Bandhan Bank Limited
Head Office: DN 32, Sector V, Salt Lake City, Kolkata 700 091 | CIN No.: U67190WB2014PLC204622
Phone: +91-33-6609 0909, 2706 2396 | Fax: 033 6609 0502 | Website: www.bandhanbank.com

Ref no : BBL/94/18-19

July 24, 2018

The National Stock Exchange of India Limited The Listing Department Exchange Plaza, Bandra Kurla Complex, Mumbai – 400051 Fax No: 022-26598237/38/66418124/25 / 26	BSE Limited Dept of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400001 Fax: 022-22722037/39/41

Dear Sir,

Sub: Annual Report of the Bank

Pursuant to Regulation 34 (1) of SEBI (LODR) Regulations 2015, kindly find enclosed the Annual Report of the Bank, approved and adopted in the 4th Annual General Meeting (AGM) of the Members of the Bank held on Thursday, July 19, 2018 at 11:30 A.M. at Science City Auditorium, Kolkata, J.B.S Haldane Avenue, Mirania Gardens, East Topsia, Topsia, Kolkata, West Bengal – 700046.

The Annual Report is also available on the website of the Bank at: https://www.bandhanbank.com/Annual-report.aspx.

You are requested to take note of the above and bring it to the notice of all concerned.

Thanking you,

Yours faithfully,
for Bandhan Bank Limited

Indranil Banerjee
Company Secretary & Compliance Officer

Bandhan Bank Limited Kolkata

Enclo: As above

Bandhan Bank

Aapka Bhala, Sabki Bhalai.

ANNUAL REPORT 2017-18

A BOND OF **TRUST**

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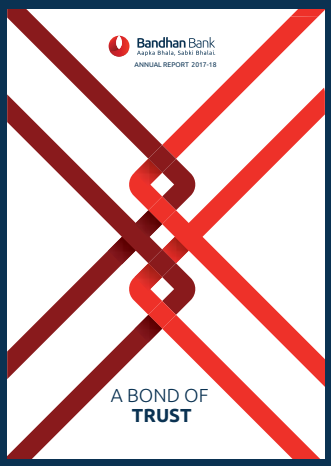
Financial statements

108 Financial section

About this report

At Bandhan Bank, our success story has been driven by the 'trust' of our shareholders, investors, customers, employees and society. The design of this report reflects this bond of trust.

The FY 2017-18 Annual Report is Bandhan Bank's first post-IPO report. It focusses on how the Bank is transforming into a world-class entity with relevant offerings, best-in-class technology, enhanced reach and a dynamic team.



Highlights FY 2017-18

₹33,869 crore
Total deposits
46% y-o-y growth

₹32,339 crore
Total advances
37% y-o-y growth

₹66,208 crore
Total business
42% y-o-y growth

₹1,346 crore
Profit after Tax
21% y-o-y growth

India's banking landscape is seeing unprecedented transformation. Sharper focus on financial inclusion, adoption of advanced technology, consolidation and regulatory oversight are reshaping the world of banking in India.

Amidst the winds of change, we at Bandhan Bank, are deeply rooted to our core values of customer centricity, business ethics and social responsibility. We are partnering the underserved to make them a part of the formal economy. We are strengthening our infrastructure and operations to provide fast, convenient and affordable financial solutions to a large section of the population, especially the unbanked and the underbanked. We are handholding them to facilitate their journey towards progress and prosperity.

It is a matter of great satisfaction for us that our Initial Public Offering (IPO) received a stupendous response from investors. We are grateful to our investors for reposing their trust in our vision and initiatives.

Our journey is powered by the trust of all our stakeholders and we are committed to deepen this precious bond of trust.

34
States, including Union Territories

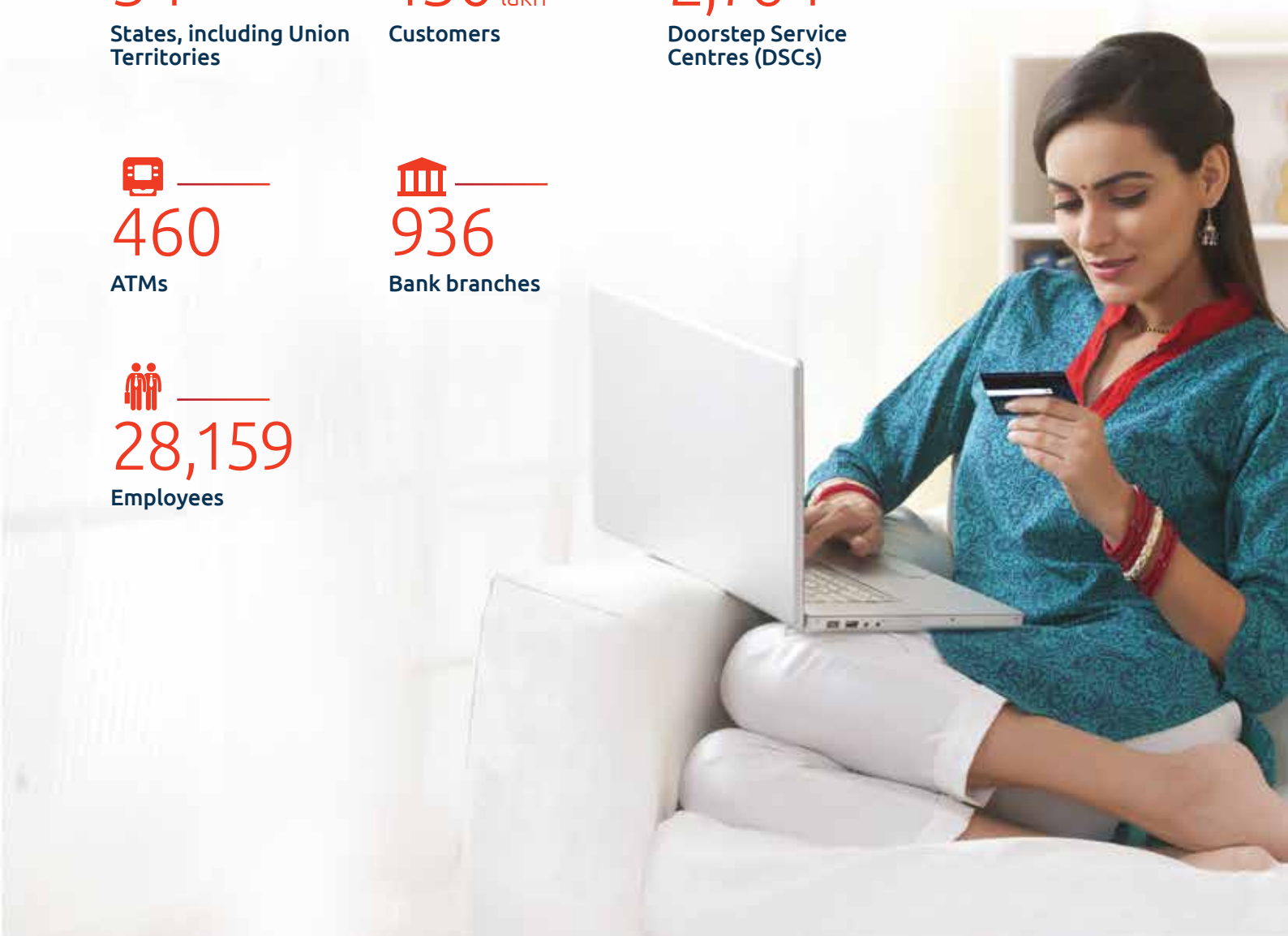
130 lakh
Customers

2,764
Doorstep Service Centres (DSCs)

460
ATMs

936
Bank branches

28,159
Employees



Banking with a conscience

Bandhan Bank is one of India's new universal banks, focussed on serving the unbanked and underbanked population in India. At Bandhan Bank, our values revolve around our transparent business ethics, unwavering consumer focus and corporate responsibility towards society at large.

We are committed to partner our customers to help them fulfil their financial aspirations and strengthen our bond of trust with them.

Our offerings include banking products and services suited to urban, semi-urban and rural customers.

Our journey began in 2001 as a not-for-profit microfinance enterprise to make a significant contribution towards poverty alleviation by empowering women, especially in rural areas. We became a non-banking financial company in 2006.

Bandhan Bank was incorporated on December 23, 2014, as a wholly-owned subsidiary of Bandhan Financial Holdings Limited (BFHL). We received the in-principle approval of the Reserve Bank of India (RBI) for setting up a universal bank in April 2014 and the banking regulator gave its final nod in June 2015. Bandhan Bank commenced its banking operations on August 23, 2015. Headquartered in Kolkata, Bandhan Bank is the first bank to be set up in the eastern part of India after Independence.

We deliver banking solutions for all, but the focus is on meeting the financial requirements of people who are on the periphery of the formal banking ecosystem. We offer a wide spectrum of asset and liability products and services, which are designed for both our micro banking and our general banking customers.

When our customers choose to bank with Bandhan Bank, they become a part of the nation's larger growth story.





Vision

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



Mission

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



Values

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

C Cost-effective and simple

R Respect for all

E Exemplary governance

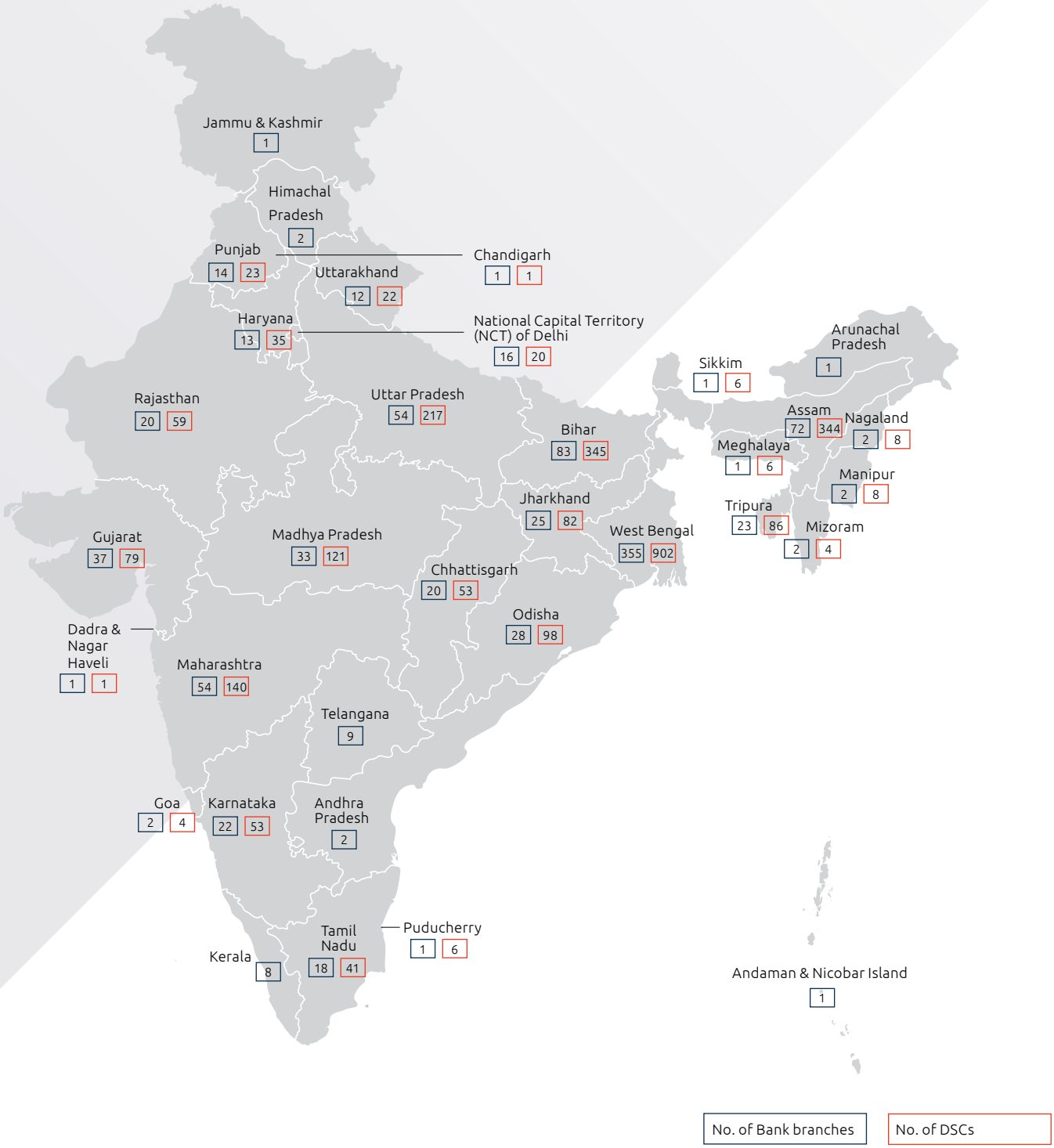
A Accountability, professionalism and discipline

T Transparency and integrity

E Effective team work and commitment

Widening our presence

We have a pan-India network, with extensive physical network of branches, DSCs and ATMs.



Driving inclusive growth through an extensive network

Our branches offer a full range of banking services. Our branches are strategically located across India and we continuously assess market trends to meet the evolving customer requirements.

We are improving our branch network and expanding into geographies with the unbanked and underbanked population. We are also leveraging digital technology solutions to enable growth and reduce costs.

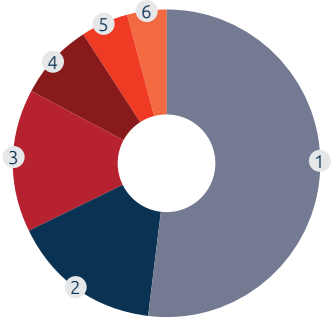
17%
Branches in metro cities

29%
Branches in urban centres

54%
Branches in semi-urban and rural areas

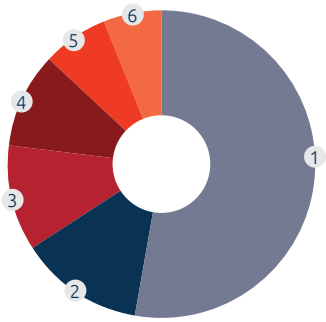
Region-wise break-up*

DSCs (%)



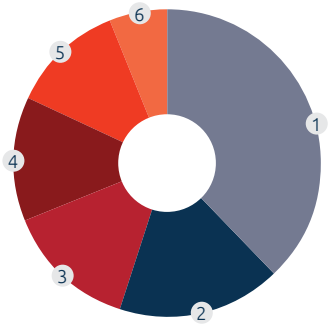
1	East	**52**
2	North East	**16**
3	Central	**15**
4	West	**8**
5	North	**5**
6	South	**4**

Branches (%)



1	East	**53**
2	Central	**13**
3	North East	**11**
4	West	**10**
5	North	**7**
6	South	**6**

ATMs (%)



1	East	**38**
2	Central	**17**
3	West	**14**
4	North	**13**
5	South	**12**
6	North East	**6**

*As on March 31, 2018

FY 2017-18 in retrospect

During FY 2017-18, we consolidated our bond of trust with customers with an expanded range of offerings, benefits and services. We grew by expanding our reach, onboarding more customers and ensuring customer satisfaction by catering to their requirements.

45.81%

Growth in liability book size in FY 2017-18 over FY 2016-17

55.40%

Increase in Small Enterprise Loans (SELs) portfolio in FY 2017-18 over FY 2016-17



Deposit products

- Our liability book size grew by 45.81% to ₹33,869.00 crore as on March 31, 2018, from ₹23,228.66 crore on March 31, 2017.
- We grew significantly in the Current Account (CA) portfolio with ₹2,414.53 crore as on March 31, 2018, 66.22% growth vis-à-vis ₹1,452.62 crore as on March 31, 2017. Our CA acquisitions increased owing to an enhanced value proposition for our customers, along with value-added services such as Electronic Data Capture Point-of-Sale (EDC-PoS).
- Our Savings Account (SA) portfolio closed at ₹9,209.39 crore as on March 31, 2018, up by 71.03% over ₹5,384.72 crore as on March 31, 2017. The introduction of corporate salary accounts, along with the maintenance and enhancement of the existing product schemes, enabled robust deposit mobilisation in our SA portfolio.
- We launched NRI business proposition for our non-resident customers. The NRI business portfolio closed at ₹205.03 crore as on March 31, 2018.
- Our Term Deposits (TDs) increased to the tune of ₹22,245.09 crore as on March 31, 2018, up by 35.71% over ₹16,391.32 crore as on March 31, 2017.

