavour to be a one-stop-shop experience for all banking services to its customers, Third-party Products play an important role.

Your Bank currently distributes Mutual Funds, Life Insurance, General Insurance including Health Insurance, and Co-Branded Credit Cards. Mutual funds are distributed only through select metro, urban and semi-urban branches. Credit cards as well are available through select branches.

The total Mutual Fund AUM managed under the Bank's code during FY 2020-21 was ₹324.23 crore, earning an income of ₹2.32 crore. For Non-Life and retail Life Insurance, a total of ₹120.74 crore and ₹327.60 crore of business was garnered through the branches during FY 2020-21, earning a fee income of ₹14.20 crore and ₹93.05 crore, respectively. During FY 2020-21, the Life Insurance business, through the existing arrangement in EEB and other asset verticals, amounted to ₹855.63 crore earning an income of ₹42.80 crore.

Your Bank has distributed Co-Branded Credit Cards and earned ₹1.03 crore as commission during FY 2020-21.

Your Bank has earned ₹0.04 crore as commission for distribution of Atal Pension Yojana and NPS Lite Swavalamban schemes of PFRDA during FY 2020-21.

Merchant Acquiring Business

During FY 2020-21, your Bank installed 3,451 EDC- PoS terminals, and transactions worth ₹5,264.97 crore were carried out on your Bank's installed terminals.

Digital Banking

Digitalisation and innovation are two key strategic focus areas for your Bank to drive customer centricity, build productivity and efficiency, and attain scalability. Your Bank's ability to cater to the 360-degree banking needs of its customers in an omni channel manner through both hi-touch and hi-tech mode using its robust and secure digital channels is one of the key imperatives to its growth. Your Bank continues to invest in upgrading the technology stack along with leveraging emerging technologies and data analytics to enhance customer experience, deliver better customer value and improve operational efficiency.

COVID-19 pandemic has led to accelerated digital adoption and your Bank has been driving the Digital and IT transformation internally with great agility. During the financial year under review, your Bank focused on a set of new initiatives to build a simple, smart, secure and seamless platform to bring convenience at few clicks. Some notable initiatives include the launch of Neo+ digital account opening, Digital Banking feature enhancements, improving

payments experience, the launch of the new contemporary website, the launch of Bandhan Bank BHIM UPI 2.0 app and many other changes for our customers. Moreover, your Bank has been working towards on-boarding the best of the breed of applications as part of the IT transformation and building the new architecture for agility, flexibility and scalability. Your Bank has also taken steps in actively engaging with start-ups and fintech communities to work on building new-age digital capabilities.

During FY 2020-21, your Bank has grown more than the industry growth rates across digital banking metrics. The number of customers adopting digital banking platforms of your Bank more than doubled growing by 113 per cent. over FY 2019-20 customer base.

F. Internal control systems and their adequacy

Your Bank has implemented robust internal controls across all processes and departments. These controls are driven through various well-defined policies and procedures, which are reviewed periodically. Your Bank has a procedure of testing the controls at regular intervals for their design and operational effectiveness to ascertain the reliability and authenticity of financial information.

Your Bank has an Internal Audit Department ('IAD') and a Compliance department, which independently carry out the evaluation of the adequacy of all internal controls. These departments ensure that operations and business units adhere to laid down internal processes and procedures as well as to regulatory and legal requirements. The IAD also proactively recommends improvements in operational processes and service quality. Your Bank has put in place extensive internal controls including audit trails, appropriate segregation of front and back-office operations, post-transaction monitoring processes at the backend to mitigate operational risks. It further ensures independent checks and balances, and adherence to the laid down policies and procedures of the Bank are according to 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 the independence, the performance evaluation of the Chief Compliance Officer ('CCO') and the Chief Audit Executive ('CAE') is carried out by the Audit Committee of the Board. It further reviews the effectiveness of controls and compliance with regulatory guidelines. The Board of Directors confirms that there are internal controls in place with reference to the Financial Statements and that such controls are operating effectively. Further details are provided under the 'Internal Financial Controls, Audit and Compliance' section of the Board's Report.

G. Risks and concerns

Your Bank is exposed to various risks by the very nature of its business. Your Bank has put in place a comprehensive Enterprise wide Integrated Risk Management Framework

supported by detailed policies and processes for management of Credit Risk, Market risk, Liquidity Risk, Operational Risk and various other risks. Please refer to the section 'Risk Management' of this Board's Report for details.

H. Material developments in Human Resources

Your Bank understands the power of human motivation and dedicated efforts to achieve the desired goal. As a bank, we are proud of our employees who have served throughout the year during this pandemic as an exemplar of customer service. Our focus includes, rewarding and recognizing the performance, ensuring a safe and competitive work environment for the employees and providing a platform for sustainable growth. The Human Resource Department also drives the initiatives for the employees' wellbeing, by way of subsidised loans and also, more importantly for their physical wellbeing.

During FY 2020-21, your Bank increased its employee strength to 49,445 from 39,750. Your Bank has also added 129 Retail Banking Branches, 618 Banking Units and 4 Home Loan Centres. Series of programmes were conducted to meet the on-going learning and development needs in the Bank and promote an environment of learning, self-growth and excellence. The learning architecture in your Bank focusses on:

- Developing tailor-made, competency based programmes for different sets of employees, based on their roles and functional area in the Bank
- Induction and on-boarding programmes for the new hires through online and offline mode
- Training the front line bankers on several aspects of Compliance, AML, Risk and Regulatory norms
- Specifically designed tailor made programmes delivered by specialists for Leadership roles covering areas such as conflict management, people management, etc.
- Competency-based succession plan for majority of the roles; overall 7,000 employees were identified for the higher role
- Competency-based promotion process to nurture identified talent
- Identification of critical resources and differentiated career path for retaining the critical resources

- Creating a fresh talent pool by adding resources from college campuses and the NextGen Banker's Programme
- Introduction of the COVID-19 homecare programme for staffs, with approximately 600 impacted staffs utilised the professional service
- Digitisation of the various HR processes to enhance employee experience

Your Bank has completed the annual appraisal process during the financial year under review for all the eligible employee and amid all the crisis employees were paid their annual increments and performance-based variable pay/ bonuses. Overall approximately over 31,000 employees participated in the process. Your Bank has also taken various precautionary measures during the pandemic crisis and successfully executed the banking operations by optimising workforce deployment.

The Bank provides a wide range of training programmes 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 your Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 and the relevant provisions of the Companies Act 2013, read together with the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, as amended, from time to time, to the extent applicable and practices generally prevalent in the banking industry in India

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

Anup Kumar Sinha

Place: Kolkata
Date: June 25, 2021

Non-Executive Independent Chairman
(DIN: 08249893)

Business Responsibility Report

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Securities and Exchange Board of India ('SEBI') has mandated the top 1,000 listed entities, based on its market capitalization, to include a Business Responsibility Report ('BRR') as a part of their annual reports.

Based on the business responsibility and sustainability indicators contained in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business ('NVGs') issued in 2011 by the Ministry of Corporate Affairs ('MCA'), SEBI vide Circular No. CIR/CFD/CMD/10/2015 dated November 04, 2015, specified the format for the BRR.

However, on August 11, 2020, MCA issued the 'Report of the Committee on BRR', prescribing a new format for Business Responsibility and Sustainability Report ('BRSR') and made recommendations relating to its implementation.

On August 18, 2020, SEBI issued a consultation paper and proposed that the BRSR format, as recommended by the Committee on BRR constituted by MCA, should be made applicable to the top 1,000 listed entities by market capitalisation.

On March 25, 2021, SEBI in its press release of the Board meeting announced that the new format shall be applied voluntarily for the financial year 2021–22 and mandatorily from the financial year 2022-23, which was later incorporated in Regulation 34(2)(f) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 vide amendment dated May 05, 2021. The format for BRSR was prescribed by SEBI vide circular dated May 10, 2021.

Therefore, in terms of 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'), the Environmental, Social and Governance ('ESG') related disclosures of the Bank is based on the existing version BRR format for the FY 2020-21.

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, 2020, to March 31, 2021
7. Sector(s) that the Company is engaged in (industrial activity code-wise) Bandhan Bank is a Banking Company governed by the Banking Regulation Act, 1949	Code: 64191
8. List three key products/services that the Company manufactures/ provides (as in the balance sheet)	1. Treasury 2. Retail Banking 3. Wholesale Banking
9. Total number of locations where business activity is undertaken by the Company (a) Number of international locations (Provide details of major 5) (b) Number of National locations	None As of March 31, 2021, the Bank has a network of 1,147 branches, 4,163 banking units and 487 ATMs in 34 States and Union Territories in India.
10. Markets served by the Company – Local/State/National/International	National (pan India)

SECTION B: FINANCIAL DETAILS OF THE COMPANY AS ON MARCH 31, 2021

1. Paid up capital (₹ in lakhs)	1,61,059.92
2. Total turnover (₹ in lakhs)	14,63,327.15
3. Total profit after taxes (₹ in lakhs)	2,20,545.69
4. Total spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (PAT) (%)	CSR Spends – ₹54,17,27,034 Percentage of PAT – 2.5%

5. List of activities in which expenditure in 4 above has been incurred	1. Targeting The Hardcore Poor
	2. Health, Nutrition, Drinking Water and Sanitation
	3. Education
	4. Support to Persons with Disability
	5. Skill Development
	6. Water Conservation
	7. Afforestation

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ companies?	
2. Does the subsidiary company/ companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The Bank does not have any subsidiary company.
3. Do any other entity/ entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Other than the Bank, no suppliers or distributors participate in the BR initiatives of the Bank.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director/ Directors responsible for BR

a. Details of the Director/ Directors responsible for the implementation of the BR policies	
DIN Number	00342477
Name	Chandra Shekhar Ghosh
Designation	Managing Director & CEO
b. Details of the BR Head	
DIN Number (if applicable)	00342477
Name	Chandra Shekhar Ghosh
Designation	Managing Director & CEO
Telephone number	91-33-6609 0909
E-mail ID	investors@bandhanbank.com

2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of Compliance (Reply in Y/N)

Sl. No.	Questions	P1 ¹	P2 ²	P3 ³	P4 ⁴	P5 ⁵	P6 ⁶	P7 ⁷	P8 ⁸	P9 ⁹
1.	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	The weblinks of the Policies are mentioned below.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have an in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out any Independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

- ¹Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
- ²Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- ³Businesses should promote the wellbeing of all employees
- ⁴Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
- ⁵Businesses should respect and promote human rights
- ⁶Businesses should respect, protect, and make efforts to restore the environment
- ⁷Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- ⁸Businesses should support inclusive growth and equitable development
- ⁹Businesses should engage with and provide value to their customers and consumers in a responsible manner

Weblinks of the Policies:

List of Relevant Code / Policies Governing the above-mentioned Principles

1. Code of Conduct (Directors, Senior Management, Employees)
<https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Code-Conduct-for-Directors.pdf>
2. Policy on Vigilance and Whistle Blower mechanism
https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-03/Annexure%20B-%20%20Revised%20Vigilance%20Policy%20%20Whistle%20Blower%20Mechanism_.pdf
3. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
<https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/Final-Fair-disclosure-CCIT.pdf>
4. Policy on Dealing with Related Party Transaction
https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-06/Details_of_Related_Party_Transactions.pdf
5. Consumer Policies
 - a. Grievance Redressal Policy
<https://www.bandhanbank.com/sites/default/files/2021-01/GrievanceRedressalPolicy.pdf>
 - b. Customer Compensation Policy
<https://www.bandhanbank.com/sites/default/files/2021-01/CustomerCompensationPolicy.pdf>
6. Deposit Policy
https://www.bandhanbank.com/sites/default/files/2021-06/Deposit_Policy_of_the_Bank.pdf
7. Customer Protection Policy – Limiting Liability of Customers in Unauthorised Electronic Banking Transaction
<https://www.bandhanbank.com/sites/default/files/2021-01/Customer-Protection-Policy-Limiting-Customers-Unauthorised-Electronic-Banking-Transaction.pdf>
8. Compensation Policy
<https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2020-12/CompensationPolicy.pdf>
9. CSR Policy
https://www.bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSR-Policy-2021_1.pdf

In addition to the above-mentioned policy links, the Bank has various internal policies and framework that relates to the subject areas of the nine principles of NVR/BRR.

(b) If the answer to S. No. 1 against any principle is ‘No’, please explain why: (tick up to 2 options)

Not Applicable

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles.									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.									
3.	The Company does not have financial or manpower resources available for the task.									Not Applicable
4.	It is planned to be done within the next six months									
5.	It is planned to be done within the next year.									
6.	Any other reason (please specify)									

3. Governance related to BR

a.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company Within 3 months, 3-6 months, annually, more than 1 year	Annually
b.	Does the Company publish a BR or a sustainability report? What is the hyperlink for viewing this report? How frequently it is published?	Business Responsibility Report Frequency: Annual Hyperlink: https://bandhanbank.com/annual-reports

SECTION E: PRINCIPLE-WISE PERFORMANCE

P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle No.	Description	Response																								
1.1	Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/ Suppliers / Contractors/ NGOs / Others?	The Policy related to ethics, bribery and corruption applies to all relevant stakeholders whom the Bank has dealings with, including groups, Vendors, NGOs and others.																								
1.2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? So, provide details thereof, in about 50 words or so.	<p>During FY 2020-21, the Bank has received the following complaints/cases from various stakeholders:</p> <table border="1"> <thead> <tr> <th>Stakeholders</th> <th>Complaints/cases</th> <th>Resolved</th> </tr> </thead> <tbody> <tr> <td>Shareholders</td> <td>235</td> <td>235</td> </tr> <tr> <td>Employees</td> <td>62</td> <td>59*</td> </tr> <tr> <td>Vendors</td> <td>0</td> <td>N.A</td> </tr> <tr> <td>Customers</td> <td>30,941</td> <td>30,388**</td> </tr> <tr> <td>Communities</td> <td>0</td> <td>N.A</td> </tr> <tr> <td>Regulatory Authority</td> <td>0</td> <td>N.A</td> </tr> <tr> <td>Media</td> <td>0</td> <td>N.A</td> </tr> </tbody> </table>	Stakeholders	Complaints/cases	Resolved	Shareholders	235	235	Employees	62	59*	Vendors	0	N.A	Customers	30,941	30,388**	Communities	0	N.A	Regulatory Authority	0	N.A	Media	0	N.A
Stakeholders	Complaints/cases	Resolved																								
Shareholders	235	235																								
Employees	62	59*																								
Vendors	0	N.A																								
Customers	30,941	30,388**																								
Communities	0	N.A																								
Regulatory Authority	0	N.A																								
Media	0	N.A																								

*3 pending complaints pertain to POSH, of which 2 has since been resolved

**533 consumers compliant / cases were pending as of March 31, 2021

P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle No.	Description	Response
2.1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities	<p>The Bank has several products and services that are specifically targeted towards the marginalised sections of the society and attempts to address and cater to the social concerns, risks and opportunities. The details of the products and services are given on the Bank's website some of which are mentioned below:</p> <ol style="list-style-type: none"> Suchana Loan Suraksha Loan Micro Home loan
2.2	<p>For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):</p> <p>(a) Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?</p> <p>(b) Reduction during usage by customers (energy, water) has been achieved since the previous year?</p>	<p>a. The resource use optimisation does not apply to the above-mentioned products. The products are more geared towards providing innovative and suitable financial solutions to the marginalised sections of society. Seventy three per cent. of the Banking Units ('BU') are in the rural and semi-urban areas belonging to tier 3 to tier 6 locations which cater to majority of the Bank's asset portfolio in these areas, indicating a high focus on providing banking services to marginalised groups and addressing various social concern of the Bank.</p> <p>b. There is no high usage of energy and water consumption. Therefore, a reduction in usage of consumption is not applicable.</p>

Principle No.	Description	Response
2.3	Does the Company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	Not Applicable
2.4	Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve the capacity and capability of local and small vendors?	The Bank does not procure any raw materials for processing. Therefore, the procurement of goods and services from local and small producers is not applicable. However, the Bank has deployed the EEB services through the local Branches and BUs that cater to small and marginalised communities in the localities of the BU's catchment area, including generating a large number of employment opportunities both directly and indirectly.
2.5	Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Not Applicable

P3 – Businesses should promote the well-being of all employees.

