

Integrated Report 2022-23



Built on
commitment.
Driven by
trust.



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About the Report



Reporting Framework and Scope

Bandhan Bank Limited is pleased to present its fourth Integrated Report which provides an insight into the Bank's strategic vision, governance, performance, and future outlook towards creating value in the short-term, medium term and long-term. It demonstrates the Bank's commitment to deliver desired results amidst growing environmental, social and economic challenges.

Reporting Principle

The report has been developed in accordance with the Integrated Reporting <IR> framework of the International Integrated Reporting Council (IIRC).

Scope and Reporting Boundary

The financial information in this Integrated Report for the FY 2022-23 has been taken from the financial statements of the Bank, which have been audited by independent auditors. The non-financial information (environmental and social performance data) presented in this report for the FY 2022-23, also appears in the Annual Report FY 2022-23.

The report covers disclosures on the non-financial performance across all the offices and banking outlets. The reported data pertains to the Financial Year FY 2022-23 (April 1, 2022 to March 31, 2023).

Independent Assurance Statement

The report has been verified by Ernst and Young Associates LLP, based on 'Limited Assurance' criteria in accordance with the International Standards on Assurance Engagements (ISAE) 3000 (Revised).

Management responsibility

The contents of this Report have been prepared by the management and were reviewed and approved by the appropriate authority for ensuring accuracy, completeness and relevance of the information presented in line with the principles and requirements of the Integrated Reporting <IR> framework of the International Integrated Reporting Council (IIRC).



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 that information independently.

Chairman's Message



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

”

Dr. Anup Kumar Sinha

Non-Executive (Independent) Chairman

Your Bank had set out on a transformation journey with the aim of delivering superior value and experience to customers in a rapidly evolving landscape. Underpinned by the outstanding efforts of its team members, I am proud to say the Bank is succeeding on this agenda, having overcome the significant challenges thrown by the pandemic right at the outset of this journey.

Economic Review

Amid considerable uncertainties about economic activities in many countries – including major economies such as the US, Euro Area and China – India has emerged as a shining beacon. With its 7.2% GDP growth in FY 22-23, India had been the fastest growing large economy in the world last year, a distinction that India looks set to maintain even in the current year. The Indian government successfully met its FY 22-23 fiscal deficit target of 6.4% of GDP. Other noteworthy highlights

of the fiscal performance include encouraging tax collections and a focus on capital expenditure. Although goods exports faced challenges due to the geopolitical situation and rising oil prices, the country's services exports performed exceptionally well.

The global repercussions of the war led to significant inflation and interest rate impact worldwide. In India, consumer prices surged to an eight-year high of 7.8% year-on-year in April 2022 and averaged 6.7% (YoY) during FY 22-23. The surge in inflation and monetary tightening across the globe prompted the Reserve Bank of India (RBI) to raise its policy repo rate by 250 basis points during FY 22-23 to 6.5%, which has since been kept unchanged during the current financial year. Despite policy uncertainties in the global arena, India's macro parameters presently suggest that risks of further hike in interest rates in the near term is limited.

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

Sector Review

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

Driven by the favourable market conditions and the efforts of the government and the RBI, Banks reported healthy profits in the year in review. Among the various factors boosting Banks' strong performance are the post-pandemic economic normalisation, recovery in credit demand, and a considerable improvement in asset quality. Credit growth stood at around 15% for the year, the highest growth in over a decade, driven by MSME credit (14% y/y), housing loans (15%) and personal loans (21%).

Even though India's credit growth has been impressive, negative credit-to-GDP gap, as compared to advanced and emerging market peers, means that the banking sector needs to continue its efforts in reaching out to larger populations for the success of the Indian growth story.

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

The Bank's Progress

Against the backdrop of improved economic conditions, your Bank has demonstrated healthy growth in advances and deposits. The retail segment, including housing and MSME loans, has seen a significant contributor to credit uptake. Additionally, the Bank's asset quality has improved significantly over the past year, while maintaining a healthy CASA ratio that provides a stable source of funds for lending activities, enhancing overall financial efficiency.

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

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

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

Changes to the Board

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

The Road Ahead

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

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

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

In Conclusion

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

Warm regards,

Dr. Anup Kumar Sinha

Non-Executive (Independent) Chairman

Message from the MD & CEO

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

”

Chandra Shekhar Ghosh

Managing Director & Chief Executive Officer



Dear Shareholders,

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

As I reflect on the past financial year, I am encouraged by the performance delivered by the Bank. The Bank's nearterm vision includes its commitment to portfolio, geographic, people and tech transformations. The unwavering commitment to the Bank's vision has propelled it forward, enabling considerable progress in key areas such as information technology, digitalisation, and workforce development, among other areas of thrust

Operational Environment

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

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

The floods in Assam as well as the high inflation experienced in the first half of the year, however, did pose some challenges. High inflation and rising interest rates in several other economies triggered sharp hike in interest rate by the Reserve Bank of India (RBI). Additionally, the implementation of new regulatory norms in the first quarter necessitated the revision of risk assessment practices for microfinance disbursement, leading to muted growth in the microcredit segment during this period.

Performance Review

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

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

The Bank has experienced strong demand for housing loans. Till the end of Q3 FY 22-23, housing finance segment registered over 28% YoY growth. In the fourth quarter, the Bank moved the housing finance

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

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

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

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

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

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

In terms of geographical diversification, the Bank has made continued progress in expanding beyond eastern India. Of late, customer base expanded rapidly in various relatively new geographies, with states like Uttar Pradesh and Bihar now featuring among our top three markets, along with West Bengal. While your Bank continues to maintain a strong presence in rural and semi-urban areas, it is also strengthening presence in metro and tier-1 cities to cater to a broader customer base, in line with its agenda of being a Bank for all. As of March 31, 2023, the Bank operates a total of 5,999 banking outlets, reflecting an increase of 360 banking outlets during FY 22-23.

IT & Digital Transformation

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

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

As part of the comprehensive IT transformation strategy, your Bank has successfully migrated the

Housing Finance portfolio to a new Core Banking System (CBS), integrating the Loan Origination System and Loan Management System. Building on this achievement, the Bank is now poised to embark on the migration of our other business verticals to the advanced new CBS, in FY 23-24.

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

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

People Initiatives

Human capital is one of the most important assets for your Bank. The Bank has always placed significant emphasis on training. I am happy to tell you that over 99% of the Bank's employees received at least one training in the year in review. The training conducted through online, app-based and classroom modules totalled 16 lakh man hours.

Performance Appraisals

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

To keep pace with your Bank's rapid expansion plans, the Bank has increased manpower by 16% in the year under review. The Bank also focussed on getting on board young and diverse talent through campus hiring drives. The Bank hired a total of 1,102 employees across levels and locations through this drive. With the

tech transformation currently underway, your Bank will activate stronger productivity enhancement tools and processes to help them discharge their duties even better.

Business Strategy & Outlook

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

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

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

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

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

Recognitions received

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

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

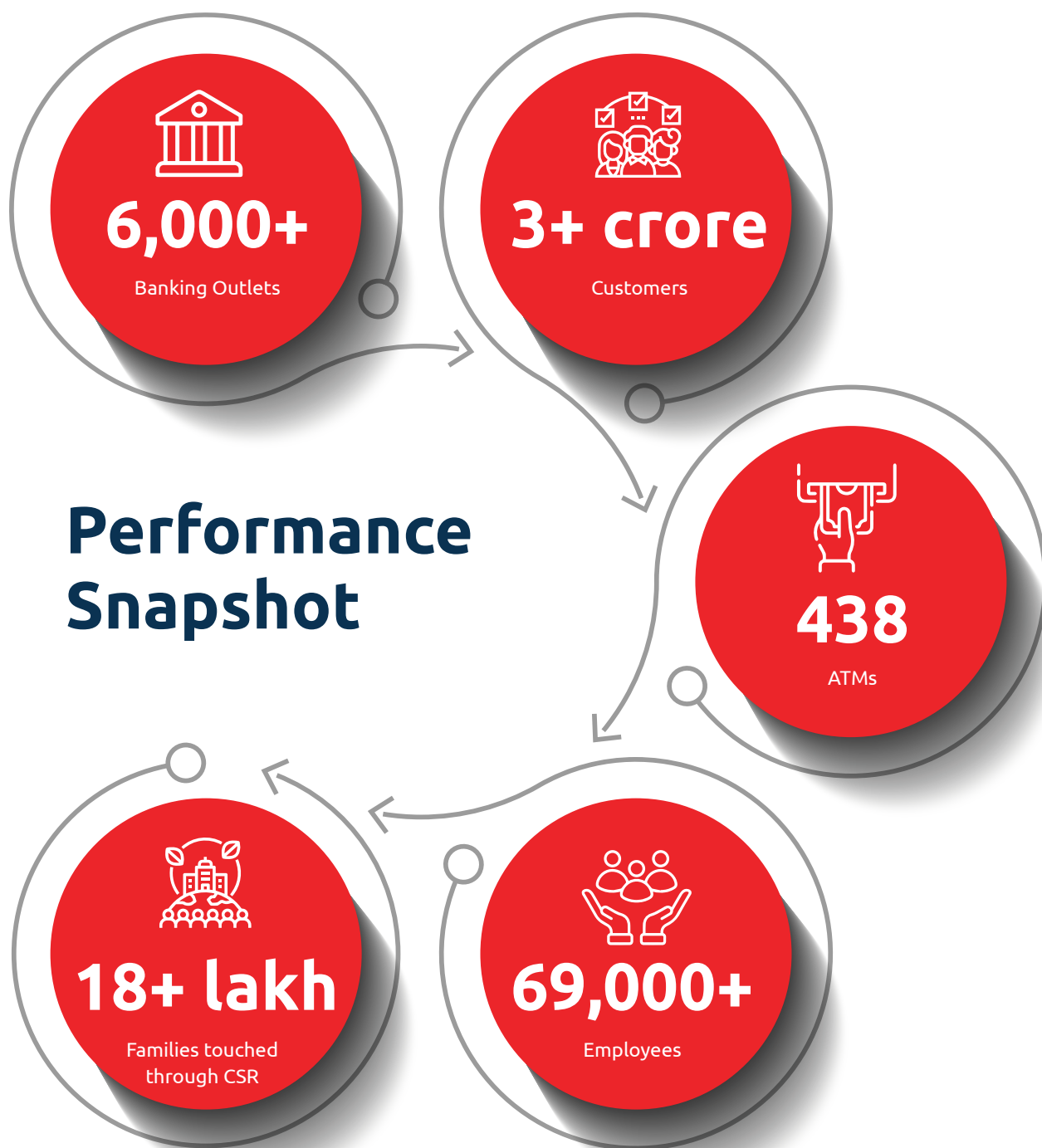
I extend my heartfelt gratitude to all those who have played a part in your Bank's success. I would like to express my sincere appreciation to the Bank's customers, whose trust and loyalty have been instrumental in its journey. I also extend my gratitude to the shareholders for their unwavering support.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

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

Warm regards,
Chandra Shekhar Ghosh
 Managing Director & Chief Executive Officer

Overview and External Environment





The Bank's Journey

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

2001

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

2009

Microfinance portfolio was transferred from society to NBFC.

2006

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

2010

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

2015

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

2019

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

2022

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

2018

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

2021

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

Highlights

Creating Stakeholder Value



Shareholders and Investors



Customers



Employees



Local Communities



Vendors and suppliers



Central and State Government



Regulatory bodies



Media

Financial Capital

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

Human Capital

Human capital is one of the most important assets for your Bank. The Bank has always placed significant emphasis on training, and career progression.

Manufactured Capital

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

Social & Relationship Capital

The Bandhan growth story has been made possible because of the trust and faith reposed by investors, local communities, customers, regulators, employees and all other stakeholders.

Intellectual Capital

The Bank continues to prioritise enhancement of its products and services towards becoming a world class bank for convenient and affordable financial services for all.

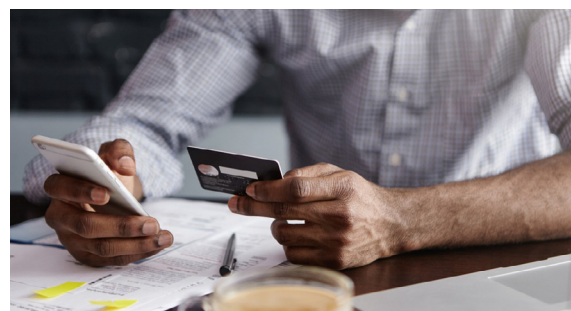
Natural Capital

Protection of environment is crucial; thus, the Bank is taking efforts towards optimum utilisation of natural resources, emissions reduction and enhancing natural capital.

Bandhan Bank's efforts are oriented towards creating sustained long-term relationship with all its stakeholders. As a part of which, the Bank regularly engage with its stakeholders to understand their concerns and expectations and integrate their feedback in key business decision making. Key stakeholder profiles are detailed hereunder:

Customers

Customers are core to the Bank's business growth and success. The Bank believes in building customer trust and achieving customer excellence by engaging in financially inclusive activities, offering personalised experiences, and providing seamless customer experience.



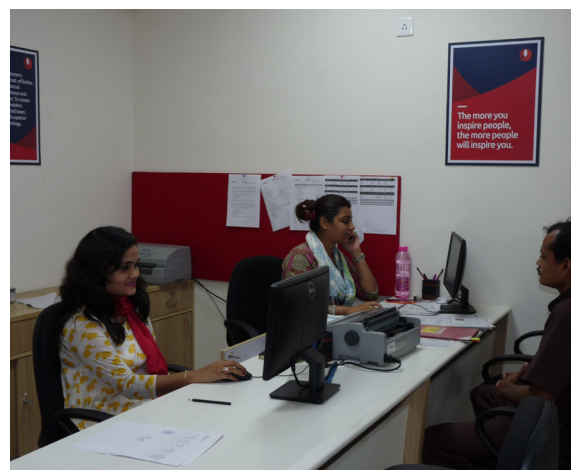
Local Community

The Bank believes in creating shared value that focusses on economic value generation while simultaneously addressing societal needs and challenges. Hence, ensuring well-being of the community around which the Bank's business operates is highly significant to us. For this, your Bank undertakes multiple CSR activities focussed on financial literacy, economic upliftment, and sustainable livelihood to support the weaker sections of the society.



Employees

The Bank's employees are the face of the organisation and the torchbearers in its transformation journey. It is imperative for the Bank to create a safe and inclusive workplace for its people, ensure their well-being and holistic career development and identify training needs.



Investors

The Bank builds investors trust in the organisation by ensuring transparency and accountability in its actions. Further, it endeavours to create investor value by delivering consistent high returns on capital.



Government / Regulatory Bodies

Being a responsible corporate, the Bank collaborates with government agencies and regulatory bodies to ensure that its banking activities are compliant to the relevant applicable rules and regulations.



Built on commitment. Driven by trust.



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

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

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

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

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

Your Bank's Philosophy



Vision

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



Mission

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



Values

CREATE

Cost effective
& simple

Respect for All

Exemplary
Governance

Accountability,
Professionalism &
Discipline

Transparency &
Integrity

Effective
Teamwork &
Commitment

External Environment

A. Global and Indian Economic Scenario

1. Global economy – Headwinds persist

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

Inflation in advanced economies rose to multi-decade highs:

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

Tightening of global policy rates to tame inflation:

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

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

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

Significant impact of digital technology on financial services:

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

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

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

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

Global growth to remain somewhat soft:

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

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

2. Indian Economy

India – A bright spot despite global headwinds

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

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

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

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

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

a. Service sector continues to remain robust:

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

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

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

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

c. Recovery in domestic consumption underway:

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

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

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

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

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

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

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

- o Increased domestic passenger vehicle sales, GST e-way bills, cargo traffic and credit card transactions signal improving urban demand.
- o A bit of demand slowdown is expected in FY 2023-24 as the cumulative effect of rate hikes by the central bank sets in.

d. Domestic investment sentiment remains upbeat:

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

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

¹ Reserve Bank of India

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

³ Labour statistics, Ministry of Labour and Employment

⁴ Centre for Monitoring Indian Economy (CMIE)

B. Indian Banking Sector: Key Developments

Indian Banking Sector: Robust and healthy

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

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

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

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

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

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

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

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

India's age of economic strengthening

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

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

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

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

¹ RBI Sectoral Deployment of Bank Credit – March 2023

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

³ MFIN-Micrometer Synopsis December 2022

⁴ Second advance estimate, National Statistics Office

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

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

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

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

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

c. Digital infrastructure development key to drive productivity gains:

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

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

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

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

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

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

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

³ Ministry of Road Transport and Highways

⁴ ACI Worldwide Report, 2021

⁵ Press Information Bureau (PIB)

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

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

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

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

Potential threats

- The impediment to the Indian growth story mainly stems from the external sector
 - significant slowdown in overseas demand could materially temper India's exports
 - persisting global inflation could feed in as higher domestic inflation.

- Resumption of supply-chain bottlenecks:

Another risk to growth could be from worsening supply-chain bottlenecks (for e.g. due to persisting tension between Ukraine and Russia). This may result in pick-up of inflation along with tempering of growth expectations.

- Protracted banking turmoil:

Spill-over from protracted banking turmoil in the advanced economies still remains a risk. This may result in global liquidity tightening and risk-off environment. This risk, if resurfaces and worsens further, could have severe knock-on impacts.

- Technological innovation continues to gather pace in various sectors of the global economy. Rapid technological disruption may require traditional enterprises to rejig their business model quicker than expected.
- Adverse climatic changes remain a key threat to growth and development of the modern world. These changes range from erratic rainfall to rising water-levels. Businesses and policymakers would need to be cognizant of the potential of such changes while making decisions.

¹ Union Budget 2023-24

² Credit access is defined as the ratio of women borrowers to the total adult population

³ TransUnion (TU) Cibil report-2023

Governance



Board of Directors



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

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

Dr. Sinha has taught at Presidency College and Indian Institute of Management Calcutta ('IIMC'). He served IIMC as Professor of Economics for 25 years. He served three terms on the Board of Governors at IIMC and also as the Dean during 2003-06.

He received the Best Teacher Award in 2004 and Best Faculty Award in 2005 from the IIMC Alumni Association. In 2012, 2014 and 2015, he won the Most Popular Teacher Award from the outgoing MBA students of IIMC.

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

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



Chandra Shekhar Ghosh
Managing Director & Chief
Executive Officer

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

Mr. Ghosh is the former President of Bengal Chamber of Commerce & Industry (BCC&I) and the former Chairman of CII, Eastern Region. He is also a member of Sectoral Committee of Indian Banks' Association (IBA) and a member of Corporate Governance Council, CII. He co-chairs the Financial Inclusion Committee of Federation of Indian Chambers of Commerce and Industry (FICCI). Further, he is a member of the Committee on Micro, Small and Medium Enterprises (MSME) sector, Government of West Bengal, along with being a member of College Advisory Committee (CAC) in CAB, Pune. He has also been a distinguished invitee on the Council of Management, AIMA. He is also member of Expert Committee on repositioning the Microfinance Programme, Small Industries Development Bank of India (SIDBI). Mr. Ghosh was elected as 'Senior Ashoka Fellow' in 2007 by Ashoka Foundation (social entrepreneurship award). He holds an M.Sc. in Statistics and also attended the HBS-ACCION programme on Strategic Leadership at Harvard Business School in April 2006. He has completed a Certification Programme in IT & Cyber Security conducted by Institute for Development and Research in Banking Technology (IDRBT), established by the Reserve Bank of India.



Ratan Kumar Kesh
Executive Director

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

With nearly three decades of stellar experience, Mr. Kesh has a track record of leading complex operations including transformation, automation, customer experience, quality improvement & other related functions. He is a hands-on leader who has helped scale and address operational

challenges with ease consistently at reputed banking organisations in India namely ICICI Bank, HDFC Bank, Yes Bank & Axis Bank.

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

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

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

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



Dr. Allamraju Subramanya Ramasastri
Independent Director

Dr. Ramasastri is widely known for his commendable domain knowledge in Banking technologies such as cybersecurity, analytics, Cloud computing, and payment systems, in addition to his other areas of expertise. He was the Director of the Institute for Development and Research in Banking Technology ('IDRBT') from 2014-2020. Prior to joining IDRBT,

he was the Chief General Manager-in-charge of the Department of Information Technology at RBI. In RBI, he had spearheaded many important projects, including the implementation of the Next Generation RTGS, adoption of XBRL and ISO 20022, and preparation of the IT Vision of RBI from 2011-17.

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

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



Dr. Aparajita Mitra
Independent Director

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

She has also guided various postgraduate students from well-known universities on their projects in the domain of Plant Tissue culture part. She has been

associated with various organisations, such as:

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

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



Narayan Vasudeo Prabhutendulkar
Independent Director

Mr. Tendulkar is a qualified Chartered Accountant and Company Secretary. He has more than 41 years of experience in Finance, General Management & Operations in IT, Telecom and Manufacturing industries. He has

extensive experience working with American & European based multinational organisations and has successfully resolved multidimensional, dynamic & challenging issues.

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

Mr. Tendulkar is the recipient of many awards such as CFO 100 Roll of Honor in 2012 and 2016 from 9.9 Media, Best CFO of Hewlett Packard worldwide, Special Achievement Award for leading the Best Finance Team in APAC & Japan Region for FY05, Best Governance Award in year 2000 from the Institute of Chartered Finance Analyst handed over by ex-Prime Minister, Dr. Manmohan Singh and was also nominated for the prestigious CNBC TV 18 CFO award in 2006.



Philip Mathew
Independent Director

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

Compensation Guidelines by RBI, implementation of HR metrics, recognition as 'Best Employer' in the BT Survey in 2016, etc., and with regard to training and development, online learning, revisiting instructional design and systematic measurement of training effectiveness of designated programmes.

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

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



Santanu Mukherjee
Independent Director

Mr. Mukherjee is the former Managing Director of the erstwhile State Bank of Hyderabad, an associate bank of the country's largest lender - State Bank of India. He has four decades of experience in the fields of banking,

finance, risk management, etc. in various capacities. From 2013 to mid of 2014, acting as Chief General Manager of State Bank of Bikaner and Jaipur. He has also worked as a Chief Executive Officer of State Bank of India, Paris from 2004 to 2008. He joined as a probationary officer and carried out important domestic and overseas assignments in the SBI Group.

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

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



Subrata Dutta Gupta
Independent Director

Mr. Gupta has a rich experience of more than 35 years in Asset-based Financing, with 20 years dedicated to the Mortgage industry in India and 11 years to Development Finance. His domain expertise has been in investment and advisory services related to the mortgage industry,

covering areas like strategic planning, business plan, underwriting and policy formulation.

He has an extensive experience in mentoring the workforce at startups in the Housing Finance sector, grooming and upskilling them on lending to the informal and low income borrowers, including developing business plans and data analytics platforms.