Asset products

- Our Small and Medium Enterprise (SME) and Microfinance Institutions (MFI) loan portfolio grew more than 2 times to ₹ 1,640 crore as on March 31, 2018 (₹ 714 crore as on March 31, 2017).
- The Small Enterprise Loans (SELs) portfolio grew by 55.4% to ₹1,639.05 crore as on March 31, 2018, (₹1,054.58 crore in March 31, 2017).
- Our Retail Asset portfolio (excluding gold loans) under general banking grew by 250% to ₹1,367 crore as on March 31, 2018, (₹390 crore as on March 31, 2017) with 36,542 loan accounts as on March 31, 2018, (150% y-o-y growth).
- Retail lending continues to be a major focus area, owing to the significant untapped business opportunity, increasing demand and the prospect of diversification of our risk. Affordable housing loans primarily drove retail lending, along with personal and two-wheeler loans.
- We set up nine new Retail Asset centres in FY 2017-18, totalling 16. We have expanded our reach to Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Uttar Pradesh, Uttarakhand and Delhi (in addition to the already existing geographic coverage in West Bengal, Assam, Bihar and Chhattisgarh).
- Our Priority Sector Lending (PSL) went up from ₹16,457 crore on March 31, 2017, to ₹28,211 crore on March 31, 2018, of which ₹16,454 crore was sold under Priority Sector Lending Certificate (PSLC).
- At the end of FY 2017-18, PSL as a proportion of the gross advances of ₹29,913 crore is at 94.31% (including PSLC).
- We offered gold loans from 57 branches as on March 31, 2018. We disbursed 9,638 gold loans, amounting to ₹51.31 crore.

Third-party products

- We increased our third-party product portfolio by launching mutual funds and health insurance.
- In mutual fund distribution, we achieved ₹102.05 crore worth of business through our bank branches.
- We started our health insurance distribution business through our bank branches and achieved ₹16.15 crore premium in less than four months in FY 2017-18.

EDC-PoS terminals

The EDC-PoS Merchant acquiring business was rolled out in December 2016. A total of 18,791 terminals were installed as on March 31, 2018, up by 227.2%, compared to 5,743 terminals as on March 31, 2017.

During FY 2017-18, the Bank received 16,323 applications, of which 13,048 terminals were installed as on March 31, 2018. On an average, the Bank has sourced over 1,360 EDC-PoS terminal installation applications every month.

Debit cards

The Bank undertook dedicated communication initiatives through branch banking and social media channels to increase debit card transactions among customers. This yielded favourable results, with the debit cards business registering 10% growth.





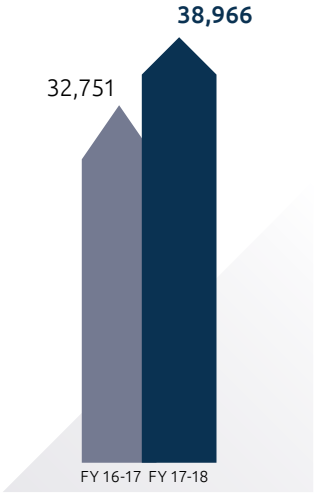


Trusted for performance

19% y-o-y growth

Total disbursements

(₹ in crore)

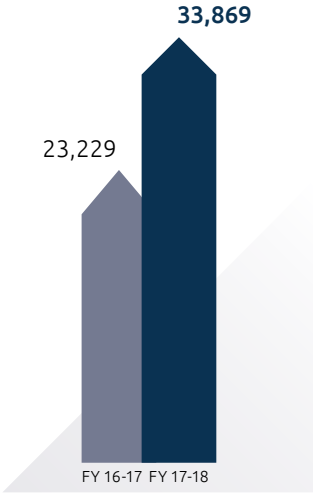


Our total disbursements surged owing to growing awareness of our attractive products.

46% y-o-y growth

Total deposits

(₹ in crore)

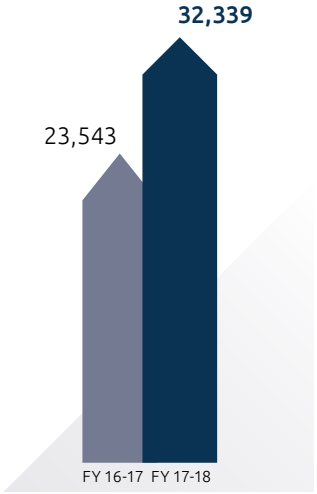


Our total deposits grew riding on enhanced customer acquisition.

37% y-o-y growth

Total advances

(₹ in crore)

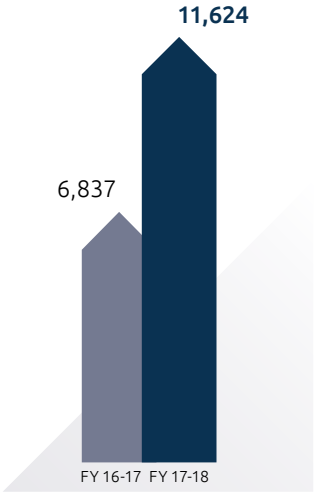


Our total advances increased because of a growing portfolio of core asset products.

70% y-o-y growth

CASA

(₹ in crore)

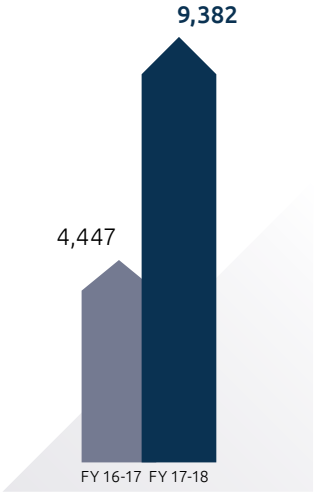


Our CASA portfolio grew, aided by attractive product features, new offerings and foray into unexplored markets.

111% y-o-y growth

Net worth

(₹ in crore)

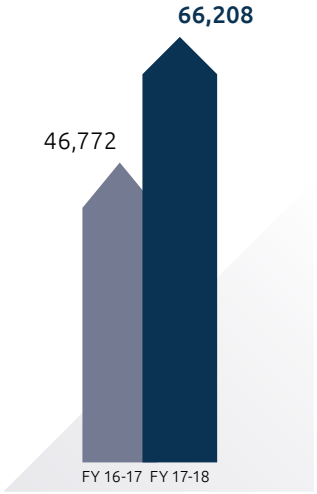


Our net worth grew significantly on account of our successful IPO and prudent plough-back of surpluses.

42% y-o-y growth

Total business

(₹ in crore)

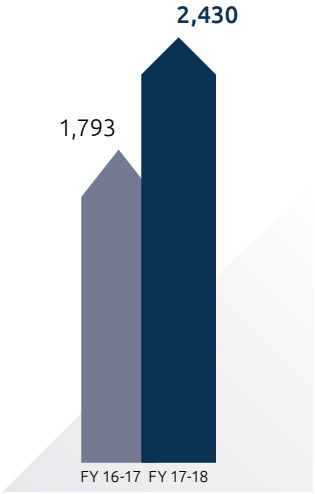


Our total business supports a growing customer wallet share and geographic expansion.

35% y-o-y growth

Operating profit

(₹ in crore)

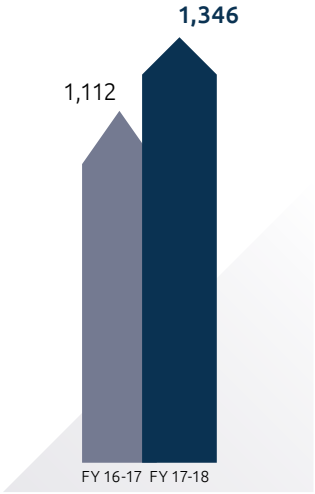


Our operating profit increased following process efficiencies and cost rationalisation.

21% y-o-y growth

Profit after tax

(₹ in crore)

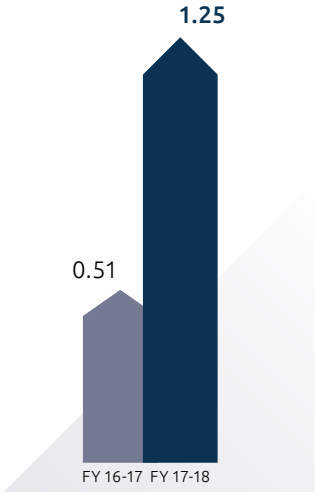


Our profit after tax grew on rise in business scale and new product launches.

74bps y-o-y growth

Gross NPA

(%)

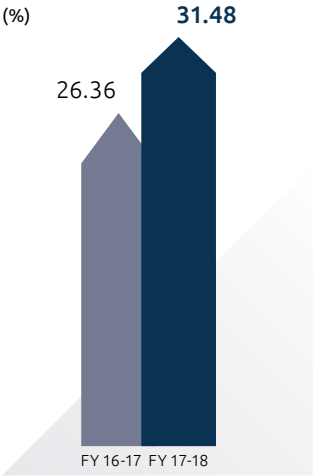


Our sincere efforts will be to bring down the level of bad assets by astute monitoring and recovery.

512bps y-o-y growth

Capital adequacy ratio

(%)

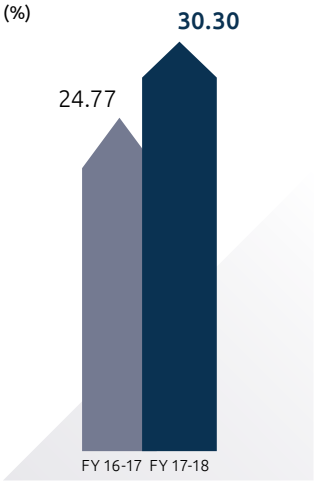


Our capital adequacy ratio is more than double of statutory minimum requirements.

553bps y-o-y growth

Capital adequacy ratio Tier-I

(%)



Our growing Tier-I capital adequacy ratio showcases our quality capital.

11% y-o-y growth

Branches

(No.)



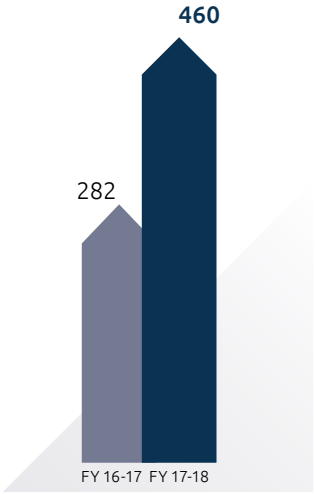
Our increasing branch network is strengthening our pan-India footprint.

Trusted for performance

63% y-o-y growth

ATMs

(No.)

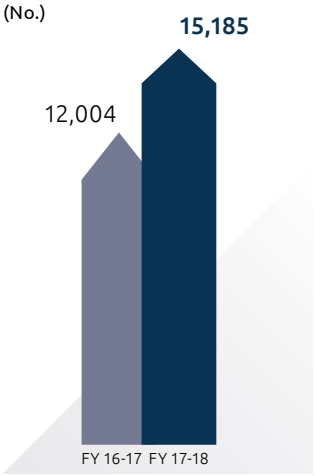


Our growing network of ATMs is enhancing customer convenience.

26% y-o-y growth

Mini ATMs (Hand-held devices)

(No.)

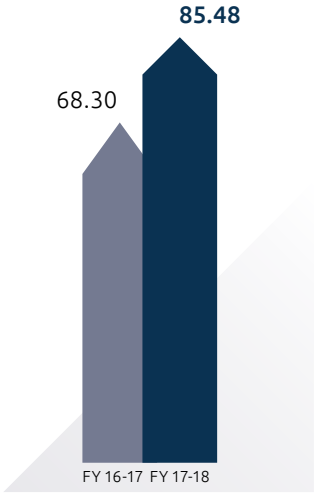


Our increasing number of mini ATMs is helping us deepen our last-mile presence.

25% y-o-y growth

Total transactions

(No. in crore)



Our transactions are increasing with the growing scale of operations.

10% y-o-y growth

Debit cards issued

(No.)

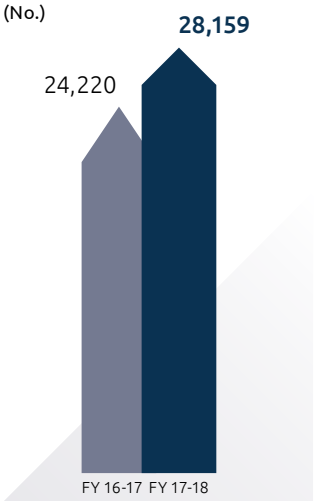


Our debit cards issuance has grown following increased account acquisitions.

16% y-o-y growth

Employee strength

(No.)

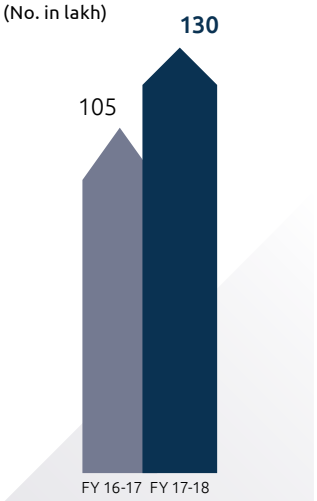


Our team of employees has increased with the opening of more branches and expansion of support offices.

24% y-o-y growth

Customer growth

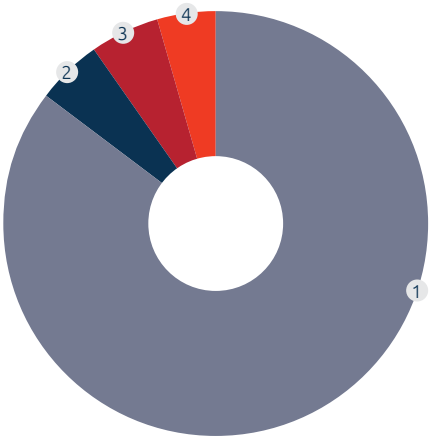
(No. in lakh)



Our universe of customers has grown, testifying to the quality of our products and service.

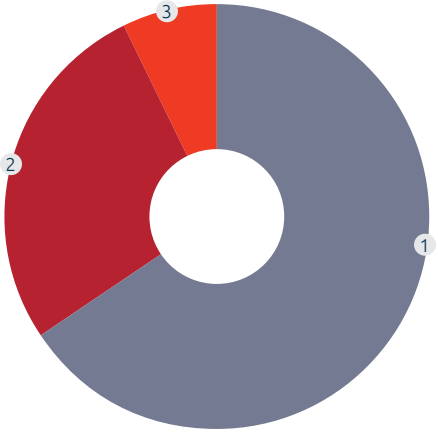
Business mix in FY 2017-18

Assets (%)



1	Microloans	**85.38**
2	Small enterprise loans	**5.16**
3	SME loans	**5.07**
4	Other retail loans	**4.39**

Liabilities (%)



1	Term Deposit	**65.68**
2	Savings Account	**27.19**
3	Current Account	**7.13**

Return on average assets (ROAA)

4.06%	4.47%
FY 2017-18	**FY 2016-17**

Return on average shareholder's fund (ROAE)

25.98%	28.51%
FY 2017-18	**FY 2016-17**

Cost to income ratio

35.00%	36.31%
FY 2017-18	**FY 2016-17**

Growing our circle of trust

Our strategy focusses on the creation of long-term value for all our stakeholders.



Shareholders and investors

Our engagement

We provide clear and consistent business strategy, strong governance, ethics and transparency and long-term business value proposition.

Value creation strategy

- As a newly listed entity, we will communicate our business performance and strategies to our investors clearly and in a timely manner.
- We are ensuring the highest standard of corporate governance and transparent business practices.



Customers

We have a customer-first approach, while offering bespoke products and services, suited for both general banking and micro banking.

Our regular interactions with our customers ensure the strengthening of our bond with each customer.

- We are continuously investing in the number of touchpoints to reach out to more customers.
- We enhanced our overall customer experience across physical and digital platforms.
- In micro banking, we continued our weekly group meetings to drive better service and awareness about products and services.
- In general banking, we expanded our basket of products, benefits and services for our customers to cater to their share of banking requirements.
- We have enhanced our mobile application and retail and corporate internet banking platforms.
- Our robust technology infrastructure enables us to service customers better and faster.



Employees

We offer career development opportunities through consistent training, mentoring and engagement. We encourage integrity and good citizenship.

- We strengthened our learning and development modules, in line with our evolving business strategies.
- We have implemented an online module-based performance management system, enabling better productivity mapping for improved outcomes.
- We have a system of internal communication and feedback for consistent development.
- We conduct special training programmes for advanced training needs across various functional areas.
- We identify and nurture potential leaders to create a future leadership pipeline.



Society

We engage with the community through strategic interventions.