Principle No.	Description	Response
3.1	Total number of employees (as of March 31, 2021)	49,445
3.2	Total number of employees hired on a temporary/ contractual/ casual basis	0
3.3	Total number of permanent women employees	4,820
3.4	Total number of permanent employees with disabilities.	NIL
3.5	Employee association that is recognised by the Management?	No
3.6	Percentage of your permanent employees that are members of this recognised employee association.	N.A
3.7	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as of the end of the financial year.	
i.	Child labour/forced labour/involuntary labour	No. of complaints filed during the financial year: NIL No. of complaints pending as of the end of the financial year: NIL
ii.	Sexual harassments complaints	No. of complaints filed during the financial year: 7 No. of complaints pending as of the end of the financial year: 3 (Out of the 3 cases, 2 cases has since been addressed and one is pending) at the end of the financial year
iii.	Discriminatory employment	No. of complaints filed during the financial year: NIL No. of complaints pending as of the end of the financial year: NIL
3.8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	
i.	Permanent employees	82%
ii.	Permanent women employees	85%
iii.	Casual/ Temporary/ Contractual Employees	N.A
iv.	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	Has the company mapped its internal and external stakeholders? Yes/No	Yes
4.2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders	Yes
4.3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.	The Bank operates with 5,310 Banking Outlets consisting of Branches and BUs as of March 31, 2021, to cater to the financial needs of 23 million customers, including a large number of the disadvantaged, vulnerable and marginalised stakeholders who remain underbanked. The Bank through its CSR initiatives and banking operations is reaching out to the vulnerable and marginalised stakeholders.

P5 – Businesses should respect and promote human rights.

Principle No.	Description	Response
5.1	Does the policy of the Company on Human Rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs /Others?	The Human Rights related provisions extend to all the relevant stakeholders that the Bank has dealings with, including its vendors and NGOs
5.2	How many stakeholder complaints have been received in the past financial year and what per cent was satisfactorily resolved by the management?	The Bank complies with human rights. The Bank hires solely based on merit and doesn't discriminate against any applicant based on race, colour, religion, age, gender or any other basis prohibited by the law. The principle for people-related issues is enshrined in the HR Policy of the Bank. Also as of March 31, 2021, the Bank has not received any stakeholder complaints on human rights.

P6 – Businesses should respect, protect, and make efforts to restore the environment.

Principle No.	Description	Response
6.1	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others?	The environment protection related provisions like saving energy, water, paper and waste management extend to all the relevant stakeholders that the Bank has dealings with, including its vendors and NGOs.
6.2	Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlinks for the webpage etc.	The Bank through its CSR Policy has been addressing climate change and global warming-related issues, including afforestation of mangrove plantations in Gujarat. For details, please refer to www.bandhanbank.com
6.3	Does the Company identify and assess potential environmental risks? Y/N	The Bank identifies environmental risks. For details refer to Integrated Report of the Bank.
6.4	Does the Company have any project related to Clean Development Mechanism ('CDM')? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The Bank has taken several measures for CDM including offices being on the premises of the sustainable building, energy-efficient lighting and environmentally friendly cooling systems. Filing of Environmental Compliance Report does not apply to the Bank.
6.5	Has the company have any project related to clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlinks for the web page etc.	The Bank through its CSR initiatives has promoted the use of Solar Energy for lighting rural households and provided solar lanterns to the beneficiaries of the Targeting the Hardcore Poor ('THP') programme. The CSR initiatives are covered in the Annual Report and at the link https://bandhanbank.com/beyond-banking
6.6	Are the Emissions/Waste generated by the company within the permissible limits are given by CPCB/SPCB for the financial year being reported?	Not Applicable
6.7	The number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as of the end of the Financial Year.	Not Applicable

P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle No.	Description	Response
7.1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with	<ol style="list-style-type: none"> 1. IBA (Indian Bankers Association) 2. CII (Confederation of Indian Industries) 3. BCC&I (Bengal Chambers of Commerce & Industries)
7.2	Have you advocated/lobbied through the above associations for the advancement or improvement of the public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)	The Bank was not involved in any advocacy through the above-mentioned associations.

P8 – Businesses should support inclusive growth and equitable development

Principle No.	Description	Response
8.1	Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.	<ol style="list-style-type: none"> 1. Targeting The Hardcore Poor 2. Health, Nutrition Drinking Water and Sanitation 3. Education 4. Support to Persons with Disability 5. Skill Development 6. Water Conservation 7. Afforestation
8.2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?	
8.3	Have you done any impact assessment of your initiative?	
8.4	What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken	Refer to Principle 8 detailed section below
8.5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Principle No.	Description	Response
9.1	Percentage of customer complaints/consumer cases pending as of the end of the financial year.	The percentage of customer complaints/consumer cases that are pending as of March 31, 2021, is 1.82 per cent.
9.2	Product information display on the product label, over and above what is mandated as per local laws. Yes/No/N.A./Remarks(additional information)	The product and services information is available at the Bank's Website and is also displayed on Branch and BU notice boards.
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 and pending as of the end of the financial year. If so, provide details thereof, in about 50 words or so.	NIL
9.4	Consumer survey/ consumer satisfaction trends carried out by the Company	NIL

PRINCIPLES TO ASSESS COMPLIANCE WITH ENVIRONMENTAL, SOCIAL AND GOVERNANCE NORMS

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Your Bank's values revolve around its business ethics, consumer focus and corporate responsibility towards society at large. The values of your Bank are Cost-effective and simple, Respect for all, Exemplary Governance, Accountability, Professionalism and Discipline, Transparency and Integrity, Effective Teamwork and Commitment towards maintaining the highest level of customer satisfaction and customer centrisim.

Good governance and ethical conduct are rooted within your Bank's practices and thus helped nurture long-lasting relationships with all its employees, customers and partners. Also, the best banking practices are ensured by the Board of Directors and Committees involved in managing stakeholder priorities and concerns. Its robust framework ensures that all daily operations are conducted in a transparent and accountable manner. The Policy on Vigilance and Whistle Blower Mechanism enables employees to stand up and speak out freely against any unethical practice observed within the work environment. The policy is also extended to the Bank's customers.

Your Bank's Policy initiates steps to ensure that no financial or other inducements are offered or accepted by or on behalf of the Bank. All employees are encouraged to raise concerns about any actual or suspected cases of bribery and corruption at the earliest possible stage to mitigate the risk of damaging the reputation of the Bank. It also helps to identify and address appropriately any potential conflicts of interest instantly, monitor and investigate instances of alleged corruption and takes action against any individual(s) involved in corruption, provide advice, information and periodical training on ethics to all our employees at all levels and locations round the year.

Your Bank follows the codes and standards prescribed by "The Banking Codes and Standards Board of India", which covers aspects like good and fair banking practices, transparency in services and products, high operating standards, cordial relationship with consumers and measures which build the confidence of the consumer in the banking system.

A detailed description of the Bank's corporate governance standards can be found in the 'Report on Corporate Governance' section of this annual report.

The principle wise initiatives of the Bank as per Annexure-II of BRR is provided below:

Principle No.	Principle-wise index	Bank's Initiatives
1.1	Businesses should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across its value chain. Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders	The Bank's governance-related structure, procedures and practices that ensure ethical conduct at all levels are included in the relevant policies as mentioned above. The Bank believes in transparent communication and access to information that may impact relevant stakeholders. The details are included in the corporate governance section in the Bank's website https://bandhanbank.com/corporate-governance
1.2	Businesses should not engage in practices that are abusive, corrupt, or anti-competition	The Bank upholds the highest integrity and ethical practices standards in all its dealings. The Bank through its various group code of conduct policies promotes a 'zero tolerance' towards bribery and corrupt practices.
1.3	Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures	The Bank is regulated by the Banking Regulation Act, 1949 and provides regular updates to RBI as per its disclosure policies. Additionally, the Bank also files the disclosures as mandated by The Companies Act, 2013 and the SEBI LODR. The Bank ensures that all its disclosures are truthfully disclosed in accordance with the provisions of such regulations. The regulatory disclosures are covered in the Annual Report of the Bank and also at the weblink https://bandhanbank.com/annual-reports
1.4	Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document	The status of the adoption of the Guidelines is provided in this Business Responsibility Report.
1.5	Businesses should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines	The Bank has put in place the necessary framework that helps in avoiding the complicity with the actions of any third party that violates any of the principles of the NVF/BRR.

PRINCIPLE 2: PRODUCTS AND SERVICES DESIGNED WITH ENVIRONMENTAL AND SOCIAL OPPORTUNITIES

Your Bank believes that it is the responsibility of the organisation to provide products and services that satisfactorily meet customer requirements. Your Bank's products and services have been designed in a manner to fulfil customer expectations, and additionally, drive socio-economic development by making a positive impact on society. Further, the focus is also on creating value for its customers, especially from marginalised and rural sections of society. Your Bank focuses on financial inclusion in the underbanked areas of the society.

The Banking Outlets have 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 of March 31 2021

Area	Branches	Banking Units	Total
Metro	190	305	495
Urban	327	652	979
Semi Urban	269	1,769	2,038
Rural	361	1,437	1,798
Total	1,147	4,163	5,310

The focus of your Bank is in line with the government's mission of mobile-first transactions. mBandhan, the mobile banking application, is designed to meet the daily banking needs of its customers. The application provides banking transactions for its customers.

The details of Products and Services are available in the Annual Report and on the website of the Bank also at :

<https://bandhanbank.com/personal>

<https://bandhanbank.com/business-banking>

<https://bandhanbank.com/nri-banking>

The principle wise initiatives of the Bank as per Annexure-II of BRR is provided below:

Principle No.	Principle-wise index:	Bank's Initiatives
2.1	Businesses should assure safety and optimal resource use over the life-cycle of the product –from design to disposal and ensure that everyone connected with its designers, producers, value chain members, customers and recyclers are aware of their responsibilities	The Bank does not have any products and services that have any safety and resource concerns. To mitigate any financial risk associated with the products and services of the Banks, it has placed an adequate risk mitigation framework.
2.2	Businesses should raise the consumer's awareness of their rights through education, product labelling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services	The Bank has a robust corporate communication framework for raising consumer awareness. The details of the customer education programme are given in the Customer Welfare Section of the BRR.
2.3	In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource-efficient and sustainable	Not Applicable
2.4	Businesses should regularly review and improve upon the process of new technology development, deployment and commercialisation, incorporating social, ethical, and environmental considerations	The Bank regularly reviews the processes and integration of new technologies through its management committees.
2.5	Businesses should recognise and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property	The Bank recognises and respects the rights of the owners of IPR and does not promote piracy and plagiarism.
2.6	Businesses should recognise that over-consumption results in unsustainable exploitation of our planet's resources, and should therefore promote sustainable consumption, including recycling of resources	Not Applicable

PRINCIPLE 3: EMPLOYEE WELLBEING

Apart from structural and process integration, the Bank has a strong cultural integration plan involving the synthesis of people into one 'culture'. Over and above this, the Bank has also introduced HR practices that helps to strengthen the bonding amongst the employees to achieve organisational objectives.

The principle wise initiatives of the Bank as per Annexure-II of BRR is provided below:

Principle No.	Principle-wise index	Bank's Initiatives
3.1	Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms.	<ol style="list-style-type: none"> 1. The Bank respects the rights of the employees and does not restrict them from participating in any legitimate association. 2. The Bank has an HR portal for addressing any grievances of the employees.
3.2	Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation	<ol style="list-style-type: none"> 1. The Bank is an equal opportunity employer and does not restrict employment based on gender, caste, creed, race, religion, disability or sexual orientation. 2. It actively promotes diversity and inclusion through its various HR initiatives
3.3	Businesses should not use child labour, forced labour or any form of involuntary labour, paid or unpaid.	The Bank strictly prohibits any form of child labour, forced labour or any form of involuntary labour whether paid or unpaid.
3.4	Businesses should take cognizance of the work-life balance of their employees, especially that of women	<ol style="list-style-type: none"> 1. The Bank promotes a decent work-life balance, especially for women and has robust maternity leave and maternity benefit options for women. 2. During the COVID-19 pandemic, the Bank proactively adopted work from home options.
3.5	Businesses should provide facilities for the well-being of their employees including those with special needs. They should ensure timely payment of fair living wages to meet the basic needs and economic security of the employees	<ol style="list-style-type: none"> 1. The Bank practices timely payment of salaries to all staff and provides mandatory social securities, like PF, gratuity and medical insurance. 2. The Staff and asset loan provides subsidies rate and long repayment duration encourage employees to build their asset base.
3.6	Businesses should provide a workplace environment that is safe, hygienic, humane, and upholds the dignity of the employees. Businesses should communicate this provision to their employees and train them on a regular basis.	<ol style="list-style-type: none"> 1. The Bank provides safe, hygienic, secured workplace facilities to all employees. 2. The Standard Operating Procedure ('SOP') on operational security provides detailed guidelines of such facilities and employees are trained to access the same. 3. SOP on Emergency Action Procedure provides steps to be taken during an event of an emergency and the employees are trained to handle such emergencies.
3.7	Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions	<ol style="list-style-type: none"> 1. The Bank has a dedicated learning and development department that provides ample learning opportunities to all employees. 2. The Bank also has a dedicated learning management system that provides online training to all employees at their own time and pace. 3. The performance appraisal system of the Bank provides career development opportunities and feedback for continuous improvement.
3.8	Businesses should create systems and practices to ensure a harassment-free workplace where employees feel safe and secure in discharging their responsibilities	<ol style="list-style-type: none"> 1. The Bank has zero-tolerance against any form of harassment. 2. The Bank has implemented POSH Committee to look into any complaints related to sexual harassment.

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 stakeholder 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, the Bank's website	Annually, quarterly and on a need basis i.e. during events that take place concerning shareholders e.g. General Meetings etc.	Financial results, shareholder returns and dividends, issues related to shares' and dividend pay-outs. Post the quarterly results, a conference call is held wherein the senior leadership team participates and the call is open to 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, the Bank's website	On-going and need-based	Customer service quality, investment returns, product features and benefits, technology interface for a banking experience	Relationship managers, Branch staff, Customer Service Quality team, Operation team, Business team. Several tele-calling and personal one to one contacts on Banking Services.
Employees	Induction Programme, e-mails, town halls, skip-level meetings, leadership meetings, employee engagement initiatives, employee grievance cell, intranet.	On-going and need-based	The Bank's policies and procedures, employee welfare issues, performance appraisal and rewards, training and career development, workplace health, safety and security, community development and employee volunteering	Human resources team
Government and Regulatory Bodies	The Bank's regulatory filings, compliance statements, meetings, letters, emails	As per regulatory requirements and need based	License request and renewal, compliance with regulatory and statutory requirements, participation in Government, financial sector plans and programmes	Cross-functional team
Suppliers and Business Associates	Meetings, emails, letters,	On-going and need-based	Product/Service/Technology quality and support, contract commercial and technical terms and conditions.	Respective departments dealing with suppliers and business associates, Commercial and procurements team
Media	Advertising, media interactions /interviews / responses, meetings, emails	On-going and need-based	Marketing and advertising agenda, information disclosure through media.	Marketing team, Corporate communications team

PRINCIPLE 5: HUMAN RIGHTS

Your Bank respects the human rights of all its employees, customers, etc., upholding the dignity of every individual. As mandated by the Fair Practice code, your Bank offers its products and services without any discrimination. It does not employ child labour. Further, the statutory compliance of all contractors on minimum wages is reviewed and monitored.

Principle No.	Principle-wise index	Bank's Initiatives
5.1	Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of the International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature.	The Bank is well aware of the Human Rights content of the Constitution of India and related laws do not undermine its adherences among its stakeholders.
5.2	Businesses should integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms	The Bank's grievance redressal mechanism provides access to all employees to access and lodge complaints related to human rights, including any discrimination on the ground of caste, class, creed, race, etc.
5.3	Businesses should recognise and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalised groups	The Bank has adopted a Customer grievance redressal system and all relevant stakeholders have access to lodge any complaint of any human rights violations. The Bank takes utmost care in training all its employees to uphold the dignity of all its stakeholders, especially vulnerable and marginalised groups.
5.4	Businesses should, within their sphere of influence, promote the awareness and realisation of human rights across their value chain	The Bank maintains a high touch model to promote awareness and realization of human rights across its network.
5.5	Businesses should not be complicit with human rights abuses by a third party	The outsourcing policy of the Bank prohibits any kind of human rights violation by any third party.