Mr. Gupta worked at the International Financial Corporation (IFC), World Bank Group for more than a decade from 2008 to 2019 and retired as the Principal Financial Officer of IFC. During his stint at IFC, he worked in South Asia, South East Asia, and Central Asia. He has also been associated with BHW Birla Home Finance as the Managing Director, with SREI International Finance as Senior Vice President and with Classic Financial Services & Enterprises Ltd. as the Regional Manager for Operations.

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

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



Suhail Chander
Independent Director

Mr. Chander is a veteran Banker. He has 37 years of

rich experience in Banking Operations, Trade Finance, Retail and Wholesale Banking. His extensive experience covers the entire gamut from retail, small and medium enterprise, mid-sized corporates to large corporates.

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

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

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



Vijay Nautamlal Bhatt
Independent Director

Mr. Bhatt is a qualified Chartered Accountant and a

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

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

**Divya Krishnan**

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

Ms. Krishnan is a finance and investment banking professional and is currently a visiting faculty at Ashoka University. Ms. Krishnan was formerly Chief Investment Officer ('CIO') and Head of Investment at SBI Mutual Fund.

Prior to becoming CIO, Ms. Krishnan worked as a fund manager at SBI Funds.

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

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

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

**Dr. Holger Dirk Michaelis**

Nominee Director (Caladium Investment Pte. Ltd.)

Dr. Michaelis is currently a Senior Vice President of GIC Private Equity & Infrastructure (PE&I) Singapore office,

overseeing GIC's direct investments into financial sector companies globally. He has extensive experience in private equity and as a strategic adviser to financial services companies.

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

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

Core Management Team

Ratan Kumar Kesh

Executive Director

Shantanu Sengupta

Head - Retail Banking

Arindam Sarkar

Head - Treasury

Manoj Kumar Mauni

Chief Technology Officer

Ronti Kar

Chief Information Officer

Subhash Balkrishna Samant

Head - Housing Finance

Sujoy Roy

Head - Branch Banking

Vishal Wadhwa

Head - Emerging Entrepreneurs Business

Hirak Sumatiprasad Joshi

Head - Retail Assets

P Ramaswamy

Chief of Internal Vigilance

Ravi Lahoti

Chief Audit Executive

Satyajit Ghosh

Head - Group Loans

Santanu Banerjee

Head - Human Resources

Sunil Samdani

Chief Financial Officer

Biswajit Das

Chief Risk Officer

Nand Kumar Singh

Head - Banking Operations & Customer Services

Siddhartha Sanyal

Chief Economist & Head - Research

Sudheer Reddy Govula

Chief Compliance Officer

Suresh Chandran

Head - Commercial Banking

Arpita Sen

Head - Financial Institution Group

Jagannadha Rao Suvvari

Head - Legal

Partha Pratim Samanta

Head - Small Enterprise Business and Agri Loan

Ravindra Baburaya Gadiyar

Head - Credit Underwriting

Indranil Banerjee

Company Secretary

Corporate Governance

[Report on Corporate Governance pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI LODR') and the Companies Act, 2013 (the 'Companies Act'), for the financial year ended March 31, 2023, forming part of the Board's Report]

Bank's Philosophy on Corporate Governance

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

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

Board of Directors

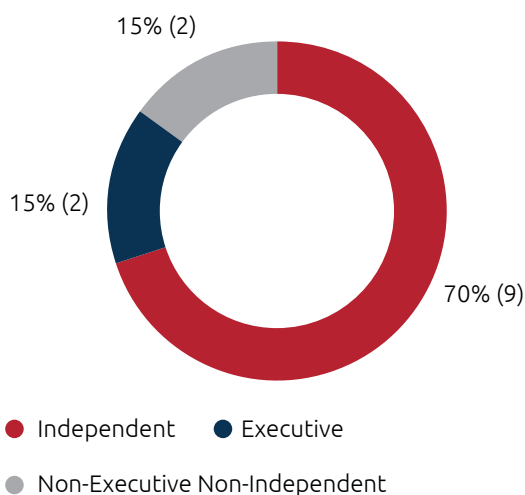
Your Bank entrusts its Board of Directors (the 'Board') with the ultimate responsibility of the management, affairs, directions and performance of the Bank and accordingly, has vested the Board with the requisite powers, authorities and duties. The Corporate Governance philosophy of your Bank establishes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

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

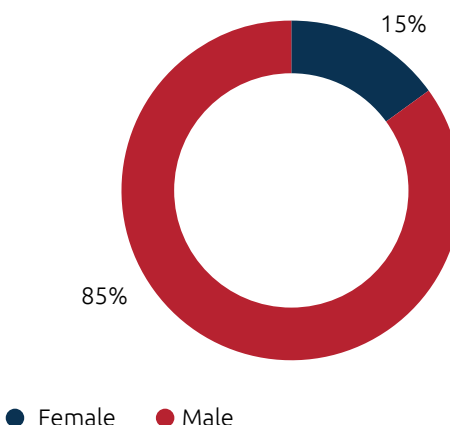
Composition of the Board and Tenure on the Board

As on March 31, 2023, the Board of your Bank comprised of thirteen Directors, of whom nine were Independent Directors including Non-Executive (Independent) Chairman and one Woman Independent Director; two Non-executive Non-Independent Directors including one Nominee each of Caladium Investment Pte. Ltd. (equity investor) and Bandhan Financial Holdings Limited ('BFHL'), Promoter and Non-Operative Financial Holding Company ('NOFHC') of the Bank; and the Managing Director & CEO and one Executive Director.

Board Composition



Board Gender Diversity



During the financial year under review, based on the recommendation of the Nomination and Remuneration Committee of the Board ('NRC'), the Board had appointed Ms. Divya Krishnan (DIN: 09276201) as an Additional Non-Executive Non-Independent Director (nominee of the NOFHC) of the Bank, in place of Mr. Ranodeb Roy (DIN: 00328764), Non-Executive Non-Independent Director of the Bank, effective May 11, 2022.

Accordingly, Mr. Ranodeb Roy ceased to be a Director of the Bank effective May 11, 2022. Subsequently, the Members of the Bank, at their 8th Annual General Meeting ('AGM') held on August 10, 2022, approved Ms. Divya Krishnan's appointment as a Non-Executive Non-Independent Director (Nominee of BFHL), effective May 11, 2022, liable to retire by rotation.

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

- Mr. Snehomoy Bhattacharya (DIN: 02422012), Independent Director, upon completion of his second term of four years as an Independent Director on July 08, 2022, ceased to be a Director, effective July 09, 2022.
- Ms. Raji Thekedathumadam Subramani Gain (DIN: 07256149), Independent Director, upon completion of her second term of four years as an Independent Director on August 05, 2022, ceased to be a Director, effective August 06, 2022.
- The Board, based on the recommendation of the NRC, approved and recommended the appointment of Mr. Philip Mathew (DIN: 09638394) as an Independent Director, not liable to retire by rotation, for a period of three years, effective June 15, 2022 up to June 14, 2025, which was subsequently approved by the Members of the Bank, at their 8th AGM held on August 10, 2022.
- The Board, based on the recommendation of the NRC, approved and recommended the appointment of Dr. Aparajita Mitra (DIN: 09484337) as an Independent Director, not liable to retire by rotation, for a period of three years, effective July 13, 2022 up to July 12, 2025, which was subsequently approved by the Members of the Bank, at their 8th AGM held on August 10, 2022.

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

- i) The Board, based on the recommendation of the NRC, approved and recommended the re-appointment of Mr. Narayan Vasudeo Prabhutendulkar (DIN: 00869913) an Independent Director of the Bank, not

liable to retire by rotation, for the second term of five years, effective May 08, 2023 up to May 07, 2028. Subsequently, the Members of the Bank, at their 8th AGM held on August 10, 2022, approved the said re-appointment of Mr. Tendulkar.

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

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

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

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

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

The composition of the Board of the Bank represents various skill sets, special knowledge, practical experience, qualification, professionalism and diversity, as required under applicable laws, as required for the banking business and as prescribed under the Bank's 'Policy on Appointment and Fit & Proper Criteria for Directors'. The Board reviews its strength

and composition, from time to time, to ensure that it remains aligned with the requirements under the statutory provisions, aforesaid Policy as well as the business requirements of the Bank.

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

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

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

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

Separation of office of the Chairman and the MD & CEO

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

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

Responsibilities of the Board

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

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

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

Board Meetings and Flow of information

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

are regularly placed before the Board. The Board also periodically reviews the compliance reports with regard to the laws applicable to the Bank. In case of exigency(ies) or urgency(ies) of matters, in compliance with Section 175 of the Companies Act, proposals are approved by passing resolutions through circulation, which are placed in the next meeting of the Board/Committee, as the case may be, for noting and forms part of the minutes of such meeting.

The Board meets at least once in a quarter and at least four times a year to review and approve the quarterly/annual financial results and matters relating to the business operations of the Bank. Apart from the above, Board meetings are also convened, as and when required, by giving due notice to the Directors. Further,

in order to facilitate Directors travelling / residing abroad or at other locations to participate in the meetings, videoconferencing ('VC') facilities are also provided in terms of the provisions of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014. Accordingly, the Bank has conducted majority of its Board and Committee meetings through VC during the financial year. The intervening period between any two consecutive Board meetings was well within the maximum gap of 120 days as specified in Regulation 17(2) of the SEBI LODR and Section 173(1) of the Companies Act.

The Board met fifteen times during FY 2022-23. The details of the Board meetings held during the financial year ended March 31, 2023 are, as under:

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

Board attendance and Directorships

The names and categories of the Directors on the Board, their attendance at the Board Meetings and the last Annual General Meeting ('AGM') held during the financial year under review, directorship in other companies including names of listed entities and Chairmanship/Membership of the committees of such public limited companies, at the end of March 31, 2023, are given on p 85 of the Annual Report for FY 2022-23.

None of the Directors is related to each other. Neither of the Directors on the Board holds directorships in more than twenty companies or ten public companies nor any of the Independent Directors serves as an independent director in more than seven listed entities. All Directors of the Bank hold directorship in compliance with Regulation 17A of the SEBI LODR and Section 165 of the Companies Act.

Skills/Expertise/Competence of Board of Directors

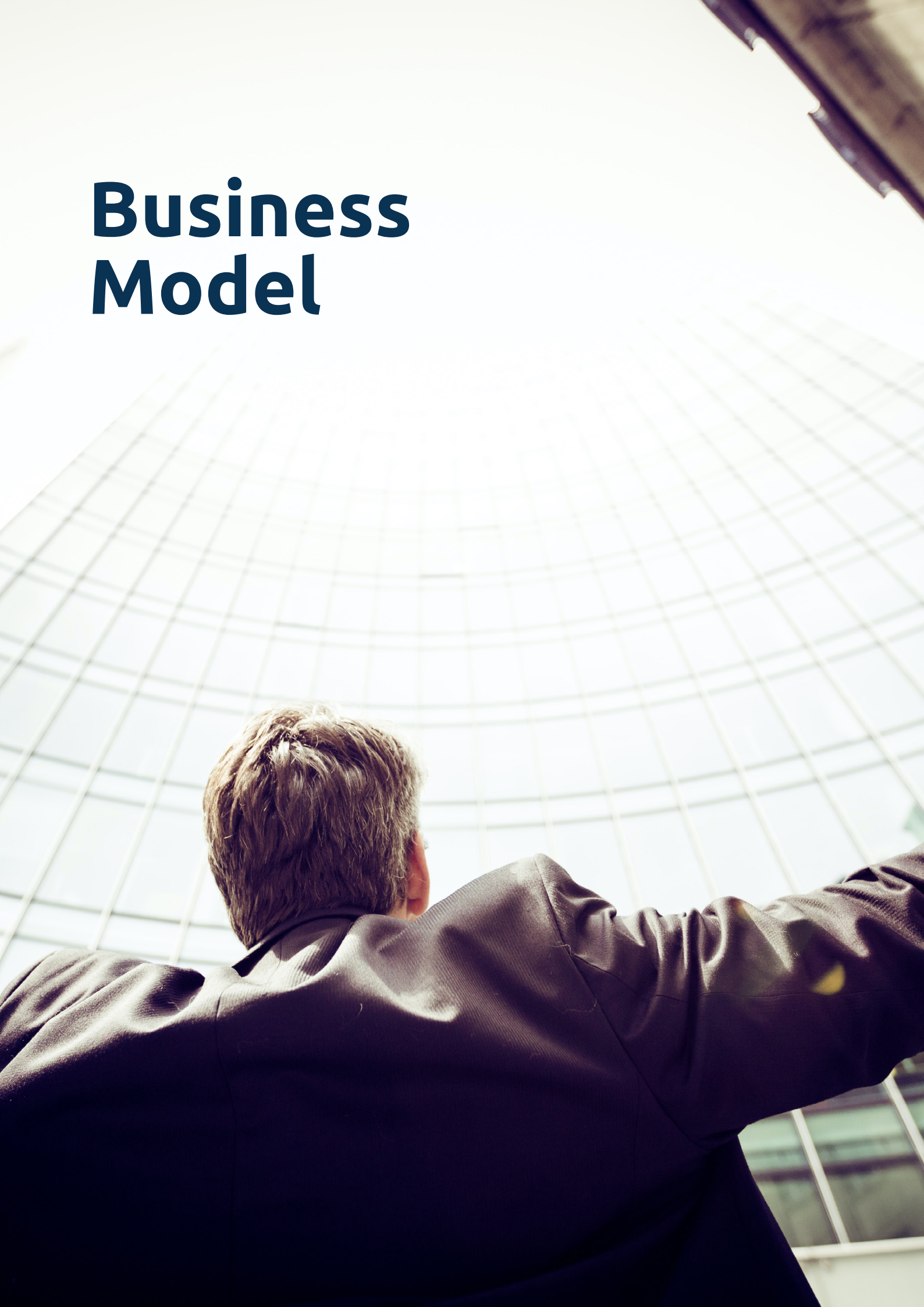
Being a Banking Company, your Bank is regulated by the provisions of the BR Act, besides the Companies Act and the SEBI LODR. In terms of Section 10A(2)(a) of the BR Act and the Bank's 'Policy on Appointment

and Fit & Proper Criteria for Directors', the members of the Board of Directors shall consist of persons, who shall have special knowledge or practical experience in respect of one or more of the following matters, namely; accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, small-scale industry, information technology, cyber security, payment and settlement systems, human resources, risk management, business management, marketing, fin-tech or any other matter the special knowledge of, and practical experience, which would, in the opinion of the RBI, be useful to the banking company and as may be deemed appropriate for the business requirements of the Bank. The Board of Directors of the Bank is guided by the above, as and when any new Directors are appointed on the Board. The brief profiles of all the members of the Board are available on the website of the Bank at <https://bandhanbank.com/corporate-governance>.

The details of the core skills/expertise/competence possessed by the Directors of the Bank, details of Independent directors and composition of various Board Committees are given in p 86 of the Annual Report for FY 2022-23.

Your Bank have a CSR & Sustainability Committee at the Board level which is tasked to cover the principles of NGRBC.

Business Model



Business Model

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

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

Serving the unserved and under-served

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

Growing Footprint

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

Expanding nationwide presence

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



Diversified Product Suite



Note: Size of the pie segments not proportionate to the size of the business

Retail Liabilities

Your Bank's journey in customer deposits started with the Bank's inauguration in August 2015. In a short span of seven and a half years, your Bank has been able to garner more than `1 lakh crore deposits. This is testimony to the trust that the Bank has been blessed with from all across the country. For the year in review, the overall deposit book of your Bank reached ₹1,08,069 crore with CASA business at ₹42,455 crore as of March 31, 2023. The total deposit of your Bank has grown by 12% YoY for FY 22-23 and the CASA book has grown by 6%.

Your Bank's success in the East of the country is well established. In line with the near-time vision of your Bank, it has already started expanding its network in regions outside of the East. The strong network of branches has always been a key element to the success of your Bank, both in terms of growth as well as the commitment to serve customers across all segments effectively. Keeping in line this commitment, 222 branches were added in the branch network during FY 22-23, taking the overall network to 1,411 branches as on March 31, 2023. Out of the 222 branches added in the year in review, only 57 were in the states of West Bengal and the North Eastern part of the country. The rest 165 were across the other parts of the country. Out of the 1,411 branches, 753 branches are in the rural and semi urban areas, in line with your Bank's long-standing commitment to inclusive banking.

Digital Banking

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

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

- Delivering a host of digital products across liability, asset and payments in a paperless and presence-less manner
- Digitising physical transactions and making them available in a seamless and intuitive manner

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

Your Bank has been providing POS solutions to current account customers to meet their payment needs. In FY 2022-23, your Bank installed 3,780 POS machines. Besides the balances maintained in accounts which have a POS machine attached has also seen a significant upside of 1.85 times. To enable POS capabilities without necessarily to have a POS machine installed, your Bank leveraged digital capabilities to launch 'SMART- Android POS'. With this application, customers can collect payments from customers through various payment options and also remotely. The quick development of this product is a testament to the commitment of your Bank in providing innovative and customer-centric solutions to merchants. Your Bank is confident that this product will further strengthen the current account proposition and will help to continue delivering value to customers.

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

- Building a future-ready digital landscape, backed by a strong tech backbone, to drive product innovation
- Creating infrastructure for scale

Digital Transformation

Digital transformation presents many benefits for the Bank.

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

Banking Unit Business



The Banking Unit vertical of the bank has been serving borrowers at the bottom of the pyramid with affordable and convenient loans to help them develop into entrepreneurs and transform their lives as well of their families'. Your Bank's long-held philosophy of inclusive banking and economic empowerment of the not-so-privileged sections of the society continues to power the Banking Unit vertical.

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

The Bank has provided its customers ease of use as each BU is connected with a bank branch for operational convenience. BUs are self-sufficient and empowered to open deposit accounts and loan accounts for customers using tablets (tabs) and after conducting necessary credit checks. The tabs are connected to the core banking system (CBS) through cellular data. The Bank's relationship officers (RO) and relationship executives (RE) carry these TABs to group meetings, and the whole

operation of instalment reconciliation for the customer happens through these tabs on a real-time basis.

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

During FY 22-23, with an emphasis on expanding the reach of inclusive banking and to improve portfolio quality by restricting the number of customers handled by a BU, your Bank opened 138 new BUs across India. The Bank's dedication to inclusive banking is also demonstrated by the 23,77,606 new-to-bank borrowers during FY 22-23. The Bank also worked to implement additional credit control measures to enhance the quality of the portfolio for group loans and SBAL, ₹38,059 crore and ₹18,765 crore respectively at the end of FY 22-23.

23,77,606

New borrowers

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



Group Loans

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

2. Subridhi Loan: This loan supports customers to fulfil extra business requirements during their ongoing loan. The sanctioned loan amount can go up to 50 per cent. of the disbursement amount of ongoing primary loan.

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

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



Small Business and Agri Loans

1. Sahayata Loan: This loan is provided to fund the growing business needs of individuals involved in an array of income generation activities. The loan amount can range from ₹ 50,001 to ₹ 300,000.

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

3. Baazar Loan: This loan is meant to provide financial support for small entrepreneurs who already hold an existing super-saver account with the Bank. This loan is sanctioned to enable existing deposit customers to meet their working capital needs and can range from ₹ 26,000 to ₹ 150,000.



Other Loans

1. Micro Home Loan: This loan is offered to existing BU borrowers for the purpose of construction and home renovation. These Micro Home Loans that can range from ₹ 100,000 to ₹ 1,000,000 serve to fulfil the customers desire to live in a home of their dreams.

2. Two-wheeler Loan: This loan is offered to existing BU borrowers and serves to fulfil their aspirations to own a two-wheeler. The sanctioned loan size can range from ₹ 30,000 to ₹ 120,000.

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

Your Bank has taken the initiative to provide training to make its customers more aware about the advantages of digital payments and numerous other aspects of online banking and mobile transactions, including the benefits of seeding bank accounts with mobile number and Aadhaar. Many of the Bank's customers under the Banking Unit vertical continue to be laggards when it comes to digital solutions, be it smart phone based transactions or use of credit and debit cards for online transactions. To help customers overcome the inertia of digital solutions and to ensure that they become a part of the digital economy, your Bank conducts awareness programmes for them. The Bank has spearheaded the transformation of customers at the ground level. The

Bank has initiated the migration of vintage and quality customers to Small Business and Agri loans from their existing group loans with the strategy to increase the share of Small Business and Agri loans in the overall portfolio of Banking Units vertical and extend new product offerings, such as Sahayata Loan, two wheeler loan and micro home loan as per their evolving requirements.

To improve its portfolio, the Bank has taken numerous initiatives to strengthen the credit assessment process

for group loan and SBAL and other loans. The Bank has also deployed a separate Loan Sanctioning team to oversee the end-to-end loan sanctioning process for SBAL loans.

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

Housing Finance



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

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

The Bank's continued focus on housing finance has resulted in a disbursement growth of 17% thus touching ₹ 6129 crore during the year. Consequently, the loan book has grown to ₹ 26,577 crore indicating a growth of 12.8 % compared to FY 21-22.

The Bank has consistent focus on affordable home loans and a majority of loans in this segment are under the ticket size of ₹20 lakh. This focus on affordable housing also helps the Bank meet the criteria for Priority Sector Lending (PSL). Additionally, the Bank's special campaign for higher ticket loans launched last year, which offered attractive and competitive rates of interest, has received a very encouraging response.

For sourcing home loans, the Bank started a Direct Sales Agent (DSA) channel which has shown promise. The Bank is strengthening its customer experience through the proposed launch of digital journeys for customer onboarding and online support.

The Bank provides loans at floating rates linked to an External Benchmark Rate (EBR). Your Bank adheres to the principle of risk-based pricing whereby it provides loans that are based on the individual's credit score linked with multiple parameters. Existing customers have been given the option to convert their floating rate loans linked to previous benchmark rates to EBR linked loans.

Retail Assets



In the Bank's portfolio diversification agenda, Retail Assets have a major role. Ever since the Bank formalised Vision 2025, the Retail Assets vertical has been strengthening its product portfolio, distribution, systems and processes. The Bank has established and strengthened a number of its retail asset products

during FY23 with the objective of serving the financial needs of a larger population, while diversifying risk and helping increase the bottom line. In the current portfolio are a variety of loans like gold loans, personal loans, two-wheeler loans, car loans and CV/CE loans.

Gold Loan

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

Personal Loan

Learning continually from its experience, the Bank has improved the personal loan product and updated the sourcing model. A dedicated sales team has been set up to drive sourcing of both existing to bank (ETB) and new to bank (NTB) customers. Since FY 20-21, the team has sourced entrepreneurial channel partners in significant locations to enable diversification into major markets and thereby expand the personal loans portfolio. The ticket size of personal loans ranges from ₹50,000 to ₹25,00,000 for tenures up to 5 years at a competitive rate of interest. Throughout FY 22-23, the Bank has rapidly ramped up this book. The total outstanding book balance for personal loan stood at ₹897 crore as of March 31, 2023.