- We are providing grants in the form of free assets to the poorest of the poor. They use these assets to earn their livelihood and uplift themselves in order to graduate to mainstream society.
- We are imparting health education through health forums which is followed by household visits by the health volunteers. Other components include focus on improving water and sanitation facilities, ensuring its usage, referral/ linkage service, distribution of health kits at doorsteps and the like.
- We are driving a low-cost, innovative education model to encourage underprivileged children of all age-groups.
- We are imparting skill development initiatives that effectively helps unemployed youth by equipping them with the relevant skill sets.



In bond, we trust



Chandra Shekhar Ghosh, MD & CEO

Dear Friends,
I am excited to share our first post-IPO report. FY 2017-18 was a landmark year in the Bank's history, as we successfully completed ₹4,473-crore IPO in March 2018, which was subscribed 14.59 times. We value the trust and confidence that our investors have reposed in us.

We are building an institution of banking excellence, with focus on financial inclusion and economic empowerment of the disadvantaged sections of society.

Financial inclusion plays a significant role in energising the economy and broad-basing the Government of India's developmental agenda. The engine of financial empowerment is gathering momentum, driven by policy measures such as the Jan Dhan-Aadhaar-Mobile (JAM) trinity. Other noteworthy initiatives for financial inclusion such as Pradhan Mantri Mudra Yojana (PMMY), Digital India, Aadhaar enrolment and Aadhaar seeding with bank accounts, among others, are relevant steps towards driving inclusive growth.

Our strategies are shaped by our philosophy of financial inclusion. We have reached out to more than 130 lakh customers with a comprehensive basket of financial products across 29 states and five Union Territories. We have 936 branches and 2,764 DSCs, along with a network of 460 ATMs across India. We primarily focus on micro lending for unbanked and underbanked sections of society. We are playing the role of a change agent in raising financial awareness around savings, credit, and financial investment.

During the year, we emerged among India's fastest growing banks, with significant growth across both our asset and liability franchises. We are continuously enriching our bouquet of loan and deposit products. On the one hand, we are increasing our liability products with robust growth of our CASA and deposits and, on the other, we are taking meticulous care to maintain the quality of assets. Our investments in technology have helped reduce the turnaround time of loan disbursements to serve our customers faster.

Consistent performance

- Our Net Interest Income (NII) for FY 2017-18 was ₹3,032.24 crore, as against ₹2,403.50 crore in FY 2016-17, registering a robust 26.16% growth.
- Our operating profit grew by 35.54% to ₹2,430.11 crore in FY 2017-18, compared to ₹1,792.91 crore in FY 2016-17. Also, our Profit After Tax (PAT) increased by 21.01% to ₹1,345.56 crore in FY 2017-18 vis-à-vis ₹1,111.95 crore in FY 2016-17.
- The Net Interest Margin (NIM) stood at 9.69% in FY 2017-18 as against 10.44% in FY 2016-17.
- The gross Non-performing Assets (NPAs) stood at 1.25% in FY 2017-18, compared to 0.51% in FY 2016-17.
- We reported a capital adequacy ratio of 31.48% with Tier 1 capital adequacy ratio at 30.30% in FY 2017-18 – significantly higher than the regulatory requirement.

In FY 2017-18, our CASA book reported robust growth. Our Savings Account book grew by 71.03%, driven by our expansion in different geographies and acquisition of corporate salary accounts. Our Current Accounts grew by 66.22%, riding on competitive product offerings. Bandhan Bank had 18,791 active EDC merchants as on March 31, 2018. Moreover, our Term Deposits boutique grew by 35.71% in FY 2017-18.

The growth in our liability business has led to a reduction in our cost of funding, as we have been able to increasingly tap into low-cost deposits. Following this, we have been bringing down the cost of our microloans and passed on the benefits to our borrowers. This ensures sustainable portfolio growth.

We exponentially grew our Retail Assets business (personal loans, two-wheeler loans, loans against Term Deposits, home loans, loans against property and gold loans) in FY 2017-18. We also added a third-party product franchise to our bouquet of offerings with the distribution of mutual funds and health insurance products.

Along with the deposit and loan product spectrum, we have also strengthened our digital banking platform, including the mBandhan (mobile banking) app, Internet Banking and Bharat Bill Pay. We are also popularising these digital assets across the entire spectrum of our customer base.

During FY 2017-18, we enthusiastically participated in the Government of India's financial inclusion schemes to reach out to the last-mile beneficiary. I am happy to share that we have been recognised as the 'Best Private Sector Bank – Government Scheme Participation (PMMY)' for the Dun & Bradstreet Banking Awards 2017. We have also been awarded the prestigious 'The Hindu Business Line Changemakers Award' 2018 in appreciation for our work in the field of inclusive financial development.

Team Bandhan

We are only as good as our people who drive our banking scale and excellence. Over the preceding two years, our achievements have been the direct outcome of the teamwork and commitment of our employees at all levels of the organisation.

During FY 2017-18, we honed our existing capabilities and established new processes to strengthen our human capital. We enhanced our Human Resource Business Partnering model (HBRP) to build our talent pool. Our Bandhan NextGen Bankers' Programme also provided the opportunity to young aspirants to be a part of our growth story.

Road ahead

Our key future priorities are:

- Persistent focus on microlending, while expanding further
- Continue to reinforce our liability franchise
- Bolster share of non-interest income
- Strengthen our digital platform
- Widen distribution and reach

Community engagements

During the year, we continued our social interventions across areas of education, healthcare, women empowerment, employment, renewable energy and skill development. We, at Bandhan Bank, are committed to help strengthen the nation's progress towards financial inclusion and sustainable growth.

We are creating a responsible business that meets our customers' needs and a culture where our teams put customers first. This is the key to our long-term success and to fulfilling our aim to be among India's most trusted banks.

Warm regards,

Chandra Shekhar Ghosh
MD & CEO

During the year, we emerged among India's fastest growing banks, with significant growth across both our asset and liability franchises. We are continuously enriching our bouquet of loan and deposit products.

Socio-economic trends that shape our business

Our industry landscape is dynamic and influenced by several macro-economic factors.

India continues to make commendable progress with policy reforms and initiatives, despite multiple challenges. The government has been undertaking wide-ranging measures to formalise the economy, improve ease of doing business for global and domestic entrepreneurs, drive infrastructure growth and bring a large proportion of the population residing in semi-urban and rural areas to the economic mainstream.

There is also an unprecedented emphasis on technology adoption and digitisation to make banking faster, secured and hassle-free for customers anytime and anywhere. Technology is also enabling banks to integrate their operations, deep-dive into rich data and analytics to map customer behaviour and future trends and introduce tailored offerings for various customer segments.

Regulatory oversight on asset quality, risk governance and sustainability is also enabling Indian banks to strengthen corporate governance and enhance transparency for the benefit of all stakeholders.

Additionally, the maturing urban customer, armed with the Internet, has become more aware. The new-age customer demands better products and services, forcing banks to deliver best-in-class customer experience at every touchpoint.



Delivering on commitments

Serving the underbanked and underpenetrated markets

As a commercial bank, we are focussed on serving India's underbanked and underpenetrated markets to help make the country's economic growth more inclusive. Our primary strength lies in microfinance.

In addition, our focus on the underbanked and underpenetrated markets allows us to meet certain regulatory requirements. The RBI requires (i) that banks locate at least 25% of their banking outlets in 'unbanked rural' areas and (ii) that at least 40% of all lending be made to 'priority sectors', which includes microloans.

Where traditional commercial banks may not be well-suited to target rural areas or provide Priority Sector Lending (PSL) — we sense opportunity. We focus on these segments not because of regulatory compulsion, but as a business strategy. Besides, we operate a low-cost network, designed to touch these segments in an efficient and cost-effective manner.

Growing a quality asset and liability franchise

Our microloan business has witnessed multiple phases of development. Across these phases, the business has consistently grown a quality asset base. Since we began our general banking business, we have grown to offer a broad and diversified range of asset and liability products to our customers, while maintaining a strong asset quality.

The growth in our liability business has led to a reduction in funding cost, as we have been able to increasingly tap into low-cost deposits. Our access to low-cost deposits provides significant synergies with our focus on microlending. It allows us to lower our interest rates on our microloans, while maintaining profitable spreads. Such a strategy helps us grow our portfolio and capture market share.

We believe that our asset quality is driven by multiple factors: focus on income-generating loans, robust systems to track loan utilisation, consistent credit surveillance to ensure collections and extensive risk-management practices. Additionally, we are conservative in our approach to provision for non-performing loans. We provide for them in higher amounts than required under RBI regulations.

Customer-centric approach

In microloans, we design customised solutions, catering to the need for education, healthcare and small business, among others. We insure our microloan customers, so in case of any unfortunate incident, their loan balance is paid off in full without their family needing or feeling pressured to repay the loans. On the liability side, we offer a variety of daily deposits, recurring deposits and other services so that our customers can realise their savings goals within the means available to them.

We also seek to pass on the benefits of our low-cost of funds to our customers. Since becoming a bank, we have lowered our interest rates on microloans from 22.4% to 21.0% in August 2015, 18.52% in January 2017, and further to 18.40% in March 2018.

Consistent financial performance and robust capital base

We have, since our inception, delivered consistent financial performance for our shareholders and are currently in a robust financial position. We are also equipped with a strong capital base.

Our cost-to-income ratio stood at 35.00% as on March 31, 2018, versus 36.31% as on March 31, 2017. Additionally, since the beginning of operations, we have been increasing the non-interest income as a percentage of our overall income. It has improved from 9.52% for the year ending March 2017 to 12.82% as on March 31, 2018. This increase in non-interest income has helped improve our margins and returns. Our CASA ratio has improved from 29.43% as on March 31, 2017, to 34.32% as on March 31, 2018. Our CASA ratio and large percentage of retail deposits provide us with stable access to low-cost funding .

Backed by the vision and commitment of a strong and independent Board

Our management team has a commendable track record and significant experience in the microfinance and banking industries. While our founder, Managing Director and Chief Executive Officer, Mr. Chandra Shekhar Ghosh, has 37 years of experience in the Indian microfinance industry; our senior management combines professional and entrepreneurial skills in microfinance and banking with an average experience of 23.9 years in the financial services industry. Our management team is supported by a strong and independent Board, which provides us with a robust corporate governance oversight.

%

35%

Our cost-to-income ratio as on March 31, 2018

Carefully crafted solutions for every need

We offer a wide spectrum of products and tailor-made solutions, which ensure a rewarding experience for customers and help build lasting relationships of trust.

Retail liability products

Savings Accounts

Premium Savings Account

Our Premium Savings Account offers effortless and hassle-free banking, a host of relationship privileges and complimentary premium banking services for our customers.

Advantage Savings Account

Our customers enjoy exclusive banking benefits and services with the Advantage Savings Account, which offers a range of products and services. This account comes with improved access and higher transaction limits.

Standard Savings Account

The Standard Savings Account is packed with outstanding features to provide customers with a superior banking experience at a very comfortable, minimum balance requirement.

Special Savings Account

We understand that differently abled people have diverse transactional requirements. Keeping their needs in mind, we have designed a Special Savings Account to ensure convenient and hassle-free banking. This product has the same features of our Premium Savings Account albeit with a lower required monthly average balance (MAB).

Sanchay Savings Account

This account allows improved access to money and makes tracking the account activity easy. We offer complete doorstep services to our Sanchay customers.

Basic Savings Account

The product promotes financial inclusion, targeting the unbanked segments of the society with limited access to banking services in any form.

GOS Savings Account

This account is available to government departments/bodies/ agencies for grants/subsidies released for the implementation of various programmes and schemes, sponsored by the Government of India/ State Governments, subject to the production of an authorisation.

★ Savings Account salient features

- **No penalty on non-maintenance of monthly average balance (MAB)**
- **Higher transaction limits**
- **Exclusive relationship and lifestyle privileges for premium Savings Account**
- **Internet and mobile banking**

Current Accounts

Biz Premium Current Account

The Biz Premium Current Account allows you to enjoy a host of privileges with a MAB requirement of ₹100,000.

Biz Advantage Current Account

The Biz Advantage Current Account offers benefits with a MAB requirement of ₹25,000.

Biz Standard Current Account

The Biz Standard Current Account provides the best value for customer's money. With a MAB requirement of ₹5,000, this account will fulfil all banking needs.

TASC Current Account

TASC Current Account offers complete banking solutions to non-profit organisations, trusts, associations, societies, clubs, hospitals, educational institutions and Section 25 companies, among others, with a MAB requirement of ₹25,000.

GOS Current Account

The Current Account-GOS is a high-end Current Account, catering to all transactional and banking requirements of government organisations. It comes with a range of facilities and services.



★ Current Account salient features

- **Higher cash withdrawal facility at other bank ATMs**
- **Higher cash deposit limit**
- **Higher transaction limit**
- **Multi-city at-par cheque facility**

NRI Accounts

These accounts are packed with exciting features and benefits, offering flexibility to earn attractive returns on savings and fixed deposits. Also, the customers can remit money to their NRI account through SWIFT from overseas, with the best conversion rates.

★ NRI Accounts salient features

- **Secured channel for fund transfer**
- **Direct credit to your Bandhan Bank account**
- **Most convenient channel for creating Foreign Currency Non-repatriable (FCNR) deposits**
- **Inward remittances are accepted in USD, GBP and EUR**

Fixed Deposits

Premium Fixed Deposit

A high-end product requires a minimum deposit amount of ₹1 crore, with tenures ranging from seven days to 10 years. One can avail differential rates of interest for high-value deposits.

Advantage Fixed Deposit

With this reinvestment plan, one can earn interest that is compounded quarterly and reinvested with the principal amount.

Standard Fixed Deposit

With this traditional fixed deposit plan, one can earn interest on a monthly/quarterly basis, as per his/her convenience. The maturity period ranges from seven days to 10 years.

Tax Saver Fixed Deposit

This product offers customers easy tax-saving investment options under Section 80C of the Income Tax Act. It requires a minimum deposit amount of ₹1,000 and allows a maximum deposit of ₹150,000 in a financial year.

Recurring Deposits

A recurring deposit account can be operated singly or jointly, requiring a minimum investment of ₹100 (and multiples of ₹1 thereafter) with tenures ranging from six months to 10 years.

Dhan Samriddhi (Cash Certificate Scheme)

With this reinvestment plan, one can earn interest that is compounded quarterly and reinvested with the principal amount. The maturity period ranges from six months to 10 years.

★ Fixed deposit salient features

- **Higher rate of interest and differential rate of interest on high-value deposits**
- **Option to avail overdraft facility against Fixed Deposit**
- **Option for premature withdrawal**
- **Automatic renewal of deposit having face value of less than ₹1 crore**

EDC-PoS Terminals

Bandhan Bank established its merchant acquiring business to increase the penetration of its PoS terminals not only in cities, but also in comparatively smaller, cash-intensive towns and villages. In line with the government's drive to migrate towards a less-cash economy and to promote digital transactions, the Bank will be expanding its card acceptance infrastructure.

Carefully crafted solutions for every need

Asset products

SME loans

Bandhan Bank's range of SME loans help create/expand enterprise with enhanced liquidity.

★ **Attractive interest rate | Low processing fees**

Agriculture loans

One can invest in quality farmland, livestock, plants, or warehouses with Bandhan Bank's agriculture loans. These loans have been designed to help strengthen India's agricultural output.

★ **Insurance of assets | Flexible tenure**

Micro banking loans

With Bandhan Bank's various micro banking loans, one can invest in several avenues of income generation that were previously rendered inaccessible. We facilitate the loans disbursement through timely and convenient access to funds.

★ **Doorstep documentation and delivery | Use of Hand-Held Devices (HHDs) for biometric authentication**

Retail loans

The Bank's Retail Asset loans help acquire/construct/extend/renovate the customer's dream home on flexible terms. Also, one can get a loan by leveraging existing property for productive purposes or plan the desired two-wheeler with our loan. We also have Personal Loans for customers who are looking for unsecured financial solutions.

★ **Simplified documentation | Faster disbursement**

Small Enterprise Loans

Bandhan Bank's well-crafted small enterprise loans empower entrepreneurs who are in the process of growing their businesses. These loans are for income-generating activities in the form of working capital or asset creation and even short-term business requirements.