PRINCIPLE 6: ENVIRONMENT PROTECTION

As a conscientious Bank, we understand our responsibility to operate in an environmentally sustainable way by developing, promoting and utilising eco-friendly and resource-efficient services. We have incorporated environment-friendly features in our infrastructure. Some of the energy-efficient and environment-friendly technologies are illustrated below:

Digital Banking	<ul style="list-style-type: none"> • Conversion of statements into e-statements • Numerous other administrations focus on paperless exchanges • Done away with ATM slip generation
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

None of the Banking offices violates any biodiversity or environmental protection act of the country.

Apart from the above initiatives, the Bank has actively contributed to environmental development projects through its CSR initiatives for the conservation of water and carbon sequestration. The details of the projects are given below:

a) Water Conservation

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

The programme has supported the construction of six water harvesting structures during the year, taking the total to 23 water harvesting structures with a storage capacity of over 120,000 kilolitres of water in two states. The water harvesting structures not only provided drinking water to over 1,500 families but also supported participatory irrigation of various crops and helped in generating an income of more than ₹123 lakh.

b) Afforestation

The afforestation initiatives, supported by your Bank, have contributed towards the project on establishing “Bio-shield” to save the mangroves in the Bharuch district of Gujarat. Mangrove plantation of 67,540 saplings was carried out in 20 Hectares in a stretch of one kilometre of coastline along with plantation of other medicinal plant species and fodder species, sequestering over 4,400 tonnes of CO₂ annually. The fodder bank was created to offset the biotic pressure from the mangrove area. The project created 4,629 person-days of employment and benefited 9,123 beneficiaries with additional income generating avenues from fodder and medicinal plants harvesting.

PRINCIPLE 7: POLICY ADVOCACY

The Bank has not lobbied through any associations or taking any public policy positions.

PRINCIPLE 8: INCLUSIVE GROWTH

The Corporate Social Responsibility (‘CSR’) Policy of the Bank articulates its goal to positively contribute towards the economic, environmental and social well-being of the marginalised communities through its CSR programme. The Bank has contributed ₹54.17 Crore towards 25 CSR programmes implemented through 14 project implementing agencies (‘PIAs’). The CSR programmes were spread across 671 project locations in 71 districts of 13 states in India. The CSR initiatives reached out to 2,94,550 beneficiaries during the financial year, thereby taking the total beneficiaries to 11,32,490 individuals.

The details of CSR programmes undertaken during the year are given as Annexure – 1 and forms part of this Board’s Report. The CSR Policy as recommended by the CSR Committee and approved by the Board is available on the Bank’s website: https://bandhanbank.com/pdfViewerJS/index.html#../sites/default/files/2021-07/CSR-Policy-2021_1.pdf

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

a) Targeting the Hardcore Poor (‘THP’)

During the financial year under review, your Bank has contributed ₹18.20 crore towards the 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 lucrative micro-enterprises (in the form of farm, non-farm and mixed assets, non-cash) along with handholding support and training on confidence building, enterprise skills, consumer interaction, marketing and financial skills. They are also provided with sustenance allowance to meet their daily needs till they start generating substantial income from the assets provided. In 18 to 24 months, these ultra-poor women start graduating, uplifting themselves from extreme poverty¹ and get linked to mainstream society².

During the financial year under review, 27,444 ultra-poor women were provided farm-based, non-farm and mixed assets to sustain their livelihoods. These women belonged to 133 locations under your Bank’s catchment area spread across 18 districts of Assam, Jharkhand, Madhya Pradesh, Odisha and West Bengal.

A long term study done by the Nobel Laureate, Dr. Abhijit Banerjee et.al.³, based on Randomised Control Trials (‘RCT’) method, suggests that in seven years after the assets were first distributed, livestock revenue, income from non-agricultural entrepreneurial activities and daily wage income was 286 per cent., 100 per cent. and 25 per cent., respectively, higher in the treatment group as compared to the control group mean, and it was not because of more working hours, but because 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. as compared to the consumption of those assigned to control, which increased by 12 per cent. and the amount deposited in the savings account by the beneficiaries was more than doubled as compared to the control group. There was also an increase in formal borrowings.

1 Poverty Line benchmarked accordingly to the Suresh Tendulkar Committee Poverty Lines per capita monthly expenditure, 2011-12, Niti Aayog, Government of India

2 India SDG Index Score for Goal 1 – No Poverty; Goal 2 – Zero Hunger and SGD 5 – Gender Equality

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

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

b) Health, Nutrition, Drinking Water and Sanitation

During the financial year under review, your Bank has contributed ₹15.67 crore towards seven health programmes of five PIAs covering 35 districts in nine states of India.

Health

Your Bank contributed towards creating health and hygiene-related awareness and behaviour change through a network of 3,440 village-level female health volunteers known as "*Swasthiya Sahayikas*" who reached out to 1,37,854 pregnant women and lactating mothers. The *Swasthiya Sahayikas* held 48,234 health awareness forums. These sessions were attended by 2,36,063 female participants belonging to the reproductive age group. The *Swasthiya Sahayikas* made 1,92,830 home visits to follow up on the health status of pregnant women, lactating mothers and children below five years and have taken 373 pregnant women for institutional deliveries during emergencies or in case of absence of any family members and referred 3,203 women for ante-natal check-ups ('ANC') and institutional deliveries in 457 healthcare centres.

The *Swasthiya Sahayikas* of the health programme inducted menstrual hygiene behaviour change communication amongst the women especially the adolescent girls and infant-care behaviours to the pregnant women and lactating mothers. They provided 3,08,179 sanitary pads during door-to-door visits and have also started to supply infant diapers, soaps, hand sanitisers, moisturisers, etc.

These efforts resulted in improving the institutional deliveries to 90.25 per cent compared to the national average of 78.90 per cent.⁴ and complete ANC to 91 per cent. compared to the national average of 51.20 per cent.⁴

A study conducted by Grameen Foundation and Freedom from Hunger India Trust from 2016 to 2018⁵, concluded that the programme has a visible positive impact amongst the participants of the health awareness programme on the level of awareness and health-related behaviour between and end-line, from <10 per cent to > 90 per cent of women know about Mother and Child Health ('MCH') and from 20 per cent to 80 per cent of adolescent girls managing menstrual complications.

Healthcare

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

Nutrition

During the financial year under review, 2,13,440 children, under the age of five years, were enrolled in the nutrition initiatives, of which 2,910 children were identified with severe acute malnutrition ('SAM') and were supported for nutrition rehabilitation, whereas 13,060 children were found with moderate acute malnutrition ('MAM') and were provided with nutritional supplements including support for a nutritional garden. 94 per cent. of the children, over 24 months completed their primary immunisation and 83.25 per cent. (National average of 54.90 per cent.)⁴ of children from 0- 6 months were exclusively breastfed.

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

Drinking Water

During the financial year under review, 49 community-level reverse osmosis water treatment plants were set up, which provided 14,752 kilolitres of purified safe drinking water to 33,749 households.

⁴National Family Health Survey (NFHS-4) 2015-16. International Institute for population sciences Deonan, Mumbai. <http://rchiips.org/nfhs/NFHS-4Reports/India.pdf>

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

Sanitation

The Bank has contributed towards developing the community-led sanitation and school sanitation programme of two PIAs covering 3 districts in 3 states of India. The initiatives helped in improving the sanitation infrastructure of 502 households, 19 government schools, which included separate toilets for Boys and Girls using child-friendly engineering, RO drinking water stations, mid-day meal platform with shades, dishwashing stations, roof rainwater harvesting system etc. The programme induced behaviour change amongst the school teachers and children through classroom sessions and demonstrations regarding sanitation and personal hygiene including hand-washing using soaps after using toilets, before and after a meal, before holding infants, after arriving, after playing outdoors, after playing with animals, after coughing, sneezing or blowing your nose, cleaning toilets, flushing toilets after use, using sanitary pads for menstrual hygiene etc. The programme also supported monitoring of the operation and maintenance of the facilities created.

c) Education

Your Bank has contributed towards education programmes which provides quality education to the children belonging to the marginalised section of the society in its catchment areas. The education programme enables the children to improve their learning outcomes, especially in Science, Technology, English and Mathematics ('STEM') subjects and increase their retention and classroom engagement. The programme also provides training to the teachers belonging to the communities, government schools and schools run by the various charitable trust who are providing free education to transform their pedagogy and integrate various teaching and learning tools in their lesson plans and track the comprehensive continuous assessment of each child. For inclusive learning, your Bank has also contributed to "*Sammilit Pathshala*" for providing education to children with special needs with other children. For creating a better learning environment, the programme also contributed to the creation of school education facilities including, setting up of computer labs, smart classrooms, furniture and fixtures, building as a learning aid ('BALA') paintings, etc.

Your Bank contributed ₹14.80 crore towards the education programme by three PIAs benefiting 69,812 marginalised children in 33 districts of six states of India.

d) Support to Persons with Disabilities

In line with the commitment to inclusive growth, your Bank has contributed ₹38.85 lakh to the initiatives of four PIAs who are dedicated to providing equal opportunities and a conducive environment to persons with disabilities ('PwD'). During the financial year under review, the initiatives have supported 732 PwDs in three districts of three states of India.

e) Skill Development

Skill development initiatives, supported by your Bank, provide market-linked and job-ready employable skills to the youths from the marginalised sections of the society in various domains. This initiative not only provides on-the 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 financial year under review, your Bank contributed ₹4.89 crore toward the skill development initiatives of four PIAs in 17 districts of nine states of India. These PIAs operated 20 training centres in domains like Warehousing and Logistics, Retail and Customer Care, Sales and Marketing, ITeS and BPO, Refrigeration and Air Conditioning, Computer Accounting, Hardware and Networking, BFSI, Tailoring, Mason, Electrical, GDA (Nursing), Manual Metal Arc Welding, Fitter Fabrication, Security Guard and Driving.

During the financial year under review, 3,123 youths were trained, of which nearly 80 per cent. were placed with net salary ranging from ₹6,500 to ₹12,000 plus other performance-based allowances and social security benefits like Provident Fund (PF) and Employee State Insurance (ESI).

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, our 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 that need retrieval of old records, the resolution time would be 10 working days.

Level 2 – Cluster office: If the customer is not satisfied with the resolution provided, he may escalate the matter to the Cluster Head or the Bank's Nodal Officers to the Banking Ombudsman of the concerned area. The Cluster Head will look into the matter and resolve the complaint within 10 working days from the receipt of the complaint.

Level 3 – Head Office: If the customer is not satisfied with the resolution provided, he/she may escalate the matter to the Head-Banking Operations & Customer Service at Head Office, who would look into the matter and arrange to resolve the same within 15 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, the Bank takes issues of customer confidentiality very seriously. The Bank is constantly making employees aware of Information Security which includes protecting information and information systems from unauthorised access, use, disclosure in addition to developing new technological innovations to ensure the absolute protection of all customers' data.

Customer Education Initiatives

As a part of the customer education initiative to prevent frauds, regular SMS / emails are being sent to customers advising them to use strong passwords and biometric access to secure phones and applications and not to share any payment credentials like OTP, CVV, password or any confidential details with anyone. Customers are also alerted against downloading and clicking on fictitious links and to immediately report to Customer Care or to visit the Bandhan Bank branch in case of fraudulent access or transaction through internet and mobile banking. The information on features of Digital Banking and their safe usage have been disseminated through multiple communication channels/touchpoints like branch promotion, website content creation, etc. to increase awareness among customers.

Financial Statements

Independent Auditor's Report

To the Members of BANDHAN BANK LIMITED

Report on the Audit of the Financial Statements Opinion

We have audited the accompanying financial statements of **BANDHAN BANK LIMITED** (the "Bank"), which comprise the Balance Sheet as at March 31, 2021, 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, 2021, 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 18.39 to the Financial Statement 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 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 Matter	Auditor's Response
1	<p>Identification of Non-Performing Advances and provisioning for Advances</p> <p>(Refer Schedule 9 read with Note 18.39 to the financial statements)</p> <p>Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank has net advances amounting to ₹81,61,287 Lakhs as at March 31, 2021.</p> <p>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 and guidelines relating to COVID-19 Regulatory Package (herein after referred as "Relevant RBI guidelines") is a key audit matter 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 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 relevant RBI guidelines and judgement of Honorable Supreme Court of India and provisioning pertaining to advances;

Sl. No.	Key Audit Matter	Auditor's Response
	<p>During the year based on the RBI moratorium circulars/ guidelines, the Honourable Supreme Court interim order on non-declaration of NPA and subsequent vacation of the same, the Bank had to revise its NPA workings in the month of March 2021 in accordance with the RBI circular dated 7 April, 2021.</p> <p>The Bank holds accelerated provisions of on standard assets (including restructured advances) as at March 31, 2021 against the potential impact of COVID-19.</p> <p>Further, during the current quarter the Bank has made additional provisions against the existing NPA accounts resulting from elevated risk observed in certain geographies and potential impact of COVID-19 on certain loan portfolios.</p> <p>The aforesaid 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 • We have examined the implementation of supreme court judgements, by the Bank including evaluation of the impact on classification of NPA and tested the necessary changes made to the NPA calculation. • We have evaluated the adequacy of the additional provisions as prepared by the Management and checked consistency of various inputs and assumptions used by the Management to determine adequacy of the additional provisions.
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 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.

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.

Those Board of Directors are also responsible for overseeing the financial reporting process of Bank.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable

that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 the Banks.
- g) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on

March 31, 2021 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 36 Branches and 45 Banking Units (BU). Since the Bank considers its key operations to be automated, with the key applications largely integrated to the Core Banking System, it does not require its branches 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. 117365W)

G. K. Subramaniam

(Partner)
(Membership No. 109839)
UDIN: 21109839AAAAFS9080

Place: Mumbai
Date: May 8, 2021

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, 2021 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Bank’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Bank’s internal financial controls over financial reporting of the Bank based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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. 117365W)

G. K. Subramaniam

(Partner)
(Membership No. 109839)
UDIN: 21109839AAAAFS9080

Place: Mumbai
Date: May 8, 2021

Balance Sheet

as at March 31, 2021

(₹)			
Particulars	Schedule	As at March 31 2021	As at March 31 2020
Capital & Liabilities			
Capital	1	16,10,59,92,010	16,10,24,78,430
Reserves & Surplus	2	1,57,97,58,44,693	1,35,85,21,14,840
Deposits	3	7,79,72,22,48,413	5,70,81,50,35,533
Borrowings	4	1,69,60,35,71,897	1,63,79,17,71,476
Other liabilities and provisions	5	26,52,28,78,249	30,61,65,91,086
Total		11,49,93,05,35,262	9,17,17,79,91,365
Assets			
Cash and balances with Reserve Bank of India	6	52,35,38,63,535	63,44,90,73,656
Balance with Banks and Money at call and short notice	7	9,57,55,83,015	20,07,99,71,403
Investments	8	2,51,55,38,75,017	1,53,51,77,44,034
Advances	9	8,16,12,87,59,305	6,66,29,94,76,735
Fixed Assets	10	4,86,71,20,768	3,68,76,74,414
Other Assets	11	15,45,13,33,622	10,14,40,51,123
Total		11,49,93,05,35,262	9,17,17,79,91,365
Contingent liabilities	12	13,41,90,62,944	4,66,57,84,564
Bills for collection		-	-
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of Board of Directors

For DELOITTE HASKINS & SELLS

Chartered Accountants

Firm Registration Number : 117365W

G. K. Subramaniam

Partner

Membership Number : 109839

Anup Kumar Sinha

Non Executive Chairman

Kolkata

For Bandhan Bank Limited

Chandra Shekhar Ghosh

Managing Director & CEO

Kolkata

Vijay Nautamlal Bhatt

ACB Chairman &

Independent Director

Mumbai

Place : Mumbai

Date : May 08, 2021

Subrata Dutta Gupta

Independent Director

Kolkata

Sunil Samdani

Chief Financial Officer

Kolkata

Indranil Banerjee

Company Secretary

Kolkata

Profit and Loss Account

For the year ended March 31, 2021

(₹)