Two-wheeler Loan

With a substantial customer base, of which more than 90% are new to bank customers, the Bank has demonstrated achievement of a steady growth rate in two-wheeler loans. The Bank has redesigned its two-wheeler loan programme to provide financing for purchase of new vehicles to existing and new to bank customers. By leveraging its digital capabilities, the Bank has provided swift 5-minute approvals for these loans to nearly 90 per cent of loan applicants. The ticket size of two-wheeler loans ranges from ₹ 5,000 to ₹ 5,00,000. This loan product was upgraded as per market standards with introduction of dealer and channel-based distribution model that has served more customers in additional locations, thereby resulting in an expansion of the Bank's geographical footprint.

Auto Loan

Auto loans, launched by the Bank during the second quarter of FY22 serves to fulfil customer's aspirations of owning a car. To serve a variety of customer profiles, like salaried, self-employed and non-individual entities, the Bank developed numerous car loan product schemes for loan amounts ranging from ₹1 lakh to ₹1 crore. The Bank strives to offer the best prices and deals with the support of its extensive manufacturer and dealer network for existing and new to bank customers. Besides building a substantial book of new car loans, the Bank launched a new product for used car loans during Q3 of FY 2-23, which has served to widen the customer base and has provided a boost to the Bank's auto loans portfolio.

CV/CE Loan

Road transport provides connectivity and flexibility and plays a crucial role in freight and people movement, leading to an increased pace of economic activity. To boost this further and to add to the offerings from the Bank, during the period in review, your Bank launched new products for financing the purchase of new commercial vehicles (CV) and construction equipment (CE). These new CV/CE products for self-employed customers and non-individual entities like SME and large corporates for their captive and commercial usage, reflect the Bank's deeper focus on manufacturing growth and e-commerce. Through its existing branch channel and, manufacturers and dealer networks, the Bank aspires to provide competitive deals to existing and new customers. Besides offering the best-in-class experience with swift and hassle-free loan disbursement service, the Bank's CV loans can be tailored as per the needs of the customers.

Commercial Banking



Agribusiness Loans

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

of the Indian economy for many decades. To support the financial needs of this sector, your Bank offers a wide range of credit facilities to all participants in the agri value-chain system. Currently, your Bank provides Kisan Credit Card (KCC) loans to borrowers engaged in farming activities, including animal husbandry, pisciculture, etc., with competitive interest rates and minimal documentation. By doing so, your Bank is making it easier for farmers to access credit and invest in their farms to increase productivity.

Moreover, the Bank is expanding its reach by offering both fund-based and non-fund-based facilities to entities involved in agri-ancillary services, such as food and agri processing, agri input dealing, etc. Additionally, the Bank provides credit facilities to support the development of agricultural infrastructure.

Financial Institution Group (FIG)

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

SME Lending

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

To facilitate inclusive book growth and enhance portfolio monitoring, the SME Segment under Commercial Banking was separated into two distinct groups, i.e., Business Banking Group ('BBG') and Mid-

Market Group ('MMG'), each led by independent heads. The MMG focusses on serving mid corporate borrowers and operates with its dedicated credit team.

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

SME Business Connect

These loans help entrepreneurs in financing their working capital and capital expenditure requirements against primary security of current or fixed assets and collateral security including residential or commercial property or liquid securities. These loans, ranging from ₹10 lakh to ₹5 crore, are provided as fund-based facilities like overdraft, cash credit, or term loan and non-fund-based facilities like letter of credit or bank guarantees.

SME GST Connect

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

Bandhan CGTMSE Loan

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

In line with various government initiatives and regulatory instructions, your Bank has established Board-approved Credit & related Policies. These policies aim to provide ongoing support to MSMEs in the aftermath of the pandemic. This support takes the form of schemes such as ECLGS and the Resolution Framework. Deserving and eligible borrowers can avail this assistance based on their requests. Small and Medium Enterprises ('SME') fund-based book under Commercial Banking stood at ₹4,140 crore as of March 31, 2023, as against ₹2,253 crore as of March 31, 2022, registering a growth of about 84% during FY 23.

Commercial – LAP

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

Mid-Market Group

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

MSME Loan

Micro, Small and Medium Scale Enterprises (MSMEs) form the backbone of the Indian economy, significantly contributing to the growth and development of our nation. Your Bank's Small Enterprise Loan (SEL) directly caters to these businesses, that need short to medium term financing to support existing operations and to enable expansion through purchase of stock, asset creation, etc. Currently, the Bank offers these SELs ranging from ₹1,00,000 to ₹25,00,000 at flexible tenures up to four years with competitive interest rates and minimal documentation. Within the ambit of the SEL, the Bank offers facilities for term loans as well as secured overdrafts. The latter is a new product especially for borrowers who wish to pledge collateral in return for an overdraft facility at a competitive rate of interest. Your Bank understands the significance of delivering impeccable customer service that paves the way for building trustful relationships. The Bank has established a dedicated relationship team for its SEL customers, that addresses all banking-related requests of the customer promptly. The Bank ensures that loan processing is efficiently completed in the minimum timeframe. To enhance market competitiveness, your Bank has installed the Loan Origination System, which automates and streamlines the entire loan process. This technology driven approach has improved the turnaround time for loan processing while maintaining high quality standards.



Your Bank has always stood by its customers as a partner of strength and a trusted associate, working with them on their journey to financial well-being. Firmly rooted in commitment and trust to serve its customers throughout the different stages and cycles of life, the Bank provides a well-established and diversified network of branches providing customer-centric processes, diligent product selection and focused partnerships, which are built on distribution of robust third-party products that deliver unwavering commitment to its customers. The Bank is committed to be a reliable one-stop provider of insurance and investment solutions as a value-added service to its customers and support them in their financial well-being.

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

In FY 2022-23, individuals and their families emerged from the shadows of the pandemic, with a determined focus on planning to live a healthier life. This entailed strengthening their savings to build up contingency finances to manage not only their own health but also of their families. The challenges encountered during the pandemic had reinforced the need to be adequately prepared to adjust their insurance coverage to mitigate any health risks and ensure that unforeseen eventualities need not have a deep-rooted impact on lives and livelihood.

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

The Bank's strong focus on helping customers build a safety net around health-related risks has led to offers of a wide bouquet of products that can secure their specific health needs and protect against uncertainties.

Life Insurance

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

Your Bank currently offers a variety of life insurance products across customer segments. It is a corporate agent for insurance companies like Bajaj Allianz Life, HDFC Life and Kotak Life, and thus offers its customers a wide range of products. These insurance companies offer protection, savings, market linked products like unit linked insurance plans (ULIP), annuity products with immediate and deferred annuity options as well as loan cover.

Treasury Management

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

The Bank's treasury department also undertakes various other activities including trading in the markets for government securities, commercial papers, certificate of deposits, non-convertible debentures,

Mutual Funds

Building wealth entails a deep-rooted and strong commitment towards achieving a financial objective. Currently, both the Indian and international financial markets are witnessing sustained periods of alternating headwinds and tailwinds. Yet, there is also an entrenched adoption of retail investment products and market participation by retail investors across geographies, aided by cohesive efforts from all market players. Digital enablers have driven efficiency and ease of operations and there has been persistent efforts towards enhancing investors knowledge about financial products and market operations. Professionally managed mutual funds provide a wide basket of benefits in terms of asset diversification and allocation, disciplined savings and tax advantages in certain products.

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

foreign exchange and equity markets. Trading in a variety of asset classes is conducted by the department within Board approved limits and under the guidance of the Investment Committee and Market Risk Management Committee of the Bank.

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

Stakeholder Engagement

The Bank's stakeholder identification approach takes into consideration the dependency, spontaneity, responsibility, vulnerability, and influence while identifying key stakeholder groups, taking into consideration all entities who have a direct and indirect influence on the business operations, such as:



Key Stakeholders	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/ Half Yearly/ Quarterly / Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders and Investors	No	<ul style="list-style-type: none"> • Annual General Meeting • Email • Investors meet • Press releases • Newspaper advertisements • Website 	<ul style="list-style-type: none"> • Yearly • Quarterly • Periodically 	<ul style="list-style-type: none"> • Improved profitability and growth of the organization • Robust corporate governance mechanisms • Compliance • Transparent and effective communication • Investor servicing
Customers	No	<ul style="list-style-type: none"> • Surveys • Print, digital and social media • 24X7 toll-free number • Direct interaction with bank employees • Doorstep banking centres and home visits • Financial Literacy programme and customer meets 	<ul style="list-style-type: none"> • Ongoing Activity 	<ul style="list-style-type: none"> • Convenience and Ease of Transaction • Quick response to issues raised through grievance redressal mechanisms • Innovative technology Applications • Transparent communication product/ service availability • On-time delivery of product/ service
Employees	No	<ul style="list-style-type: none"> • Induction programmes / trainings /workshops • Individual performance appraisal • Periodic communication meetings anchored by leadership • Employee engagement, wellness, team building and celebration events 	<ul style="list-style-type: none"> • Need Basis • Periodically 	<ul style="list-style-type: none"> • Caring and empowering work environment • Personal development and growth • Health and safety • Responsive grievance handling process • Employee benefits and Competitive compensation • Employee welfare and social security • Employee alignment to common organisation goals

Key Stakeholders	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/ Half Yearly/ Quarterly / Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Local communities	Some members of the local communities belong to SHGs, low income groups.	<ul style="list-style-type: none"> • Collaboration with independent parties/civil society organisations • Formation of village institutions and regular meetings thereon 	• Need Basis	<ul style="list-style-type: none"> • Strengthening of livelihood opportunities • Improvement of social infrastructure for a hygienic and healthy living environment • Economic and social empowerment • Financial literacy and improving access to financial services
Vendors and suppliers	Some of the vendors are identified as a part of vulnerable/ marginalized group (Women entrepreneur)	<ul style="list-style-type: none"> • Vendor meets • Pre-agreement negotiations • Procurement agreements 	• Need Basis	<ul style="list-style-type: none"> • Regular communication and updates on business plans • Inclusion of local medium and small-scale enterprises in the vendor base • Competency development of local vendors • Stability/ tenure of relationship • Ordering and payment routines • Purchase prices
Central and State Government	No	<ul style="list-style-type: none"> • Government circulars • Formal notifications 	<ul style="list-style-type: none"> • Weekly • Ongoing • Need basis • Annually 	<ul style="list-style-type: none"> • New financial regulations
Regulatory bodies	No	<ul style="list-style-type: none"> • Periodic meetings / interactions with regulatory bodies • Mandatory filings with regulators including RBI, SEBI, Stock Exchanges, and MCA • Participation in policy forums 	<ul style="list-style-type: none"> • Ongoing • Need basis 	<ul style="list-style-type: none"> • Compliance with rules and regulations • Know the customer • Fair treatment of customers • Role in the development of the financial system • Banks act as the first line of defence against financial crimes
Media	No	<ul style="list-style-type: none"> • One-on-one media interaction • Press conferences/press releases • Advertisements/ promotions • Interviews with senior management • Dedicated corporate communication team • Media section on the Bank's website • Dedicated email and contact for media 	<ul style="list-style-type: none"> • Ongoing • Need basis 	<ul style="list-style-type: none"> • Disclosure to stakeholders • Responsible corporate citizenship • Corporate reputation

Risks and Opportunities



Committed to Risk Management

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

– Sukant Ratnakar

Your Bank continues to enhance its risk management programmes, including the non-financial risk management, in accordance with Industry’s best practices and regulatory guidelines. Your Bank looks at risks in an integrated way to holistically manage all kinds of risks inherent to the financial services industry through formal risk management processes and ensures that the tools and capability are in place to identify the underlying interlinkages between different types of risks thereby facilitating risk management and decision-making across the organisation.



Risk & Resilience

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

– Warren Buffet

- Over the past few years, the global pandemic has led to massive supply chain disruptions resulting in an
- economic slowdown leading to rising inflation and cost of living and thereby affecting the repayment capacity of individuals. This led to testing times, however, your Bank recognised the critical need for shaping up a resilient and robust organisation that can adapt and flex quickly to make informed decisions and take appropriate, innovative actions.

- Regulations have continued to be broadened and public sentiment has become less tolerant of any appearance of preventable errors and inappropriate business practices. Moreover, customers’ expectations will rise and change as technology and new business models emerge and evolve. Your Bank’s Risk Management is prepared to cope with the evolution of newer types of risk like model, climate and cyber—all of which require new skills and tools.
- Your Bank is investing in latest technology and advanced analytics enabling new products, services, and risk-management techniques that will improve decision-making and further help in making better choices about risks.
- Your Bank is committed to ensure customer trust does not vary and has put in place measures to assess the immediate and potential future effects of risks and take swift action.
- Stress testing, through various extreme but plausible scenarios, was done regularly to raise your Bank’s preparedness for uncertainties, apart from normal risk scenarios.
- Each crisis requires a critical response. Therefore, every business has put in place a comprehensive crisis management and Business Continuity Plan (BCP) that was developed with key stakeholders and can be quickly activated to ensure continuity of business operations.
- Your Bank’s Risk Management is constantly engaged at a strategic level thus ensuring that existing as well as potential risks are properly identified, analyzed, evaluated, treated and monitored.
- People come first. Your organisation understands that no business can exist without its customers as well as employees. Your Bank is for everyone and enables you to bank when you want and the way you want. The belief that ‘Jahaan Bandhan Wahaan Trust’ drives the Bank’s commitment, which goes beyond social media posts or marketing content. Your Bank is committed to inclusive banking and holistic development, which is imbibed in its genetics. At the deeper level, your Bank impacts employee trust, appreciation and benefits that graciously yield employee and customer loyalty.



Risk Management Process

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

– Edward Murphy

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



Risk Governance

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

– Mahatma Gandhi

- The risk governance framework provides guidance on adopting a more holistic approach to manage risk, emphasising four linked elements:
 - Developing the corporate risk profile.
 - Establishing a risk function that manages risk in an integrated manner.
 - Practicing integrated risk management; and
 - Ensuring continual risk monitoring..
- Your Bank adheres to three levels of Risk Governance Framework – the Board, Committees of the Board, and Management Committees.
- The Bank’s Board, through the Risk Management Committee of the Board (RMCB), is regularly updated as necessary on any special developments in the risk situation, risk management, risk treatment and mitigation.
- The RMCB deliberates with the Management on the issues of aggregate risk disposition and risk strategy. It also supports the Board in monitoring the implementation of this strategy.
- Various risk-related committees at the Executive Level, such as Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Market Risk Management Committee (MRMC), Business Continuity & Planning Management Committee (BCPMC), Information Security Committee (ISC), etc., constitute the formal decision-making forums, which enable the views of risk decision takers and risk managers to be considered.
- The Chief Risk Officer (CRO) has direct management responsibility for all the risk management functions, such as Credit Risk Management, Market Risk Management, Operational Risk Management, Liquidity Risk Control, and Information Security. In addition, the CRO is also responsible for monitoring, analysing, and reporting risks on a comprehensive basis.
- Independence of the CRO is ensured through a fixed tenure, reporting structure and periodic reviews by the Board and RMCB.



Risk Culture

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

– Reid Hoffman

- Your Bank focusses on a set of acceptable and encouraged behaviours, discussions, decisions, and attitudes toward taking and managing risk within an institution, as constituents of the Bank’s risk culture.
- Your Bank believes in the philosophy of ‘Setting the Tone from the Top’ regarding Risk Culture, with the Board and Senior Management taking the lead which has a trickle-down effect on all employees.

- Your Bank promotes a Risk Aware Culture while encouraging employees to take personal responsibility to manage risk in everything that they do that enthruses others to follow their example.
- Your Bank ensures appropriate communication and consultation with internal and external stakeholders at each stage of the risk management process as well as on the process as a whole.
- Prominence is on acceptability of risks to be taken within a defined risk appetite, which ensures that the risk is adequately set off against the risk adjusted performance measures.
- Your Bank fosters Risk transparency through reporting, disclosure, sharing of information and open dialogue on the risks arising from various activities across the Bank.
- Your Bank periodically evaluates current Culture and Risk Awareness status in the organisation by following a well-defined Risk Culture Management Process as depicted below:





Risk Strategy and Capital

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



Risk Awareness and Communication

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

- Your Bank believes that communication among stakeholders plays a pivotal role in building enhanced risk awareness, especially in matters related to risk culture and cybersecurity; a risk aware

employee and customer will instantly initiate the mitigation of undesired risk.

- Risk owners are part of the Risk Management Committees in order to ensure better understanding of risks and implementation of risk mitigation plans.
- Your Bank runs regular awareness campaigns to educate its employees regarding various aspects of risk management through various modes like:
 - Periodic newsletters
 - Circulars
 - Floor level awareness sessions and workshops
 - Innovative messaging through desktop screensavers
 - Information security awareness for customers through multilingual text messages, emails, and social media posts and posters.
- Your Bank has also designed a framework for gauging the efficacy of Information security awareness..



Potential threats

- The impediment to the Indian growth story mainly stems from the external sector
 - significant slowdown in overseas demand could materially temper India's exports
 - persisting global inflation could feed in as higher domestic inflation.
- Resumption of supply-chain bottlenecks:
- Another risk to growth could be from worsening supplychain bottlenecks (for e.g. due to persisting tension between Ukraine and Russia). This may result in pick-up of inflation along with tempering of growth expectations.
- Protracted banking turmoil:
- Spill-over from protracted banking turmoil in the advanced economies still remains a risk. This may result in global liquidity tightening and risk-off environment. This risk, if resurfaces and worsens further, could have severe knock-on impacts.
- Technological innovation continues to gather pace in various sectors of the global economy. Rapid technological disruption may require traditional enterprises to rejig their business model quicker than expected.
- Adverse climatic changes remain a key threat to growth and development of the modern world. These changes range from erratic rainfall to rising

water-levels. Businesses and policymakers would need to be cognizant of the potential of such changes while making decisions.



Climate Risks

Climate-related risks refer to the potential risks that may arise from climate change or from efforts to mitigate climate change, its impact and the economic and financial consequences. It can impact the financial sector through two broad channels - physical risks and transition risks.

- **Physical Risk:** The physical impacts from climate change will feed through to an economy in a various ways, including damages to physical assets through extreme weather, reduced agricultural productivity, heat-related health and medical issues, and loss of biodiversity.
- **Transition Risk:** It refers to the risks arising from the process of adjustment towards a low-carbon economy. A range of factors influences this adjustment, including changes in climate related policies and regulations, the emergence of newer technologies, shifting sentiments and behaviour of customers. The process of transition, i.e., reducing carbon emissions may have a significant impact on the economy.

It may be noted that the Bank has been factoring climate risk with respect to Physical risk in the stress testing exercise since FY 22 which are over and above the regulatory requirements of stress testing, where the scenarios considered for assessment of climate risks are impact of natural cyclones leading to business disruption in Micro Banking portfolio in coastal areas and impact of River Floods leading to Business Disruption in Micro Banking.

As the bank is diversifying into other segments, the bank has also developed a stressed climate risk scenario with respect to Transition Risk in the Commercial Banking segment where any probable impact of rating downgrade of companies falling under 'industries with high CO2 emission' is factored.

Hence, three scenarios are carried out to study the impact of climate risk with respect to both physical and transition risk are as follows:

- Impact Study of Cyclones Leading to Business Disruption in Micro Banking in Coastal Areas

- Impact study of River Floods leading to Business Disruption in Micro Banking
- Impact study of rating downgrade of companies falling under industries (in Commercial Banking portfolio) with High CO2 emission

Further, with increasing concern on climate risk and RBI coming out with various draft guidelines on ESG, for high value loans (i.e. greater than Rs. 10 crores), category of the industry (in terms of PI Index) has now also been incorporated in the individual credit appraisal memorandum to ensure prudent credit decisioning.



Compliance

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

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

The Compliance department serves as the main point of contact with the RBI and other regulatory entities. It conducts thorough evaluation of internal controls and performs necessary design and systems corrections based on its analysis and interpretation of regulatory guidelines. It also actively monitors and tests for any deviations, ensuring the effectiveness of controls.

The Bank has a robust Anti Money Laundering (AML) Policy in place which is supported by effective tools to mitigate AML risk. Regular updates are provided to the Audit Committee of the Board (ACB), the Board and the Management regarding the Bank's compliance levels, considering the changes in the regulatory landscape. The ACB periodically reviews the Compliance

department's performance and the Bank's compliance status with regulatory guidelines.

Risk and opportunities, approach to adapt or mitigate is provided in Annex – 6

Business Responsibility & Sustainability Report of the Annual report FY 2022-23



Value Creation Model



Strategy

Your Bank has clearly laid out its vision to be an affordable financial institution by providing simple, cost-effective and innovative financial solutions in a courteous and responsible manner. It intends to create value for all stakeholders through a committed and efficient team, robust practices, superior systems and technology while continuing to deepen its customer reach.

In line with the India growth story, your Bank continued on its upward trajectory in terms of extending businesses and remain in course to achieve its broad targets. Your Bank has been able to maintain steady growth in business through operational innovations and expanding geographical footprint:

- Your Bank has managed to outpace industry deposit growth as growth came in 12 per cent. YoY. This compares to around 10 per cent. YoY rise in industry-level deposits.
- The growth was driven by a high CASA ratio of 39.3 per cent. at the end of FY 2022-23 and a high share of retail deposits (71 per cent.).
- Your Bank is revamping its digital infrastructure at a brisk pace. Some of the key highlights in our digital banking space are as follows:
 - Fully Digital Saving Account Neo+. The pilot for Neo+ Account with v-KYC has been launched in August 2022 across select branches and online customers.
 - Your Bank's new and improved CIB platform was launched in May 2022 and this platform has won the Award for "Best Digital Channel/Platform Implementation" (December 2022) by IBS Intelligence.
- Your Bank has maintained its pace of growth in terms of employees and geographical footprint: During the year under review, manpower has increased by 16 per cent. from 60,211 as on March 31, 2022 to 69,702 as on March 31, 2023. Your Bank has additionally enhanced its geographical network with 1,411 retail branches, 4,390 banking units and 198 home loan centres in FY 2022-23.
- The advances of your Bank remained robust as growth came in at 10 per cent. YoY during the FY 2022-23. The growth was mainly driven by retail (232.5 per cent. YoY), commercial (72.4 per cent. YoY), housing (12.8 per cent. YoY) and SEBAL (18.2 per cent. YoY).