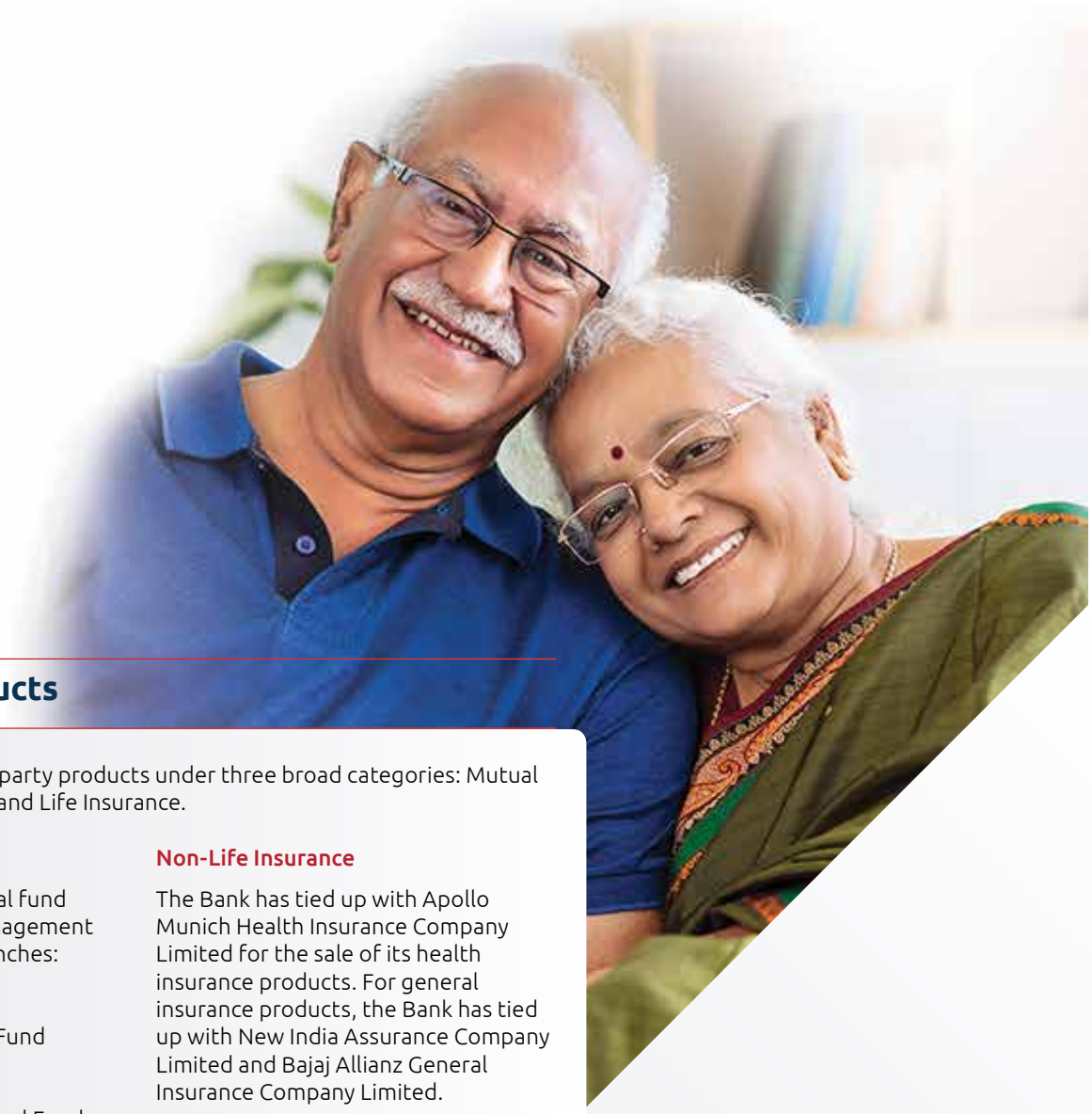
★ **Collateral-free business loans | Flexible documentation**

Gold loans

Gold loans help meet urgent fund requirements. One can avail the loan through the Bank's hassle-free and fast application process.

★ **Quick loan sanction with minimum documentation | Free lockers with no hidden charges**





Third-party products

The Bank distributes third-party products under three broad categories: Mutual Funds, Non-Life Insurance and Life Insurance.

Mutual Funds

The Bank distributes mutual fund products of four asset management companies through its branches:

- HDFC Mutual Fund
- ICICI Prudential Mutual Fund
- UTI Mutual Fund
- Franklin Templeton Mutual Fund

Non-Life Insurance

The Bank has tied up with Apollo Munich Health Insurance Company Limited for the sale of its health insurance products. For general insurance products, the Bank has tied up with New India Assurance Company Limited and Bajaj Allianz General Insurance Company Limited.

Following are the products distributed to customers for general insurance:

- Personal Accident Policy
- Critical Illness Policy
- Home Insurance
- Motor Insurance
- Health Policy
- Fire and Allied Perils
- Long-term Home Insurance for Home Loan borrowers

Life Insurance

Bandhan Bank has tied up with Bajaj Allianz Life Insurance Company Limited and HDFC Standard Life Insurance Company Limited for distribution of life insurance products.

We are fostering trustworthy relationships through best-in-class products, while continuing to provide our customers a safe, secured and seamless multi-channel experience





Welcome to our circle of trust

Case study

Creating a big impact by small-ticket loans

"I do not know where I would have been, without Bandhan Bank. I am grateful to Bandhan Bank for helping me in my hour of need."

Juli Bibi, a homemaker



Juli Bibi approached Bandhan Bank, Midnapore branch, in March 2018, distraught and panic-stricken. Her close family member had fallen sick.

She urgently required a significant sum of money for her treatment. Fortunately, her old jewellery turned into her saviour.

At Bandhan Bank, we knew we had to take a quick decision and processed her gold loan request within 20 minutes. She received a sum of ₹1.67 lakh to take care of her needs.

Her relative recovered, following prompt medical treatment. Juli Bibi recommended many of her friends and family members to Bandhan Bank.

Partnering ambitions

"Bandhan Bank believed in my potential, as much as I believed in Bandhan Bank."

Ruby Devi, an entrepreneur



Ruby Devi, of Bhagalpur, Bihar, reached out to Bandhan Bank to support her husband's shoemaking business.

With Bandhan Bank's support, Ruby Devi is today at the helm of a thriving business. Loans worth over ₹300,000 were sanctioned to her over an eight-year span.

Bandhan Bank has been a part of her journey from the time it was incorporated as a micro lending group. Over the years, Ruby Devi's relationship with Bandhan has grown stronger.

Taking long strides on the digital highway

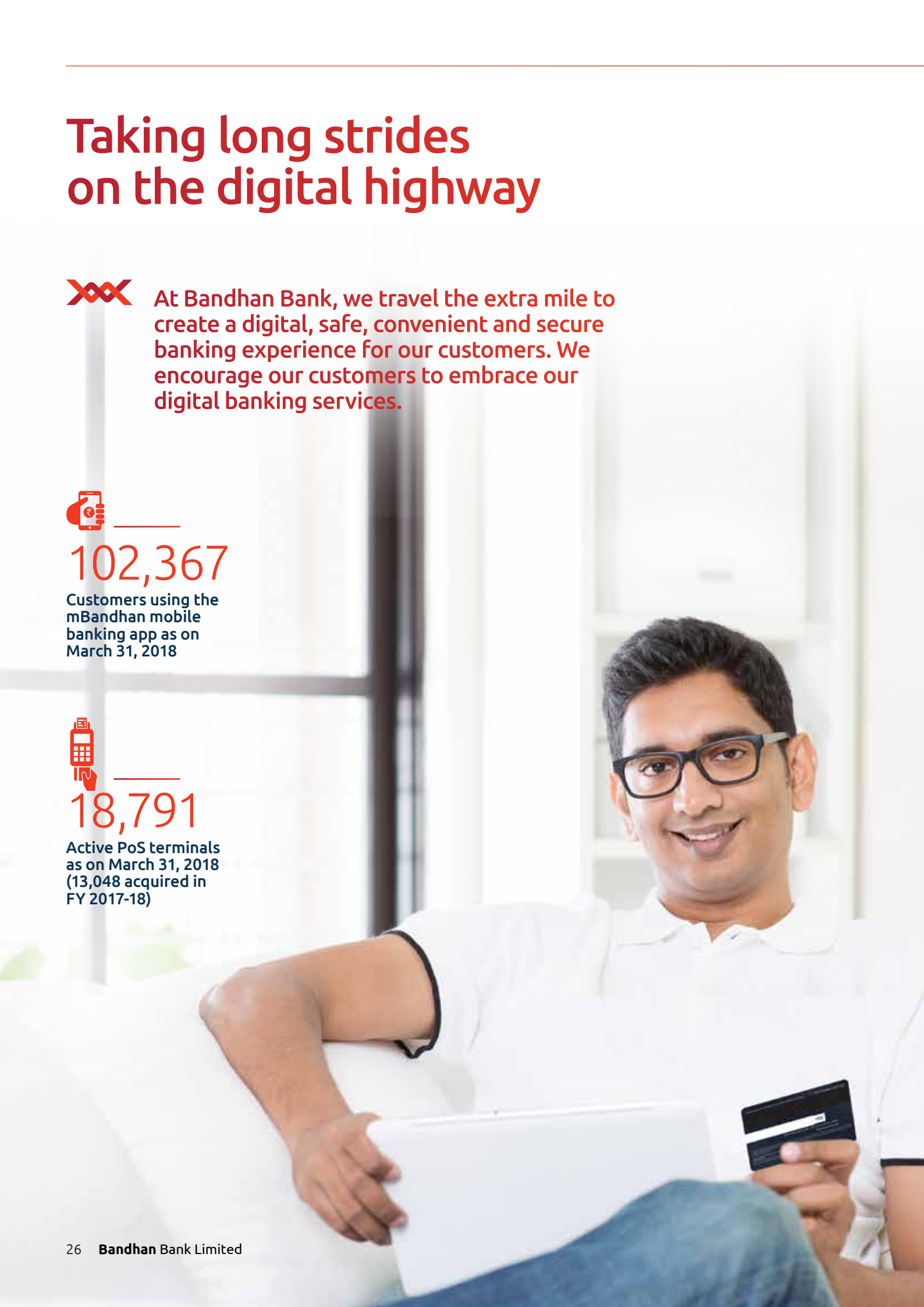
At Bandhan Bank, we travel the extra mile to create a digital, safe, convenient and secure banking experience for our customers. We encourage our customers to embrace our digital banking services.

102,367

Customers using the mBandhan mobile banking app as on March 31, 2018

18,791

Active PoS terminals as on March 31, 2018 (13,048 acquired in FY 2017-18)

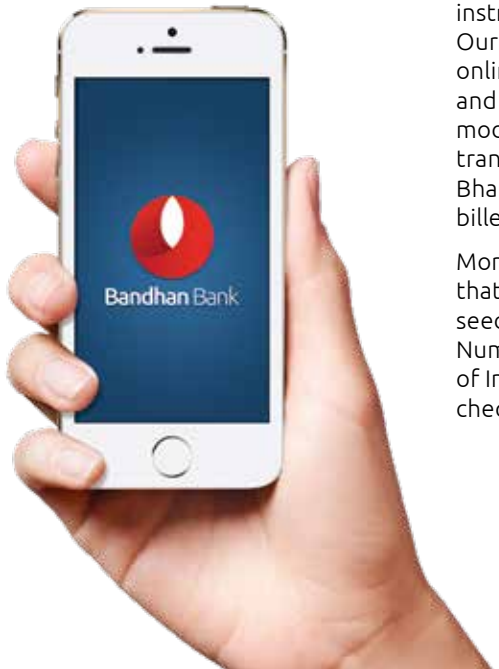


According to a Ministry of Electronics and Information Technology (MeitY) scorecard for 38 banks, Bandhan Bank is among the only 8 banks to have a 'good' rating in digital transactions for FY 2017-18.

Hindu Business Line, June 7, 2018

Mobile banking - mBandhan app

The mBandhan app is one of the fastest mobile banking apps. It is easy to download and has been designed to facilitate transactions with a shorter Turnaround Time (TAT). The app has multiple layers of security and provides convenient and user-friendly experience to our customers. The app allows customers to perform various financial and non-financial transactions — ranging from account management to term deposit creation and money transfer.



Internet banking

We have enhanced the overall online banking experience for both retail and corporate customers with a new interface and cutting-edge features. We offer various services to our Internet banking customers such as inter-bank and intra-bank fund transfers, utility bill payments, ATM PIN regeneration and opening of fixed deposit accounts.

Our Internet banking facilities provide the ability to view account details, loan details, transaction status, and cheque status. We also offer online fund transfer through National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS) and Immediate Payment System (IMPS), scheduling payments and setting up standing instructions for recurring expenses. Our services include the opening of online Term Deposits (fixed deposits and recurring deposits), addition/ modification of beneficiary for fund transfer and online bill-pay, including Bharat Bill Payment System (BBPS) billers.

Moreover, we have introduced services that will enable our customers to seed Aadhaar (Unique Identification Number issued by the Government of India to Indian citizens), make cheque book requests, stop cheques, download account statements, block debit cards, and generate/retrieve Mobile Money Identifier (MMID) for IMPS transactions.

Hand-held devices

Our DSC employees use hand-held devices (connected to our core banking system) to process loan applications. The HHDs are also used for record keeping of instalment collections at group meetings.

Tab-based banking

For our micro banking customers, we introduced the tab-banking facility to accelerate the account opening process. Tab-banking will reduce paperwork and increase TAT. Gradually, tab-banking will be used to facilitate the business for both asset and liability products.

Sharpening the digital edge

We are strengthening the bandwidth of debit and credit card-based Point-of-Sale (PoS) solutions as well as Aadhaar-enabled mobile PoS terminals. We facilitated simpler peer-to-peer payments by launching the Bharat QR code.

Micro banking is India's macro need

We are taking banking to those who are at the bottom of the pyramid and emerging as a potent change agent in their lives. As millions of Indians join the formal channels of finance, it energises the economy and ushers in a tangible difference in their lives.

Micro banking modus operandi

We reach out to our microfinance customers through our Doorstep Service Centre (DSC) network, which ensures credit origination and management of microloans. Each DSC consists of six to seven Doorstep Banking Officers (DBOs), who are equipped with HHDs connected to our core banking system. The performance of each DSC is monitored by Regional Heads through the Cluster Heads and Cluster Team Members at the cluster level and then through Area Heads and the concerned DSC Heads. In addition, we have Micro Banking team members at our head office to provide policy support and direction to the Regional Heads and Cluster Heads.

Array of products

We offer a wide range of asset and liability products to our micro banking customers. Our range of asset products includes loans to start a business, scale up an existing business, pay for medical emergencies and children's education and purchase mobile phones.

On the liability side, we offer attractive options for daily deposits, recurring deposits, and other services to help customers realise their savings goals within the means available to them.

★ Micro banking offerings

- **MB Sanchay Savings Account**
- **Flexi FD DDS Account**
- **Term Deposit — FD and RD**
- **Suchana Loan**
- **Srishti Loan**
- **Suraksha Loan**
- **Sushiksha Loan**
- **Sukh Samriddhi Loan**



1.06 crore

Micro banking customers as on March 31, 2018

85%

Of Bandhan Bank's loan portfolio comprises microloans as on March 31, 2018

52

Face-to-face meeting with a microloan customer through group meetings in a year

Group solidarity

We extend loans to women, who have formed themselves into groups of around 30 members each.

The general criterion for forming a group is that the women must be from the same area and know each other, but must not be related to one another. Family members or relatives cannot be a part of the same group. As a result, other group members typically encourage the defaulting member to make timely payments.

We believe that the formation of a group serves as protection against members defaulting their loans. Our lending model enhances credit discipline through mutual support within the group and ensures that individual members are prudent in conducting their financial affairs and prompt in repaying their loans, without the need for us to take any formal collateral.

Our lending model enhances credit discipline through mutual support within the group and ensures that individual members are prudent in conducting their financial affairs and prompt in repaying their loans, without the need for us to take any formal collateral.

Welcome to our circle of trust

Case study

Offering a life of dignity

"More than financial independence, Bandhan has given me a life of dignity."

Rajni Devi, small entrepreneur



Bandhan's relationship with Rajni Devi began when she took an initial loan of ₹12,000 to start her own business of bangles.

She received further financial support from us and today, she helms a thriving business that provides employment to over 50 people.

Rajni Devi claims that her relationship with the Bank has unfolded a new chapter in her life—a life of dignity and financial liberty.

Today, she is more confident and wants to grow her business and she knows that Bandhan Bank will provide rock-solid support in her future endeavours.

Empowering the disadvantaged

"Bandhan Bank has changed my life."

Kusum Shrivastav, a business owner



We have been partnering Kusum Shrivastav's entrepreneurial journey since 2014, when we processed her first loan request for ₹15,000 to purchase a tailoring machine.

She wanted to start a boutique to run her own tailoring business. Since then, she has steadily expanded her business. She has consistently incorporated a variety of trending garment styles in her collections too.