Particulars	Schedule	Year ended March 31 2021	Year ended March 31 2020
I. Income			
Interest Earned	13	1,25,24,21,17,766	1,08,85,49,33,363
Other Income	14	21,09,05,97,235	15,49,19,74,430
Total		1,46,33,27,15,001	1,24,34,69,07,793
II. Expenditure			
Interest Expended	15	49,60,85,63,443	45,61,57,90,314
Operating Expenses	16	28,17,15,57,370	24,26,54,21,724
Provisions & Contingencies	18.1	46,49,80,25,270	24,22,83,20,227
Total		1,24,27,81,46,083	94,10,95,32,265
III. Net Profit for the year (I-II)		22,05,45,68,918	30,23,73,75,528
Balance in Profit & Loss Account brought forward from previous year		47,58,70,96,399	32,83,63,91,632
Opening Profit & Loss Account balance adjustment on account of amalgamation (Refer Note 18.38(ii))		-	(64,55,22,272)
IV. Amount available for appropriations		69,64,16,65,317	62,42,82,44,888
V. Appropriation			
Transfer to Statutory Reserves		5,51,36,42,230	7,55,93,43,881
Transfer to Statutory Reserve u/s 36(1)(viii) of Income Tax Act 1961		74,36,86,482	1,03,12,26,126
Transfer to Capital Reserve		84,63,98,300	11,44,44,593
Transfer to Investment Reserve		-	5,16,32,952
Transfer to Investment Fluctuation Reserve		82,79,07,981	-
Dividend Paid (Including Dividend Distribution Tax)		-	6,08,45,00,937
Balance carried over to Balance Sheet		61,71,00,30,324	47,58,70,96,399
Total		69,64,16,65,317	62,42,82,44,888
VI. Earnings per Share			
Basic (₹)		13.70	18.78
Diluted (₹)		13.69	18.76
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

Chartered Accountants

Firm Registration Number : 117365W

G. K. Subramaniam

Partner

Membership Number : 109839

Anup Kumar Sinha

Non Executive Chairman

Kolkata

For Bandhan Bank Limited

Chandra Shekhar Ghosh

Managing Director & CEO

Kolkata

Vijay Nautamlal Bhatt

ACB Chairman &

Independent Director
Mumbai

Place : Mumbai

Date : May 08, 2021

Subrata Dutta Gupta

Independent Director

Kolkata

Sunil Samdani

Chief Financial Officer

Kolkata

Indranil Banerjee

Company Secretary

Kolkata

Cash Flow Statement

For the year ended March 31, 2021

Particulars	Year ended March 31 2021	Year ended March 31 2020
A. Cash flow from Operating Activities :		
Profit Before Taxation	29,48,65,48,204	40,53,41,87,208
Adjustments for :		
Depreciation and amortization	1,03,06,49,390	80,25,57,701
Provisions & Contingencies	37,57,69,00,534	14,02,35,05,654
Interest Income from fixed deposits	(3,17,21,089)	(19,27,63,133)
Profit on sale of Held-to-maturity (HTM) securities	(1,50,80,86,201)	(20,39,12,822)
Interest Income for Investments in Held-to-maturity (HTM) securities	(8,22,79,73,239)	(5,58,51,37,086)
Provision for depreciation in value of investments	86,80,58,105	(9,19,97,991)
Profit on sale of fixed assets	(1,11,33,775)	(48,64,336)
Operating Profit Before Working Capital Changes	59,18,32,41,929	49,28,15,75,195
Movements in working capital :		
Increase in Advances	(1,93,76,67,24,773)	(1,02,30,95,43,867)
(Increase)/Decrease in Other Assets	(1,95,93,55,656)	99,95,72,569
(Increase)/Decrease in Investment in HFT & AFS securities	(74,09,96,34,050)	3,53,43,35,016
Increase in Deposit	2,08,90,72,12,880	1,22,93,78,51,536
Increase in Other Current Liabilities and Provisions	3,17,83,87,010	2,69,99,55,000
Cash flows generated from operations	1,44,31,27,340	77,14,37,45,449
Direct Taxes Paid (net of refunds)	(10,88,87,02,753)	(11,31,36,50,020)
Net Cash flows generated from/(used in) Operating Activities (A)	(9,44,55,75,413)	65,83,00,95,429
B. Cash flow from Investing Activities :		
Purchase of Fixed Assets/Capital work-in-progress	(2,22,51,13,112)	(1,03,19,50,195)
Sale of Fixed Assets/Capital work-in-progress	2,61,51,142	99,62,011
Interest Income from fixed deposits	3,32,89,977	19,09,76,016
Interest Income for Investments in Held-to-maturity (HTM) securities	7,42,36,42,799	4,57,82,51,047
Increase in Held to Maturity Investment	(23,29,64,68,837)	(53,86,24,38,482)
Purchase of equity shares	-	(3,00,00,00,000)
Deposits created with banks and financial institutions	(2,07,231)	(2,02,617)
Net Cash flows used in Investing Activities (B)	(18,03,87,05,262)	(53,11,54,02,220)
C. Cash flow from Financing Activities :		
Dividend paid (Including Dividend Distribution Tax)	-	(6,08,45,00,937)
Proceeds from share issue (Including share premium)	7,26,74,515	8,94,79,594
Payment for merger related expenses	-	(85,50,55,091)
Proceeds from/ (Repayment) of short term borrowings	10,45,65,72,400	(6,94,99,46,092)
Proceeds from/ (Repayment) of long term borrowings	(4,64,47,71,980)	15,34,20,39,373
Net Cash flows generated from Financing Activities(C)	5,88,44,74,935	1,54,20,16,847
Net Increase/ (Decrease) In Cash And Cash Equivalents (A+B+C)	(21,59,98,05,740)	14,25,67,10,056
Cash And Cash Equivalents At The Beginning of the year	83,52,41,06,821	58,02,18,30,984
Add: Cash Acquired on acquisition of assets and liabilities from erstwhile GRUH Finance Limited (GRUH)	-	11,24,55,65,781
Cash And Cash Equivalents At The End of the year	61,92,43,01,081	83,52,41,06,821
Components of Cash and Cash Equivalents :		
Cash and Balances with Reserve Bank of India (Refer Schedule no. 6)	52,35,38,63,535	63,44,90,73,656
Balance with Banks and Money at call and short notice (Refer Schedule no. 7)*	9,57,04,37,546	20,07,50,33,165
	61,92,43,01,081	83,52,41,06,821

* Cash and Cash Equivalents excludes Fixed Deposits of ₹ 51,45,469 (Previous Year: ₹ 49,38,238) 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

Non Executive Chairman

Kolkata

Chandra Shekhar Ghosh

Managing Director & CEO

Kolkata

Vijay Nautamlal Bhatt

ACB Chairman &

Independent Director

Mumbai

Place : Mumbai

Date : May 08, 2021

Subrata Dutta Gupta

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, 2021

Schedule 1 - Capital

(₹)

	As at March 31 2021	As at March 31 2020
Authorized Capital		
3,200,000,000 (Previous Year: 3,200,000,000) equity shares of ₹ 10/- each	32,00,00,00,000	32,00,00,00,000
Issued, subscribed and fully paid-up capital		
1,61,05,99,201 (Previous Year: 1,61,02,47,843) Equity Share of ₹ 10/- each	16,10,59,92,010	16,10,24,78,430
Total	16,10,59,92,010	16,10,24,78,430

Schedule 2 - Reserves & Surplus

(₹)

	As at March 31 2021	As at March 31 2020
I. Statutory Reserve		
Opening Balance	19,27,14,30,078	11,71,20,86,197
Additions during the Year	5,51,36,42,230	7,55,93,43,881
Deduction during the Year	-	-
Total	24,78,50,72,308	19,27,14,30,078
II. Statutory Reserve U/S 36(1)(viii) OF Income Tax Act 1961		
Opening Balance	7,54,30,26,126	-
Opening balance adjustment on account of amalgamation (Refer Note 18.38 (i)&(ii))	-	6,51,18,00,000
Additions during the Year	74,36,86,482	1,03,12,26,126
Deduction during the Year (Net of deferred tax)	-	-
Total	8,28,67,12,608	7,54,30,26,126
III. Capital Reserve		
Opening Balance	5,45,40,52,323	6,84,78,396
Opening balance adjustment on account of amalgamation (Refer Note 18.38(i))	-	5,27,11,29,334
Additions during the Year ¹	84,63,98,300	11,44,44,593
Deduction during the Year	-	-
Total	6,30,04,50,623	5,45,40,52,323
IV. Share Premium Account		
Opening Balance	54,07,45,12,773	54,59,11,46,702
Additions during the Year	6,91,60,935	20,80,65,807
Deduction during the Year (Net of deferred tax)	-	(72,46,99,736)
Total	54,14,36,73,708	54,07,45,12,773
V. Investment Fluctuation Reserve		
Opening Balance	87,85,39,364	87,85,39,364
Additions during the Year	82,79,07,981	-
Deduction during the Year	-	-
Total	1,70,64,47,345	87,85,39,364
VI. Investment Reserve		
Opening Balance	5,16,32,952	-
Additions during the Year ²	-	5,16,32,952
Deduction during the Year	-	-
Total	5,16,32,952	5,16,32,952
VII. Additional Reserve³		
Opening Balance	27,73,89,000	-
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	27,73,89,000

Schedules

forming part of the Balance sheet as at March 31, 2021

	As at March 31 2021	As at March 31 2020
(₹)		
VIII. General Reserve		
Opening Balance	71,44,35,825	-
Opening balance adjustment on account of amalgamation (Refer Note 18.38(i))	-	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	71,44,35,825
IX. Balance in Profit and Loss Account	61,71,00,30,324	47,58,70,96,399
GRAND TOTAL (I+II+III+IV+V+VI+VII+VIII+IX)	1,57,97,58,44,693	1,35,85,21,14,840

- Appropriations made for profit on sale of investments in held to maturity category, net of taxes and transfer to Statutory reserve.
- Appropriations made for reversal of excess provision for depreciation in "Available for Sale" & "Held for Trading" categories, net of taxes and transfer to Statutory reserve.
- Additional Reserve represents reserve created in terms of section 29C of the National Housing Bank Act, 1987 out of the distributable profits by erstwhile Gruh Finance Limited, which have been carried forward in accordance with the terms of the Merger scheme.

Schedule 3 - Deposits

	As at March 31 2021	As at March 31 2020
(₹)		
A. I. Demand Deposits		
i) From Banks	1,22,90,12,870	70,61,54,350
ii) From Others	44,44,09,63,483	32,30,85,43,055
II. Savings Bank Deposits	2,92,60,31,65,663	1,77,26,98,95,913
III. Term Deposits		
i) From Banks	1,16,88,94,92,255	62,93,23,45,134
ii) From Others	3,24,55,96,14,142	2,97,59,80,97,081
Total	7,79,72,22,48,413	5,70,81,50,35,533
B. I. Deposits of branches in India	7,79,72,22,48,413	5,70,81,50,35,533
II. Deposits of branches outside India	-	-
Total	7,79,72,22,48,413	5,70,81,50,35,533

Schedule 4 - Borrowings

	As at March 31 2021	As at March 31 2020
(₹)		
I. Borrowings in India		
i) Reserve Bank of India	-	22,38,00,00,000
ii) Other banks	5,30,00,00,000	12,12,50,00,000
iii) Other Institutions & agencies*	1,64,30,35,71,897	1,29,28,67,71,476
II. Borrowings outside India	-	-
Total	1,69,60,35,71,897	1,63,79,17,71,476
Secured borrowings included in (I&II) above	26,93,99,91,871	29,22,19,59,902

* 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, 2021

Schedule 5 - Other liabilities and provisions

(₹)

	As at March 31 2021	As at March 31 2020
I. Bills Payable	2,69,85,25,914	52,53,89,694
II. Inter-office Adjustments(Net)	-	-
III. Interest accrued	4,15,40,50,612	2,75,43,57,227
IV. Contingent Provision against Standard Assets	6,78,61,22,897	12,00,00,49,397
V. Provision for Income Tax (Net of Advance tax and Tax deducted at source)	-	91,15,58,178
VI. Others*	12,88,41,78,826	14,42,52,36,590
Total	26,52,28,78,249	30,61,65,91,086

*Includes ₹ 4,400,144,943 (Previous year ₹ 6,748,300,644) 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 2021	As at March 31 2020
I. Cash In hand	7,64,37,80,647	5,51,53,77,245
II. Balance with Reserve Bank of India		
i) In Current Account	25,71,00,82,888	17,43,36,96,411
ii) In Other Accounts	19,00,00,00,000	40,50,00,00,000
Total	52,35,38,63,535	63,44,90,73,656

Schedule 7 - Balances with Banks and Money at call and short notice

(₹)

	As at March 31 2021	As at March 31 2020
I. In India		
i) Balance with Banks		
a) In Current Account	8,99,91,60,394	5,66,05,80,658
b) In Other Deposit Accounts	51,45,469	6,75,49,38,238
ii) Money at call & short notice		
a) With banks	43,86,60,000	5,00,00,00,000
b) With other institutions	-	2,56,70,05,639
Total	9,44,29,65,863	19,98,25,24,535
II. Outside India		
a) In Current Account	13,26,17,152	9,74,46,868
b) In Other Deposit Accounts	-	-
C) Money at call & short notice	-	-
Total	13,26,17,152	9,74,46,868
GRAND TOTAL (I+II)	9,57,55,83,015	20,07,99,71,403

Schedules

forming part of the Balance sheet as at March 31, 2021

Schedule 8 - Investments

(₹)

	As at March 31 2021	As at March 31 2020
I. Investment in India in		
i) Government Securities	2,41,12,42,45,508	1,46,50,92,81,598
ii) Other Approved Securities	-	-
iii) Shares	3,29,60,41,336	3,29,60,26,336
iv) Debentures & Bonds	6,57,49,37,569	1,24,11,26,750
v) Subsidiaries and /or joint ventures	-	-
vi) Others (Mutual Fund units, Certificate of Deposits and Pass Through certificates)	1,42,67,08,709	2,47,13,09,350
Total	2,52,42,19,33,122	1,53,51,77,44,034
Less- Provision for Depreciation on Investment	(86,80,58,105)	-
Total	2,51,55,38,75,017	1,53,51,77,44,034
II. Investments outside India	-	-
Total	-	-
GRAND TOTAL (I+II)	2,51,55,38,75,017	1,53,51,77,44,034

Schedule 9 - Advances

(₹)

	As at March 31 2021	As at March 31 2020
A. i) Bills Purchased & Discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	23,95,82,32,194	12,74,79,81,741
iii) Term loans*	7,92,17,05,27,111	6,53,55,14,94,994
Total	8,16,12,87,59,305	6,66,29,94,76,735
* Net of loans outstanding under Inter bank participation certificate ₹ 21,241,299,999 (Previous Year: ₹ 46,126,999,883)		
B. i) Secured by tangible assets (Including Advances against fixed deposits and book debts)	2,46,56,42,34,114	2,30,58,06,19,856
ii) Covered by Bank/Government Guarantees	87,10,63,62,633	-
iii) Unsecured	4,82,45,81,62,558	4,35,71,88,56,879
Total	8,16,12,87,59,305	6,66,29,94,76,735
C. I) Advances in India		
i) Priority Sector**	7,19,77,97,64,780	6,04,82,39,62,685
ii) Public Sector	-	-
iii) Banks	-	-
iv) Others	96,34,89,94,525	61,47,55,14,050
Total	8,16,12,87,59,305	6,66,29,94,76,735
II) Advances Outside India	-	-
Total	-	-
GRAND TOTAL (I+II)	8,16,12,87,59,305	6,66,29,94,76,735

**Priority sectors includes ₹ 7,04,48,00,00,000 (previous year : ₹ 5,68,05,75,00,000), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the year ended March 31, 2021, the Bank has bought PSLC amounting ₹ 24,00,00,00,000 (previous year : ₹ 18,50,00,00,000), which is not included in above.