We are set on our endeavours to up-scale the business on the back of upgrading technologies, portfolio & product diversification and competent hiring. As global macro-economic uncertainty subsides, your Bank is confident that the virtuous combination of ongoing digital transformation, incorporation of technical know-

how along with competent manpower recruitment will continue to drive consistent multi-year growth.

Keeping in line with its long-term goals, your Bank's long-term vision lays down the following objectives:

- Be a banker for the new Indian, through every step of their aspirational journey.
- Serve the needs of emerging India through innovative products and dedicated service.
- Enable entrepreneurs with timely resources in order to scale-up their businesses.
- Be a value-based 'employer of choice' – to attract high-quality and motivated talent.

In order to drive this vision of your Bank, the following would be the key focus areas in the coming years:

- Given the huge untapped opportunity in the financial services space in India, your Bank in the medium term will continue to expand its current geographical reach.
- Diversification and improvement in quality of asset portfolio with modern and tightened underwriting and collection capabilities.
- Strengthening people capabilities, including hiring of fresh talent and focused learning of technical know-how.
- Extensive digital transformation: - greater investment in in-house technology, data analytics and digital capabilities. This would be further used to generate new products and devise strategies to deepen customer base.
- Improving the underlying linkages between technology and manpower to improve overall efficiency.
- Increased focus on strengthening various segments of retail loans as Small and Medium Enterprises ('SME') segment is expected to contribute strongly to the growth story in the country.

Leveraging key strengths to enhance value-addition:-

- Your Bank will also continue leverage its microcredit experience in strengthening its customer reach.
- Your Bank will also continue to strengthen its presence in affordable housing segment.

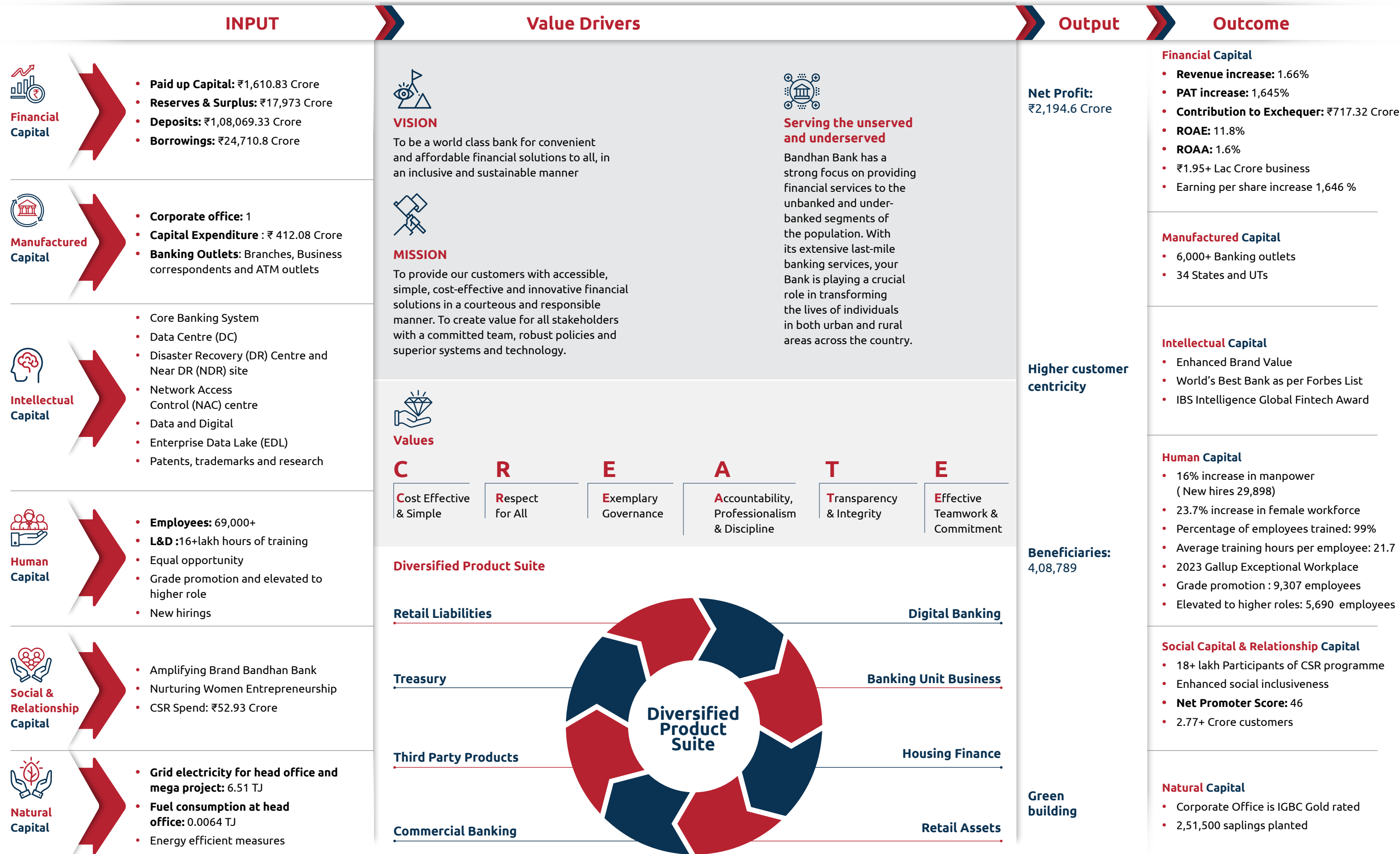
Your Bank has been a part of various social development programmes on enhancing education, health, poverty alleviation, livelihood promotion, market linkages, enterprise development, employment generation and financial literacy. Going forward, your Bank will continue to engage with the community through strategic interventions aimed at contributing to society.

Since its inception, your Bank has transformed with each milestone, to become better and stronger. As a universal Bank and in all its previous avatars, each transformation resulted in further broad-basing of services, growth and increased impact on people and communities. As the Bank is about to commence its ninth year of operations, your Bank continues to evolve focusing on serving the needs of emerging India and to be the banker for the new Indian, through every step of their aspiration journey.

Your Bank is committed to executing its strategy ensuring professional integrity, corporate governance and ethical standards, and all legal and regulatory compliance.

On the back of innovative products and robust core business growth, your Bank has delivered robust performance in terms of value creation matrix as mentioned below.

Value Creation Model



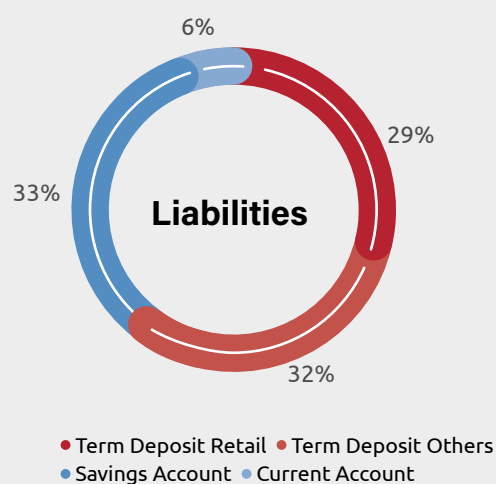
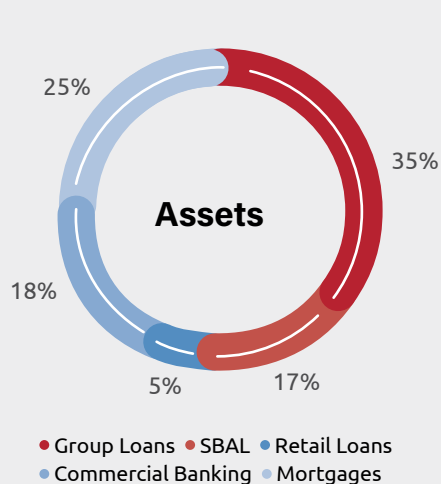
Financial Capital



Financial Capital

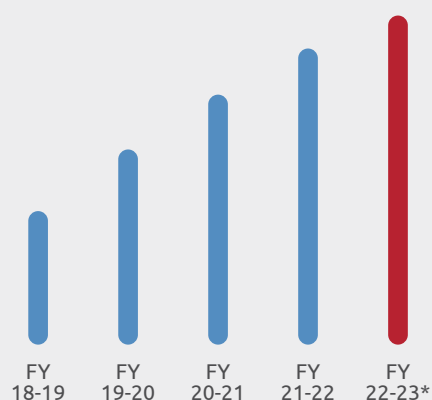
Your Bank's consistent focus on customers and, in return, their trust on the Bank has resulted in growth across key parameters over the years.

Business Mix in FY 22-23



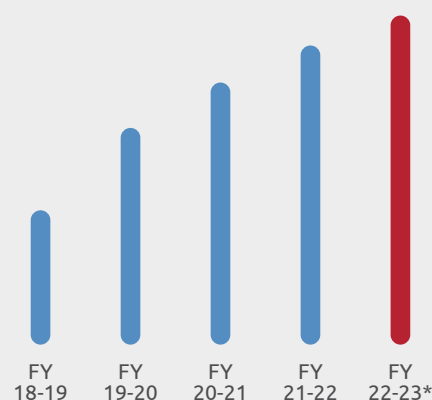
Total Business (₹ in Crore)

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



Advances (₹ in Crore)

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



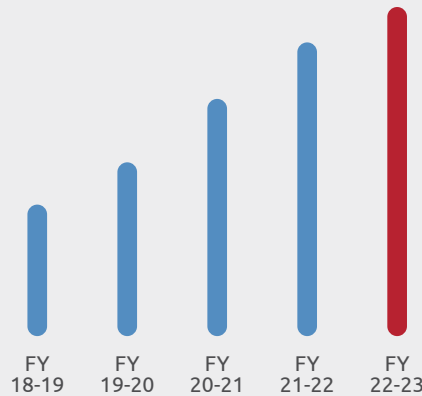
(*TLTRO & PTC amount ₹294 crore included in FY 22-23 Advances)

SBAL - Small Business and Agri Loan

Deposits

(₹ in Crore)

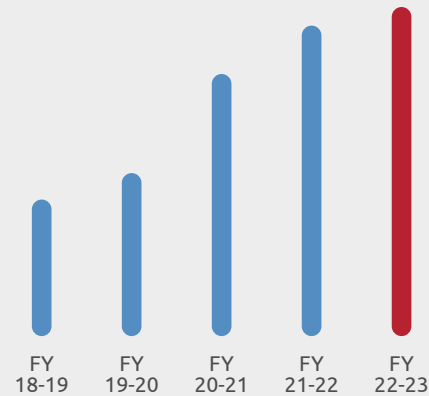
43,232 57,082 77,972 96,331 **1,08,069**



CASA

(₹ in Crore)

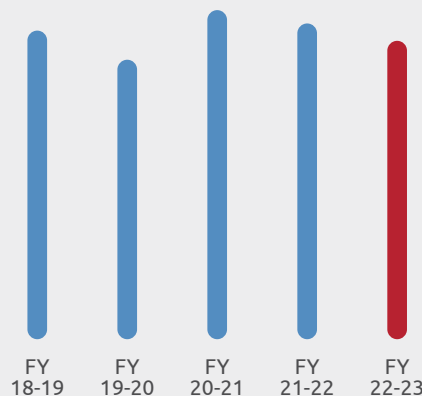
17,618 21,028 33,827 40,079 **42,455**



CASA Ratio

(%)

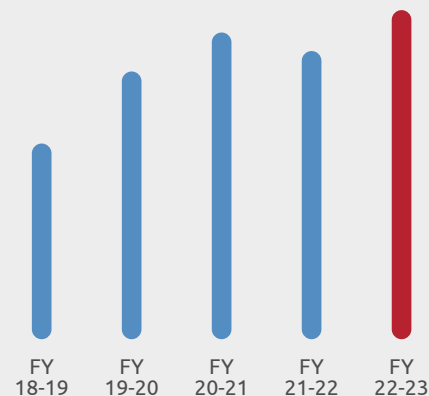
40.75 36.84 43.38 41.61 **39.29**



Net Worth

(₹ in Crore)

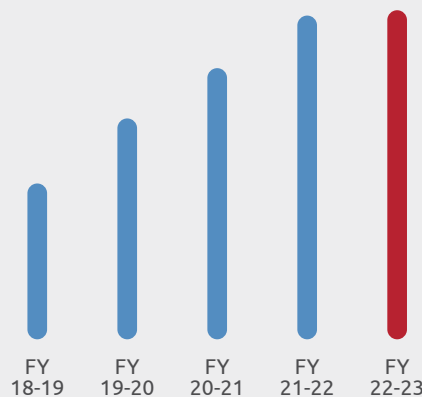
10,969 14,975 17,148 16,130 **18,402**



Net Total Income

(₹ in Crore)

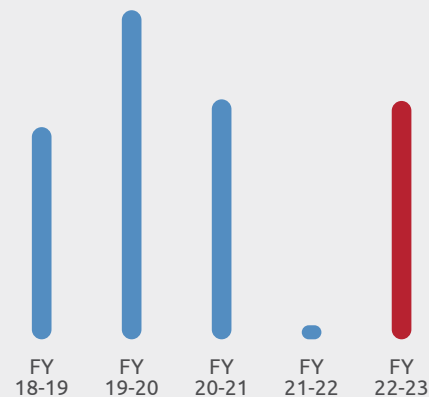
5,558 7,873 9,586 11,537 **11,728**

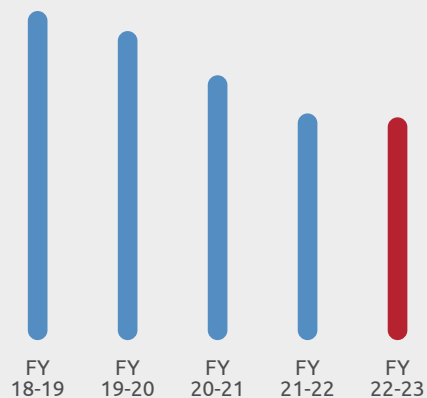
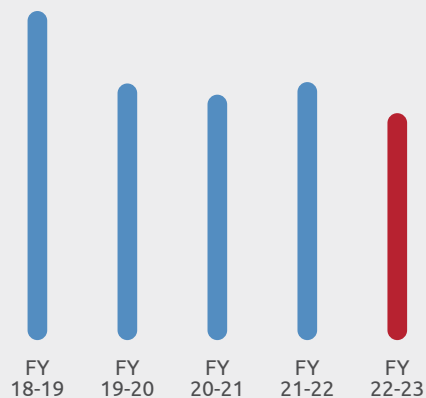
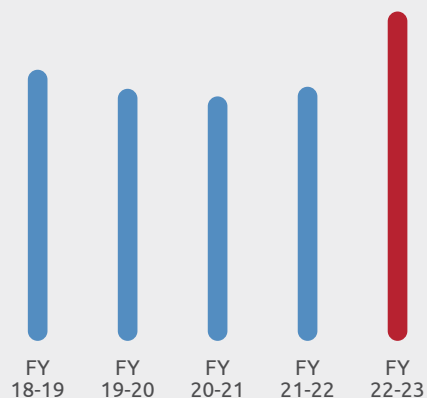
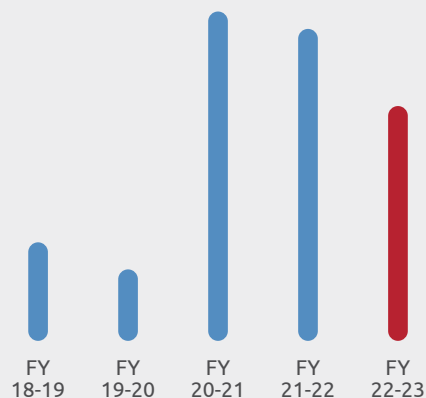
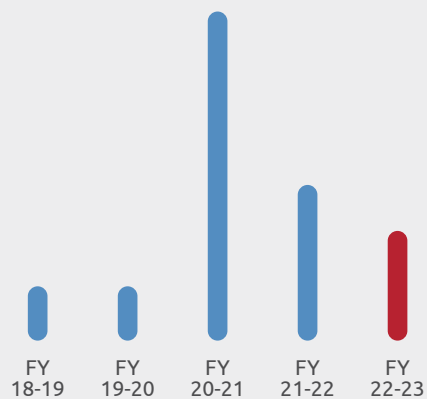


Profit After Tax

(₹ in Crore)

1,952 3,024 2,205 126 **2,195**



Capital Adequacy Ratio (%)29.20 27.43 23.47 20.10 **19.76****Net Interest Margin (%)**10.43 8.12 7.78 8.17 **7.21****Cost to Income Ratio (%)**32.58 30.82 29.39 30.54 **39.54****Gross NPA (%)**2.04 1.48 6.81 6.46 **4.87****Net NPA (%)**0.58 0.58 3.51 1.66 **1.17**

Manufactured Capital



Manufactured Capital

Manufactured capital refers to the infrastructure, buildings, equipment, and technology that contribute to the Bank's ability to deliver products and services. Addressing manufactured capital in a Bank's value chain involves managing and optimizing the physical and technological assets that the Bank uses in its operations. Managing manufactured capital responsibly not only leads to cost savings and operational efficiencies but also aligns with increasing customer and investor expectations for businesses to adopt environmentally conscious practices. Additionally, such efforts contribute to the Bank's long-term viability and resilience in an evolving and environmentally conscious business landscape.

Locations

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

1,411

Bank Branches

4,588

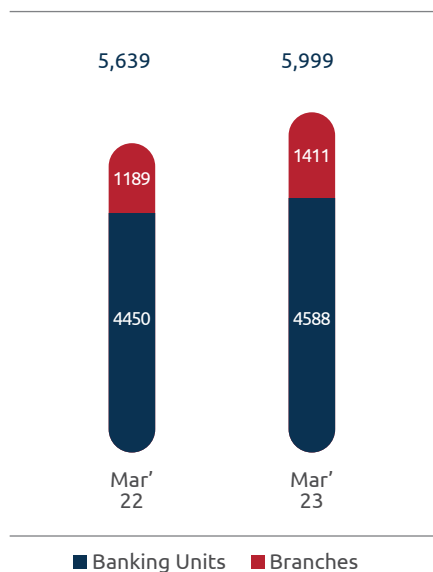
Banking Units

438

ATMs

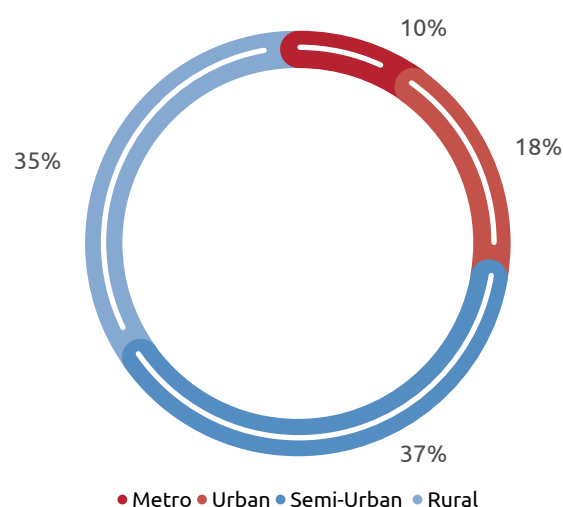
Growing footprint

Banking Outlets



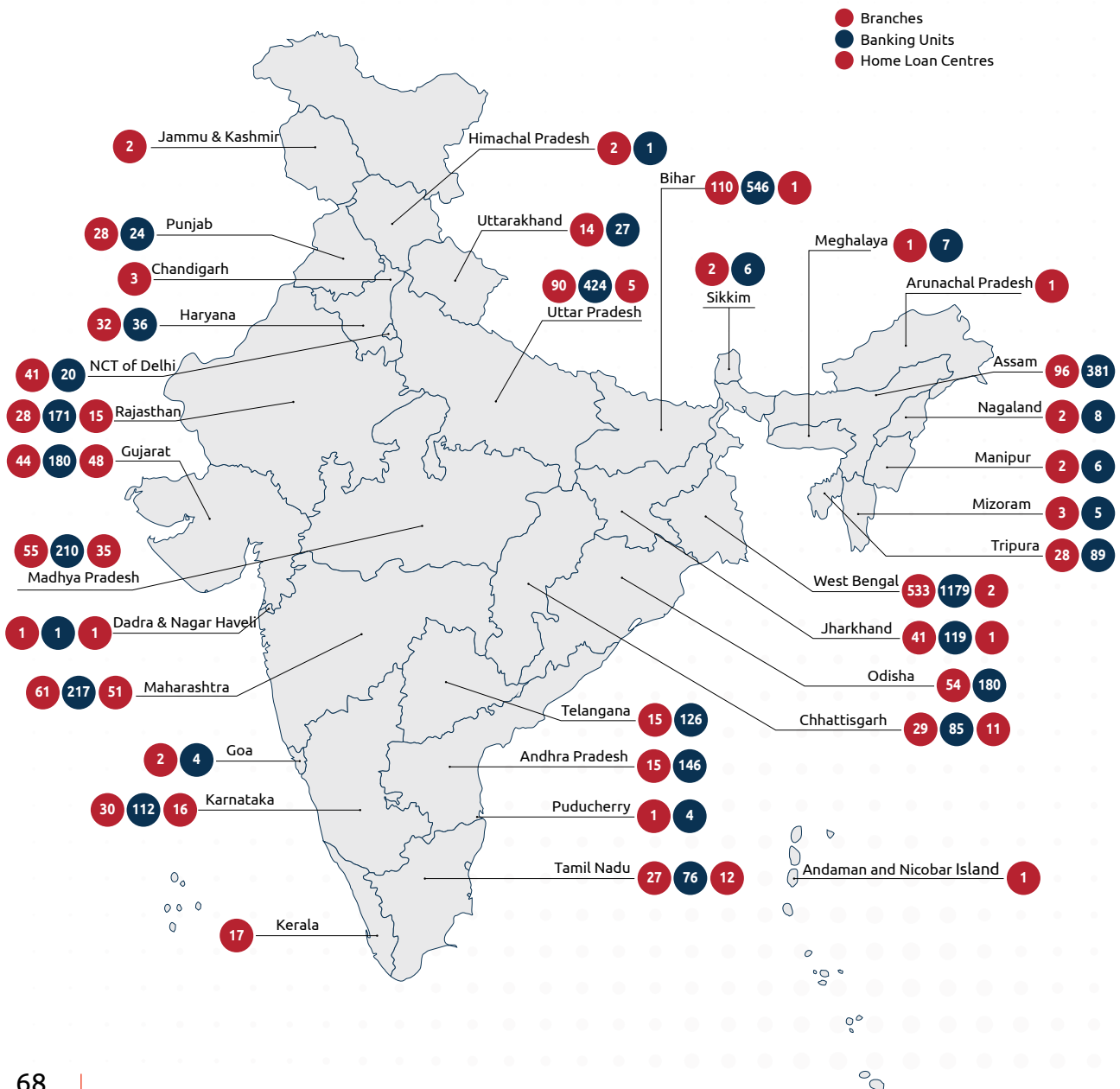
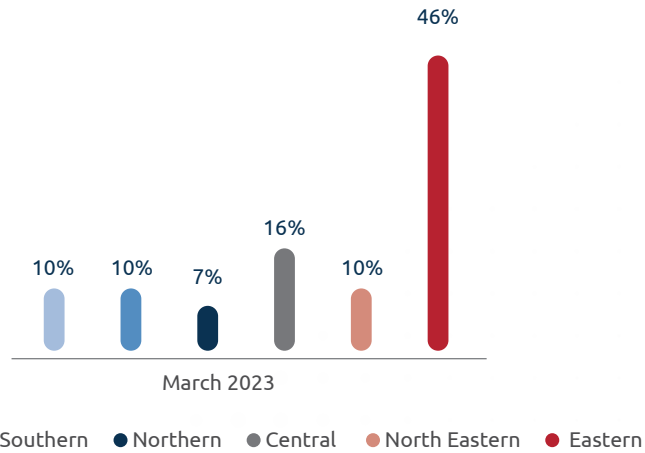
Focus on serving the rural & underbanked population

Banking Outlets as on 31st Mar 2023*



*Basis original classification at the time of opening

Diversifying presence with non-east increasing over 50% now



Intellectual Capital



Intellectual Capital

Intellectual capital refers to the intangible assets such as human capital (employee knowledge and skills), structural capital (systems and processes), and relational capital (customer and stakeholder relationships) that contribute to a Bank's competitive advantage and long-term success. Addressing intellectual capital in a Bank's value chain involves recognizing the value of knowledge, expertise, and innovative capabilities within the organisation. Prioritising intellectual capital contributes to the Bank's ability to adapt to changing market conditions, drive operational efficiencies, and create value for its stakeholders. Moreover, a robust focus on intellectual capital aligns with the increasing importance of knowledge-based economies and the role of innovation in driving sustainable growth and success in the modern business landscape.