Today, Kusum Shrivastav is an empowered woman, who has the capability and the confidence to look after her children, save for their education and build her own house.

Strengthening brand salience

From promoting brand Bandhan Bank by word-of-mouth to establishing ourselves as a universal bank, our branding and marketing strategy is aligned with the Bank's vision of helping build an inclusive society. Our competitive advantage is our presence in the unbanked segments of society.





Doorstep banking

In the micro banking segment, each DBO is responsible for updating customers about our new offering in the micro banking group meetings. We continue to use word-of-mouth strategy to promote awareness in remote areas. Our DBOs also conduct general awareness programmes such as local polio drives, hygiene and medical camps in their group meetings.

We established our general banking business by strategically setting up branches in areas where we did not have a presence. Over the preceding two years, we have strengthened our brand salience by conducting promotional campaigns across various media and in-branch branding initiatives. Our general banking branches span 29 states and five Union Territories of India.

Enhancing visibility of our products

During FY 2017-18, our campaigns promoted our asset products such as MSME loans and SEL. For our liability products, we advertised the attractive interest rates of our Savings Accounts and convenience of our Current Accounts.

Several branding initiatives about third-party products were also conducted to promote awareness about their features. We conducted social media campaigns during Poila Boishakh, Baishakhi and Bihu in areas, where we are significantly present. To promote our NRI products, we held campaigns across Out-of-Home (OOH), digital and email-based marketing in December 2017 and January 2018.







TV campaigns

During FY 2017-18, we created two films on Home and Business loans. The films encouraged people to purchase loans from Bandhan Bank and live life on their own terms. Both the campaigns talked about our Bank's low minimum loan ticket size and easy payment options.

Outdoor campaigns

To create awareness and preference for our products within focussed markets, we used outdoor as a medium. During the year we communicated our Home loans, Business loans, Savings Account and NRI Banking through this medium.

Second anniversary

We celebrated our Foundation Day on August 23, 2017, by running campaigns across hoardings, social and print media. On this occasion, the Bank instituted the 'Anniversary Lecture'. Dr. D. Subbarao, former Governor, Reserve Bank of India, delivered the Inaugural Anniversary Lecture: 'India: Will the Elephant
Start Dancing?'

In-branch branding

We regularly undertake in-branch branding campaigns to enhance brand visibility among our walk-in customers.



Fostering a high-performance culture

At Bandhan Bank, our endeavour is to provide an inspiring work environment to our people, which helps them elevate their capabilities and realise their potential.

The Human Resource Department has Centres of Excellence (CoEs) for particular specified functions along with Human Resource Business Partnering Model. The HR Partnering model ensures proactive support to business in manpower planning, strategic resourcing, ensuring succession and rewarding high performance.

HR partnering model

- Competency-based recruitment process
- Attract the right external talent
- Maintain a correct source mix
- Integrate new employees in respective roles
- Create an environment of continuous learning and development
- Provide opportunities for employees to grow and embrace challenges
- Increase the effectiveness of the Performance Management System (PMS)
- Introduce performance-based rewards

Recruitment and training

At Bandhan Bank, we have embedded a culture of high-performance by hiring relevant people. Therefore, it is crucial to create an ecosystem to adequately train and develop new hires for their roles right after their recruitment. We have a defined structure of induction and orientation for employees.

Learning and development

We conduct need-based trainings and role elevation programmes. Training is imparted on basic banking, banking operations, products, processes and IT applications specific to banking. We also conduct specific and customised advanced courses in treasury, risk management, compliance, regulations, credit management, marketing, audit and supervision, financial analysis, business communication, sales, customer service and team management, among others.

During FY 2017-18, we conducted 100,112 days of nationwide training for employees across departments and functions at our eight residential training centres. These trainings are targeted to build their professional competence and enhance their skillset. In addition, we continue to engage with leading management institutes such as IIMs and ISB for leadership development programmes for employees across senior and mid-management cadres.



Employee benefits

We have recently rolled out a Personal Accident Insurance policy for compensation such as loss of limbs. This policy is intended to cover and protect 18,000+ employees, especially in the micro banking segment.

Performance management system

At Bandhan, we believe that our performance management process facilitates mapping individual employee performance in line with organisational objectives.

We introduced a formal online Performance Management System (PMS) with focus on building transparency in performance assessments, employee ownership of goals and encouraging dialogue on performance and developmental feedback between the appraiser and the appraisee.

We have a top-down approach to assigning Key Responsibility Areas (KRAs) for individual jobs. An employee dashboard is circulated regularly across all levels of the organisation. This dashboard consists of the performance against the KRAs. The employees can track their performance against the assigned KRAs.

Behavioural attributes integral to PMS

- Internalisation of values
- Customer focus
- Accountability
- Teamwork

We conduct a mid-year and an annual performance appraisal of employees throughout the organisation, which entails conversations related to performance against the set key responsibility areas (KRAs). We have also created training interventions such as the Performance Improvement Plan (PIP) and Performance Enhancement Plan (PEP) as a part of our course-correction strategy.

Vigilance mechanism

We have established an independent vigilance unit for addressing employees' needs and concerns. A team of vigilance officers reviews the complaints and accordingly, an investigation is undertaken. A detailed analysis is conducted, along with a location visit if required, and the complaint is brought to a logical closure.

Growing our talent pool

Bandhan NextGen Bankers' Programme

The Bandhan NextGen Bankers' Programme was launched in January 2017 to train dynamic and aspiring graduates. Till date, two batches have successfully completed the campus stint and participants are well placed in various departments. The programme has proved to be a successful initiative, contributing to our talent pool.

Welcome to our circle of trust

Case study

Making *kachcha* dreams *pukka*

"Where would I be without Bandhan Bank? Where would the other women in my village be without Bandhan Bank?"

Kakali Nandi, a grassroots entrepreneur



Kakali Nandi of Hooghly district in West Bengal, in 2008, lived in a mud house and worked as a labourer, with her husband, in someone else's business. With Bandhan Bank's support, she started her own business of manufacturing *jari lehenga* and *jari* saree with an initial loan of ₹8,000. She took subsequent loans to grow her business. Her entire family is now engaged in the business.

Kakali Nandi has renovated and converted her mud house to a pukka one. Moreover, she has employed 50 other women from her village in her venture. She believes that this was possible only due to the consistent support of Bandhan Bank.

Supporting aspirations

"Bandhan Bank has supported me every step of the way. I do not hesitate anymore to dream big."

Rajib Kumar, grassroots entrepreneur



Rajib Kumar, a farmer and trader of pesticides and fertilisers, started his banking relationship with Bandhan Bank, Babhangama branch, in rural Bihar, with a Savings Account in 2016. At first, he was very hesitant to transact with us for the fear that the Bank would close its shutters like scores of other chit fund companies had done in the recent past. However, he was assured by the services extended by us and his average monthly transactions witnessed a four-fold increase.

In 2017, he wanted to grow his business, but did not have the means to do so. We understood his working capital requirements and a credit limit of ₹3 lakh was set up in his Current Account. His profit was up by over 20% in the months that followed. In October 2017, we encouraged him to save a portion of his profit and he agreed.

He used to carry his farm yield, fertilisers and pesticides on his bicycle to supply them to different outlets. We understood his need and offered him a two-wheeler loan in February 2018.

Pivots of our growth

At Bandhan Bank, our objective is to strengthen the Bank's foundation by leveraging information technology, sales and marketing, treasury, compliance, loan recovery system and operations, among others. We believe focussing on these growth drivers will enable us to create more value for all our stakeholders.

Information Technology (IT)

We leverage technology to digitise banking, deepen penetration and grow our market share. Our aim is to use technology-based innovations to provide a differentiated banking experience for our customers. We have crafted technology-based products that deliver a seamless banking experience for our customers wherever and whenever they want. During FY 2017-18, we undertook the following initiatives to facilitate banking and other related services from home, at our offices and on the go:

At your place

- Provided HHDs to direct sales officers to conduct doorstep transactions, which include starting flexi deposits, cash deposit and withdrawals and so on.
- Mobilised payments of instalments by providing cash receipts and payments for customers at their doorsteps.
- Introduced a green PIN option where customers can opt to generate the first PIN by calling Interactive Voice Response (IVR) instead of going to an ATM.
- Launched a voice message system in HHDs instead of providing paper slips at the end of cash deposits.

At our place

- Established an e-Kuber system for an effective treasury management in the Bank where all deals booked on the Clearing Corporation of India Limited (CCIL) for treasury flow through an automated system.
- Established the Structured Financial Messaging System (SFMS) for services like NEFT and RTGS for corporate and retail customers.
- Collaborated with National Payment Corporation of India (NPCI) to provide 24X7 fund transfer facility through IMPS.
- Facilitated e-commerce transactions for our customers through collaborations with RuPay and Visa cards.
- Initiated EDC-PoS business and deployed more than 18,000 PoS terminals at merchant outlets, accepting Rupay and Visa Cards.
- Onboarded over 2,250 merchants for enhancing the online net banking experience, partnering with CCAvenue and BillDesk.
- Introduced tab-banking for digitising our services for our micro banking customers with features like account opening, home loans processing and so on.
- Enabled an attendance model system for our employees with a two-factor authentication for employees, both at Bank branches and DSCs.
- Created a Learning Management System (LMS) for facilitating online trainings for our employees.
- Reduced the cool-off period for adding a beneficiary account holder online from six hours to 30 minutes.
- Shortened One-Time Password (OTP) length from nine digits to six.
- Provided paperless statements for Current, Premium, Standard and Staff Savings Account customers.
- Designed an online mutual fund module available at all branches to let customers buy mutual fund products.
- Automated the Public Financial Management System (PFMS) for smooth inflow of government benefits for our customers.
- Integrated the Core Banking System (CBS) with the Income Tax website to enable easy download of Form 16 at our branches for customers.
- Deployed lead generation screens on NCR-made ATMs.
- Introduced voice guidance at ATMs for assisting specially-abled people to operate ATMs according to the RBI mandate.
- Developed an online Customer Complaint Management Tracker to capture and manage customer complaints for all our branches.

- Enabled the Demographic Authentication feature to validate the Aadhaar number of customers from the UIDAI database at our branches.
- Migrated from Security Operation Centre (SOC) to Cyber SOC to prevent frauds and virus attacks on our banking systems.
- Enabled a Network Access Control (NAC) to regulate access to the Bank's systems.
- Implemented an advanced anti-malware system for both DSCs and branches to prevent data transfers from banking systems to mobiles.
- Complied with the RBI-led Go Digital initiative by changing our ATM screens on an everyday basis for a week.
- Enabled two-factor authentication for employees, both at Bank branches and DSCs for login to Core Banking Solution (CBS) application which will prevent unauthorised access.

On the move

- Created the mBandhan mobile app, which is very light, extremely fast, easy to download and accessible, irrespective of network connectivity.
- Enabled the mBandhan mobile app with options of scheduling payments and standing instructions.
- Introduced a simple two-step authentication process to overcome the dependence of internet connectivity in remote areas.
- Ensured regeneration of ATM PIN on the Retail Internet Banking (RIB) platform.
- Onboarded the Bharat QR to facilitate payments by scanning QR codes.

Road ahead

- Expand our business by adding a bouquet of digitally powered products like AadharPay, UPIPay and Bharat QR pay, among others, across India.
- Enable NPCI products to issue payments to merchants as well.
- Introduce tab-banking at all branches and scale it further as a part of our digital initiative.
- Launch Artificial Intelligence (AI)-powered chat bots functional on our website to resolve queries and assist customers.
- Graduate to paperless ATM transactions, except for the mini-statements generated.
- Evaluate customer trends to offer customised products.

Treasury

Our treasury operations are managed by a highly efficient team that primarily focusses on management of funds and maintenance of statutory reserves (cash reserve ratio and statutory liquidity ratio). It is also responsible for identifying and managing asset liability gaps, interest rate risk, liquidity positions (including the ongoing maintenance of liquidity coverage ratio), investments and trading activities. We have a well-defined Board-approved investment policy for treasury transactions, regulated by RBI guidelines and standard operational procedures. We have a fully automated treasury software system to capture, verify, authorise and settle transactions and generate Management Information System (MIS) reports.

Fund management

We maintain sufficient liquidity and contingency buffer to build resilience against market volatilities and cater to customer requirements. Our Bank is active in overnight call money market, Collateralised Borrowing and Lending Obligation (CBLO), market repo, variable rate reverse repo and Liquidity Adjustment Facility (LAF) transactions for optimal liquidity management.

A well-crafted resource mobilisation strategy plays a vital role in managing our fund sources with an optimal mix of Term Deposits, certificate of deposits and Interbank Participatory Certificates (IBPC). During FY 2017-18, we invested in government securities as well as in mutual funds, certificate of deposits and pass-through certificates. Going forward, we have plans to invest in commercial papers and corporate bonds.

We have an active proprietary desk for earning trading profits in fixed income securities and an efficient Asset-Liability Management (ALM) desk for managing short-term and long-term liquidity, along with interest rate risks. Our treasury team manages the accounting, settlement and reconciliation of investments and our agile investment strategy is designed to optimise return on investments. We do not have any non-performing investment.

During FY 2017-18, we ventured into the foreign exchange (forex) business by introducing inward and outward remittance facilities in USD, GBP and EUR. Besides, we are also active in proprietary trading in the forex market. In the coming days, we propose to venture into derivative products in forex, like interest rate swap and overnight index swap.

Our overall focus areas are diversification of investment assets through intelligent planning to increase yield while keeping the risk restricted within the Board-approved parameters. Another thrust area is enhancement of skill by recruitment of experienced and knowledgeable manpower as well as development of in-house skill through training.

FY 2017-18 was a year of full-fledged and profitable treasury operations for us. In the coming years, our aim is to foray into newer asset classes for greater diversification and a wider base.

Compliance

At Bandhan Bank, compliance to regulatory and internal guidelines is deeply embedded in our DNA. The Bank's Board and Senior Management are committed to adhere to the highest standards of regulatory and internal guidelines. This ensures that the Bank's business is conducted within the purview of legality and the broader standards of integrity and ethical conduct. In pursuit of this goal, we have established an enterprise-wide independent Compliance Department. In line with the Compliance Policy of the Bank, the compliance function is independent of any other function and it oversees compliance aspects and management of compliance risks faced by the Bank.

The department periodically apprises the Audit Committee of the Board (ACB), the Board of Directors (BoD) and Senior Management on compliance levels and changes in the external regulatory environment. The department also conducts compliance testing at various branches and units for review of adherence to significant statutory and regulatory provisions.

The department implements and monitors Know Your Customers (KYC), Anti Money Laundering (AML) and Combating of Financing of Terrorism (CFT) guidelines in the Bank.

Loan recovery

We monitor the payments through a network of close-knit community interactions programme. We have a well-established loan recovery process, where our DBOs handle loan recovery primarily through group meetings.

Each DBO conducts four to five group meetings daily, organised in the close vicinity of customers. Along with the payment of loan instalments, the customers are also encouraged to save small sums. Money is collected using HHDs and the customers are provided with acknowledgement receipts instantly. While the repayment instalment is transferred to their respective loan accounts, the rest is credited to the customers' Savings Account.

Business Intelligence Unit (BIU)

Business Intelligence (BI) involves analysis of business data and information for developing business strategies and operational insights that facilitate decision making. Banks across the industry are increasingly relying on BI to sharpen strategies, accelerate decision-making and offer custom-made solutions.

At Bandhan Bank, we perform various kinds of analysis to support a wide range of business decisions, ranging from operational to strategic.

We leverage our primary research wing to provide market insights and steer root cause analysis of business issues. We are now further strengthening our analytical platform to enhance our capabilities to continue to provide historical, current and predictive views on our business and operations.

Operations

Our operations framework is built on competitive and control-focussed operational policies and procedures that cater to diverse and growing business segments. We have made significant investments in developing an integrated operations platform — Core Banking System (CBS) — across key areas to help ensure compliance, minimise errors and seamlessly deliver our services.

Sales and marketing

Our bank branches and DSCs undertake most of our sales and marketing initiatives. We hire local talent for sales and marketing roles, as they have a strong connection within their areas of operations. We believe our strategy for sales personnel deployment benefits rural India, where we primarily operate, by creating employment opportunities.

We also have a corporate marketing programme that includes participation in conferences, press and media coverage and the issuance of promotional materials. Our Bank's branches and DSCs regularly host financial literacy camps that bolster our visibility.

Risk governance

At Bandhan Bank, risk management is integral to all aspects of our business and is a collective responsibility of all employees.