Schedules

forming part of the Balance sheet as at March 31, 2021

Schedule 10 - Fixed Assets

	As at March 31 2021	As at March 31 2020
(₹)		
I) Premises		
Gross Block		
At cost as at March 31 of the preceding year	2,88,62,43,555	1,53,14,67,496
Opening balance adjustment on account of amalgamation (Refer Note 18.38)	-	5,82,52,526
Addition during the Year	23,01,90,348	1,29,65,23,533
Deduction during the Year	-	-
Total	3,11,64,33,903	2,88,62,43,555
Depreciation		
As at the beginning of the Year	94,05,56,423	72,17,83,240
Opening balance adjustment on account of amalgamation (Refer Note 18.38)	-	1,72,69,500
Charge for the year	20,05,44,069	20,15,03,683
Deduction during the Year	-	-
Depreciation to date	1,14,11,00,492	94,05,56,423
Net Block	1,97,53,33,411	1,94,56,87,132
II) Other Fixed Assets (Including Furniture & Fixture)		
Gross Block		
At cost as at March 31 of the preceding year	4,20,40,87,318	3,35,61,18,089
Opening balance adjustment on account of amalgamation (Refer Note 18.38)	-	35,47,21,994
Addition during the Year	1,66,24,25,135	61,01,23,865
Deduction during the Year	(23,27,15,893)	(11,68,76,630)
Total	5,63,37,96,560	4,20,40,87,318
Depreciation		
As at the beginning of the Year	2,67,71,01,083	1,94,35,41,315
Opening balance adjustment on account of amalgamation (Refer Note 18.38)	-	24,42,84,980
Charge for the year	83,01,05,323	60,10,54,018
Deduction during the Year	(21,76,98,525)	(11,17,79,230)
Depreciation to date	3,28,95,07,881	2,67,71,01,083
Net Block	2,34,42,88,679	1,52,69,86,235
III) Capital Work-in-progress (including capital advances)	54,74,98,678	21,50,01,047
GRAND TOTAL (I+II+III)	4,86,71,20,768	3,68,76,74,414

Schedule 11 - Other Assets

	As at March 31 2021	As at March 31 2020
(₹)		
I) Inter Office adjustment (Net)	-	-
II) Interest Accrued	5,41,50,24,808	4,65,92,83,886
III) Stationery and stamps	-	-
IV) Non banking assets acquired in satisfaction of claims	63,73,44,350	69,46,32,996
V) Advance Income Tax (Net of Provision for Income Tax)	2,36,19,33,702	-
VI) Others*	7,03,70,30,762	4,79,01,34,241
Total	15,45,13,33,622	10,14,40,51,123

* Includes Deferred Tax Assets of ₹ 2,284,158,266 (Previous Year: ₹ 2,100,926,677) (Refer note no. 18.14)

Schedules

forming part of the Balance sheet as at March 31, 2021

Schedule 12 - Contingent liabilities

(₹)

	As at March 31 2021	As at March 31 2020
I) Claims against the Bank not acknowledged as debts	2,29,46,67,006	1,97,01,13,256
II) Liability for partly paid investments	-	-
III) Liability on account of outstanding forward exchange contracts	6,23,57,90,000	40,30,13,750
IV) Guarantees given on behalf of constituents		
(a) In India	2,18,85,02,447	1,13,39,13,893
(b) Outside India	-	-
V) Acceptances, endorsements and other obligations	1,14,52,82,189	56,86,54,042
VI) Other items-Capital Commitments	1,55,48,21,302	59,00,89,623
Total	13,41,90,62,944	4,66,57,84,564

Schedule 13 - Interest Earned

(₹)

	Year ended March 31 2021	Year ended March 31 2020
I) Interest/discount on advances/bills	1,08,91,79,38,672	94,86,24,40,422
II) Income on investments	11,74,15,23,774	8,32,80,62,974
III) Interest on balances with Reserve Bank of India and other inter-bank funds	1,18,21,11,772	1,63,25,54,361
IV) Others (Includes gain on IBPC)	3,40,05,43,548	4,03,18,75,606
Total	1,25,24,21,17,766	1,08,85,49,33,363

Schedule 14 - Other Income

(₹)

	Year ended March 31 2021	Year ended March 31 2020
I) Commission, exchange and brokerage	8,39,69,50,252	7,99,54,89,591
II) Profit/(Loss) on sale of investments (Net)	3,08,71,27,625	1,13,35,69,820
III) Profit/(Loss) on sale of fixed assets (Net)	1,11,33,775	48,64,336
IV) Profit on exchange/derivative transactions (Net)	46,50,231	69,04,305
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)	9,59,07,35,352	6,35,11,46,378
Total	21,09,05,97,235	15,49,19,74,430

Schedule 15 - Interest Expended

(₹)

	Year ended March 31 2021	Year ended March 31 2020
I) Interest on deposits	39,62,90,29,241	32,85,79,12,905
II) Interest on Reserve Bank of India/Inter-bank borrowings	1,11,53,42,476	5,63,42,13,584
III) Others	8,86,41,91,726	7,12,36,63,825
Total	49,60,85,63,443	45,61,57,90,314

Schedules

forming part of the Balance sheet as at March 31, 2021

Schedule 16 - Operating Expenses

(₹)

	Year ended March 31 2021	Year ended March 31 2020
I) Payments to and provisions for employees	16,64,63,03,717	13,67,04,07,832
II) Rent, taxes and lighting	2,10,89,55,837	1,93,22,24,306
III) Printing and stationery	28,12,90,382	25,29,16,331
IV) Advertisement and publicity	57,39,15,310	66,30,69,025
V) Depreciation on bank's property	1,03,06,49,390	80,25,57,701
VI) Directors' fees, allowance and expenses	3,19,30,809	2,47,24,770
VII) Auditors' fees and expenses (Refer Note 18.37)	1,69,03,240	2,20,02,828
VIII) Law charges	11,36,99,735	14,47,14,581
IX) Postage, telegrams, telephones etc	45,86,08,064	30,65,48,600
X) Repairs and maintenance	10,28,25,460	9,72,08,414
XI) Insurance	1,03,73,24,332	78,50,78,455
XII) Other expenditure (Refer Note No. 18.35)	5,76,91,51,094	5,56,39,68,881
Total	28,17,15,57,370	24,26,54,21,724

Schedule 17 – Significant accounting policies forming part of the financial statements for the year ended March 31, 2021

1. Background

Bandhan Bank Limited (the 'Bank'), incorporated on 23rd December, 2014 in India, is a banking company, governed by the Banking Regulation Act, 1949.

Pursuant to the Banking license received from Reserve Bank of India on 17th June 2015, the Bank has commenced its banking operations from 23rd August, 2015.

2. Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India ('Indian GAAP'), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

3. Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) as at the date of the

financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods. Actual results could differ from estimates.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue Recognition

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

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

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

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

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

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.

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forming part of the Balance sheet as at March 31, 2021

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

4.2. Investments

A) Classification

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

Basis of classification:

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

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

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

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

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

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

B) Valuation

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

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

'Held to Maturity' securities shall be carried at their acquisition cost or at amortized cost if acquired at a premium over the face value. Any premium over the face value of fixed rate and floating rate securities acquired is amortized over the remaining period to maturity on a constant yield basis and straight line basis respectively. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are required to be made.

Quoted investments are valued at traded/ quoted price available from recognized stock exchanges, subsidiary general ledgers account transactions, price list of RBI, or prices declared by Primary Dealers Association of India ("PDAI") jointly with Financial Benchmarks India Pvt. Limited (FBIL). The market/fair value of unquoted government securities which are in the nature of statutory liquidity ratio(SLR) securities included in the 'Available for Sale' and 'Held for trading' categories is valued as per the rate published by the FBIL.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at Re.1 as per the RBI guidelines.

The units of Mutual Funds are valued at the latest repurchase price/ net asset value declared by the Mutual Fund.

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

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income/expense over the period of the transaction in the profit and loss account.

4.3 Loans /Advances and Provisions thereon

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines

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forming part of the Balance sheet as at March 31, 2021

and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI.

The Bank has a policy of deferment of installments for micro (EEB) loan borrowers in case the group meetings have been suspended and the same has not been considered as overdue for the purpose of NPA classification.

Amounts recovered against debts written off in earlier years are recognised in the profit and loss account as credit to Miscellaneous Income under the head 'Other Income'

The Bank maintains general provision on standard advances as prescribed by RBI. In case of micro (EEB) lending portfolio, general provision on standard advances will be maintained by Bank at 1% comprising 0.25% as per the minimum provisioning requirement by RBI and 0.75% as additional provision. Provision made against standard assets is included in "Other liabilities & provisions".

In case of non-performing micro (EEB) lending portfolio, where 30 days have elapsed from the completion of loan tenure, the Bank is making 100% provision.

Non-performing loans, which have been fully provided for, are written off when the prospect of recovery is considered remote as per the management estimates.

Restructured assets are classified and provided for in accordance with the guidelines issued by RBI from time to time.

For entities with Unhedged Foreign Currency Exposure ('UFCE'), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities & Provisions in the Balance Sheet.

Further, Incremental capital is maintained in respect of borrower counter parties in the highest risk category, in line with stipulations by RBI.

4.4 Inter Bank Participation Certificate

The Bank enters into Inter Bank Participation with risk sharing as issuing Bank and the aggregate amount of participation are reduced from the aggregate advance outstanding.

Gain on IBPC is the excess of income earned on the participation pool and interest paid to the issuing Bank and is recognised on accrual basis.

4.5 Tangible Assets

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

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

4.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

4.7 Depreciation

Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The useful lives of the groups of fixed assets are given below:

Asset	Useful life in years
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.

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4.9 Foreign Currency transactions

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

Monetary assets and liabilities in foreign currency are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the Profit and Loss account.

Non-monetary items which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. Non-monetary items, which are measured at fair value or others similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction.

Foreign exchange spot and forward contracts outstanding as at the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities.

Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

4.10 Employee Stock Option Scheme (ESOS)

In case of Employee stock option plan, measurement and disclosure of the employee share based payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the 'Stock options outstanding account' in reserve. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement

in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

4.11 Retirement and employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Bank has no obligation, other than the contribution payable to the provident fund. The Bank recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Bank provides for compensated absences based on actuarial valuation conducted by an independent actuary.

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

4.12 Income Taxes

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

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

At each reporting date, the Bank re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it

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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 recognized when the Bank has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and

are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets are not recognised in the financial statements.

4.15 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.

4.17 Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account in terms of Section 52(2) of the Companies Act, 2013.

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Schedule 18-Notes to accounts forming part of the financial statements for the year ended March 31 2021

The following disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regard.

18.1 "Provisions & Contingencies" recognised in the Profit & Loss Account comprise:

(₹ in crore)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Provision for Income Tax		
- Current Tax	761.52	1,192.74
- Deferred tax	(18.32)	(163.06)
Total Tax Expenses	743.20	1,029.68
Provision for Standard assets	(583.44)	778.46
Provision for non-performing assets [Includes bad debts written off ₹ 2,038.35 crore (Previous Year: ₹ 655.02 crore)]	4,331.70	613.69
Provision for depreciation in value of investments	86.80	(9.20)
Provision for restructured assets	62.05	-
Provision for unhedged foreign currency exposure	0.06	-
Provision for country risk	-	-
Provision for other contingencies	9.43	10.20
Total	4,649.80	2,422.83

18.2 Capital

During the year ended March 31, 2021, the Bank has allotted 3,51,358 Equity Shares (Previous Year- 2,16,329 Equity Shares) of ₹ 10/- each towards stock option exercised for ₹ 7.27 crore. Accordingly, share capital increased by ₹ 0.35 crore and share premium increased by ₹ 6.92 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 2021	As at March 31 2020
At the beginning of the year	1,610.25	1,193.08
Addition pursuant to share issued during the year	0.35	417.17*
Outstanding at the end of the year	1,610.60	1,610.25

*Includes 41,69,48,659 Equity shares which were issued towards purchase consideration to "GRUH FINANCE LTD". Refer Note 18.38

18.3 Proposed dividend

The Board of Directors at its meeting held on May 8, 2021, has proposed a dividend of ₹ 1 per share for the year ended March 31, 2021, subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted for proposed dividend aggregating : ₹ 161.06 crores (previous year: NIL) as a liability for the year ended March 31, 2021. However, the Bank has reckoned proposed dividend in determining capital funds in computing capital adequacy ratio as at March 31, 2021.

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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 March 31 2021	As at March 31 2020
Capital adequacy (%)		
Common Equity Tier 1 (%)	22.48	25.19
Tier 1 capital ratio (%)	22.48	25.19
Tier 2 capital ratio (%)	0.99	2.24
CRAR (%)	23.47	27.43
Amount of equity capital raised/issued (including share premium)	7.27	420.84
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 31,2021 and year ended March 31,2020.

18.5 Investments

A) The Details of investments are set out below:

(₹ in crore)

Particulars	As at March 31 2021	As at March 31 2020
(1) Value of Investment		
(i) Gross value of Investments		
a) In India	25,242.19	15,351.77
b) Outside India	-	-
(ii) Provision for Depreciation		
a) In India	86.80	-
b) Outside India	-	-
(iii) Net value of Investments		
a) In India	25,155.39	15,351.77
b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments:		
(i) Opening balance	-	9.20
(ii) Add: Provisions made during the year	127.12	8.66
(iii) Less: Write-offs/write-back of excess provisions during the year	(40.32)	(17.86)
(iv) Closing balance	86.80	-

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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, 2021
Securities sold under Repo*				
i. Government securities	372.57	5,136.09	2,560.67	2,694.00
	-	(3,190.68)	(354.09)	(2,922.20)
ii. Corporate debt securities	-	-	-	-
	-	-	-	-
iii. Any Other Securities	-	-	-	-
	-	-	-	-
Securities purchased under reverse repo*				
i. Government securities	150.00	14,960.52	3,807.84	1,900.00
	-	(8,847.79)	(3,232.28)	(4,196.70)
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	178.33	-	-	-	-
	(33.39)	-	-	-	-
(ii) Financial Institutions	127.52	-	-	-	-
	(123.96)	-	-	-	-
(iii) Banks	393.54	325.00	-	-	-
	(522.94)	(399.88)	-	-	-
(iv) Private Corporates	163.53	163.53	-	-	50.00
	(0.20)	(0.20)	-	-	(0.20)
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
	-	-	-	-	-
(vi) Others	266.85	245.83	-	-	-
	(23.02)	(2.00)	-	(2.00)	(2.00)
(vii) Provision held towards depreciation	-	-	-	-	-
	-	-	-	-	-
Total	1,129.77	734.37	-	-	50.00
	(703.51)	(402.08)	-	(2.00)	(2.20)

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"()".

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ii) Non performing Non-SLR investments

The Bank does not have any Non performing Non-SLR investment as on March 31, 2021 and March 31, 2020.

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

During the year ended March 31,2021 and the previous year ended March 31,2020 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.