Information Technology

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

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

Core Banking and Surround Systems

Your Bank is in the process of upgrading and migrating its entire core banking and surround systems technology stack. The new Core Banking System (CBS) is being designed and deployed to provide the Bank the ability to leverage its already established scale and also support the ongoing and future expansion plans. The entire housing finance vertical was migrated to the new CBS in the last quarter of the year in review. Along with the CBS, to complete the tech stack, the Bank is also upgrading its surround systems to leverage the full potential of the cutting-edge CBS. The orchestration of the CBS and surround systems will empower the Bank to launch relevant and new products and services with

speed. The tech stack will be cloud ready to reduce the time to market for new products and services and make the Bank ready for digital transformation. The Bank now has its own Data Centre (DC) and Disaster Recovery (DR) Centre and Near DR (NDR) site. The tech stack is being designed also to further strengthen governance and automated control. The Bank has already deployed its own Network Access Control (NAC) centre to improve monitoring, network administration and end-point security.

Data and Digital

Your Bank has seen a steep upward trend in terms of the digital usage of its products and services by its customers. In the year in review, 94% of all transactions by other than those of EEB customers took place digitally. The Bank had carried out 53 crore UPI transactions in the year and 31% of retail deposits originated digitally. The new tech stack will enable the Bank to launch digital products and services rapidly and will also allow the creation of digital journeys for various products. In the year in review, the Bank launched a new Treasury system, a new Loan Origination System (LOS) and a new Corporate Internet Banking (CIB) Platform.

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

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

augment the analytics team's ability to create models and deliver outcomes.

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

Looking Ahead

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

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

The Strategic Pillars of Digital Bandhan 2.0

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



Key Digital Initiatives for FY 22-23

(i) Launch of fully Neo+ Digital Savings Account

The pilot for Neo+ Account with Video KYC was launched in August 2022 across select branches

and customers. This launch has received positive feedback and is now poised for a pan India launch.

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

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

(iii) Launch of Online Mutual Fund on Internet Banking Platform in collaboration with an online partner

(iv) Pilot for Branch Insurance (health and life) module in collaboration with an online partner has been successful, and is now ready for pan India launch

Way Forward

- Launch of the Bank's all-new Mobile Banking App – mBandhan. The user interface of mBandhan is simple and light, making it easy for all customers to use mobile banking. Through this app, customers can access and manage their accounts 24x7 on their smartphones. They can check their account balance, make fund transfers, request a cheque book, open a fixed deposit, block a debit card, and much more.
- Launch of the all-new Internet Banking: The Bank offers feature-rich internet banking services to customers to help them meet their everyday banking needs. It provides comprehensive account summary, balance enquiry, transaction history, an unified view of all linked accounts, and mini and detailed account statements. It further facilitates online booking of fixed and recurring deposits, 24x7 inter- and intra-bank fund transfers via NEFT, RTGS, IMPS and Quick Pay. Service requests can also be initiated online, including cheque book request, stop payment, user details modification, and utility bill payment, among others
- Creation of digital analytics models for customer-level framework, relevant loan offers, risk-based pricing, and propensity models, among others
- Create and sustain a partnership ecosystem: Across acquisition, platform and new innovations
- Bandhan Bank UPI App – 2.0: The app allows users to link multiple bank accounts in one app and make regular payments, check account balances and own complete control over their accounts from a single banking app. The Bank's app has an inbuilt UPI 2.0 functionality, including IPO mandate acceptance, OD account linkage and Sign QR

- Digital online products: FY 23-24 will see the launch of a number of STP digital products across the Bank's liability, asset and payments suite
- Innovations around digitalisation of Banking Unit products and services Your Bank is on the path of extensive digital transformation with the intent to strengthen the bond with customers, and to enhance

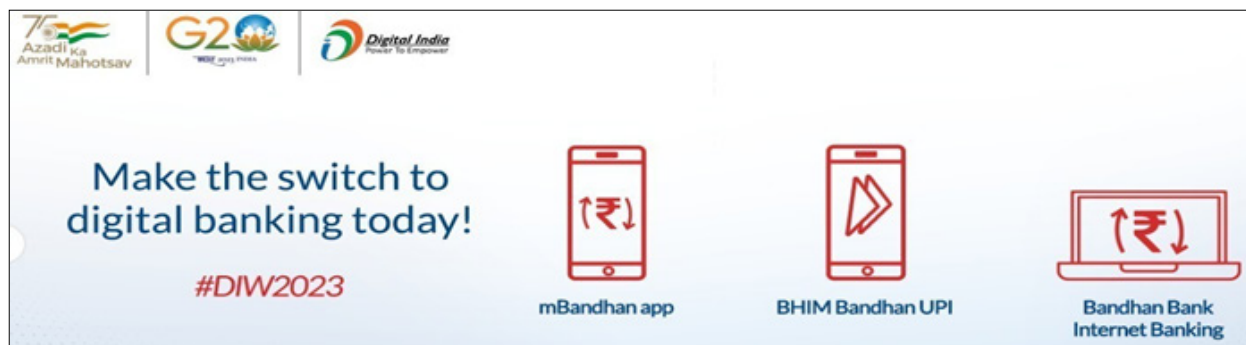
the trust the stakeholders have placed in the Bank. In addition, product and digital innovations will welcome more customers into the Bank

Key Digital Initiatives for FY 2022-23

Your bank has launched Fully Digital Saving Account Neo+. The pilot for Neo+ Account with vKYC has been launched in August 2022 across select branches and online customers.

Your Bank has also launched its all new Corporate Banking platform. Our new and improved CIB platform was launched in May 2022 and this platform has won the Award for "Best Digital Channel/Platform Implementation" (December 2022) by IBS Intelligence.

The bank is working on the launch of the All New Internet Banking and Mobile Banking . The new platforms will offer a host of additional features to help our customers meet their everyday banking needs.



With Digitalisation rapidly booming, the challenge for potential cyber-attacks have increased. To address this, the bank has taken corrective actions by forming a "IT Strategy committee" equipped with tools specific to handle these kinds of threats. The IT Strategy Committee of the Board ('ITSCB'), constituted pursuant to guidelines/ circulars issued by RBI, deals with the information technology, information security, cybersecurity, etc., aspects of the Bank. The primary role of the committee includes:

- Formulation of IT Strategy
- Amend the IT policy to keep it aligned with current market trends
- Update the Board on progress of IT levers and current global landscape of the IT in banking sector;
- Review periodically the Bank's IT strategy and ensure its alignment with the current trends in the banking sector
- Review IT risks;
- Ensure proper balance of IT investments for sustaining the Bank's growth;
- Oversee the aggregate funding of IT at the Bank-level
- Ascertain if the management has adequate resources to ensure proper administration of IT risks;
- Review the contribution of IT

Human Capital



Human Capital

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

Expanding the workforce



16%

Increase in manpower in FY 22-23

During FY22-23, your Bank expanded its distribution rapidly and to fulfil the people requirement in line with the expansion, the Bank witnessed a 16% increase in manpower, growing to 69,702 from 60,211 in the previous year. These hirings were across roles and departments, and across the country. Since its inception in August 2015, your Bank has witnessed manpower growth of 275%. The Bank, to ensure that young and promising talent is hired for various roles, conducted campus placement drives through which 1,102 employees were hired from across 154 campuses across the country. To ensure that young and promising talent is hired for various roles. The Bank conducted campus placement drives through which 1,102 employees were hired from across 154 campuses across the country.

Focussing on Learning and Development



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

During FY22-23, over 99% of the Bank's workforce underwent at least one training session, which was facilitated through the learning centers, the Bandhan EDGE online platform and external learning initiatives undertaken by the Bank. The Bank dedicated more than 16 lakh hours to training its employees, averaging around 21.7 hours of learning per employee.

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



21.7 hours

Average training hours per employee



A total of 3,249 internal classroom training batches with over 67,000 participants in 44 different training programmes culminated in redefining the culture of governance, enablement, engagement and learning at the Bank.

Performance Appraisals

The policy on performance management is provided in the HR Policy and is available in the HRMS portal of the Bank for all employees. The Bank has a dedicated learning and development wing that provides ample learning opportunities to all employees. The learning management system provides online training to all employees. The performance appraisal system of the Bank provides career development opportunities and feedback for continuous improvement.

The performance appraisal process starts with the employee conducting self-appraisal followed by the assessment of the supervisor via appraisal feedback and discussion. The performance appraisal ratings

are reviewed/ calibrated by a committee. Once the ratings are finalised, promotion and recognition announcements are initiated and key performance areas (KRA) for the next year are set.

Succession Planning

The Bank has also conducted thorough succession planning for key departments and is actively addressing identified gaps through internal hiring. To keep pace with your Bank's rapid expansion plans, the Bank has increased manpower by 16% in the year under review. The Bank also focussed on getting on board young and diverse talent through campus hiring drives. The Bank hired a total of 1,102 employees across levels and locations through this drive. With the

tech transformation currently underway, your Bank will activate stronger productivity enhancement tools and processes to help them discharge their duties even better.

Opportunities for performers

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

During the year in review, 9,307 employees were awarded grade promotions and 5,690 employees were given role elevations based on their competency analysis. The Bank also carried out detailed succession planning for key departments and is already in the process of filling the gaps identified thereby.

Equal Opportunity

The Bank believes that promoting equal opportunity in the workplace based on merit and ability can create an environment conducive to higher engagement and productivity. The Bank has achieved this by communicating the coverage of the policy to all employees in an appropriate and meaningful manner. In line with sustainable development ethos of non-discrimination, inclusive growth, the hiring and performance evaluation, compensation, training and employee benefits, are devoid of any discrimination based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organisation or majority/minority group. During FY 2022-23, there has been 23% increase in female employees in the workforce, across organisational levels.

Employee Welfare

The Bank continuously reviews human resource development and evaluates the best practices offered in the banking sector, to gain competitive advantage within the industry. The Bank offers extended

insurance coverage to the employees in the form of top-ups, flexibility to pay monthly premiums to spread the payment over a year and aim for higher cover and enhanced coverage of dependents to encompass parents-in-law. It also provides for digital medical services/tele medication by way of typing up with leaders like Practo in this field thereby not only catering to its employees but their dependent family members also. The Bank also has introduced a Medical Assistance rider to cater to Accident cases for its employees.

Parental Leave

The employees of the Bank are benefited to parental leave in accordance with statutory laws and regulations of GoI (Government of India). Maternity leave aligns with the Maternity Benefits Act of 1961 and its subsequent amendments. The Bank allows employees to avail maternity leave twice during their tenure. Starting April 2023, the Bank introduced 5 days of paternity leave. Details of parental leave is provided in the BRSR Section of the Annual Report FY 2022-23.

Health and Safety Awareness

The Bank has formulated its Security policy, Procedures and guidelines in line with recommendation of Indian Banks' Association, directives issued by RBI, advisories issued by Govt. authorities and industry best practices. All the Banking outlets, ATMs and offices are equipped with latest security & safety gadgets required to create a safe working environment for customers and employees of the Bank and protect the assets of the Bank by creating viable deterrence to miscreants.

The Bank confirms –

- Installation of electronic surveillance system at all the ATMs. All Banking outlets and ATMs across the country are complied with adequate physical security measures as per advisory issued by RBI.
- Implementation of all the Physical Security measures at Currency Chests of the Bank as per RBI guidelines.
- Full Compliance of all regulatory and statutory norms pertaining to the security & safety of the units.
- Conducting regular security & safety awareness training programmes to promote and sustain the security culture across the Bank.

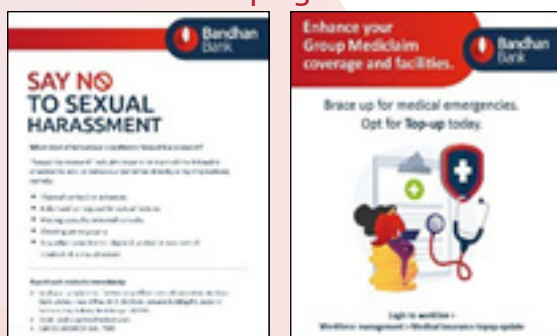
1. Mail Communications on Health & Safety Awareness:

The Bank has issued various employee awareness mailers related to healthy practices 'Health Bytes' and safety measures for employees.

2. Awareness Videos on Bank's Intranet Site

Security Department have uploaded two training videos on Bank's intranet section under B-One application. These videos are quite simple and self-explanatory, for practical demonstration, so that staff at branches can use the portable fire extinguishers in case any emergency.

3. Work line Campaigns



The Bank used the medium of the HRMS to leverage the visibility and acknowledgement by employees in the Bank. The Bank released various work line campaign in order to build awareness about health, safety, employee well-being activities. Some of the major HRMS- Work line campaigns undertaken are:

- Awareness about POSH
- Group Mediclaim

4. Sharing of Case Studies

To sensitize the employees about the major bank robbery cases happened across the industry, the security department has shared details of such incidents through case studies, news articles, modus operandi used by criminals with the employees.

Employment Engagement

Employee Engagement programmes have been regular features on your Bank's annual calendar. In the year in review, the Bank conducted various town-halls with the top management, a cricket tournament, quiz contest during women's day, and other local level engagement programmes. In the year in review, your Bank, for the first time, ran 'Bandhan Employee Engagement Study', which was conducted by Gallup, one of the global best in employee engagement studies. More than 40,000 eligible employees enthusiastically participated in the survey. One of the advantages of the Gallup survey is that this is a global survey and the findings can be benchmarked against the other players in the industry within India or outside.

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



We are an exceptional workplace!

An exceptional team creates an exceptional workplace. And, we are humbled to receive the 2023 Gallup Exceptional Workplace Award. What is even more satisfying is that we are among the only 57 organisations worldwide that have received this recognition. This recognition is a testament to the hard work and dedication of employees of Bandhan Bank Here's to many more.

Social & Relationship Capital



Social and Relationship Capital

The philosophy of the Bank serves as a catalyst for individual and collective growth. It always tries to deliver quality service to its customers, starting with attentive listening and incorporating feedback, while engaging with important stakeholders to establish a transparent and mutually beneficial banking environment.

The key stakeholder groups of the Bank encompass Investors, Customers, Employees, Local communities, and Suppliers, Central and State Governments, Regulatory/statutory authorities, Media, and various other individuals. The Bank's strategy for engaging with these stakeholders recognises that each group has its own characteristics and specific concerns. The valuable input obtained from stakeholder engagements validates Bank's performance and shapes novel insights.

Investors

Engaging in regular interactions such as meetings, analyst meets, and investor meets allows for active participation and the gathering of valuable inputs. These inputs are then utilized to work on and address the given suggestions. A designated section on the bank's website, specifically dedicated to "Investor Relations," serves as a means to inform and assist shareholders. To ensure transparent and effective communication, a separate email address and contact number have been established for institutional investors and retail shareholders. The Bank consistently communicates and conducts investor meets with institutional investors to effectively convey strategic objectives aimed at enhancing profitability and promoting growth.

Grievance mechanism

It is the policy of the Bank to engage with all stakeholders, which includes investors, consistently and systematically. Significant importance is assigned to understanding the concerns of investors and their concerns are prioritised. Your Bank works towards addressing these concerns equitably and transparently through prompt action, and grievances are streamlined to dedicated personnel. There is a dedicated team in-charge of handling investor grievances.

Customers

The Bank has clearly defined and documented its customers' rights, the Bank's commitment, and the framework for grievance redressal and customer service within its multiple internal policies. Furthermore, the Bank has a grievance redressal policy that has been approved by its Board and is publicly available.

In order to monitor and measure customer service performance, the Bank has established a well-structured framework. This includes various key committees such as the Customer Service Committee of the Board. These committees convene regularly to discuss the challenges faced by customers and review the Bank's initiatives aimed at improving customer service.

Grievance mechanism

The Bank has implemented the concept of 'First Contact Resolution' to swiftly and satisfactorily address customer grievances right at their first point of contact. To facilitate this, the Bank has provided multiple channels for customers to provide feedback and register grievances. To enhance and improve the effectiveness of the grievance resolution process, the Bank has introduced a CRM application. A dedicated central team is responsible for handling and resolving customer grievances received through different channels. Additionally, an internal ombudsman ensures that any complaints rejected or partially rejected by the Bank undergo another level of review, reducing the need for customers to escalate their grievances to the Banking Ombudsman. The Bank has established robust operational standards that effectively manage risks and ensure smooth operations while prioritising customer satisfaction.

The customer complaints received through multiple channels are supervised by a committed Banking Ombudsman core team for identifying product shortcomings, staff behavioral issues, service delivery issues, and the team also focuses on developing a real time resolution process with minimum delay. The Bank also sensitizes employees by providing training



on management of customer complaints. The Bank ensures that the redressal is just, fair, efficient and governed by necessary rules and regulation.

Community

The Bank takes concerted efforts to understand the perspectives of communities where it operates. Your Bank continuously evaluates impacts of the CSR programmes to strengthen its commitment towards the marginalised communities and promote inclusive development.

Grievance mechanism

The Bank always makes an effort to establish a reliable relation with the local communities in the areas where it operates. The Bank provides facilities for improving education, healthcare, and social welfare while considering community voices, addressing their needs, and working to improve the standard of living in the area. Any community and beneficiary who are supported by the Bank through the project implementing agency has the right to report and raise complaints directly or indirectly by mailing at the e-mail ID: grievance@bandhan.org.

Amplifying Brand Bandhan Bank

In the long journey of the Bank, various interventions have been undertaken to reinforce the brand 'Bandhan Bank', especially in the non-core markets of the East and the North-East. In FY 22-23, the brand building

measures went a step ahead to establish the Bank as a pan-India universal bank, meant for all. A new brand ambassador

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

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

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

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



Multimedia campaigns

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

Other than the Dada campaign, your Bank continued sustained visibility through the various tactical campaigns during the year. Through its various campaigns, your Bank has ensured visibility across 72 TV channels, with communication in 11 languages. The OOH campaigns have been executed in 23 cities.

Digital outreach

The past year saw considerable growth in the Bank's digital footprint, fostering enhanced customer engagement. The Bank continued its proven strategy of driving its visibility through engaging and thought

provoking content around important days in the year like Mother's Day, Teacher's Day and Women's Day, among others. The Bank's overall reach on social media increased by 341% while total impressions increased by 106%. It is interesting to note that the website traffic from social media increased by 249% in FY 22-23. Further, the website traffic of organic users increased by 30% as well.

Zubeen Garg campaign

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

Product marketing initiatives

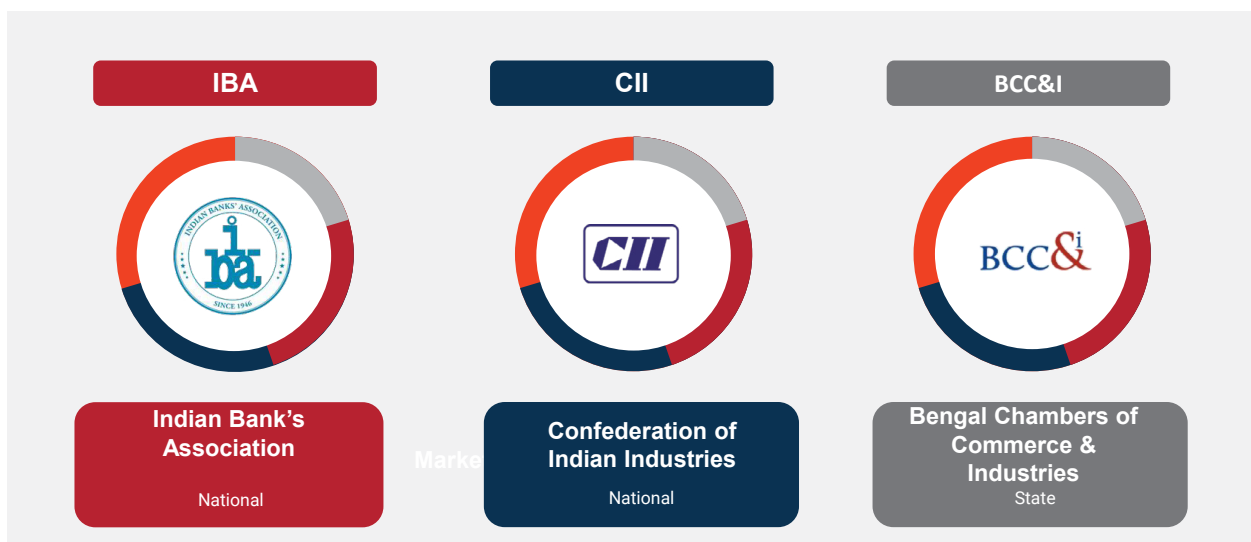
The initiatives were focussed on innovation and customer needs, thereby, taking strides towards the growth of Bandhan's brand recall and the deepening of relationships with its customers. While these steps have been encouraging, the Bank acknowledges that there is a long road ahead. Your Bank looks forward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





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

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



Nurturing Women Entrepreneurship

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

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

With subsequent loans from Bandhan, they were empowered to diversify their business further. They set up a travel agency under the name of Amigos Tours and Trecks. Over time, this line of business began to do very well considering the number of tourists in Darjeeling. They also purchased a few vehicles for their travel agency. Next, they set up a homestay facility. This helped them provide all-round services to their guests. Her existing loan amount with Bandhan Bank is ₹ 2,80,000. They have provided employment opportunities to twenty people. Strategic and timely diversification in relevant lines of business has helped them to transform their lives.