We aim to foster a risk-aware culture by adopting an integrated approach towards effective risk management. Our philosophy of risk management is underpinned by identifying, assessing, measuring and monitoring risks on an ongoing basis. The Bank has an independent and dedicated risk management structure with clear goals compatible with the Bank's vision and strategy. The risk management department is guided by well-established policies and procedures that are continuously benchmarked with national and global best practices.

The Bank has put in place a comprehensive identification, monitoring, management and reporting framework that allows enterprise-wide risks to be tracked, managed and overseen in a timely and efficient manner. The overall risk management framework is governed by an independent Risk Management Committee of Board (RMCB). To assist the RMCB and focus on the specific areas of risk management, executive committees under the RMCB have been constituted, i.e., Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC) and Asset-Liability Management Committee (ALCO). These Senior Management level committees facilitate focussed oversight of various risks in the organisation.

The risk management system of the Bank possesses the following key features:

1. Active Board and Senior Management oversight
2. Appropriate policies, procedures and limits
3. Comprehensive and timely identification, measurement, mitigation, controlling, monitoring and reporting of risks
4. Appropriate MIS at the business and firm-wide levels
5. Comprehensive internal controls

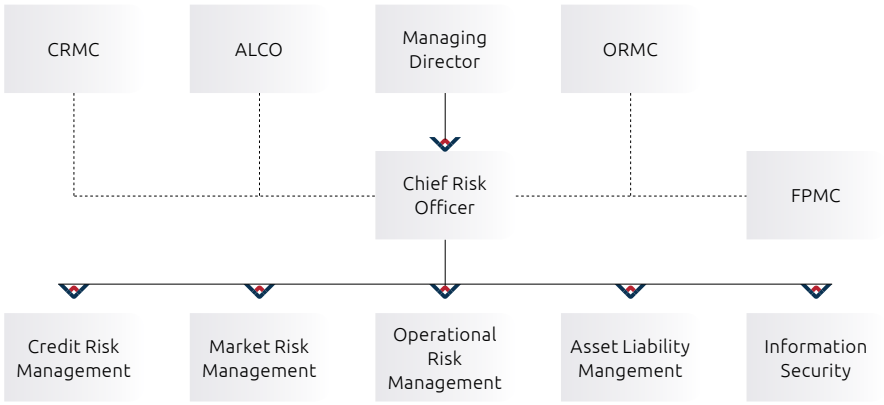
The Audit Committee of Board (ACB) monitors the efficacy and quality of the risk management framework. The Fraud Prevention and Management Committee (FPMC) assists the MD & CEO in discharging his role with respect to fraud risk management. The FPMC works under the guidance of and reports to Audit Committee of the Board (ACB).

Risk appetite

The scope of the risk appetite framework is approved by the Board of Directors. It includes various risk appetites of the governance framework, which are further broken down to individual risk metrics. A quarterly review of Risk dashboard, portraying the static and directional movement of the risk metrics, is undertaken by the Board of Directors and the RMCB.

The Internal Capital Adequacy Assessment Process (ICAAP) assesses the overall capital adequacy and the significant risks that are not fully captured by the minimum capital ratio prescribed under Pillar 1 of Basel III norms, in terms of capital with a forward-looking approach. The RMCB regularly reviews the Bank's capital adequacy under normal and stressed conditions.

Risk Governance Framework



Risks

Principle risks

Principle risks can have a significant impact on our business operations. These risks are identified, measured, controlled and monitored on a regular basis and include credit risk, market risk and operational risk.

Credit risk

All aspects of credit risk are governed by the Credit Policy and Credit Risk Policy that are managed and controlled by the Credit Risk Management Department (CRMD). The CRMD's scope includes measuring, assessing and monitoring risk assessment systems within the Bank.

Our credit portfolio is unique in terms of its micro banking and general banking composition. Therefore, it follows various assessment approaches in tandem with the segmental risk profile of potential borrowers. We laid down prudential limits on various aspects of credit like benchmark on various ratios, borrower type limits, industry limits and so on to control the magnitude of credit risk.

Market and liquidity risk

The Market Risk Management Department (MRMD) identifies, analyses and manages the investment, market and liquidity risks of the Bank. The Asset-Liability Management Committee (ALCO) reports to the RMCB and is responsible for managing risks related to market and liquidity. The ALCO has the power to determine the pricing of assets, liabilities and maturity. It also plays a vital role in approving the final benchmark Marginal Cost of Lending Rate (MCLR).

The MRMD assesses the depth and attributes of potential risks prevailing in the market with tools like Value at Risk (VaR) and stress testing. It also analyses the liquidity profile of the Bank with respect to changes in market interest rates and the external environment.

Operational risk

At Bandhan Bank, the Operational Risk Management Department (ORMD) manages our operational risks. The risk framework employs a judicial mixture of quantitative and qualitative assessment tools to assess operational risk in products and processes. The ORMD is dedicated to assess, identify, mitigate and manage risks emanating from the five pillars of:

- People
- Process
- Products
- Systems
- Environment

The Operational Risk Management Committee (ORMC) monitors the operational risk for the Bank by implementing industry best practices. We have also established a Business Continuity Plan (BCP) framework to ensure smooth operations of the business in the event of any catastrophe.

Information Security Framework

We have established an Information Security Framework to identify, assess and manage existing and emerging cyber security risks arising out of technology. A comprehensive risk matrix has been identified and mapped to include the overall risk framework.

The Information Security Team (InfoSec), under the Chief Information Security Officer (CISO), works in the Risk Management Department, headed by the Chief Risk Officer. The InfoSec team follows strategies and procedures for managing the processes, tools and policies necessary to prevent, detect, document and counter threats to digital and non-digital information, automated processes etc.

Fraud Risk Management

The Risk Management Department has formed an efficient fraud risk management team to analyse gaps in the process, system, people or third party. The Fraud Prevention and Management Committee (FPMC) is an integral part of the Bank's Governance function. It is responsible for prevention of frauds, deliberation, analysis of fraud events, gaps in controls and processes and initiation of remedial actions .

Social commitments

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

We remain committed to expand our societal initiatives and focus on enhancing education, health, livelihood promotion, market linkages, enterprise development, employment generation and financial literacy. These programmes are run by Bandhan-Konnagar, the implementing agency.

Reaches across India and benefits thousands of people

11	152	10,793
States	Districts	Villages

Figures as on March 31, 2018

Key social development activities





Targeting the Hardcore Poor (THP) Programme

Targeting the Hardcore Poor (THP) programme, a 24-month rigorous grants-based programme, is aimed at helping women from the poorest of poor families attain socio-economic self-reliance through various avenues of micro entrepreneurship. The 360 degree-approach of the programme further links participants to financial institutions and programmes while providing mentorship, encouraging self-reliance and building confidence.

THP further provides weekly subsistence allowance to beneficiaries to meet their expenses until the assets begin to yield returns. It encourages beneficiaries to gain financial literacy and make informed financial decisions. Besides, we also educate the beneficiaries on family planning, sanitation and hygiene, dowry, HIV/AIDS prevention and other socially relevant issues. So far, 70,184 women have been covered through this programme and out of that, already 45,137 families have graduated.

Ati Daridra Sahayak Committee

A critical component of THP is Ati Daridra Sahayak Committee, which brings together influencers in villages to serve as guardians of these beneficiaries even beyond the programme period of 24 months.







Bandhan Health Programme (BHP)

BHP works among the rural communities to increase their health awareness and to ensure behavioural change, thereby reducing their health hazards. It gives special focus on pregnant women, lactating mothers and adolescent girls regarding safe motherhood, child nutrition, water and sanitation issues to reduce healthcare expenditure. It creates linkages with existing health institutions for easy accessibility and affordable medical services for the target populations.

The front-line workers like HCOs (Health Community Organisers) and community health volunteers (Swastha Sahayika-SS) are involved in increasing health awareness in seven states among more than 11 lakh families. Its staff and volunteers (SS) organise monthly health forums to deliver health messages regarding specific issues and do household-level individual counselling for behavioural changes. Beside these 5,500 SSs distribute healthcare products among rural households in need.

BHP has also established water treatment plants and started polyclinics and rural health centres to serve the underprivileged families at a low cost.







Bandhan Education Programme (BEP)

We use a low-cost, innovative education model to encourage formal education among underprivileged children of all age groups. BEP has established informal primary schools with an 'edutainment' approach to ensure primary education benefits amongst disadvantaged communities. These free schools provide complementary school kits and focus on classroom learning and attendance. There are 2,093 non-formal schools with 64,608 students.

Bandhan Academy

These are low-cost formal schools that provide holistic development for children, which includes academics and extracurricular activities. At present, there are 10 such schools with 1,740 students studying in pre-primary and primary classes.





Renewable Energy Programme (REP)

Under REP, we offer solar lanterns and lamps in rural areas, which encourage extended hours of livelihood activities. This programme is in partnership with Arc Finance, USA and subsequently with GTZ, Germany. It is growing significantly in the states of West Bengal, Bihar, Odisha, Uttar Pradesh, Assam and Jharkhand and has reached out to 134,000 families.

Financial Literacy Programme (FLP)

We developed FLP to deepen financial inclusion in rural communities. This programme is specifically directed towards rural and disadvantaged women and aims to improve their financial literacy. It helps empower participants by bringing them in the ambit of insurance and pension schemes. The programme also helps beneficiaries to access loans from credible sources when needed. Started in August 2015, this programme has covered 74,097 beneficiaries as of March 2018.







Employing the Unemployed Programme (EUP)

EUP is our skill development initiative that equips unemployed youth with numerous industry-relevant skills. Its primary objective is to build a skilled workforce and provide equal access for skill development opportunities to underprivileged youth, especially women. For this purpose, we have established 15 skill development centres that has trained 15,644 disadvantaged youth in various vocational skills suited to emerging industry needs.

Bandhan Skill Development Centres (BSDCs)

Our vocational education centres increase employability of youngsters in the realms of customer relations and sales, hospitality, Information Technology Enabled Services (ITES) and business process outsourcing, among others. Successful candidates at BSDCs find employment in reputed organisations like KFC, Pantaloons, Café Coffee Day and so on. Several government and non-government agencies like National Handicapped Finance and Development Corporation (Government of India), Action Aid (India), Save the Children and Aga Khan Foundation, among others, partner with us in successfully managing these centres.



818
Social activity branches

2,316
Social activity staff members

1,818,886
Beneficiaries

Board of Directors



Mr. Harun Rasid Khan



Mr. Chandra Shekhar Ghosh



Mr. Bhaskar Sen

Mr. Harun Rasid Khan

Non-executive Part-time Chairman

Mr. Khan retired as the Deputy Governor of the Reserve Bank of India in July 2016 after nearly 38 years of service at the Indian central bank. While serving at RBI, he has handled diverse areas and spearheaded major projects relating to financial markets, payment and settlement systems, financial inclusion, foreign exchange management, banking regulation and supervision, among others.

He was instrumental in the formulation of the Payment System Vision 2018 of RBI. Mr. Khan has been associated with various important committees viz. Committee on Global Financial System (CGFS), Committee on Payment & Settlement Systems (CPSS) of the Bank of International Settlements (BIS), Rural Credit and Microfinance, Corporate Debt Working Group and Digital Payments.

Mr. Chandra Shekhar Ghosh

Founder, MD and CEO

Mr. Ghosh founded Bandhan in 2001. He has vast experience in the microfinance and financial services sector. He has dedicatedly worked towards financial inclusion. On receiving the banking licence in 2015, Bandhan became a universal Bank under Mr. Ghosh's able leadership.

He is the President of the Bengal Chamber of Commerce and Industry (BCC&I). He has been appointed as the Deputy Chairman, Confederation of Indian Industry (CII), Eastern Region. He also Co-Chairs the Financial Inclusion Committee of the Federation of Indian Chambers of the Commerce and Industry (FICCI). He is also a Member of the Managing Committee of Indian Banks' Association (IBA). Mr. Ghosh was elected as 'Senior Ashoka Fellow' in 2007 by Ashoka Foundation (social entrepreneurship award).

Mr. Bhaskar Sen

Director

Mr. Sen started his career as a Probationary Officer with Union Bank of India in 1974 and retired as Chairman and Managing Director (CMD) of United Bank of India. He was instrumental in establishing a full-fledged treasury operation for the Bank. Before taking over as the CMD of United Bank of India, he worked as an Executive Director at Dena Bank.

Mr. Boggarapu Sambamurthy
Director

Mr. Sambamurthy is a Chartered Accountant, who started his career with Syndicate Bank in 1978. He was an Executive Director at Indian Bank from 2004 and retired as Chairman and Managing Director (CMD) of Corporation Bank in 2008 after a three-year stint. He was the Director of Institute for Development and Research in Banking Technology (IDRBT).


Mr. Boggarapu Sambamurthy

Mr. Chintaman Mahadeo Dixit
Director

Mr. Dixit is a Senior Partner at GD Apte & Co. He has nearly four decades of experience in the banking sector. Throughout his career, he has been associated with public-sector undertakings, public and private companies, Life Insurance Corporation of India, banks, non-banking finance companies and co-operative banks. A fellow member of the Institute of Chartered Accountants of India, Mr. Dixit supervised the first takeover of an urban co-operative bank by a public-sector bank in India.


Mr. Chintaman Mahadeo Dixit

Ms. Georgina Elizabeth Baker
Nominee Director (IFC)

Ms. Baker has been Regional Vice President of Latin America & Caribbean and Europe & Central Asia at the International Finance Corporation (IFC) since January 01, 2018. In this role, she's responsible for a committed IFC portfolio of nearly $22 billion. She served as the Industry Director of Global Trade & Supply Chain and Director for Syndications at International Finance Corporation until January 2018.


Ms. Georgina Elizabeth Baker

Dr. Holger Dirk Michaelis
Nominee Director (Caladium)

Dr. Michaelis, an economist, is currently a Senior Vice-President at GIC Private Equity and Infrastructure (PE&I), Singapore. He joined GIC in 2011 after a successful career at the Boston Consulting Group in Germany and China. As a member of the portfolio, strategy and risk groups, he is responsible for the strategy formulation and planning for GIC PE&I.


Dr. Holger Dirk Michaelis

Prof. Krishnamurthy Venkata Subramanian
Director

Dr. Subramanian is an Associate Professor of Finance at Indian School of Business, Hyderabad, with expertise in banking and economic policy. His service on the expert committee on governance of banks for the RBI has established him as one of the architects of banking reforms in India.


Prof. Krishnamurthy Venkata Subramanian

Board of Directors



Mr. Pravir Kumar Vohra



Mr. Ranodeb Roy



Mr. Sisir Kumar Chakrabarti



Mr. Snehomoy Bhattacharya



Ms. T S Raji Gain

Mr. Pravir Kumar Vohra
Director

Mr. Vohra began his career with State Bank of India where he worked for over 23 years. He held various senior-level positions in business as well as technology within the bank. Post his stint at SBI, he moved to the ICICI Bank group where he headed a number of functions like Retail Technology and Technology Management. From 2005 to 2012, he was the President and Group CTO at ICICI Bank. He oversaw the bank's IT strategy and innovation, enterprise architecture, process automation and group IT infrastructure and was responsible for leveraging technology synergies across ICICI Bank and its group companies.

Mr. Ranodeb Roy
Director

Mr. Roy is the co-founder and CEO of RV Capital Management Private Limited, an asset management company based in Singapore that he founded in November 2011. He was also a member of the Board of Directors of MakeMyTrip Inc. He joined Morgan Stanley Asia Limited in March 2008 and was responsible for the Fixed Income division. Mr. Roy has also worked in Merrill Lynch, Hong Kong as Managing Director, Co-Head of Fixed Income Currency and Commodities (FICC) group in 2007, responsible for FICC business across Asia.

Mr. Sisir Kumar Chakrabarti
Director

Mr. Chakrabarti retired as Deputy Managing Director in 2011 after being associated with Axis Bank Limited for 17 years. During this period, he served as a member of the Committee of Directors, the Audit Committee, as well as the Chairman of Axis Sales and Securities Limited. He started his career at State Bank of Bikaner and Jaipur and remained with the State Bank associate for 21 years.

Mr. Snehomoy Bhattacharya
Director

Mr. Bhattacharya began his career at State Bank of Bikaner and Jaipur. He has over three decades of banking experience in public and private sectors. His last stint was as the Executive Director (Corporate Affairs) of Axis Bank Limited from 2010 to 2012. Earlier, he was heading the HR division of Axis Bank, where he oversaw a 25-fold increase in the new private bank's employee strength.