18.6 Derivatives

The Bank has not entered into any derivative transaction during the year ended March 31,2021 and March 31,2020. 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 2021	March 31 2020
i) Net NPAs to Net Advances (%)	3.51%	0.58%
ii) Movement of NPAs (Gross)		
a) Opening balance	992.78	819.56
b) Opening balance adjustment on account of amalgamation	-	114.44
c) Additions during the year	6,887.84	926.01
d) Reductions during the year [Includes bad debts written off ₹ 2,038.35 crore (Previous Year: ₹ 655.02 crore)]	(2,122.86)	(867.23)
e) Closing balance	5,757.76	992.78
iii) Movement of Net NPAs		
a) Opening balance	389.40	228.32
b) Opening balance adjustment on account of amalgamation	-	60.98
c) Additions during the year	2,527.24	243.09
d) Reductions during the year	(55.61)	(142.99)
e) Closing balance	2,861.03	389.40
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	603.38	591.24
b) Opening balance adjustment on account of amalgamation	-	53.47
c) Provisions made during the year	4,360.60	682.91
d) Provision utilised for Write-off / write-back of excess provisions	(2,067.25)	(724.24)
e) Closing balance	2,896.73	603.38

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18.7 (B) Particulars of accounts restructured

Disclosure on accounts subjected to restructuring for the year ended March 31, 2021:

(₹ in crore except number of accounts)

Sl. No	Type of Restructuring → Asset Classification → Details →	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total				
		Standard	Sub-standard	Doubtful	Loss	Standard	Sub-standard	Doubtful	Loss	Standard	Sub-standard	Doubtful	Loss	Standard	Sub-standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	-	-	-	-	6,426	-	-	-	6,426	-	-	-	6,426	-	-	-	6,426
	No. of borrowers	-	-	-	-	6,426	-	-	-	6,426	-	-	-	6,426	-	-	-	6,426
	Amount outstanding	-	-	-	-	615.29	-	-	-	615.29	-	-	-	615.29	-	-	-	615.29
	Provision thereon	-	-	-	-	61.53	-	-	-	61.53	-	-	-	61.53	-	-	-	61.53
3	Upgradation to restructured standard category during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Increase/(decrease) in borrower level outstanding of existing restructured cases during the year ended March 31, 2021	-	-	-	-	-	-	-	-	5.17	-	-	-	5.17	-	-	-	5.17
	No. of borrowers	-	-	-	-	-	-	-	-	5.17	-	-	-	5.17	-	-	-	5.17
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	0.87	-	-	-	0.87	-	-	-	0.87
5	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	(43)	-	-	-	(43)	-	-	-	(43)	-	-	-	(43)
	No. of borrowers	-	-	-	-	(43)	-	-	-	(43)	-	-	-	(43)	-	-	-	(43)
	Amount outstanding	-	-	-	-	(3.45)	-	-	-	(3.45)	-	-	-	(3.45)	-	-	-	(3.45)
	Provision thereon	-	-	-	-	(0.35)	-	-	-	(0.35)	-	-	-	(0.35)	-	-	-	(0.35)
6	Downgradations of restructured accounts during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Write-offs of restructured accounts during the FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Restructured Accounts as on March 31, 2021	-	-	-	-	6,383	-	-	-	6,383	-	-	-	6,383	-	-	-	6,383
	No. of borrowers	-	-	-	-	6,383	-	-	-	6,383	-	-	-	6,383	-	-	-	6,383
	Amount outstanding	-	-	-	-	617.01	-	-	-	617.01	-	-	-	617.01	-	-	-	617.01
	Provision thereon	-	-	-	-	62.05	-	-	-	62.05	-	-	-	62.05	-	-	-	62.05

1. Increase/(decrease) in borrower level outstanding of restructured accounts is due to repayments, accrued interest, fresh disbursement, as part of restructuring scheme, etc.
Note: There are no accounts subject to restructuring for the year ended March 31, 2020.

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C) Details of accounts restructured under Micro, Small and Medium Enterprises (MSME) sector under RBI guidelines issued in January 2019 and as amended from time to time

The Bank does not have any Micro, Small and Medium Enterprises (MSME) accounts as at and for the year ended March 31, 2021 and March 31, 2020 which have been restructured under the RBI guidelines on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances" issued on January 1, 2019 and as amended from time to time.

D) Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 6, 2020 are given below:

(₹ in crores except number of accounts)

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan *	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution **
Personal Loans (Housing)	6,426	615.29	-	-	62.05
Corporate persons	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	6,426	615.29	-	-	62.05

*Represents fund based outstanding of accounts at the end of the month before the date of implementation of resolution plan

**The Bank holds provision of ₹ 62.05 crores on all accounts where resolution plan is implemented on or before March 31, 2021 as per Resolution Framework for Covid-19 related stress

E) 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, 2021 and March 31, 2020.

F) 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, 2021 and March 31, 2020.

G) Provisions on Standard Assets

(₹ in crore)

Particulars	As at March 31 2021	As at March 31 2020
Provisions towards Standard Assets*	678.61	1,200.00

*Includes accelerated provision of ₹ 387.96 crore (Previous Year- ₹ 999.75 crore) and also includes advances restructured under the Resolution Framework for COVID-19-related Stress amounting to ₹ 62.05 crore (Previous Year-NIL)

H) Disclosure on Advances

(₹ in crore)

Particulars	As at March 31 2021	As at March 31 2020
Gross Advances (Including IBPC/Assignment)	86,633.73	71,846.03
Less: Managed Advance (IBPC/Assignment)	2,124.13	4,612.70
Gross Advances (Excluding IBPC/Assignment)	84,509.60	67,233.33
Less: Provision on NPA	2,896.73	603.38
Net Advances (Refer Schedule 9)	81,612.87	66,629.95

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forming part of the Balance sheet as at March 31, 2021

18.8 The key business ratios and other information is set out below :

(₹ in crore)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Interest income as a percentage to working funds ¹	12.11%	15.05%
Non-interest income as a percentage to working funds ¹	2.04%	2.14%
Operating profit as a percentage to working funds ^{1,2}	6.63%	7.53%
Return on assets ¹	2.13%	4.18%
Profit per employee (₹ in crore) ³	0.05	0.08
Business (deposits less inter-bank deposits plus advances) per employee (₹ in crore) ³	3.22	3.22

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 31,2021 and March 31,2020.

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

(₹ in crore)

Category	As at March 31 2021	As at March 31 2020
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.	20,334.29	18,114.11
(ii) Commercial Real Estate	1,198.35	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).	194.12	94.67
Total Exposure to Real Estate Sector	21,726.76	19,596.46

* 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 2021	As at March 31 2020
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	329.60
Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	-	-
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	-	-
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	25.20	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	354.80	354.60

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

During the year ended March 31,2021 and March 31,2020, 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 31,2021 and March 31,2020, 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 31,2021 and March 31,2020.

18.10 Miscellaneous

Disclosure of penalties imposed by RBI

During the current year no penalty has been levied on the Bank by RBI (₹ 1.00 crore for year ended March 31,2020)

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.

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The following tables summarize the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the Gratuity plan.

(₹ in crore)

Particulars	As at March 31 2021	As at March 31 2020
i) Table Showing changes in present value of Defined Benefit obligation:		
Present value of defined benefit obligations as at beginning of the year	107.96	65.07
Interest cost	7.19	4.87
Current service cost	20.42	14.15
Acquisitions cost	-	7.08
Benefit Paid	2.77	2.04
Actuarial loss/(gain) on obligations	2.29	18.83
Present value of defined benefit obligations as at end of the year	135.09	107.96
ii) Table showing fair value of plan assets:		
Fair value of plan assets as at beginning of the year	59.90	18.65
Acquisitions cost	-	6.94
Expected return on plan assets	5.56	2.81
Contributions paid	41.86	35.05
Benefits Paid	2.77	2.04
Actuarial gain/(loss) on plan assets	(2.43)	(1.51)
Fair value of plan assets at end of the year	102.12	59.90
iii) Actuarial Gain/(Loss) recognised:		
Actuarial (gain)/loss on obligations	2.29	18.83
Actuarial (loss)/gain for the year-Plan assets.	(2.43)	(1.51)
Net Actuarial gain/(loss) recognised in the year	(4.72)	(20.34)
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	135.09	107.96
Fair value of plan assets at the end of the year	102.12	59.90
Net liability recognised in balance sheet	32.97	48.06
v) The Principal assumptions used in the actuarial valuation are shown below :		
Discount Rate	6.75%	6.75%
Salary Escalation	8.00%	8.00%
Withdrawal Rate	8.00%	8.00%
Expected rate of return on assets	7.25%	7.00%

vi) Expenses Recognised in Profit and Loss Account:

(₹ in crore)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Current Service Cost	20.42	14.15
Interest Cost	7.19	4.87
Expected return	(5.56)	(2.81)
Net Actuarial loss/(Gain) recognised in the year	4.72	20.34
Expenses recognised in profit and loss account	26.77	36.55
Actual return on plan assets	3.13	1.30

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vii) Amounts for the current and previous year are as follows:

(₹ in crore)

Particulars	As at March 31 2021	As at March 31 2020	As at March 31 2019	As at March 31 2018	As at March 31 2017
a) Defined Benefit Obligations	135.09	107.96	65.07	42.86	32.99
b) Plan Assets	102.12	59.90	18.65	17.65	16.34
c) Deficit	(32.97)	(48.06)	(46.42)	(25.21)	(16.65)
d) Experience adjustments on plan liabilities [(Gain)/Loss]	2.29	10.17	5.38	-	-
e) Experience adjustments on plan assets [Gain/(Loss)]	(2.43)	(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 2021	As at March 31 2020
Insurance Managed Fund	100%	100%

ix) The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority and other relevant factors, such as supply and demand in the employment market.

x) The Bank expects to contribute ₹ 20 crore to gratuity fund in 2021-22 (Previous year ended March 31,2020 : ₹30 crore)

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 ₹ 92.60 crore (Previous year ended March 31,2020 : ₹ 71.28 crore).

C) Code on Social Security

The Indian Parliament has approved the Code on Social Security, 2020 (the"Code") which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

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

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determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from these. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment, fees for banking services and ATM interchange fees. Expenses of the

Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid as per the transfer pricing mechanism presently followed by the Bank.

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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)	1,277.59	10,735.60	511.02	-	12,524.21
	(1,070.93)	(9,352.89)	(461.67)	-	(10,885.49)
Other income	308.83	1,596.51	-	203.72	2,109.06
	(113.94)	(1,359.24)	-	(76.02)	(1,549.20)
Total income as per profit and Loss Account	1,586.42	12,332.11	511.02	203.72	14,633.27
	(1,184.87)	(10,712.13)	(461.67)	(76.02)	(12,434.69)
Add: Inter segment interest income	524.16	-	-	-	524.16
	(829.95)	-	-	-	(829.95)
Total segment revenue	2,110.58	12,332.11	511.02	203.72	15,157.43
	(2,014.82)	(10,712.13)	(461.67)	(76.02)	(13,264.64)
Less: Interest expenses	1,042.73	3,850.22	67.91	-	4,960.86
	(1,172.54)	(3,328.24)	(60.80)	-	(4,561.58)
Less: Inter segment interest expenses	-	299.67	222.67	1.82	524.16
	-	(589.96)	(238.99)	(1.00)	(829.95)
Less: Operating expenses	113.65	2,637.40	63.53	2.58	2,817.16
	(239.64)	(2,146.69)	(37.73)	(2.48)	(2,426.54)
Operating Profit	954.20	5,544.82	156.91	199.32	6,855.25
	(602.64)	(4,647.24)	(124.15)	(72.54)	(5,446.57)
Less: Provisions for non performing assets/ others	86.80	3,807.47	12.32	0.01	3,906.60
	(-9.20)	(1,370.67)	(31.68)	-	(1,393.15)
Segment results	867.41	1,737.35	144.59	199.30	2,948.65
	(611.84)	(3,276.57)	(92.47)	(72.54)	(4,053.42)
Less: provisions for tax					743.20
					(1,029.68)
Net profit					2,205.45
					(3,023.74)
Other information					
Segment assets	30,636.69	79,466.20	4,384.10	13.51	114,500.50
	(23,435.31)	(63,371.79)	(4,672.75)	(10.75)	(91,490.60)
Unallocated assets					492.55
					(227.20)
Total assets	30,636.69	79,466.20	4,384.10	13.51	114,993.05
	(23,435.31)	(63,371.79)	(4,672.75)	(10.75)	(91,717.80)
Segment liabilities*	36,853.08	75,717.81	2,348.25	-	114,919.14
	(34,515.31)	(56,180.61)	(875.25)	-	(91,571.17)
Unallocated liabilities					73.91
					(146.63)
Total liabilities	36,853.08	75,717.81	2,348.25	-	114,993.05
	(34,515.31)	(56,180.61)	(875.25)	-	(91,717.80)
Capital Expenditure	-	222.51	-	-	222.51
	-	(103.20)	-	-	(103.20)
Depreciation	-	103.06	-	-	103.06
	-	(80.26)	-	-	(80.26)

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	Entity having Significant influence (Promoter)
Bandhan Financial Holdings Limited	Entity having Significant influence (Promoter)
Nakshi Creations Pvt. Ltd.	Entity in which key management personnel are interested
Key Management Personnel	
Mr. Chandra Shekhar Ghosh	Managing Director & Chief Executive Officer
Mr. Indranil Banerjee	Company Secretary
Mr. Sunil Samdani	Chief Financial Officer

Relatives of Key Management Personnel

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

In accordance with paragraph 5 of AS-18, the Bank has not disclosed certain transactions with entity in which Key management personnel or their 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, 2021 are summarised as follows:

(₹ in crore)

Items/Related Party	Entity having Significant influence (Promoter)	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits taken	1,924.44	1.55	4.47	1,930.46
	(13,815.61)	(1.97)	(8.47)	(13,826.05)
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	-	-	-	-
Dividend received	-	-	-	-
Interest paid	65.84	0.08	0.11	66.03
Interest received	-	-	-	-
Rendering of services	-	-	0.003	0.003
Receiving of Service	-	-	-	-
Remuneration paid	-	4.52	1.37	5.89
Stock options exercised during the year*	-	0.98	-	0.98
Other reimbursements	-	0.004	0.006	0.01

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, 2020 are summarised as follows:

(₹ in crore)

Items/Related Party	Entity having Significant influence (Promoter)	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits taken	215.37 (864.51)	0.54 (2.37)	6.40 (8.07)	222.31 (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	30.75	0.09	0.15	30.99
Interest received	-	-	-	-
Rendering of services	-	-	0.001	0.001
Receiving of Service	-	-	-	-
Remuneration paid	-	3.95	1.28	5.23
Stock options exercised during the year*	-	0.27	-	0.27
Other reimbursements	-	0.02	-	0.02

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, 2021 and 31 March, 2020 are given below:

(₹ in crore)

Items/Related Party	Entity having Significant influence (Promoter)	Key Management Personnel	Relatives of Key Management Personnel
Deposit	1,924.44 (215.37)	-	-
Dividend paid	(294.44)	-	-
Interest paid	65.84 (30.75)	-	-
Rendering of services			
Nidhi Samdani	-	-	0.001 (-)
Nilima Ghosh	-	-	0.001 (-)
Saswati Banerjee	-	-	0.0003 (0.0003)
Angshuman Ghosh	-	-	- (0.001)
Stock Options exercised			
Chandra Shekhar Ghosh	-	0.90 (-)	-
Sunil Samdani	-	(-) (0.27)	-

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(₹ in crore)

Items/Related Party	Entity having Significant influence (Promoter)	Key Management Personnel	Relatives of Key Management Personnel
Other reimbursements			
Sunil Samdani	-	0.003 (0.02)	-
Vaskar Chandra Ghosh	-	-	0.005 (-)
Remuneration paid			
Chandra Shekhar Ghosh	-	2.58 (2.11)	-
Sunil Samdani	-	1.30 (1.25)	-
Indranil Banerjee	-	0.64 (0.59)	-
Dibakar Chandra Ghosh	-	-	0.90 (0.86)
Vaskar Chandra Ghosh	-	-	0.47 (0.42)

Previous year figures are shown in"()".

18.14 Deferred Tax

(₹ in crore)

Particulars	As at March 31 2021	As at March 31 2020
Deferred Tax Assets arising out of		
Depreciation on fixed assets	23.50	20.72
Provisions for loan losses	311.38	305.64
Provision for depreciation in value of investments	21.85	-
Expenditure charged to reserve but allowed for tax purposes as per provision or on actual basis	6.58	8.31
Expenditure charged to the profit & Loss account in the current year but allowed for tax purposes on payment basis	71.39	62.99
Total (a)	434.70	397.66
Deferred Tax Liability arising out of		
Special Reserves	(206.28)	(187.56)
Total (b)	(206.28)	(187.56)
Deferred tax asset (net) (a-b)	228.42	210.10

18.15 Liability for Operating Leases

The Banking Units premises are generally rented on cancellable terms for less than twelve months with no escalation clause and renewable at the option of the Company . The Head office and the Bank Branches office premises are obtained on non-cancellable lease terms . Lease payment during the year are charged in the statement of profit & loss.

The amount of rent expenses included in the Profit & Loss account towards operating leases aggregate to ₹ 176.25 crore (Previous year ended March 31,2020: ₹ 159.06 crore).

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Particulars of future minimum lease payment in respect of Head office & Bank branches are as mentioned below :

(₹ in crore)

Particulars	As at March 31 2021	As at March 31 2020
a) Not later than 1 year	116.94	105.70
b) Later than 1 year and not later than 5 years	455.74	482.68
c) Later than 5 years	116.86	123.66

18.16 Earnings per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share".

(₹ in crore)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Basic		
Weighted Average Number of equity shares	1,61,03,66,506	1,61,00,11,850
Net Profit after tax available for equity share holders	2,205.46	3,023.74
Basic Earnings Per Share (FV ₹10/-)	13.70	18.78
Diluted		
Weighted Average Number of equity shares (including dilutive potential equity share)	1,61,10,72,504	1,61,13,72,777
Net Profit after tax available for equity share holders	2,205.46	3,023.74
Diluted Earnings Per Share (FV ₹10/-)	13.69	18.76
Nominal value per share	10.00	10.00

The dilutive impact is due to stock options granted to employees of the Bank.