They live a much happier life now. Her husband has quit his job to focus on their businesses. They are financially secure and certainly have built a bright future for themselves. Their only son is currently studying in a good school.

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



Santosh Burari, Delhi

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



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

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

It is noteworthy that from manufacturing just motor parts of mixers and grinders they have now expanded and are into manufacturing these mixers and grinders from scratch. They do so under their own brand and have named it 'LivePro', which is a flourishing enterprise today. They deliver over 450 mixers and 5,000 motor parts every month, to wholesalers. To

meet the growing demands, they have now employed ten people. Santosh now has a loan of ₹ 3 lakh with Bandhan Bank.

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



Vimala Velayuthem, Kanchipuram, Tamil Nadu

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



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

She and her husband knocked many doors and eventually decided to take a loan from Bandhan Bank. Vimala took her first loan of ₹ 25,000 in 2016 from them and used it to purchase a second weaving machine. This helped them increase the production of sarees. They repaid their first loan successfully and took further loans. With continued support from Bandhan Bank, their business is now growing at a steady pace. They have upgraded to two power weaving machines from the manual ones which have certainly increased the production of sarees. They never had to go back to the moneylenders since their association with Bandhan Bank. Vimala currently has a loan of ₹ 2 lakh with Bandhan Bank.

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

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

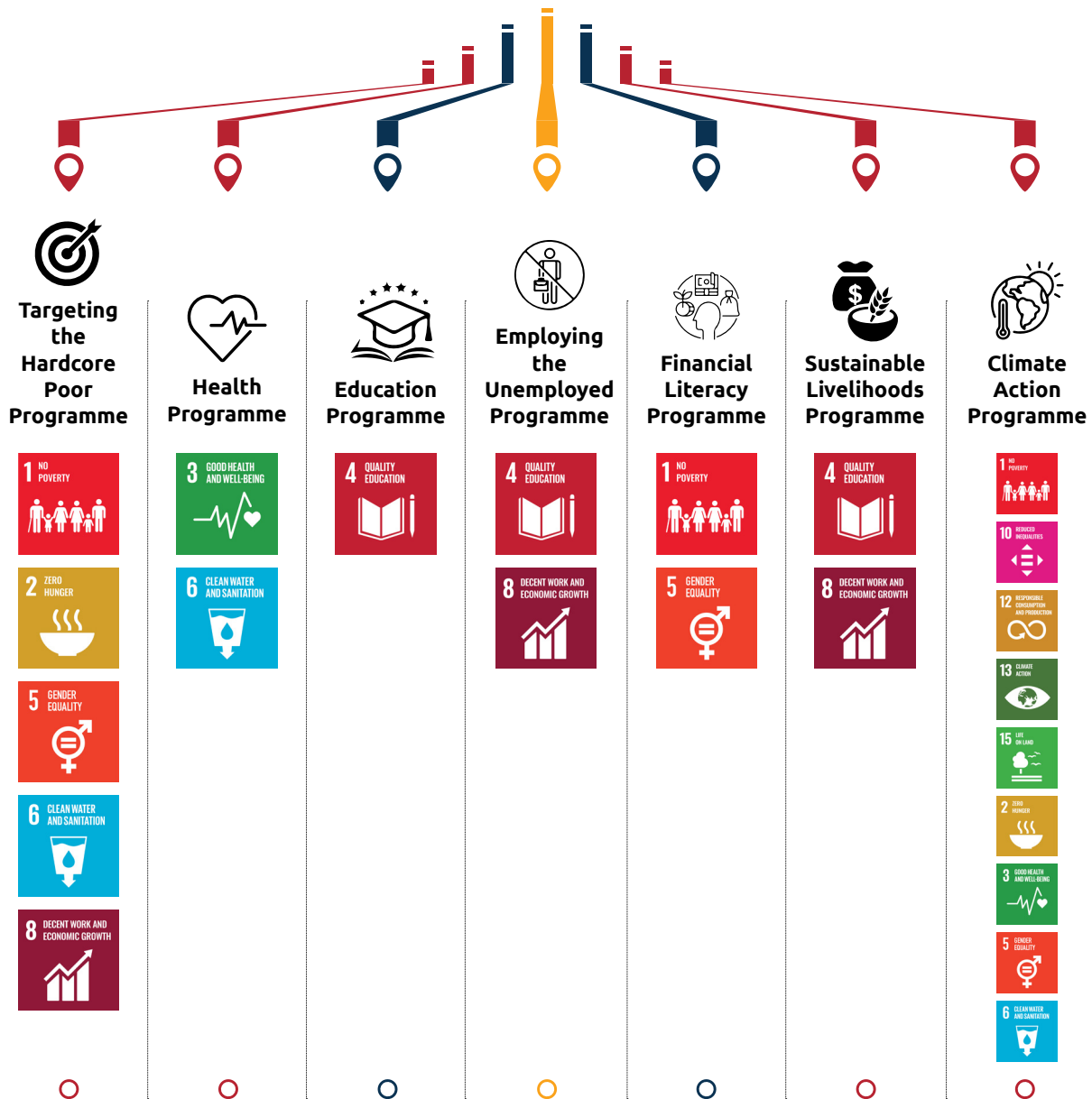


Committed to Making a Difference in our Communities

Addressing social and relationship capital in a bank's value chain involves nurturing strong relationships with customers, employees, communities, and other stakeholders. Social and relationship capital encompasses the network of connections and trust that contribute to the bank's reputation, customer loyalty, and long-term success.

Bandhan Bank has a strong commitment to transforming lives and fostering community development, which forms the foundation of its journey. The bank effectively carries out its corporate social responsibility ('CSR') initiatives in collaboration with various CSR Project Implementing Agency ('PIA')s,. Each programme aims to have a profound impact on areas such as education, healthcare, livelihood enhancement, sustainable development, climate action, financial literacy, skill development, and job creation.

The CSR programmes of the Bank are aligned with the Sustainable Development Goals ('SDG') and the provisions of Schedule VII of the Companies Act, 2013. The bank's CSR efforts are guided by a dedicated CSR Committee and supported by the board.



Coverage

The Bank's CSR initiatives are specifically designed to enhance the community's capabilities in achieving sustainable livelihoods. Furthermore, the Bank has actively supported CSR programmes to promote inclusive growth by engaging with marginalised sections of society. During the year under review, your Bank has contributed ₹52.93 crore towards 19 CSR programmes implemented through a Project Implementing Agency ('PIA').

These CSR programmes were spread across 379 project locations in 63 districts of 8 states of India, reaching out to 4,08,789 individuals during the year under review, taking the total coverage to date to 18,77,942 individuals.

Impact Assessment

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

Empowering the Community - Making a Difference

Targeting the Hardcore Poor Programme (THP)



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

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

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

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

Type of assets offered



Farm

Farm based assets such as Dairy + Poultry Goats/Pigs etc.



Non-Farm

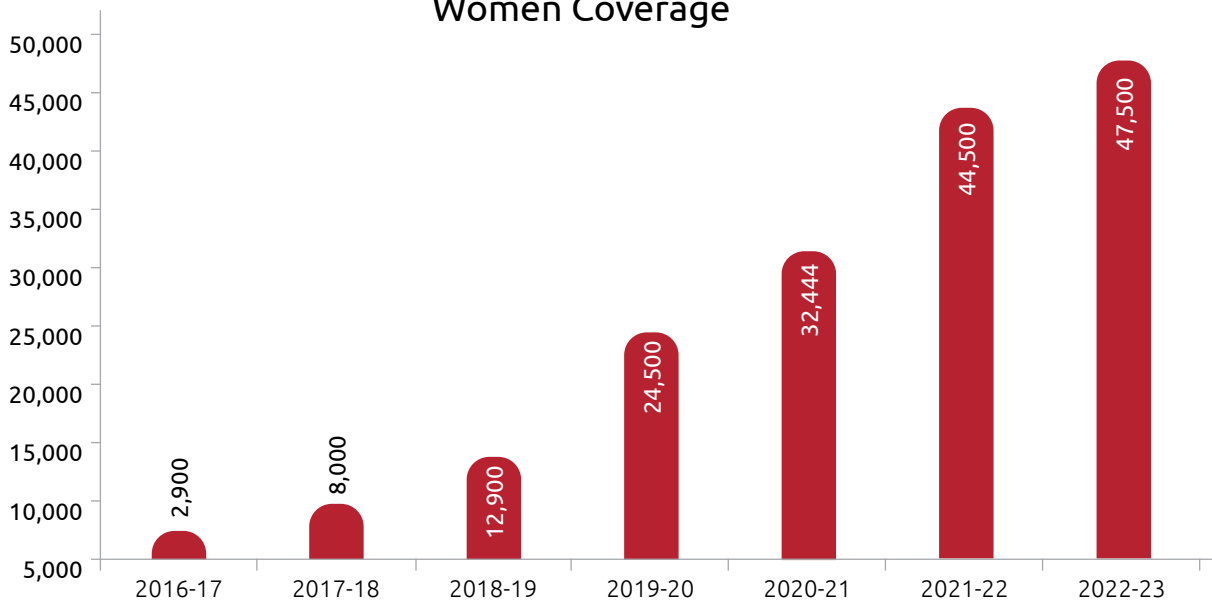
Non-farm assets such as Cosmetics Grocery/ Garments/Tea Stall etc.



Mixed

Combination of farm based and non-farm assets :Poultry/ Goats/ Pigs etc. + Grocery Shop/ Cosmetics etc.

Women Coverage



5,243
Villages



47,500
No. of Women
Covered



34,352*
No. of Women moved
out of poverty



2.5X
Approximate
increase in
household income

-(Source: KPMG Impact
Assessment Study)

*Remaining 13,148 are under various stages of transformation, and will be completing their journey of moving out of poverty in subsequent years

SDG Goals and Targets for THP Programme

SDG GOAL	SUB-TARGETS ¹⁹	RELEVANCE
 <p>No Poverty</p>	<p>1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day</p> <p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p>	<p>The programme targeted hard-core poor women-led households with only one earning member. Before the intervention, the participants were struggling with poverty and lacked access to essential services.</p>
 <p>Zero Hunger</p>	<p>2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious, and sufficient food all year round</p>	<p>The programme aimed at improving food security for the selected households.</p>
 <p>Gender Equality</p>	<p>5.1 End all forms of discrimination against all women and girls everywhere</p>	<p>The programme worked towards economic and social empowerment of women through providing them with training and support to start their own microenterprise.</p>
 <p>Clean Water and Sanitation</p>	<p>6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations</p>	<p>One of the programme components aimed to improve generate awareness on water, sanitation, and health & hygiene issues in the community.</p>
 <p>Decent Work and Economic Growth</p>	<p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<p>The programme helped hard-core poor women find sustainable livelihood and enhanced their household income.</p>

¹⁹ <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>

Impacts



This programme has given me a new life. I used to earn INR 700-1,000 per month working as a maid in people's houses. Through the cosmetics business, I now make around INR 10,000 a month.

Anwari Begum, Barbaria, East Medinipur



The household income of the participants increased approximately 2.5 times after the programme from an annual income of INR 24,000 to INR 84,000 post-intervention.

-KPMG Impact Assessment Study

Health Programme (HP)

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

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



5
States



8,525
Villages



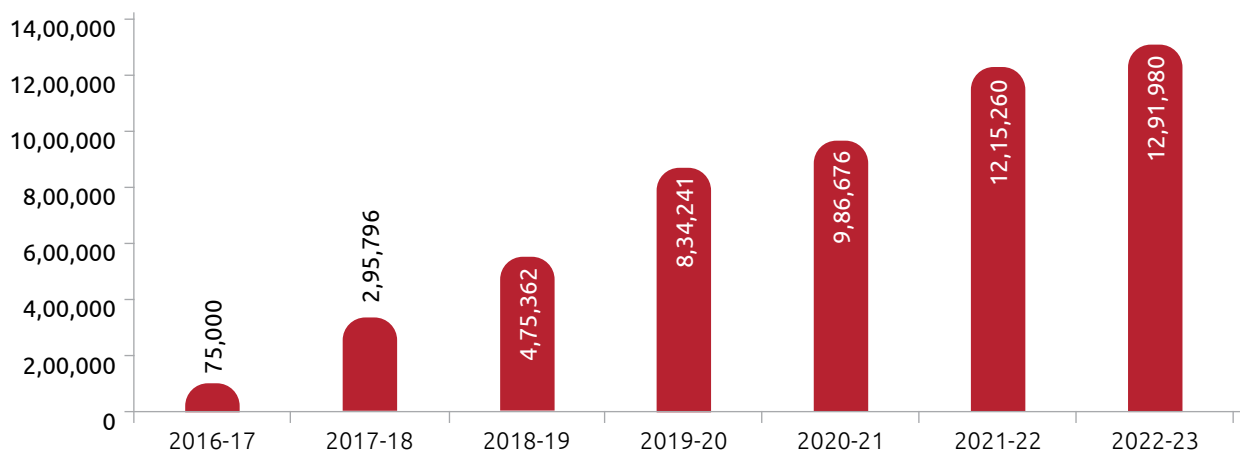
12,91,980
No. of Women
Covered





~83%
Stakeholders
reported behaviour
changes and hygiene
increase

-(Source: KPMG Impact
Assessment Study)

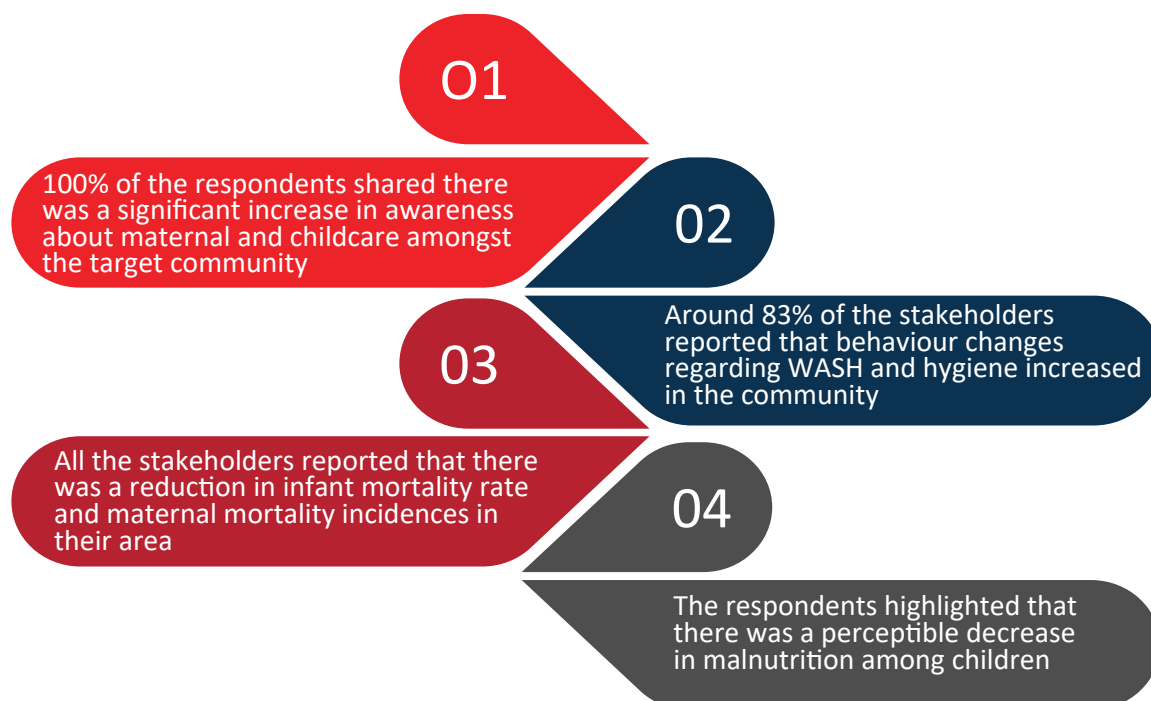
Women Coverage



SDG Goals and Targets for HP Programme

SDG GOAL	SUB-TARGETS ²⁰	RELEVANCE
 <p>Good Health and Well-being</p>	<p>3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births</p> <p>3.7 By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programme</p>	<p>The programme aimed to improve access to healthcare service and generate awareness on key health issues in the community.</p>
 <p>Clean Water and Sanitation</p>	<p>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p>6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations</p> <p>6.b Support and strengthen the participation of local communities in improving water and sanitation management</p>	<p>The programme aimed to generate awareness on water, sanitation, and health & hygiene issues in the community.</p>

Impacts



²⁰ <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>

Earlier, women would deliver at home and there would be many cases where the child died during birth. After the programme, all the pregnant women go to the hospital for delivery and complete the four antenatal care visits as required.

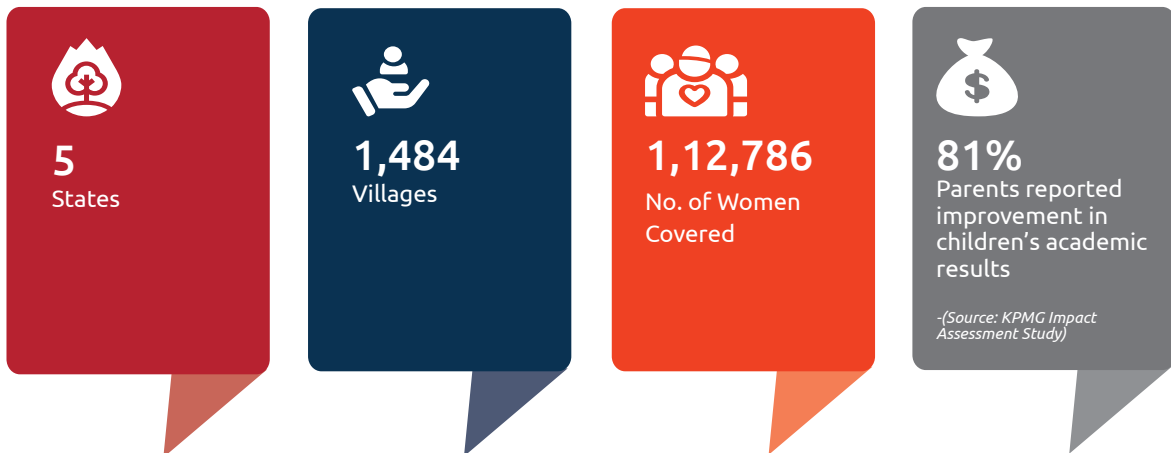
Women participants in FGD in Assam, Medinipur

Education Programme (EP)

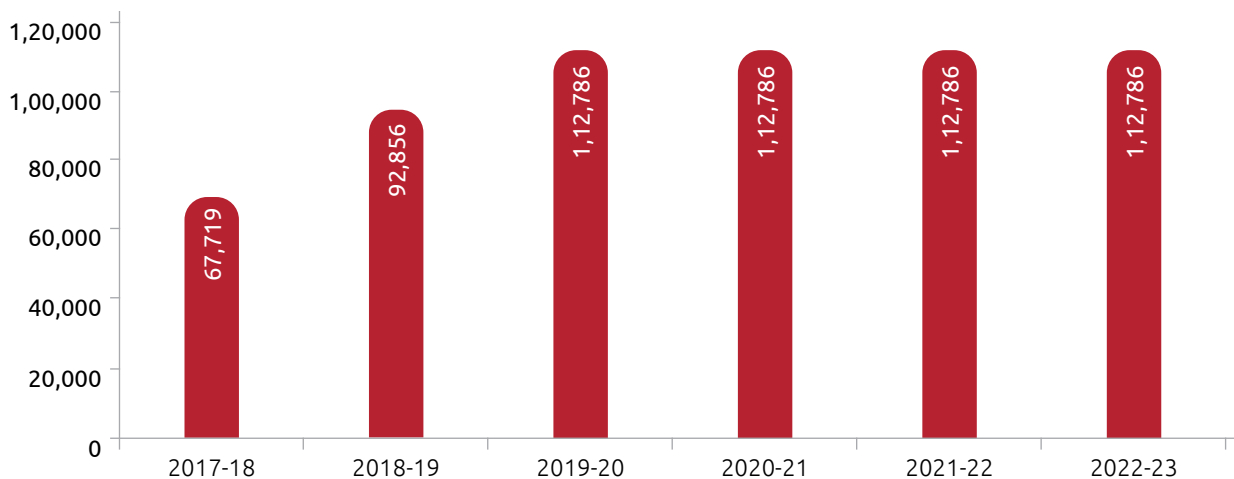
This programme strives to provide quality education in a supportive environment to underprivileged children across different age groups. It adopts a unique and cost-effective model to ensure access to education and empower these children with the skills and knowledge necessary for their overall growth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

In rural areas, Bandhan Education Centres have been established to cater to children aged six years and above who are not enrolled in schools or have dropped out. These centres prioritise the education of girls and provide complimentary school kits. They focus on classroom learning, attendance and offer opportunities for extracurricular activities.


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



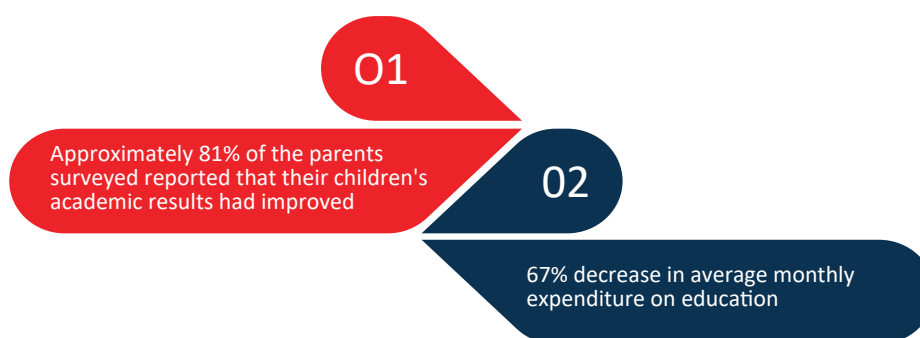
Children Coverage



SDG Goals and Targets for EP Programme

SDG GOAL	SUB-TARGETS ²¹	RELEVANCE
 <p>Quality Education</p>	<p>4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</p> <p>4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy</p>	<p>The programme targets non-school-going children and those that are irregular at school, aged four years and above, from financially weaker backgrounds to provide them with access to quality primary education for their holistic development.</p>

Impacts



Bandhan staff work in the village has been very good. Parents in the community are now more aware and involved in their kid's education because of Bandhan staff's efforts.