Ms. T S Raji Gain
Director

Ms. Gain has worked in various capacities at National Bank for Agriculture and Rural Development (NABARD), the apex institution in the field of rural and agricultural banking. She was the Chief General Manager of the Farm Sector Development Department of NABARD, Mumbai. Currently, she is an Executive Director at Bankers Institute of Rural Development (BIRD) in Lucknow.

Experienced and dynamic leadership

Deepankar Bose	Head - Corporate Centre
Rahul Johri	Head - Retail Banking
Santanu Banerjee	Head - Human Resources
Subhro Kumar Gupta	Chief Audit Executive
Sunil Samdani	Chief Financial Officer
Vijaykumar Ramakrishna	Chief Information Officer
Arvind Kanagasabai	Head - Treasury
Biswajit Das	Chief Risk Officer
Mahendra Mohan Gupta	Head - Legal
Nand Kumar Singh	Head - Banking Operations & Customer Services
Nicky Sharma	Chief Strategy Officer
Sourav Kar	Chief Compliance Officer
Indranil Banerjee	Company Secretary

Recognised for banking excellence



Bandhan Bank bagged 'The Hindu Business Line Changemakers Award'. It was selected as Changemaker – Financial Transformation (category)



Bandhan Bank has been declared the 'Best Private Sector Bank – Government Scheme Participation (PMMY)' for the Dun & Bradstreet Banking Awards 2017



Mr. C. S. Ghosh was bestowed with the Lifetime Achievement Samman by Friends of Kolkata, an autonomous non-profit organisation, for his admirable achievements in Banking and Financial Empowerment



Mr. C. S. Ghosh was awarded with the C. Rangarajan Award for Excellence in Banking for his innumerable services to inclusive banking in India



Mr. C. S. Ghosh was conferred with the prestigious 'Sera Bangalee' honour by North American Bengali Conference (NABC), California



At NABC, Mr. Ghosh poses with the Leadership Award bestowed to him in recognition of his entrepreneurship in banking and financial services with social impact

Second Anniversary



(L-R) Mr. Prabhat Ranjan Mukherjee & Mr. Tapas Roy, esteemed customers of Bandhan Bank; Mr. Chandra Shekhar Ghosh, MD & CEO, Bandhan Bank; Dr. Duvvuri Subbarao, Former Governor, RBI and Dr. Ashok Lahiri, the then Chairman, Bandhan Bank, lighting the lamp



Dr. Duvvuri Subbarao being greeted by Mr. Chandra Shekhar Ghosh



Welcome Address by Mr. Chandra Shekhar Ghosh, Founder, MD & CEO, Bandhan Bank Ltd



Anniversary Lecture by Dr. Duvvuri Subbarao, Former Governor, RBI on 'India: Will the Elephant start dancing?'



Fireside chat with Dr. Duvvuri Subbarao and Mr. Chandra Shekhar Ghosh on 'Indian Banking: Challenges & Opportunities' moderated by Mr. Tamal Bandyopadhyay



Unveiling of the Bengali version of Mr. Tamal Bandyopadhyay's book 'Bandhan: The Making of a Bank'

Board's Report

To
The Members,

Your Directors take great pleasure in presenting the Fourth Annual Report of your Bank's business and operations together with the audited accounts for the year ended March 31, 2018.

Financial Performance of the Bank

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

Summary of Financial Performance (₹ In Crore)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Deposits:	33,869.00	23,228.66
- Savings Bank Deposits	9,209.39	5,384.72
- Current Account Deposits	2,414.53	1,452.62
- Term Deposits	22,245.08	16,391.32
Advances (Net):	**29,713.04**	**16,839. 08**
- Cash credits, overdrafts and loans repayable on demand	1,149.39	344.48
- Term loans	28,563.65	16,494.60
Total Assets/Liabilities	**44,310.06**	**30,236.09**
Net Interest Income	3,032.24	2,403.50
Non-Interest Income:	706.18	411.41
Operating Expenses (excluding depreciation)	1,222.39	955.15
Profit before Depreciation, Provisions and Tax	**2,516.03**	**1,859.76**
Depreciation	85.92	66.85
Provisions	374.21	88.44
Profit before Tax	2,055.90	17,04.47
Provision for Tax	710.34	592.52
Profit After Tax	1,345.56	1,111.95
Net Profit	**1,345.56**	**1,111.95**
Balance in Profit & Loss Account brought forward from previous year	**1,048.43**	**215.38**
Appropriations:		
Transfer to Statutory Reserve	336.39	277.99
Transfer to Investment Reserve	-	-
Transfer to Capital Reserve	-	0.91
Transfer to/(from) Reserve Fund	-	-
Surplus carried over to Balance Sheet	**2,057.60**	**1,048.43**
EPS (Basic & Diluted)	**12.26**	**10.15**

The Bank commenced its banking business with effect from August 23, 2015 with 501 branches across India. In a span of about three years, the Bank has expanded its presence significantly in metro, urban, semi-urban and rural areas. As on March 31, 2018, its network consisted of 936 branches, of which 30 per cent are in rural areas, demonstrating your Bank's commitment to financial inclusion. To further the cause of financial inclusion the Bank has augmented its Doorstep Service Centres (DSCs) from 2,443 on March 31, 2017 to 2,764 on March 31, 2018. With the expanding network of branches and DSCs, the number of customers grew during the FY 2017-18 from 1.05 crore to 1.30 crore with a corresponding growth in total deposits by 45.80 per cent to ₹ 33,869.00 crore, of which ₹ 11,623.92 crore (34.32 per cent) was Current Account and Savings Account (CASA) deposits.

During FY 2017-18, your Bank enhanced shareholders' value by increasing its total income by 27.51 percent to ₹ 5,508.48 crore. The profit after tax (PAT) as at the end of the year was ₹ 1,345.56 crore an increase of 21 per cent over the previous year. Further Return on Average Equity (ROAE) was 25.98 percent in FY 2017-18 against 28.51 percent in FY 2016-17. Return on Average Asset (ROAA) was 4.06 percent in FY 2017-18 against 4.47 percent in FY 2016-17. The Bank's basic earnings per share (EPS) increased from ₹ 10.15 to ₹ 12.26, and diluted earnings per share from ₹ 10.15 to ₹ 12.26 as after end of the FY 2016-17 and the FY 2017-18 respectively. The net interest margin (NIM) was 9.69 percent in FY 2017-18 against 10.15 percent in FY 2016-17.

The Reserve Bank of India (RBI) has mandated Priority Sector Lending (PSL) of 40 percent of advances for all the Banks. For

your Bank, this was an opportunity to leverage on its primary strength as it continues to focus on financial inclusion by providing various financial services to the underserved. During FY 2017-18, the Bank's PSL went up from ₹ 16,456.64 crore (net of IBPC of ₹ 6,679.12 crore) on March 31, 2017 to ₹ 28,211.00 crore (net of IBPC of ₹ 2,425.81 crore) on March 31, 2018 of which ₹ 16,454 crore was sold to other banks falling short of PSL targets by way of Priority Sector Lending Certificate (PSLC) during FY 2017-18 (PY Nil). At the end of FY 2017-18, PSL as a proportion of the gross advances of ₹ 29,913.28 crore (after IBPC) was 94.31 per cent (including PSLC).

Under the Small Enterprises Loan (SEL) scheme loans between ₹ 1 lakh and ₹ 10 lakh, are offered for income generating activities of small enterprises, which are described as enterprises with equipment investments below ₹ 25 lakh. SEL has helped your Bank to enhance its objective of financial inclusion with significant increase in lending to small enterprises. As on March 31, 2018 total SEL loan outstanding was ₹ 1,639 crore from 86,089 customers.

The Bank ventured into Gold Loan business in FY 2017-18 with operations at 57 branches in Eastern India. As on March 31, 2018, its outstanding gold loan book stood, at ₹ 43.1 crore from 8,205 customers.

Your Bank has also forayed into the distribution of third-party products/services, which are made available through designated bank branches. The business segment began as a pilot in FY 2017-18 and at present, the Bank distributes mutual funds and standalone health insurance products. As on March 31, 2018, the Bank distributes mutual funds through 285 branches across various metro and urban locations. Currently, your Bank is distributing standalone health insurance products across all branches. The response for the products has been encouraging.

Dividend

Your Bank has a dividend policy that, inter alia, balances the objectives of appropriately rewarding shareholders and retaining capital to maintain a healthy capital adequacy ratio. Pursuant to Regulation 43A of the Securities and Exchange Board of India SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI LODR) the Board of Directors of the Bank have adopted a dividend distribution policy, which is in line with the parameters prescribed by SEBI for distribution of dividend. The policy is available on the Bank's website: www.bandhanbank.com/pdf/Dividend-Policy.pdf. Consistent with this policy and in recognition of the excellent financial performance during FY 2017-18 and the promising future prospects while retaining capital to maintain a healthy capital adequacy ratio to meet prudential and growth requirements, your Directors are pleased to recommend a dividend of ₹ 1 per equity share of ₹ 10 each fully paid as against NIL dividend in the previous year for approval by the shareholders at the 4th Annual General Meeting (AGM). This dividend shall be subject to tax on dividend to be paid by the Bank. This reflects overall confidence in your Bank's ability to consistently grow earnings over a period of time.

Since the Bank has not declared any dividend since its incorporation in 2014, in terms of section 125 of the Companies Act, 2013 ('the Act'), there is no unclaimed dividend, which is required to be transferred to the Investors Education and Protection Fund as per the statutory requirement.

Transfer to Reserves

As required under section 134(3)(j) of the Act, and in line with the RBI regulations, the Bank has transferred the following amount to the statutory reserve during the FY ended March 31, 2018:

Amount Transferred	Amount
Statutory Reserve	₹ 336.39 crore

Board and Board Committees

As on March 31, 2018, the Board of your Bank consists of thirteen (13) Directors of whom nine (9) are Independent Directors, two (2) Nominee Directors (Non-executive) of International Financial Corporation and Caladium Investment Pte. Ltd., one (1) Non-executive and Non-Independent Director and one (1) Managing Director and CEO.

Mr. Harun Rasid Khan [DIN: 07456806] was appointed as an Additional Director (category being Non-Executive, Independent Director) of the Bank, with effect from March 27, 2018 to hold office upto the date of ensuing AGM. Further, the Nomination and Remuneration Committee (NRC) and Board of Directors of the Bank have also recommended the appointment of Mr. Harun Rasid Khan as Non-Executive, Independent Director, not liable to retire by rotation, to the Shareholders at the ensuing AGM. Further, on the recommendation of the NRC, the Board of Directors at their meeting held on June 05, 2018 has also appointed Mr Harun Rasid Khan as non-executive part-time Chairman of the Bank for a period of three years with effect from June 05, 2018 or till the expiry of his term as an Independent Director, whichever is earlier, with a remuneration of ₹ 24 lac per annum (consolidated) in addition to sitting fees and reimbursement of other expenses for attending meetings of the Board and Committees and performing his duty as non-executive part-time Chairman of the Bank. The said appointment and remuneration is subject to approval of the Reserve Bank of India.

On the recommendation of the NRC at its meeting held on April 09, 2018, the Board of Directors of the Bank at their

Meeting held on that date had re-appointed Mr. Chandra Shekhar Ghosh (DIN: 00342477) as 'Managing Director' of the Bank designated as 'Managing Director & Chief Executive Officer (CEO)' for a period of three years with effect from July 10, 2018. The said re-appointment is subject to the approval of the Reserve Bank of India and Members of the Bank at the ensuing AGM. Your Directors recommend his re-appointment as 'Managing Director', designated as 'Managing Director & CEO' of the Bank.

On the recommendation of the NRC at its meeting held on February 24, 2018, the Board of Directors of the Bank at their Meeting held on February 28, 2018 had re-appointed Mr. Bhaskar Sen (DIN: 03193003) and Mr. Sisir Kumar Chakrabarti (DIN: 02848624) as Independent Directors of the Bank, with effect from April 01, 2018 for a period of three years. The said re-appointments are subject to the approval of Members of the Bank at the ensuing AGM.

On the recommendation of the NRC at its meeting held on June 04, 2018, the Board of Directors of the Bank at their Meeting held on June 05, 2018 had re-appointed Prof. Krishnamurthy Venkata Subramanian (DIN: 00487747), Mr. Snehomoy Bhattacharya (DIN: 02422012) and Mr. Chintaman Mahadeo Dixit (DIN: 00524318) as Independent Directors of the Bank, with effect from July 09, 2018 for a period of five, four and two years respectively. The said re-appointments are subject to the approval of Members of the Bank at the ensuing AGM.

The Board on the recommendation of the NRC at its meeting held on July 26, 2016 and February 12, 2016 had appointed Ms. Georgina Elizabeth Baker and Dr. Holger Dirk Michaelis as the Nominee Directors of the International Finance Corporation (IFC) and IFC FIG Investment Company I (IFC FIG) (jointly) and Caladium Investment Pte. Ltd., respectively. As per amended Articles of Association of the Bank, after completion of the Initial Public Offering, approval of the shareholders through Special Resolutions are required for appointment of the Nominee Directors as mentioned herein above. Your Board accordingly proposes for the approval of their appointments by the Members at the ensuing AGM.

In terms of Section 152 of the Act, Mr. Ranodeb Roy (DIN: 00328764) Non-Executive Director, being liable to retire by rotation, shall retire at the ensuing AGM and being eligible, offers himself for re-appointment.

Pursuant to the recommendation of the Nomination and Remuneration Committee (NRC), the Board of Directors of the Bank approved the appointment of Mr. Pravir Kumar Vohra [DIN: 00082545] as an Additional Director of the Bank (category being Independent) not liable to retire by rotation, with effect from June 05, 2018. Under Section 161 of the Act, he continues to hold office as an Additional Director of the Bank, until the conclusion of the ensuing Annual General Meeting of the Bank. The Board of Directors recommend appointment of Mr. Vohra as a Non-Executive, Independent Director of the Bank, not liable to retire by rotation. The ordinary resolution in respect of his appointment has been included in the Notice convening the 4th AGM of the Bank.

Dr. Ashok Kumar Lahiri was the non-executive part-time Chairman and Independent Director of the Bank during the FY 2017-18. He had demitted from directorship of the Bank on April 09, 2018. Thereafter, Mr. Harun Rasid Khan was appointed as the non-executive part-time Chairman of the Bank with effect from June 05, 2018 subject to approval of the RBI.

The relevant details including profiles of Mr. Chandra Shekhar Ghosh, Mr. Bhaskar Sen, Mr. Sisir Kumar Chakrabarti, Prof. Krishnamurthy Venkata Subramanian, Mr. Snehomoy Bhattacharya, Mr. Chintaman Mahadeo Dixit, Ms. Georgina Elizabeth Baker, Dr. Holger Dirk Michaelis, Mr. Ranodeb Roy, Mr. Harun Rasid Khan and Mr. Pravir Kumar Vohra are included separately in the AGM Notice and report on Corporate Governance forming part of this Annual Report.

Mr. Pradip Kumar Saha [DIN: 02947368] has resigned from the Directorship of the Bank with effect from February 22, 2018. Dr. Ashok Kumar Lahiri [DIN: 07234290] has demitted from the Directorship of the Bank with effect from close of business hours on April 09, 2018. The Board places on record its sincere appreciation for the valuable services rendered by Dr. Ashok Kumar Lahiri and Mr. Pradip Kumar Saha during their tenure as Directors of the Bank.

Apart from the above, no other Director was appointed or resigned during the year under review.

The Board met eleven (11) times during the Financial Year 2017-18 viz. on April 26, May 13, July 26, August 24, October 26, November 22 and December 19, 2017 and on January 31, February 28, March 07 and March 27, 2018. The details of Board meetings held during the year, attendance of Directors at the meetings and constitution of various Committees of the Board have been provided separately in the Corporate Governance Report.

Declaration from Independent Directors

The Bank has received necessary declarations from all the Independent Directors under section 149(6) of the Act and Regulation 16(1)(b) of the SEBI LODR that they meet the criteria of independence laid down thereunder.

Key Managerial Personnel

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

Familiarisation Programmes for Independent Directors

The familiarising programme for the Independent Directors are disclosed in the Corporate Governance Report that forms part of this Annual Report.

Board Evaluation

Your Bank has laid down evaluation process and criteria for the performance evaluation of all the Directors including Chairman, MD & CEO, Board Level Committees and Board as a whole in line with the provisions of the Act,

Listing Regulations and SEBI Guidance Note on the Board Evaluation. Details of Board Evaluation process is included separately in the Corporate Governance Report.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Act, the Directors confirm:

i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

ii) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view the Bank's state of affairs as on March 31, 2018, and its profit for the year ended on that date;

iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

iv) that they have prepared the annual accounts on a going concern basis; and

v) that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

Deposits

Being a banking company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Act are not applicable to your Bank.