18.17 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. 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 31,2021 and March 31,2020.

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B) Draw Down from Reserve

There has been no draw down from reserves during the year ended March 31, 2021 and March 31, 2020.

C) Disclosure of customer complaints

Summary information on complaints received by the bank from customers and from the OBOs

Sr. No.	Particulars	Year ended March 31 2021	Year ended March 31 2020
Complaints received by the bank from its customers			
1	Number of complaints pending at beginning of the year	187	541
2	Number of complaints received during the year	30,830	52,184
3	Number of complaints disposed during the year	30,570	52,538
	3.1 Of which, number of complaints rejected by the bank	3,458	3,422
4	Number of complaints pending at the end of the year	447	187
Maintainable complaints received by the bank from OBOs			
5	Number of maintainable complaints received by the bank from OBOs	306	67
	5.1 Of which, number of complaints resolved in favour of the bank by Bos	262	48
	5.2 Of which, number of complaints resolved through conciliation/mediation/ advisories issued by Bos	44	19
	5.3 Of which, number of complaints resolved after passing of Awards by BOs against the bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Year ended 31st March 2021					
Internet/Mobile/Electronic Banking	183	28,469	-44%	409	24
Account opening /difficulty in operation of accounts	2	1,745	35%	36	0
Loans and advances	1	390	529%	2	0
Levy of charges without prior notice/excessive charges/ foreclosure charges	0	76	-18%	0	0
MIS-Selling/Para-banking	0	76	407%	0	0
Others	-	-	-	-	-
Total	186	30,756		447	24

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Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Year ended 31st March 2020					
Internet/Mobile/Electronic Banking	1	50,550	40%	183	0
Account opening /difficulty in operation of accounts	16	1,295	18%	2	0
Levy of charges without prior notice/excessive charges/foreclosure charges	1	93	27%	0	0
Loans and advances	0	62	29%	1	0
Staff Behaviour	2	18	-54%	0	0
Others	-	-	-	-	-
Total	20	52,018		186	0

iii) ATM related complaints

Particulars	Year ended March 31 2021	Year ended March 31 2020
i) No. of complaints pending at the beginning of the year	179	514
ii) No. of complaints received during the year*	24,192	44,693
iii) No. of complaints redressed during the year	23,970	45,028
iv) No. of complaints pending at the end of the year	401	179

* ATM Complaints received during the year include ATM transaction disputes of other bank customers in the Bank's ATM

ATM transaction disputes relating to the Bank's customers on the Bank's ATMs

Particulars	Year ended March 31 2021	Year ended March 31 2020
(a) No. of complaints pending at the beginning of the year	3	-
(b) No. of complaints received during the year	2,249	5,654
(c) No. of complaints redressed during the year	2,234	5,651
(d) No. of complaints pending at the end of the year	18	3

ATM transaction disputes relating to the Bank's customers on other banks' ATMs

Particulars	Year ended March 31 2021	Year ended March 31 2020
(a) No. of complaints pending at the beginning of the year	176	514
(b) No. of complaints received during the year	21,688	39,039
(c) No. of complaints redressed during the year	21,481	39,377
(d) No. of complaints pending at the end of the year	383	176

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 31,2021 and March 31,2020.

E) Provision coverage ratio

Particulars	As at March 31 2021	As at March 31 2020
The provision coverage ratio of the Bank computed in terms of the RBI guidelines	50.31%	60.78%

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F) Bancassurance Business

The following table shows breakup of income derived from sale of insurance /Mutual funds.

(₹ in crore)

Particulars	Year ended March 31 2021	Year ended March 31 2020
For selling life insurance policies	135.85	61.67
For selling non-life insurance policies	14.20	11.50
For selling mutual fund products	2.32	2.08
Others	1.26	0.41

G) Concentration of Deposits, Advances Exposures & NPAs

I) Concentration of Deposits

(₹ in crore)

Particulars	As at March 31 2021	As at March 31 2020
i) Total Deposits of twenty largest depositors	14,647.29	8,969.45
ii) Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	18.79%	15.71%

II) Concentration of Advances

(₹ in crore)

Particulars	As at March 31 2021	As at March 31 2020
i) Total Advances to twenty largest borrowers	2,152.99	3,300.75
ii) Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	2.49%	4.59%

III) Concentration of Exposures

(₹ in crore)

Particulars	As at March 31 2021	As at March 31 2020
i) Total Exposure to twenty largest borrowers / customers	2,224.79	3,334.32
ii) Percentage of Exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	2.57%	4.87%

IV) Concentration of NPAs

(₹ in crore)

Particulars	As at March 31 2021	As at March 31 2020
Total Exposure to top four NPA accounts	447.09	414.50

V) Movement of NPAs

(₹ in crore)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Gross NPAs- as on 1st April	992.78	819.56
Additions (Fresh NPAs) during the year	6,887.84	1,040.45
Sub total (A)	7,880.62	1,860.01
Less :-		
(i) Upgradations	72.20	124.73
(ii) Recoveries (excluding recoveries made from upgraded accounts)	12.31	87.48
(iii) Technical / Prudential Write offs	2,038.35	655.02
(iv) Write offs other than those under (iii) above	-	-
Sub total (B)	2,122.86	867.23
Gross NPAs as on March 31 (A-B)	5,757.76	992.78

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VI) Movement of Technical/Prudential written off accounts

(₹ in crore)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Opening balance of Technical/Prudential written off accounts	1,004.30	374.19
Add: Prudential/Technical write offs during the year	2,038.35	655.02
Sub Total (A)	3,042.65	1029.21
Less: Recoveries made from previously technical/prudential written off accounts during the year (B)	30.77	24.91
Closing Balance (A-B)	3,011.88	1,004.30

VII) Overseas Assets, NPAs and Revenue

The Bank does not have any overseas assets as on March 31,2021 and March 31,2020.

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

(₹ in crore)

Particulars	Year ended March 31 2021	Year ended March 31 2020
No. of Frauds reported during the year to Reserve Bank of India	211	213
Amount involved in such Frauds	34.17	7.67
Amount involved in fraud net of recoveries / write-offs as at the end of the year	39.50	7.88
Provision held as at the end of the year	39.50	7.88
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 31,2021 the NRC comprises of the following directors.

Shri Snehomoy Bhattacharya- Chairman

Shri. Bhaskar Sen

Shri Ranodeb Roy

Shri Harun Rasid Khan (retired w.e.f. March 27, 2021)

The NRC functions with the following main objectives:

- (i) To identify persons who are qualified to become directors in accordance with the criteria laid down,

recommend to the Board their appointment, re-appointment or removal and to carry out evaluation of every Director's performance;

- (ii) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and decide their 'fit & proper' status;
- (iii) To oversee the framing, review and implementation of compensation policy of the Bank and recommend to the Board the overall remuneration philosophy and policy including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock based remuneration to employees;
- (iv) To oversee the framing, implementation and review of the Remuneration of the Whole Time Director (WTDs) /Managing Director (MD)/ Chief Executive Officer (CEOs) as per the RBI Guidelines and Companies Act, 2013. The Committee shall recommend to the Board the remuneration package for the Managing Director & CEO and the other Whole Time Directors – including the level of fixed pay, variable pay, stock based Remuneration and perquisites;
- (v) To review the HR strategy and policy including the conduct and ethics of the Bank and review

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any fundamental changes in the organization structure which could have wide ranging and high risk implications;

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

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

Objectives of the Remuneration Policy

The Compensation Policy reflects the Bank's objectives for good corporate governance as well as sustained and long-term value creation for stakeholders. The aims of the Bank's remuneration framework are to:

- i) Attract, motivate and retain people with requisite skill, experience and ability to deliver the Bank's strategy;
- ii) Create an alignment and balance between the rewards and risk exposure of shareholders and interests of employees;
- iii) Link rewards to creation of long term sustainable shareholder value consistent with strategic goals and appropriate risk management; and
- iv) Encourage behavior consistent with the Bank's values and principles.

To achieve the above objectives, the philosophy adopted by the Bank is as follows:

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

The compensation structure for the MD & CEO also mirrors the Bank's philosophy of aligning with the principles of sound compensation practices to ensure:

- i) Effective and independent governance of compensation.
- ii) Effective alignment of compensation with prudent risk taking.
- iii) Effective supervisory oversight and engagement by stakeholders.

Design & Structure of Remuneration process

The total compensation is a prudent mix of fixed remuneration and performance-based variable remuneration

The key remuneration elements are:

- 1) Fixed Pay
- 2) Discretionary Performance-based Variable Remuneration

The Bank ensures that the fixed pay element is reasonable, taking into account the market rates and trends. The fixed pay is reviewed annually using market intelligence provided by a leading global performance/reward consulting and benchmarking firm for financial services industry to ensure that the Bank remains competitive in marketplace and that the Bank is able to attract and retain best talent. The level of fixed pay shall be sufficient enough in order to discourage inappropriate risk-taking.

Performance-based variable remuneration may comprise cash bonus, stock linked instruments, and is awarded by ensuring:

- i) an appropriate balance between fixed and performance-based components;
- ii) that the fixed component represents a higher proportion of the total remuneration;
- iii) that the performance-based component reflects the risk underlying the achieved result;
- iv) that a part of the performance-based component may be deferred;
- v) that no hedging of deferred shares takes place;

Presently, the bank utilises only two form of performance based variable remuneration, viz., cash bonus, ESOP, as referred in note no 18.32 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 organizational performance threshold for bonus to be paid, cash bonus and deferred variable remuneration.

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c) Description of the ways in which current and future risks are taken into account in the remuneration process

The MD & CEO, employees in the grades of SVPs and above and employees engaged in the functions of Risk Control and Compliance are included in the policy of risk alignment of compensation.

The alignment of compensation to prudent risk taking is ensured through the following:

- i) Structure of remuneration is such that a significant part of performance based variable remuneration is deferred.
- ii) Performance hurdles includes financial and non-financial parameters, ensuring compensation is aligned to both.
- iii) Fixed Salary is reasonable and sufficient, thereby discouraging inappropriate risk taking.
- iv) Annual Bonus Plan is managed with an independent governance framework.
- v) Variable remuneration awards are conditional, discretionary and contingent upon a sustainable and risk-adjusted performance. They are therefore capable of forfeiture or reduction at the Bank's discretion.
- vi) For employees included in the policy of risk alignment of compensation, NRC has the discretion to apply malus and clawback – ex-post risk adjustment, allowing the Bank to adjust previously awarded remuneration to take account of subsequent performance and potential risk outcomes and thus enabling to recoup variable pay in the event of a negative contribution.

Deferral of Variable Pay

To ensure that risk measures are not focused only on the achievement of short term goals, variable payout is deferred, if it exceeds 50% of the fixed pay.

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

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

The Bank has a performance measurement framework in place to assess the achievements of the organization as a whole, its business lines and organizational units as well as individual employees. In order to maximise

the incentive to deliver adequate performance and to take into account any risks of the business activities, the Bank seeks to closely link remuneration outcomes with performance and risk outcomes. Accordingly, the Bank's performance management and compensation philosophy is designed in a manner to help achieve the Bank's business objectives.

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

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

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

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

In the case of performance evaluation of the Managing Director and Chief Executive Officer of the Bank, factors

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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.
- iv) In the event of negative contributions of the relevant line of business, the unvested deferred variable remuneration of the reference year will be held back (malus). In such cases, the vested / paid variable remuneration will also be subject to suitable 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 utilizes and the rationale for using these different forms.**

The Bank presently utilizes only one form of variable remuneration, viz., cash bonus, which is linked to corporate performance, business performance and individual performance ensuring differential pay based on the performance. ESOP, as referred in note 18.32 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 31,2021 are given below:

Particulars	Year ended March 31 2021	Year ended March 31 2020
a) i) Number of meetings held by the Remuneration Committee during the year.	6	6
ii) Remuneration paid to its members (sitting fees)	₹ 11,80,000	₹ 10,50,000
b) Number of employees having received a variable remuneration award during the year.	25	22
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	Nil
h) Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non deferred.	Fixed- ₹ 29.89 Crore, Variable- ₹ 6.98 Crore, Non-deferred - ₹ 6.98 Crore, Deferred- ₹ 0 Crore	Fixed- ₹ 22.23 Crore, Variable- ₹ 3.24 Crore, Non-deferred - ₹ 3.24 Crore, Deferred- ₹ 0 Crore
i) Shares granted under ESOP	63,05,997	15,47,801
i) 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

18.22 Disclosure relating to Securitisation

There are no securitisation transactions undertaken by the Bank during the year ended March 31,2021 and March 31,2020.

18.23 Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31,2021 and March 31,2020.

18.24 Intra Group Exposures

The Bank did not have any intra group exposure during the year ended March 31,2021 and March 31,2020.

18.25 Transfer to Depositor education and awareness fund (DEAF)

During the year ended March 31,2021 and March 31,2020 the Bank was not required to transfer any amount to Depositor Education and Awareness Fund.

18.26 Unhedged Foreign Currency Exposure

During the year ended March 31, 2021, the Bank made provision of ₹ 0.06 crores (Previous Year NIL) towards un-hedged foreign currency exposure. As on March 31, 2021, the Bank held cumulative provision towards un-hedged foreign currency exposure of ₹ 0.06 crores (Previous Year NIL).

As on March 31, 2021 & March 31, 2020, the Bank is not required to have any incremental capital towards borrowers having un-hedged foreign currency exposures in accordance with RBI guidelines.

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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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(b) Quantitative Disclosure as on March 31, 2021

Particulars	Day end Average for quarter ended 30 June 2020			Day end Average for quarter ended 30 September 2020			Day end Average for quarter ended 31 December 2020			Day end Average for quarter ended 31 March 2021		
	Unweighted Value (Average)	Weighted Value (Average)	Total	Unweighted Value (Average)	Weighted Value (Average)	Total	Unweighted Value (Average)	Weighted Value (Average)	Total	Unweighted Value (Average)	Weighted Value (Average)	Total
High Quality Liquid Assets												
1) Total High Quality Liquid Assets (HQLA)	-	17,678.24	-	-	21,743.55	-	-	22,068.14	-	-	-	21,856.82
Cash Outflows												
2) Retail Deposits and deposits from small business customers, of which:	35,358.10	3,356.05		37,123.49	3,549.29		38,736.90	3,730.81		41,593.77		3,982.44
a) Stable deposits	3,595.23	179.76		3,261.28	163.06		2,857.52	142.88		3,538.83		176.94
b) Less stable deposits	31,762.88	3,176.29		33,862.21	3,386.22		35,879.39	3,587.94		38,054.94		3,805.49
3) Unsecured wholesale funding, of which:	13,579.11	8,440.25		17,117.81	12,035.67		20,229.80	14,431.64		21,951.05		15,220.87
a) Operational deposits (all counterparties)	-	-		-	-		-	-		-		-
b) Non-operational deposits (all counterparties)	13,579.11	8,440.25		17,117.81	12,035.67		20,229.80	14,431.64		21,951.05		15,220.87
c) Unsecured debt	-	-		-	-		-	-		-		-
4) Secured wholesale funding	-	-		-	-		-	-		-		-
5) Additional requirements, of which:	1,057.49	67.78		1,054.30	83.76		1,245.39	101.20		1,444.48		118.04
a) Outflows related to derivative exposures and other collateral requirements	0.00	0.00		0.01	0.01		0.08	0.08		0.10		0.10
b) Outflows related to loss of funding on debt products	-	-		-	-		-	-		-		-
c) Credit and liquidity facilities	1,057.49	67.78		1,054.29	83.75		1,245.30	101.11		1,444.38		117.94
6) Other contractual funding obligations	2,957.26	2,957.26		2,634.33	2,634.33		1,896.14	1,896.14		2,490.78		2,490.78
7) Other contingent funding obligations	274.88	8.25		382.43	11.47		241.88	7.26		265.99		7.98
8) Total Cash outflows		14,829.58			18,314.52			20,167.05				21,820.10
Cash Inflows												
9) Secured lending (eg. Reverse repos)	5,618.63	-		6,074.58	-		2,153.76	-		1,364.81		-
10) Inflows from fully performing exposures	3,364.10	2,110.39		5,807.23	3,615.74		5,866.01	3,334.94		6,256.15		3,655.98
11) Other cash inflows	40.52	40.52		0.07	0.07		0.02	0.02		0.05		0.05
12) Total Cash Inflows	9,023.24	2,150.91		11,881.88	3,615.82		8,019.80	3,334.96		7,621.01		3,656.03
13) Total HQLA		17,678.24			21,743.55			22,068.14				21,856.82
14) Total Net Cash outflow		12,678.67			14,698.70			16,832.09				18,164.07
15) Liquidity Coverage Ratio(%)		139.43%			147.93%			131.11%				120.33%