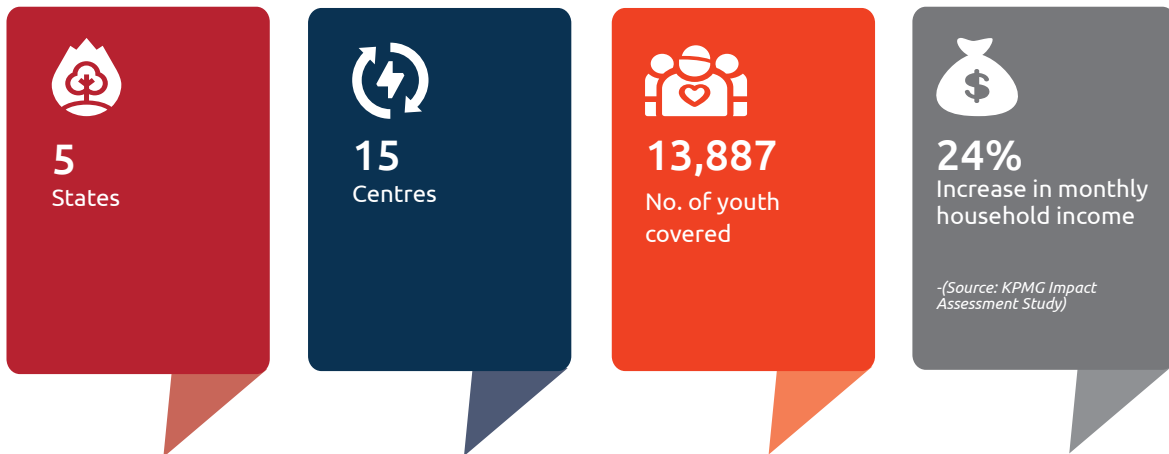
Nargis Khatun, Ghoshpur, South 24 Parganas

Employing the Unemployed Youth Programme (EUP)

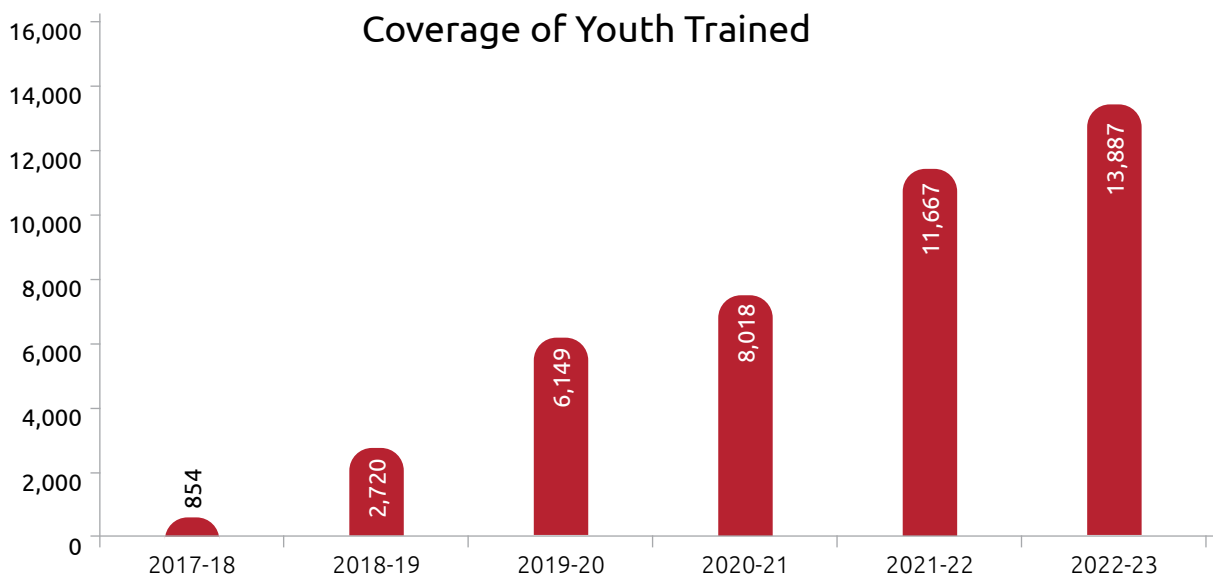
This programme focusses on tackling the issue of unemployment in India by providing vocational training to unemployed youth. To achieve this, Bandhan Skill Development Centers (BSDC) have been established to offer skill development courses in various domains, including sales, hospitality, ITes-BPO, computerised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

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


²¹ <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>



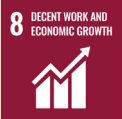
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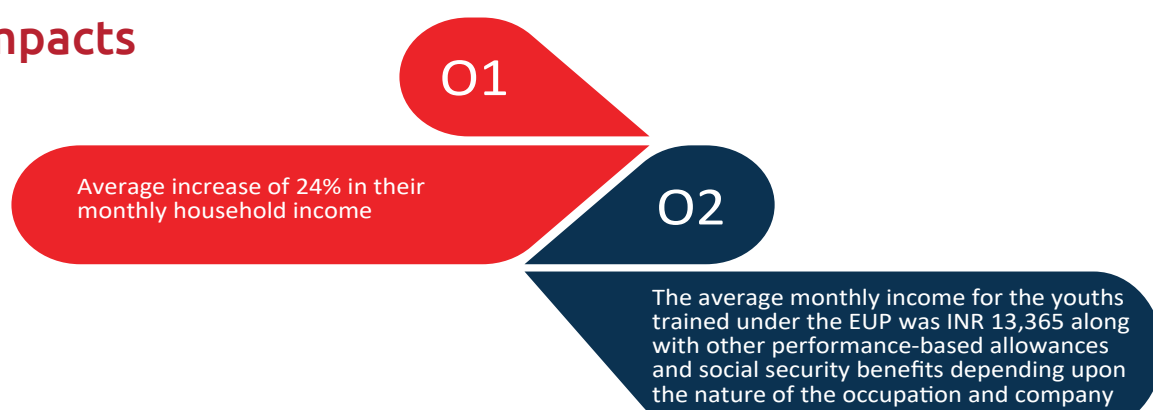
SDG Goals and Targets for EUP Programme

SDG GOAL	SUB-TARGETS ²²	RELEVANCE
 <p>Quality Education</p>	<p>4.1 By 2030 substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.</p>	<p>The programme provided access to skill development training and placements to the unemployed youth.</p>

²² <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>

SDG GOAL	SUB-TARGETS ²²	RELEVANCE
 <p>Decent Work and Economic Growth</p>	<p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<p>The programme helped unemployed youth from marginalised backgrounds to access livelihood opportunities and enhance their household income.</p>

Impacts

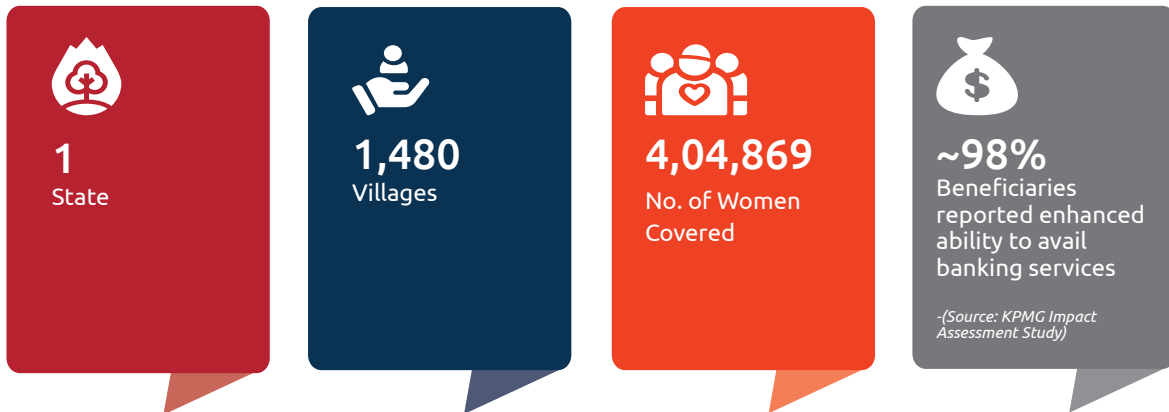


Financial Literacy Programme (FLP)



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

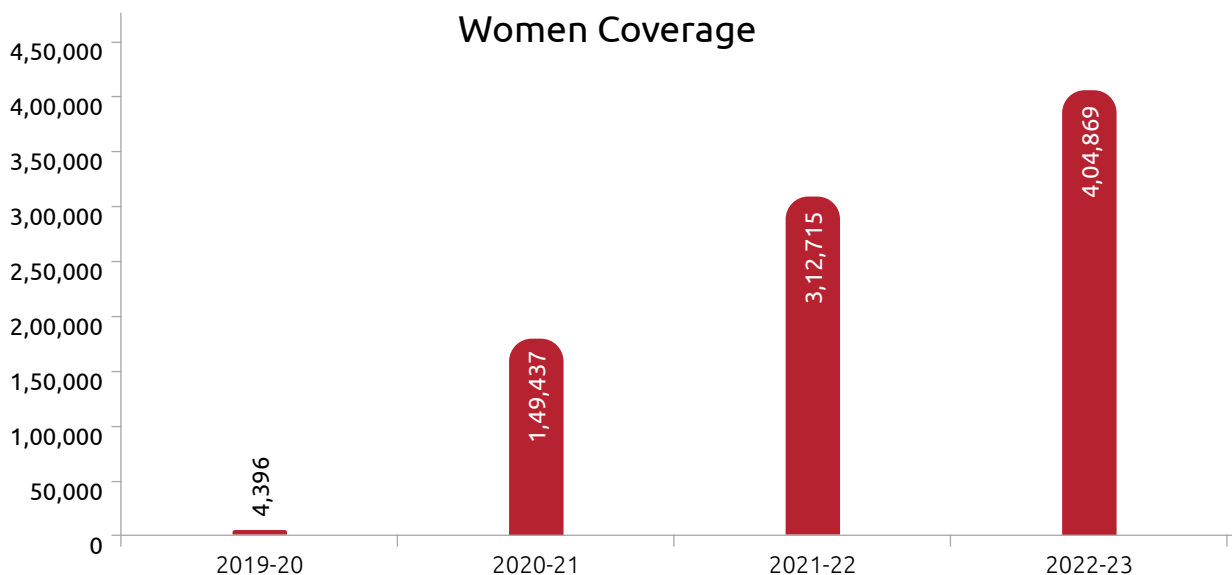
This initiative places special emphasis on enhancing participants' financial awareness and confidence. The objective is to raise awareness among rural populace and disadvantaged women regarding financial matters and empower them to take charge of their personal finances. Participants are equipped with the knowledge and skills to access a range of banking services, including insurance and pension schemes.





22 <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>



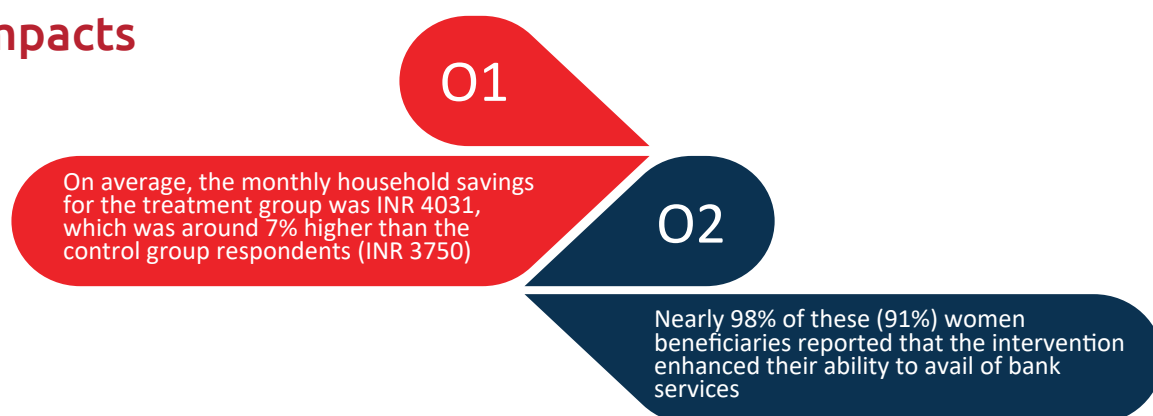
The objective is to raise awareness among rural populace and disadvantaged women regarding financial matters and empower them to take charge of their personal finances.



SDG Goals and Targets for FLP Programme

SDG GOAL	SUB-TARGETS ²³	RELEVANCE
 <p>No Poverty</p>	4.1 By 2030 substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.	The programme provided access to skill development training and placements to the unemployed youth.
 <p>Gender Equality</p>	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	The programme helped unemployed youth from marginalised backgrounds to access livelihood opportunities and enhance their household income.

Impacts



²³ <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>

The Programme is successful due to the dedicated and hard-working attitude of the staff. Bandhan staff has good behaviour toward women which engages them and builds trust.


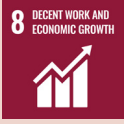
Susmita Deka, Konwarijan, Dibrugarh

Sustainable Livelihood Programme (SLP)

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



SDG Goals and Targets for SLP Programme

SDG GOAL	SUB-TARGETS ²⁴	RELEVANCE
 Quality Education	4.1 By 2030 substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.	The programme provided access to skill development training and placements to the unemployed youth.
 Decent Work and Economic Growth	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	The programme helped unemployed youth from marginalised backgrounds to access livelihood opportunities and enhance their household income.



²⁴ <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>



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

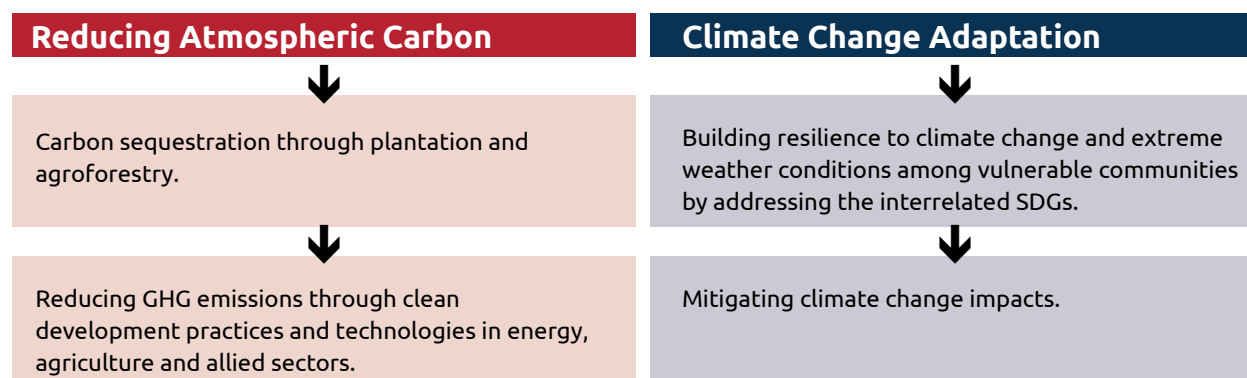
Impacts

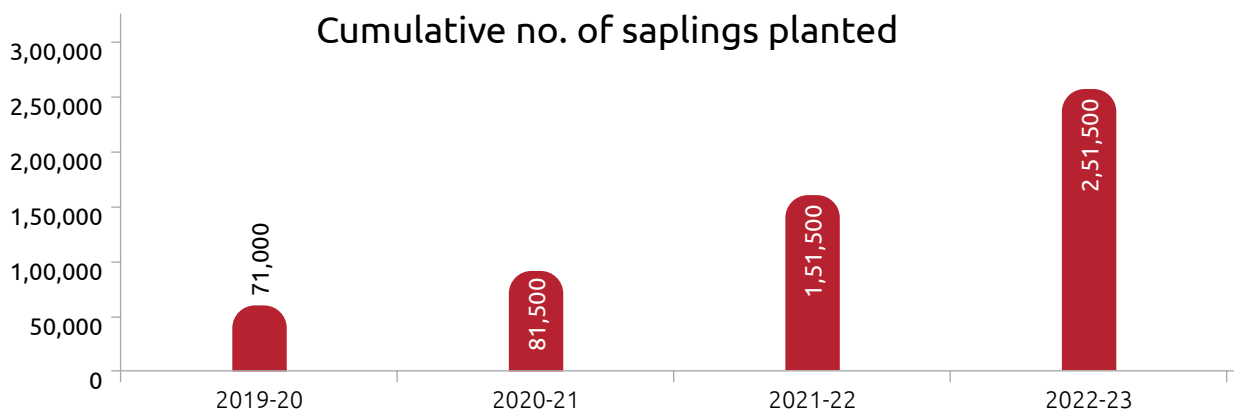


Climate Action Programme (CAP)

The Climate Action Programme, aligned with the United Nations' Sustainable Development Goal 13 and the Paris Accord, aims to combat climate change and its impacts. Recognising the interconnectedness of climate action with the broader 2030 Agenda and the 16 Sustainable Development Goals, India has committed to limiting the global temperature rise to below 2 degrees Celsius.

Climate change is primarily driven by greenhouse gas (GHG) emissions, and it is crucial to reduce these emissions and enhance carbon sequestration to mitigate its effects. Your Bank's Climate Action Programme contributes to this goal through the following strategies:





Natural Capital



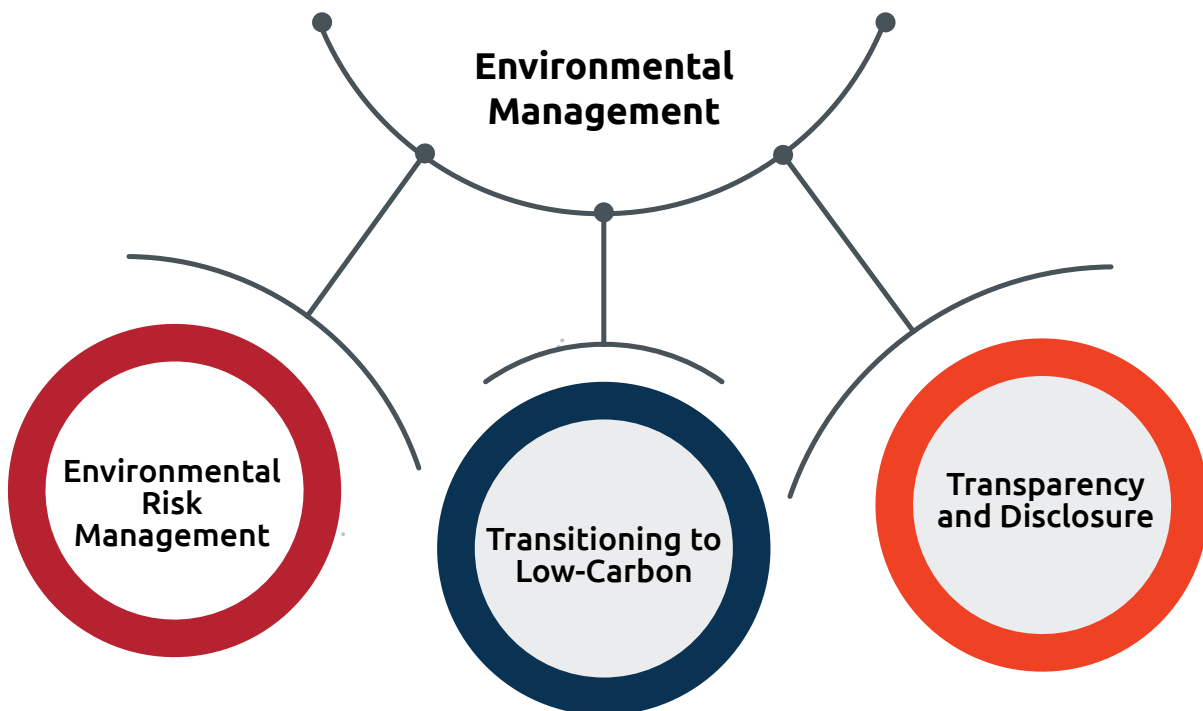
Natural Capital

Natural capital refers to the world's stock of natural resources, such as air, water, land, and biodiversity, which are essential for economic activities and human well-being. Addressing natural capital in a bank's value chain involves incorporating sustainability practices and considering environmental impacts throughout their operations and decision-making processes.

Environmental Management and Climate Change

Climate change is of paramount importance for the Bank as it poses significant risks and opportunities that can impact their operations, investments, and overall financial stability. The Bank recognises the urgent need to address climate change and is increasingly focused on aligning its strategies with the goals of mitigating greenhouse gas emissions and transitioning to a low-carbon economy.

The management approach for the Bank involves three key aspects:



- The Bank's stress test assessment includes climate-related risks such as physical risk associated with extreme weather events and transition risk arising from shifts in policies, technologies and market preferences. By incorporating climate risk assessments into their decision-making processes, the Bank can identify and mitigate potential financial losses and protect its portfolios.
- The Bank supports transition to a low-carbon economy. This involves financing sustainable projects, such as renewable energy initiatives or energy-efficient infrastructure. By providing capital to these sectors, the Bank can drive innovation, create new business opportunities, and contribute to the overall reduction of greenhouse gas emissions.
- The Bank aims to enhance its disclosure and transparency practices to ensure clear communication with stakeholders. Transparent reporting allows investors, regulators, and customers to make informed decisions and encourages banks to be accountable for their climate-related actions.

Climate change is crucial for the Bank's operations as it poses risks to financial stability while also offering opportunities for sustainable investments. Adopting a management approach that encompasses risk assessment, supporting the transition to a low-carbon economy, and enhancing disclosure practices will enable the Bank to navigate the challenges and harness the potential benefits associated with climate change.

Energy Management

For the Bank, its effective energy management approach involves several key steps. Some of the steps include the following:

Energy Management Approach

Implementing energy-saving measures such as energy-efficient LED lighting, HVAC systems, and equipment

Promoting employee awareness and engagement through energy conservation campaigns and training programs

Regularly monitoring and analysing energy consumption data to track progress and identify further optimization opportunities

By adopting such an approach, the Bank aims to reduce its environmental footprint, lower energy costs, and contribute to a sustainable future.