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(c) **Quantitative Disclosure as on March 31 2020**

(₹ in crore)

Particulars	Day end Average for quarter ended 30 June 2019			Day end Average for quarter ended 30 September 2019			Day end Average for quarter ended 31 December 2019			Day end Average for quarter ended 31 March 2020		
	Unweighted Value (Average)	Weighted Value (Average)	Total	Unweighted Value (Average)	Weighted Value (Average)	Total	Unweighted Value (Average)	Weighted Value (Average)	Total	Unweighted Value (Average)	Weighted Value (Average)	Total
High Quality Liquid Assets												
1) Total High Quality Liquid Assets (HQLA)	-	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	3,794.15	3,203.47	2,958.27	3,518.80	3,027.53	11,163.41	11,163.41
a) Stable deposits	2,999.69	149.98	3,090.27	154.51	3,235.64	161.78	175.94	2,796.49	30,275.35	14,574.86	11,163.41	11,163.41
b) Less stable deposits	21,489.90	2,148.99	24,999.36	2,499.94	27,964.89	14,574.86	11,163.41	9,849.41	14,574.86	11,163.41	11,163.41	11,163.41
3) Unsecured wholesale funding, of which:	11,974.39	7,461.55	10,276.82	8,129.59	12,130.32	9,849.41	11,163.41	9,849.41	14,574.86	11,163.41	11,163.41	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	11,163.41	9,849.41	14,574.86	11,163.41	11,163.41	11,163.41
c) Unsecured debt	-	-	-	-	-	-	-	-	-	-	-	-
4) Secured wholesale funding	-	-	-	-	-	-	-	-	-	-	-	-
5) Additional requirements, of which:	-	-	537.95	26.90	1,009.02	50.47	52.62	1,051.48	0.05	0.05	0.05	0.05
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	-	-	537.95	26.90	1,009.01	50.45	52.57	1,051.43	0.05	0.05	0.05	0.05
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	1,699.12	2,325.84	2,325.84	2,325.84	2,325.84
7) Other contingent funding obligations	53.82	1.61	86.07	2.58	137.80	4.13	5.86	4.13	195.17	5.86	5.86	5.86
8) Total Cash outflows	38,534.63	11,348.29	40,825.17	12,648.23	46,176.79	14,561.40	16,751.20	14,561.40	51,941.51	16,751.20	16,751.20	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	5,570.00	6,986.94	7,975.53	5,570.00	5,570.00	5,570.00
11) Other cash inflows	-	-	571.85	571.85	428.89	363.57	363.57	428.89	363.57	363.57	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	5,933.57	7,415.84	8,339.10	5,933.57	5,933.57	5,933.57
13) Total HQLA	8,949.50	8,949.50	9,486.13	9,486.13	11,457.39	11,457.39	13,997.52	11,457.39	13,997.52	13,997.52	13,997.52	13,997.52
14) Total Net Cash outflow	5,801.49	5,801.49	5,801.49	5,272.41	7,145.56	10,817.63	10,817.63	7,145.56	10,817.63	10,817.63	10,817.63	10,817.63
15) Liquidity Coverage Ratio (%)		154.26%		179.92%		160.34%	129.40%	160.34%		129.40%	129.40%	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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18.28 Maturity pattern of certain items of assets and liabilities

(₹ in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 month & up to 6 months	Over 6 month & up to 1 year	Over 1 Year & up to 3 years	Over 3 Years & up to 5 years	Over 5 years	Total
Liabilities											
Borrowings	-	2,694.00	750.00	-	5,175.00	329.11	2,038.20	3,999.50	776.06	1,198.49	16,960.36
	-	(684.20)	-	-	(1,175.63)	(129.95)	(1,634.91)	(10,691.78)	(1,069.48)	(993.23)	(16,379.18)
Deposits*	200.52	1,099.34	909.25	1,737.98	6,930.21	9,244.95	11,830.98	44,001.70	1,168.80	848.50	77,972.22
	(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)
Foreign Currency Liabilities	-	-	-	-	0.19	3.01	21.98	2.66	-	-	27.84
	-	-	-	-	(0.04)	(6.19)	(41.86)	(12.79)	-	-	(60.88)
Assets											
Advances	805.45	2,002.05	1,132.09	1,972.84	11,521.00	13,627.84	17,155.12	13,988.69	5,116.49	14,291.32	81,612.88
	(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)
Investment	-	52.20	-	-	72.81	2,780.76	340.63	988.11	1,866.74	19,054.13	25,155.39
	-	(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)
Foreign Currency Assets	13.26	-	-	-	43.87	-	-	62.14	-	-	119.27
	(9.74)	-	-	-	-	-	-	-	-	(18.92)	(28.66)

* Deposits includes Foreign Currency Liabilities which is shown separately

Classification of non-maturing assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

Previous year figures are shown in "()".

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forming part of the Balance sheet as at March 31, 2021

18.29 Sector-wise advances

(₹ in crore)

Sr. No.	Sector	As at March 31 2021			As at March 31 2020		
		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 [#]	25,953.80	2,206.69	8.50%	22,309.39	97.42	0.44%
2	Advances to industries sector eligible as priority sector lending [#]	10,703.50	887.02	8.29%	7,689.17	78.01	1.01%
3	Services	24,217.64	1,598.74	6.60%	16,290.50	170.99	1.05%
4	Personal loans	13,494.57	307.03	2.28%	14,351.92	135.41	0.94%
	Sub Total (A)	74,369.51	4,999.47	6.72%	60,640.98	481.83	0.79%
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry sector	493.28	-	-	225.50	-	-
3	Services	1,216.78	385.09	31.65%	842.46	385.09	45.71%
4	Personal loans	8,430.03	373.19	4.43%	5,524.39	125.86	2.28%
	Sub Total (B)	10,140.09	758.29	7.48%	6,592.35	510.95	7.75%
	Total (A+B)	84,509.60	5,757.76	6.81%	67,233.33	992.78	1.48%

*Priority sectors includes ₹ 70,448 crore (previous year : ₹ 56,805.75 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the year ended March 31, 2021, the Bank has bought PSLC amounting ₹ 2,400 crore (previous year : ₹ 1,850 crore), which is not included in above.

#The consideration of Land holding of borrowers for their classification as Small & Marginal Farmers (SMFs) and investment in Plant and Machinery for classification of business as eligible for Priority Sector Lending is based on the representation made by the respective borrowers.

18.30 Details of Priority sector lending certificates (category wise) sold and purchased:

(₹ in crore)

SI No.	Particulars	Year ended March 31 2021		Year ended March 31 2020	
		Purchase	Sale	Purchase	Sale
i)	PSLC – Agriculture	-	3,360.00	1,000.00	7,000.00
ii)	PSLC- Small & Marginal farmers(SFMF)	-	19,280.00	-	13,585.00
iii)	PSLC- Micro Enterprises	-	31,476.00	-	21,820.75
iv)	PSLC – General	2,400.00	16,332.00	850.00	14,400.00

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

During the year ended March 31, 2021 the Bank has sold its advances through IBPCs. The details are as follows:

(₹ in crore)

SI No.	Particulars	Year ended March 31 2021		Year ended March 31 2020	
		Sale	Purchase	Sale	Purchase
i)	Aggregate value of IBPCs entered	4,948.00	1,514.00	9,287.53	499.99
ii)	Aggregate consideration received	4,948.00	1,514.00	9,287.53	499.99
iii)	Aggregate gain recorded	314.54	-	351.23	-
iv)	IBPCs outstanding [including principal amount of ₹ 440.01 crore (March 31 2020 : ₹ 674.83 crore) collected against the pool sold and not yet due for payment and included under other liabilities]	2,564.14	-	5,287.53	-

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.

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The Shareholders of the Bank at the meeting held on 23rd November, 2017 has approved the Employee Stock Option Plan Series 1 and the grant of Employee Stock Option to the employees of the Bank. The said approval accords the Board of Directors of the Bank or any Committee including the Nomination and Remuneration Committee, which the Board has constituted, to create, offer, and grant at any time to permanent employees of the Bank, including any Director of the Bank, whether whole-time or otherwise but excluding Promoter(s), Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares, employee stock options from time to time in one or more tranches.

This plan was framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and as applicable at the time of the grant. The accounting for the stock options has been in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 to the extent applicable.

Employee Stock Option Plan Series 1 provides for the issuance of options at the recommendation of the Nomination and Remuneration Committee of the Board ('NRC') at the closing price on the working day immediately preceding the date when options are granted. The closing price of the Bank's equity share on an Indian stock exchange with the highest trading volume as of the working day preceding the date of grant set forth by the NRC at the time of grant. The period in which the options may be exercised cannot exceed five years from date of expiry of vesting period. However, if the participant's employment terminates due to retirement (including pursuant to any early/ voluntary retirement scheme), the whole of the unvested options shall vest on the first vesting date relating to the said grant, immediately following the date of superannuation. During the years ended March 31, 2021 and March 31, 2020, no modifications were made to the terms and conditions of ESOPs as approved by the NRC.

Activity in the options outstanding under the various employee stock option plans as at March 31, 2021:

SI No.	Particulars	Number of options	Weighted average exercise price (₹)
i)	Options outstanding, beginning of year	1,09,39,202	428.84
ii)	Granted during the year	63,05,997	366.34
iii)	Exercised during the year*	3,58,809	205.87
iv)	Forfeited / Lapsed during the year	3,94,317	413.14
v)	Options outstanding, end of year	1,64,92,073	410.17
vi)	Options exercisable	37,97,289	409.24

*Includes 8,131 shares against which application money was received but pending allotment to ₹ 0.15 crore

Activity in the options outstanding under the various employee stock option plans as at March 31, 2020:

SI No.	Particulars	Number of options	Weighted average exercise price (₹)
i)	Options outstanding, beginning of year	18,57,049	180.00
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 to the Scheme of Amalgamation.

** Includes 680 shares against which application money was received but pending allotment to ₹ 0.02 crore

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The following table summarises the information about stock options outstandings as at March 31, 2021:

SI No.	Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining life of options (in years)	Weighted average exercise price (₹)
1	Plan Series 1	180.00 to 539.22	1,64,92,073	5.41	180.00 to 428.84

The following table summarises the information about stock options outstandings as at March 31, 2020:

SI No.	Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining life of options (in years)	Weighted average exercise price (₹)
1	Plan Series 1	180.00 to 539.22	1,09,39,202	5.23	180.00 to 472.18

Fair value methodology

The weighted average fair value of stock option granted during the year was ₹111.49. 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 / binomial option-pricing model. The Bank estimates the volatility based on the historical prices of its equity shares. The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2021 are:

Particulars	March 31, 2021
Dividend yield (%)	0.00%- 0.35%
Expected volatility (%)	17.07%- 46.18%- 47.27%
Risk-free interest rate (%)	4.69%-5.26%- 5.51%- 5.76%-6.66%
Expected remaining life of the options (yrs)	1.04-8.96 yrs

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome.

The Bank measures the cost of ESOP using the intrinsic value method. Had the Bank used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed as indicated below:

(₹ in crore)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Profit after tax as reported	2,205.46	3,023.74
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method	62.49	88.78
Proforma profit after tax	2,142.97	2,934.96
Weighted Average Number of equity shares	1,61,03,66,506	1,61,00,11,850
Weighted Average Number of equity shares (including dilutive potential equity share)	1,61,10,72,504	1,61,13,72,777
Earnings Per Share		
Basic		
- As reported	13.70	18.78
- Proforma	13.31	18.23
Diluted		
- As reported	13.69	18.76
- Proforma	13.30	18.21

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18.33 Corporate Social Responsibility

a) Gross amount required to be spent by the Bank during the year ended is ₹ 60.82 crore (Previous year ended March 31, 2020 : ₹ 69.32 crore)

b) The following table sets forth, for the periods indicated, the amount spent by the Bank on CSR related activities;

(₹ in crore)

Sl No.	Particulars	Year ended March 31 2021			Year ended March 31 2020		
		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*	50.54	10.27	60.82	67.09	2.23	69.32

* An amount of ₹ 10.27 crore (Previous year ended March 31, 2020 : ₹ 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 ₹ 731.76 crore (previous year ended March 31, 2020 ₹ 453.33 crore) on sale of Priority sector lending certificates.

18.35 Other Expenditure includes IT operating expenses of ₹ 109.62 crore (previous year ended March 31, 2020 ₹ 90.58 crore) and ATM expenses of ₹ 43.71 crore (previous year ended March 31, 2020 ₹ 44.85 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, 2021 amounting to ₹ 2.42 crore (previous year: ₹ 1.77 crore).

18.37 Details of payments to Auditors

(₹ in crore)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Statutory Audit Fees	0.97	0.63
Others	0.72	1.57

18.38 Business Transfer

During the previous year the 'Scheme of Amalgamation' of erstwhile GRUH Finance Limited ("GRUH") with Bandhan Bank Limited ("BANK") was 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. In accordance with the Scheme 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 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' ₹ 1,101.03 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").

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The summary of assets and liabilities acquired were as follows:

Description	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 Limited 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 included 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 was 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 for the previous year 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.

- 18.39** COVID-19 virus, a global pandemic has affected the world economy including India. The extent to which the COVID-19 pandemic including the current second wave witnessed in the country, will continue to impact the Bank's operations and asset quality will depend on the future developments, which are uncertain.

The RBI on March 27, 2020, April 17, 2020 and May 23, 2020, announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of these RBI guidelines, the Bank granted a moratorium on the repayment of all installments and/or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period.

The Bank holds accelerated provisions of ₹ 387.96 Crore on standard assets as at March 31, 2021 against the potential impact of COVID-19 (other than provisions held for restructuring under COVID 19 norms).

Also, during the current year, the Bank has made additional provisions on NPA amounting to ₹ 1,034.00 Crore against the existing NPA accounts resulting from elevated risk observed in certain geographies and potential impact of COVID-19 on certain loan portfolios. These provisions held by the Bank are based on the information available at this point in time and are in excess of the RBI prescribed norms.

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18.40 The disclosures as required by RBI circular [RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21] dated April 17, 2020 are given below:

(₹ in crore)

SL No	Particulars	Amount
1	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular (as of March 31,2020) ¹	2,523.30
2	Respective amount where asset classification benefits is extended ²	1,013.15
3	Provisions made in terms of para 5 of the circular	101.32
4	Provision adjusted against slippages in terms of paragraph 6 of the circular	-
5	Residual provisions as of March 31, 2021 in terms of paragraph 6 of the circular	101.32

1. Represents borrowers which were overdue but standard at February 29,2020 and continued to be overdue till March 31, 2020

2. As at March 31, 2021 in respect of such accounts

18.41 In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021, the Bank shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' has been finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies as on April 19, 2021. As on March 31 2021, the Bank holds a specific liability of ₹ 12.88 Crore, which was created by debiting interest income, to meet its aforesaid obligation towards refund of interest on interest to eligible borrowers as prescribed by the RBI.

18.42 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

G. K. Subramaniam

Partner

Membership Number : 109839

Place : Mumbai

Date : May 08, 2021

Anup Kumar Sinha

Non Executive Chairman

Kolkata

Subrata Dutta Gupta

Independent Director

Kolkata

For Bandhan Bank Limited

Chandra Shekhar Ghosh

Managing Director & CEO

Kolkata

Sunil Samdani

Chief Financial Officer

Kolkata

Vijay Nautamlal Bhatt

ACB Chairman &

Independent Director

Mumbai

Indranil Banerjee

Company Secretary

Kolkata

Corporate Information

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Website: www.bandhanbank.com

CORPORATE IDENTITY NUMBER (CIN)

L67190WB2014PLC204622

LISTED WITH SCRIP NAME

BSE Scrip Code: **541153**

NSE Symbol: **BANDHANBNK**

REGISTRARS & TRANSFER AGENTS

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