The Bank depends upon the following two energy sources for its operations:

- Electricity purchased from utilities – Indirect Energy

- Fuels (such as diesel) for the operation of DG Sets – Direct Energy

The Bank's headquarters is located in an IGBC Gold certified Green building, and it follows green building sustainable practices such as energy and water efficiency, and efficient resource recycling

Emissions Management

GHG Emissions

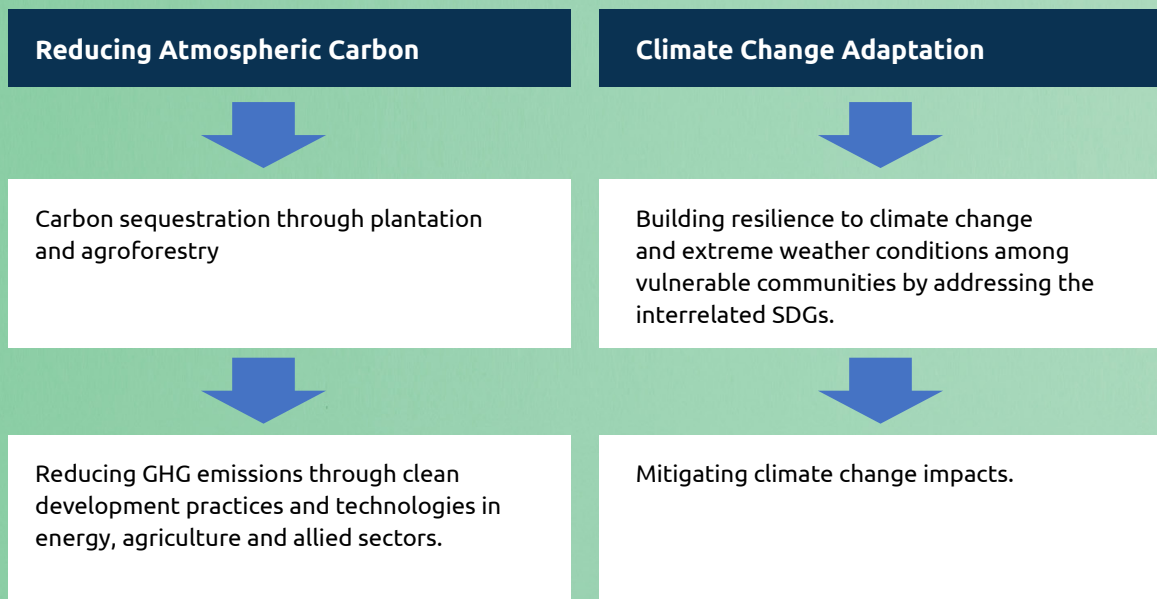
Emissions management is crucial for the Bank as it plays a vital role in addressing climate change and its associated risks. By effectively managing emissions, the Bank aims to reduce its carbon footprint, demonstrate environmental responsibility, and contribute to Sustainable development goals. Moreover, emissions management helps the bank to reduce its carbon footprint and meet the expectations of stakeholders, including investors, customers, and the community. By implementing robust emissions management practices, such as estimating and reporting greenhouse gas emissions, and

implementing strategies to mitigate emissions.

The Bank is cognizant towards its accountability towards all three types of GHG emissions (Scope 1, 2 and 3) arising out of its operations, but at present the Bank is only monitoring Scope 1 and Scope 2 emissions arising as a result of its operations in its head office and the mega projects (under construction). However, going forward the Bank is considering the accounting of certain categories of Scope 3 emissions and increase the scope of its reporting boundary to incorporate Scope 1 and Scope 2 emissions across all its branches.

Climate Action Programme

Your Bank has an extensive climate action programme in place, aligned with the United Nations' Sustainable Development Goal 13 and the Paris Accord, which aims to combat climate change and its impacts. Recognising the interconnectedness of climate action with the broader 2030 Agenda and the 16 Sustainable Development Goals. Climate change is primarily driven by greenhouse gas (GHG) emissions, and it is crucial to reduce these emissions and enhance carbon sequestration to mitigate its effects. Your Bank's Climate Action Programme contributes to this goal through the following strategies:



The Intergovernmental Panel on Climate Change (IPCC) 2021, states high vulnerability towards drastic weather events is faced by the agricultural sector in India due to poor climate-resilient agricultural practices, poor water management, over-dependence on conventional

sources of energy, high chemical dumping destroying soil health, loss of soil quality and topsoil, high dependency on groundwater, destruction of bio-diversity including natural balance with eco-system and overall high GHG emission.



Reducing Atmospheric Carbon

Afforestation

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

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

Your Bank's afforestation initiatives have contributed towards the project of establishing a "Bio-shield" to

save the mangroves in the Bharuch district of Gujarat. Mangrove plantation of 67,540 saplings was carried out on 20 Hectares in a stretch of 1 km of coastline along with plantation of other medical plant species and fodder species, sequestering over 4,400 tonnes of CO₂ annually. The fodder bank was created to offset the biotic pressure from the mangrove area. The project created 4,629 person-days of employment and benefited 9,123 beneficiaries with additional income-generating avenues from fodder and medicinal plant harvesting.

Climate Change Adaptation

Considering the vulnerabilities in the agricultural sector, this year the Bank launched a new initiative on Climate Smart Villages (CSV) under the Climate Action Programme. The aim of this programme is to develop a holistic climate action approach for a village to make

it climate resilient. This includes water security and protection from erratic rainfall patterns through water conservation to protect rain-fed agriculture and the adoption of climate-resilient varieties.

Air Emissions

Air emissions management is an important aspect for the Bank as it contributes to environmental sustainability and public health. By effectively managing air emissions, a bank can minimize its impact on air quality, reduce harmful pollutants, and mitigate climate change. Implementing robust air emissions management practices, such as monitoring and controlling emissions from its operations and investments, demonstrates the bank's commitment to environmental stewardship. This helps build trust with stakeholders, including regulators, investors, and

the community. Moreover, by reducing air emissions, the Bank can contribute to creating healthier living conditions, improving the quality of life for individuals and communities, and supporting the transition to a cleaner and greener economy.

Preserving the air quality in and around its operating area has been a priority. The Bank monitors its stack emissions at its Mega Projects location monthly through NABL accredited third party agencies.

Waste Management

Effective waste management is of paramount importance to the Bank as it aligns with environmental sustainability goals and promotes responsible

corporate citizenship. By implementing waste management practices, the Bank minimizes its ecological footprint, and conserves resources. Efficient waste management also helps the Bank to enhance its reputation among stakeholders. By encouraging responsible consumption leading to reduced waste

generation, the Bank demonstrates its commitment to sustainable waste management practices.

The Bank also has a focus on 3R waste management approaches - Reuse, Recycle and Reduce, to formulate effective waste management. Digitisation initiatives by the Bank has helped transition into a paperless form of operations which has had a direct impact in reducing waste generation.

Water Management

Water management is highly important aspect for the bank as it contributes to environmental sustainability, resource conservation, and responsible corporate practices. Prioritising water management not only helps protect precious water resources but also demonstrates the Bank's commitment to environmental and social responsibility. It enhances

the Bank's reputation, attracts environmentally conscious stakeholders, and contributes to sustainable development by ensuring the availability of clean water for communities and ecosystems. Moreover, efficient water management can lead to cost savings and operational efficiency, creating long-term financial benefits for the Bank.

The water conservation initiative aims at water security and drought-proofing in some of the high moisture-stressed regions of India, thereby providing a safety net to agriculture and livestock-based livelihoods. These initiatives facilitate participatory watershed management by empowering the communities to participate in the planning and implementation of local water resource development. Measures such as building, reviving and maintaining water-harvesting structures, prioritisation and judicious use of water for every community member, crop planning and water-efficient farming, use of drought-resistant varieties, cultivation of high-value crop requiring less water,

etc., create a multiplier effect in drought-proofing and climate change adaptation measures and higher income generation. The programme has supported the construction of 23 water harvesting structures with a storage capacity of over 1,20,000 kilolitres of water in two states, which not only provided drinking water to over 1,500 families but also supported participatory irrigation of various crops and helped in generating an income of more than ₹123 lakh.

Initiatives undertaken to protect and restore environment

Summary of the Bank's initiatives on PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the initiative
1.	The corporate office is located in IGBC-GOLD rated Green Building-certified property	<p>AdventzInfinity@5 is a superlative green IT/ITes building with about 8.5 lakh square feet of high energy work space situated at the heart of Salt lake, Sector V, Kolkata.</p> <p>The entire infrastructure is designed to maximize daylight and a superior indoor air flow of humidity controlled fresh air. AdventzInfinity@5 is certified IGBC-GOLD rated green building and hence will use the latest innovations in energy and water efficiency, sustainable practices, resource recycling and green building practices.</p> <p>Infinity Group (infinityitpark.com)</p>	The building is advocating a low-carbon economy.
2.	Water treatment facility in the Corporate Office	<p>Plumbing- 100% waste water recycle plant (STP); use of water efficient sanitary fixtures.</p> <p>Infinity Group (infinityitpark.com)</p>	Advocating a waste- water recycling
3.	All offices, branches and business units are equipped with energy-efficient LED lighting system	All offices, branches and business units are equipped with energy-efficient LED lighting systems	Advocating a low economy.
4.	All offices' air conditioners are set at 24-25°C as per the latest standards of ASHRAE and BEE	<p>https://www.mca.gov.in/Ministry/pdf/AcTempNotice_21082018.pdf</p> <p>https://www.ashrae.org/technical-resources/bookstore/standards-62-1-62-2#:~:text=ANSI%2FASHRAE%20Standards%2062.1%20and,adverse%20health%20effects%20for%20occupants</p>	Advocating a low-carbon economy.
5	CSR Initiatives on Climate Change adaptation	https://bandhanbank.com/beyond-banking	Carbon sequestration through afforestation and plantation activities
6	CSR initiatives on water Conservation	https://bandhanbank.com/beyond-banking	Created rain water harvesting potential for irrigation purposes and saving the area from ground water depletion

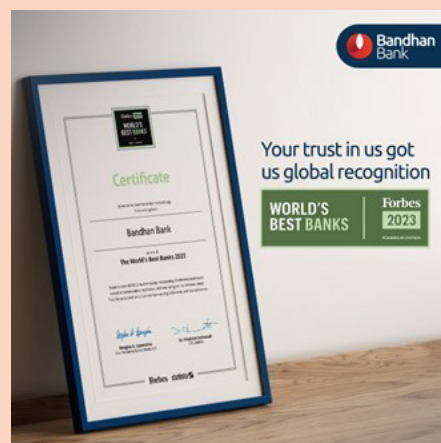
Awards and Accolades





World's Best Banks Award by Forbes and Statista

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



The Pride of India Brands Award by Exchange for Media

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



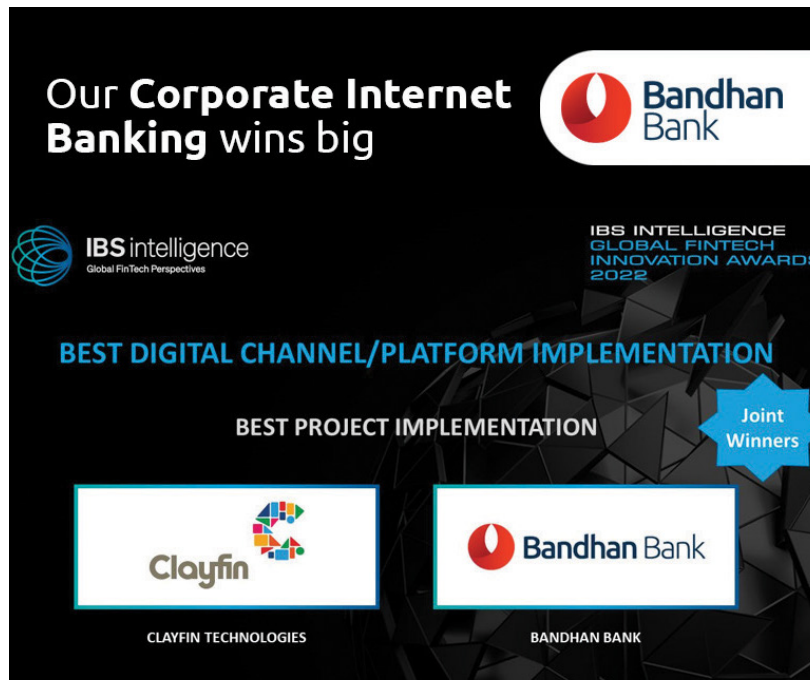
2023 Gallup Exceptional Workplace Award

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



IBS Intelligence Global Fintech Award

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

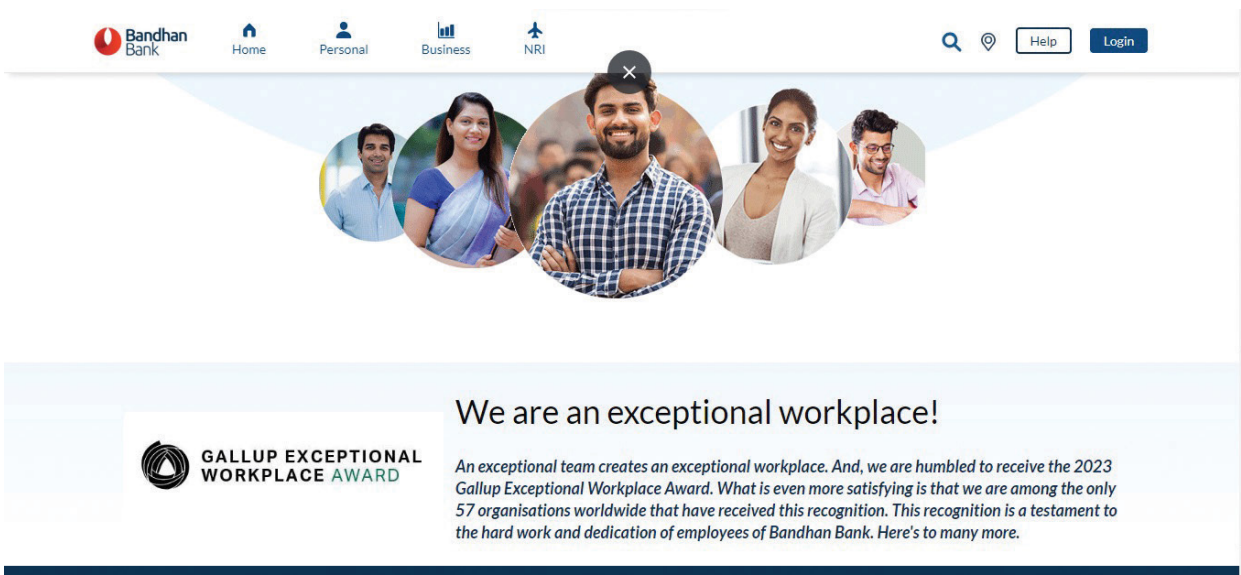


We are happy to inform that Bandhan Bank has received the IBS intelligence Global Fintech Award in the category “Best Digital Channel/Platform Implementation: Best Project Implementation” for **Corporate Internet Banking** implementation. The announcement was made on December 15, 2022.

The IBSi Global FinTech Innovation Awards 2022 seek to identify and honour banks, financial institutions and technology players for their excellence in driving impact through banking technology implementations and innovations using emerging technologies.

Wholehearted congratulations.

For internal circulation only.



Data Annexure



Data Annexure

CSR Programmes and Beneficiaries

Category	Unit	FY 2022-23
Targeting the hardcore poor Programme - 10	Number	5,000
Targeting the hardcore poor Programme - 11	Number	10,000
Targeting the hardcore poor Programme - 12	Number	3,000
Bandhan Education Programme - 1	Number	4,387
Bandhan Education Programme - 2	Number	55,278
Bandhan Education Programme - Academy	Number	2,909
Bandhan Health Programme - SMILE V	Number	39,881
Bandhan Health Programme - SMILE VI	Number	99,444
Bandhan Health Programme - SMILE VII	Number	29,223
Bandhan Health Programme TCTD - I	Number	2,878
Bandhan Health Programme TCTD - II	Number	3,119
Bandhan Health Programme - Safe Water	Number	47,497
Employing Unemployed Programme	Number	2,220
Bandhan Financial Literacy Programme - 2	Number	85,172
Bandhan Climate Action Programme - 1	Number	10
Bandhan Climate Action Programme - 2	Number	600
Bandhan Sustainable Livelihood Programme - 1	Number	63
Bandhan Sustainable Livelihood Programme - 2	Number	0
Bandhan Financial Literacy Programme - 1	Number	6,982
Total CSR Beneficiaries	Number	3,97,663

Employee Workforce by Gender

Category	Unit	FY 2022-23
Permanent Employees (Male)	Number	62,526
Permanent Employees (Female)	Number	7,176
Permanent Employees (Total)	Number	69,702

Employees by Region

Region	FY 2022-23		
	Male	Female	Total
Central	9,962	922	10,884
Eastern	33,315	3,006	36,321
North-Eastern	6,526	898	7,424
Northern	4,111	589	4,700
Southern	4,082	795	4,877
Western	4,530	966	5,496
Total	62,526	7,176	69,702

Employees by Job Category

Category	Unit	FY 2022-23
Top Management	Number	58
Senior Management	Number	483
Middle Management	Number	7,546
Junior Management	Number	61,615

Employee Hiring

Category	Unit	FY 2022-23
Male Hires	Number	25,831
Female Hires	Number	4,067
Total Hires	Number	29,898

Employee Turnover

Category	Unit	FY 2022-23
Male	%	31.60%
Female	%	43.43%
Total	%	32.78%

Employee Training Hours

Category	Unit	FY 2022-23
Average Training Hours per employee	Hours	21.70

Details of Trainings given to Employees

Category	Health and Safety Trainings		Skill Development Trainings	
	No. of employees trained	% of employees trained	No. of employees trained	% of employees trained
Male	62,526	100%	61,634	98%
Female	7,176	100%	6,950	98%
Total Employees	69,702	100%	68,584	98%

Career Development and Performance Appraisal

Category	No. of employees who received performance appraisal	% of employees who received performance appraisal
Male	48,722	78%
Female	4,781	67%
Total	53,503	77%

*The performance management system is available to all employees and the new joiners who have joined before September. The new joiners after September are considered for the next year performance management cycle.
(smaller font)

Air Emissions*

Category	Unit	FY 2022-23
NOx	µg/m3	34.70
SOx	µg/m3	8.20
PM	µg/m3	192

*Air Emissions (SOx, NOx, and PM) data is only covering Mega Projects of the Bank

Energy Consumption

Category	Unit	FY 2022-23
Indirect Energy (Electricity)*	TJ	6.51
Direct Energy (HSD)*	TJ	0.0064

*Electricity consumption data is captured from the Head Office and Mega Project of the Bank. It does not cover any other sites or branches.

*Fuel consumption data is only from the Head Office of the Bank. It does not cover any other sites or branches.

GHG Emissions*

Category	Unit	FY 2022-23
Scope 1 Emissions	tCO ₂ e	0.47
Scope 2 Emissions	tCO ₂ e	1,284.25

*Scope 1 and Scope 2 emissions cover only Head Office and Mega Projects of the Bank. No other sites or branches are covered

Water Consumption

Category	Unit	FY 2022-23
Water Consumption from Third Party*	KL	65,195

*The water consumption numbers are based on the usage at the Head Office and Mega Projects of the Bank and does not cover any of the branches

Assurance Statement





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Fax: +91 22 6192 3000
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Independent Assurance Statement

The Managing Director & Chief Executive Officer
Bandhan Bank Limited
DN-32, Salt Lake, Sector V
Kolkata 700091
West Bengal

Scope

We have been engaged by Bandhan Bank Limited (the 'Company') to perform a 'limited' assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Bandhan Bank Limited's Integrated Report FY'2022-23 (the "Subject Matter") for the period from 1 April 2022 to 31 March 2023.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Bandhan Bank Limited

In preparing the Integrated Report for FY'2022-23, Bandhan Bank Limited applied the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework. These criteria were specifically designed for sustainability reporting; As a result, the subject matter information may not be suitable for another purpose.

Bandhan Bank Limited's responsibilities

Bandhan Bank Limited's management is responsible for selecting the Criteria, and for presenting the Integrated Report for FY'2022-23 in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and the terms of reference for this engagement as agreed with Bandhan Bank Limited on 26 April 2023.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.



Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Integrated Report for FY'2022-23 and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with select personnel and corporate teams to understand the process for collecting, collating and reporting the subject matter as per International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework.
- Checked the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria.
- Undertook analytical review procedures to support the reasonableness of the data.
- Verification of data on a selective test basis for the following business operations and indicators through consultations with the business team and sustainability team and review of data on a sample basis, at the below-mentioned locations, pertaining to the following indicators:



S.No.	Indicators	Coverage
1.	<ul style="list-style-type: none"> Direct Energy Consumption Indirect Energy Consumption Water Consumption GHG Emissions (Scope 1 and Scope 2) 	Head Office - Kolkata, West Bengal, India
2.	<ul style="list-style-type: none"> Indirect Energy Consumption Water Consumption GHG Emissions (Scope 1 and Scope 2) Air Emissions 	Mega Projects - New Town, West Bengal, India
3.	<ul style="list-style-type: none"> Average Employee Training hours Number of Permanent Employees Turnover Rate Working hours 	Head Office, Mega Projects and all Branches PAN India

- Review and execution of an audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in collection, transcription and aggregation processes followed;
- Conduct interview of select representatives of Company's management to understand the current processes in place for capturing sustainability performance data as per International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework, the Company's sustainability vision and the progress made during the reporting period;
- Review of the Company's plans, policies, and practices, pertaining to their social, environment and sustainable development, to be able to make comments on the completeness of the reporting and degree to which EY believes the report provides a fair and honest representation of the Company's activities.

We also performed such other procedures as we considered necessary in the circumstances.

The assurance scope excludes:

- Data and information outside the defined reporting period-1 April 2022 to 31 March 2023
- Data and information on economic and financial performance of the Company;
- Data, statements and claims already available in the public domain through Annual Report, or other sources available in the public domain;
- The Company's statements that describe the expression of opinion, belief, inference, aspiration, expectation, aim or future intention provided by the Company;
- The Company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters.

Conclusion

- Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Integrated Report for FY'2022-23 for the period of 1 April 2022 to 31 March 2023 in order for it to be in accordance with the Criteria.

Restricted use

This report is intended solely for the information and use of Bandhan Bank Limited and is not intended to be and should not be used by anyone other than Bandhan Bank Limited.

For and on behalf of Ernst & Young Associates LLP.

A handwritten signature in blue ink, reading "Saunak Saha". The signature is written in a cursive style with a large 'S' at the beginning and a long horizontal stroke at the end.

Saunak Saha
Partner
25 July 2023
Kolkata, India



bandhanbank.in



[bandhanbank_in](https://twitter.com/bandhanbank_in)



[company/bandhanbank](https://www.linkedin.com/company/bandhanbank)



[C/BandhanBankLimited](https://www.youtube.com/C/BandhanBankLimited)



[bandhan_bank](https://www.instagram.com/bandhan_bank)

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