The details of the deposits received and accepted by your Bank as a banking company are enumerated in the financial statement for the year ended March 31, 2018.

Issuance of Equity Shares

The Bank has made an Initial Public Issue (IPO) of 119,280,494 Equity Shares of Face Value of ₹ 10 each consisting of a fresh issue of 97,663,910 equity shares and an offer for sale of 14,050,780 equity shares by IFC and 7,565,804 equity shares IFC FIG Investment Company I at an Issue Price of ₹ 375 each. As on March 31, 2018, the issued, subscribed and paid up capital of your Bank stood at ₹ 11,928,049,440 comprising 1,192,804,944 equity shares of ₹ 10 each fully paid.

During the financial year, your Bank has received consent from BSE Limited and National Stock Exchange of India Limited for listing and trading of 1,192,804,944 equity shares with effect from March 27, 2018.

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

Information About Financial Performance/ Financial Position of the Subsidiaries, Associates and Joint Venture Companies

Your Bank did not have any subsidiaries, associates and Joint Venture Companies during the financial year 2017-18.

Capital Adequacy Ratio

Your Bank's capital adequacy ratio (CAR), calculated in line with the relevant capital regulations, stood at 31.48 per cent on March 31, 2018, well above the minimum regulatory requirements of 13 per cent.

Internal Financial Controls, Audit and Compliance

Your Bank has an Internal Audit department and a Compliance department, which independently carry out evaluation of the adequacy of all internal controls. These departments ensure that operating and business units adhere to laid down internal processes and procedures as well as to regulatory and legal requirements. The audit department also proactively recommends improvements in operational processes and service quality. The Bank has put in place extensive internal controls including audit trails, appropriate segregation of front- and back-office operations, post-transaction monitoring processes at the backend to mitigate operational risks. It further ensures independent checks and balances, and adherence to the laid down policies and procedures of the Bank are according to regulatory guidelines. Your Bank has adhered to the highest standards of compliance and governance and has placed controls and appropriate structure to ensure this. To safeguard independence, the internal audit department reports directly to the Chairman of the Audit Committee of the Board. The Audit Committee of the Board also reviews the performance of the Audit department and Compliance department. It further appraises the effectiveness of controls and compliance with regulatory guidelines. The Board of Directors confirms that there are internal controls in place with reference to the Financial Statements and that such controls are operating effectively.

Remuneration Policy

The Board of Directors of the Bank had formulated and adopted policies for Remuneration of Employees of the Bank, Remuneration of Directors including the Chairman of the Bank. The details of the same have been included in the Report on Corporate Governance forming part of this Annual Report.

Employees Remuneration

The Bank had 28159 employees as on March 31, 2018. The statement containing particulars of employees as required under Section 197(12) of the Act read with the details of employees in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are appended separately as **Annexure – 1(a)** and form part of this report. The ratio of the remuneration of each Director to the median remuneration of the employees of the Bank and other details in terms of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure – 1(b)**.

Employee Stock Options

Your Bank has instituted Stock Option Plans to enable its employees to participate in your Bank's future growth and financial success. Your Bank provides its employees a platform for participating in important decision making and instilling long-term commitment towards future growth of the Bank by way of rewarding them through stock options.

The information pertaining to Employee Stock Options is attached as **Annexure -2**.

Related Party Transactions

There were no materially significant transactions with related parties including promoters, Directors, key managerial personnel, subsidiaries or relatives of the Directors during the financial year, which could lead to a potential conflict of interest between the Bank and these parties. The details of the transactions with related parties, if any, were placed before the Audit Committee from time to time. There were no material individual transactions with related parties, which were not in the ordinary course of business of the Bank, nor were there any transactions with related parties, which were not on arm's length basis.

Pursuant to the proviso of Section 188(1) of the Act details of transactions with related parties are appended in **Annexure – 3**.

Your Bank's Policy on dealing with Related Party Transactions is available on the Bank's website: www.bandhanbank.com/pdf/RelatedParty-Transactions-Policy.pdf

Particulars of Loans, Guarantees or Investments

Pursuant to Section 186 (11) of the Act the provisions of Section 186 of Act except sub-section (1), do not apply to a loan made, guarantee given or security provided by a banking company in the ordinary course of business. The particulars of investments made by the Bank are disclosed in Schedule 8 of the Financial Statements as per the applicable provisions of the Banking Regulation Act, 1949.

Whistle Blower Policy/Vigil Mechanism

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

Corporate Social Responsibility

Your Bank has constituted the Corporate Social Responsibility (CSR) Committee of the Board of Directors, in accordance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility) Rules, 2014, as amended.

Your Bank's CSR initiatives reach the bottom-of-the-pyramid population, who are difficult to include under the micro-banking activity of your Bank. It offers the underserved people financial assistance, and handholds and mentors them regarding optimal use of funds. Your Bank's objective is to help people from economically backward communities join the mainstream society by enabling them to generate sustained income on their own in due course.

The details of CSR activities/projects undertaken during the year is given as **Annexure – 4** and forms part of this Board's Report. The CSR Policy as recommended by the CSR Committee and approved by the Board is available on the Bank's website:www.bandhanbank.com/Other-Policies.aspx.

Business Responsibility Report

The Business Responsibility Report containing a report on its Corporate Social Responsibility Activities and Initiatives according to the Securities and Exchange Board of India's (SEBI) guidelines is available on the Bank's website at the link: www.bandhanbank.com/Business-Responsibility-Report.aspx

Significant and Material Orders Passed by Regulators or Courts or Tribunals

During FY 2017-18, no significant or material orders were passed by any Regulators or Courts or Tribunals against the Bank.

Statutory Auditors and their Report

The Members of the Bank at the 1st Annual General Meeting held on June 29, 2015 have approved the appointment of M/s S. R. Batliboi & Associates, LLP, Chartered Accountants, 22, Camac Street, Block C, 3rd Floor, Kolkata – 700016 (ICAI Firm Registration Number 101049W) as Statutory Auditors of the Bank, subject to the approval of the Reserve Bank of India. In terms of the approval received from the RBI pursuant to Section 30 (1A) of the Banking Regulation Act, 1949, your Board recommends the re-appointment of M/s S. R. Batliboi & Associates, LLP, Chartered Accountants, as the statutory auditors of your Bank for the year 2018-19 for their fourth year.

The Report given by the Auditors on the financial statements of the Bank forms part of this Annual Report. There has been no qualification, reservation, adverse remark given by the Auditors in their Report. Also, no offence of fraud was reported by the Auditors of the Bank.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed Mr. Deepak Kumar Khaitan, Practicing Company Secretary (C.P. 5615) to conduct Secretarial Audit of the Bank for the FY 2018-19. The Secretarial Audit Report is given in **Annexure – 5** to this report. There are no observations, reservations or adverse remarks in the Secretarial Audit Report.

Rating of Various Debt Instruments

Instrument	Rating (As on March 31, 2018)	Rating Agency	Amount
Unsecured Subordinated Non-Convertible Debenture	CARE AA - Stable (Double A Minus; Outlook: Stable)	CARE Ratings	₹ 160 crore
	[ICRA]AA - (Double A Minus; Outlook: Positive)	ICRA	
Term Loans From Bank	[ICRA]AA - (Double A Minus; Outlook: Positive)	ICRA	₹ 80 crore
Certificate of Deposit	[ICRA]A1+	ICRA	₹ 1,500 crore

NOTE: In the month of April 2018, ICRA has upgraded its long-term rating to [ICRA]AA (pronounced ICRA double A) to the ₹ 160 crore subordinated Tier-II non-convertible debenture programme and its ₹ 80 crore term loans of Bandhan Bank Limited (BBL). The outlook on the rating has been changed to stable from positive earlier.

Policy on Appointment of Directors

The Board of Directors of the Bank had formulated and adopted policy on 'Board Diversity' and 'Fit & Proper Criteria' and 'Succession Planning'. The details of the same have been included in the Report on Corporate Governance forming part of this Annual Report.

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

Considering the nature of the Bank's activities, the provisions of Section 134(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to conservation of energy and technological absorption do not apply to the Bank. The Bank is however, constantly pursuing its goal of technological up-gradation in a cost-effective manner for delivering quality customer service. There were no foreign exchange earnings and whereas foreign exchange outgo was ₹ 1.32 crore during FY 2017-2018.

Corporate Governance

Corporate governance is based on the principles of conducting the business with all integrity, fairness, and being transparent with all transactions, making necessary disclosures and decisions, complying with the laws of the land, accountability and responsibility towards the stakeholders and commitment of conducting the business in an ethical manner. Your Bank is committed to achieve the highest standards of Corporate Governance and also adheres to the Corporate Governance requirements set by regulators/applicable laws.

A separate section on Corporate Governance standards followed by your Bank and the relevant disclosures, as stipulated under the Listing Regulations, the Act and rules made thereunder forms part of this Annual Report.

A Certificate from CS Deepak Kumar Khaitan, Practicing Company Secretary, conforming compliance by the Bank to the conditions of Corporate Governance as stipulated under Listing Regulations, is annexed as **Annexure -10** to the Report on Corporate Governance, which forms part of this Annual Report.

Extract of Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92 (3) of the Act and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as at March 31, 2018 forms part of this report as **Annexure – 7**.

Management's Discussions and Analysis

The Management Discussion and Analysis report enclosed as **Annexure – 8** forms part of this report.

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

Your Bank has zero tolerance towards any action on the part of any of its employees , which may fall under the ambit of 'sexual harassment' at workplace and is fully committed to uphold and maintain the dignity of every woman employee working in the Bank. It takes all necessary measures to ensure a harassment free workplace and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. The Policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. The Audit Committee of the Board, on a regular basis, review the complaints and actions taken by the Bank.

Number of complaints pending as at the beginning of the financial year	Number of complaints filed during the financial year	Number of complaints disposed of during the financial year	Number of complaints pending as on the end of the financial year
0	13	13	0

Human Resource Management

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

The employee engagement initiatives place greater emphasis on learning and development, providing opportunities for staff to seek aspirational roles, streamlining the Performance Management System and introducing performance-linked rewards. A host of programmes are being run to meet the on-going learning and development needs in the Bank and promote a climate of learning, self-growth and excellence. The learning architecture in your Bank focusses on:

1. Developing tailor-made, competency-mapped programmes for different sets of employees, based on their roles in the Bank

2. Induction/orientation of new hires for acquaintance with the culture of the Bank

3. Training on operational risk, audit, compliance and regulatory aspects for frontline staff

4. People management, customer-centric, and compliance-based programmes for employees in leadership roles

Through its eight residential training centres across the country, and through a wide range of training programmes, your Bank has provided 100,112 days of training to its people. The trainings were provided to people across departments and functions, to build their professional competence and improve their skill sets, and thus, enable them to contribute to your Bank's mission.

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

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

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

Risk Management Framework

Risk is an integral part of the banking business and your Bank aims at delivering a superior stakeholder value by achieving an appropriate equilibrium between risk and return.

Your Bank's risk management strategy focusses on clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with national and global best practices.

The Bank has adopted following ethics for an effective and robust Risk Management framework:

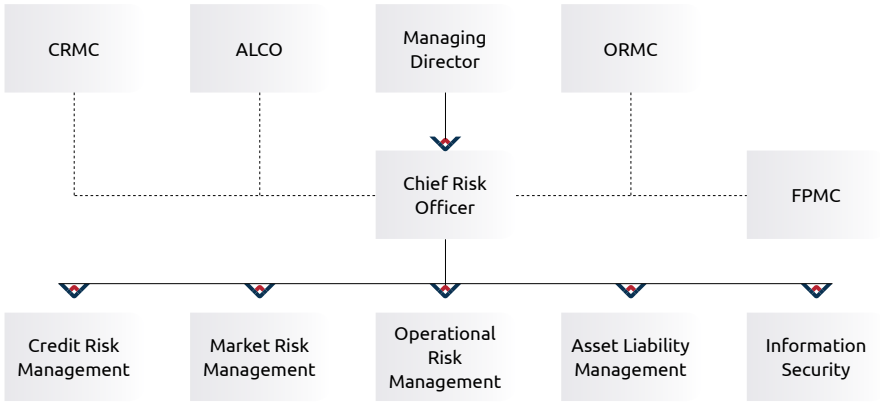
- An independent and dedicated Risk management structure with clear goals compatible with the Bank's vision and strategy.
- High governance standards, applying industry best practices to identify, measure, monitor and manage risks.
- Well-established policies and procedures to guide the risk taking activities of the Bank.

The key components of the Bank's risk management philosophy is as follows:

- The Board of Directors has oversight on all risks assumed by the Bank. At organisational level, overall risk management is assigned to an independent Risk Management Committee of Board (RMCB). The Bank's Risk Committee reviews risk management policies, key risk indicators such as credit risk, interest rate risk, market risk, liquidity risk, foreign exchange risk, process risk, people risk, concentration risk and so on. It further inspects the limit frameworks including stress test limits for various risks.
- Senior Management Level Committees like Credit Risk Management Committee (CRMC) for Credit Risk, Operational Risk Management Committee (ORMC) for Operational Risk, Asset Liability Committee (ALCO) for Market Risk and Asset Liability Management have been constituted to facilitate focussed oversight of various risks and report to the RMCB. Your bank has constituted an internal committee namely, Fraud Prevention and Management Committee (FPMC) with the objective of fraud risk management. The FPMC works under the guidance of and report to Audit Committee of the Board (ACB).
- Policies approved from time to time by the Board of Directors/Committees of the Board form the governing framework for each type of risks. Business activities are undertaken within this policy framework.
- Commitment towards the independence of Risk Management Department of the Bank to facilitate independent evaluation, monitoring and reporting of various risks. This aspect is supervised by RMCB on a regular basis and reviewed by the Board on an annual basis.
- Risk appetite framework, approved by the Board of Directors, covers various risk appetites, which are further broken down to individual risk metrics. A quarterly review of risk dashboard showing the static and directional movement of the risk metrics is conducted by the Board of Directors and the RMCB.
- The Bank prepares the ICAAP on a forward-looking approach, which includes the risks that are not fully captured by the minimum capital ratio prescribed under Pillar 1 of Basel III norms and other factors external to the Bank. The RMCB reviews the capital adequacy position of the Bank under normal and stressed conditions on a regular basis.
- The Bank is in constant endeavour to upgrade its system and processes for establishment of an effective risk management system.

Organisational Structure

The Risk Management department's set-up is hereunder:



Credit Risk

Credit risk is the risk that arises when a borrower is unable to meet its financial obligation to the lender. All credit risk aspects are governed by Credit Policy and Credit Risk Policy of the Bank. The Credit Risk Management Committee (CRMC) overseas and reviews the credit risk of your Bank. The Committee is responsible for formulation of policies on standards for presentation of credit proposals, financial covenants, rating standards and benchmarks, delegation of credit approving powers, prudential limits on large credit exposures, asset concentrations, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, provisioning, regulatory/legal compliance and so on. The CRMC reports to the Risk Management Committee of Board (RMCB), the apex body for risk management in the Bank.

Since Bandhan Bank has a uniqueness in terms of the composition of its credit portfolio vis-à-vis the borrower segments wherein the preponderance of the small ticket micro banking portfolio, the Bank has various assessment approaches in tandem with the segmental risk profile of borrowers. Under micro banking, the Bank follows a group based sourcing but individual based credit assessment approach. For other segments, credit proposals are approved at the Credit Approval Committees depending on the delegation of power vested in them. Sub Committees are formed at Head Office and Zonal Office levels. To limit the magnitude of credit risk, prudential limits are laid down on various aspects of credit, benchmark on various ratios, borrower type limits, industry and sectoral limits, among others.

A dedicated and qualified Credit Risk Management Department (CRMD); independent of the Credit Administration Department owns the credit risk policy, analyse, manage and control credit risk on a bank wide basis. The CRMD also lays down risk assessment systems, monitor quality of loan portfolio, identify problems and correct deficiencies, develop MIS and undertake loan reviews. The CRMD, takes the responsibility of periodic monitoring of the portfolio stipulating quantitative ceiling on aggregate exposure in specified rating categories, evaluate the rating-wise distribution of borrowers in various industry, business segments and so on, undertake rapid portfolio reviews, stress tests and scenario analysis when external environment undergoes rapid changes.

Market and Liquidity Risk

The Asset-Liability Management Committee (ALCO) functions as the top operational unit for managing the balance sheet within the performance/risk parameters laid down by the Board. The ALCO is responsible for managing risks related to Market and Liquidity and reporting to the RMCB. The ALCO has the power to determine pricing of assets, liabilities, maturity and also to play a role in approving the final benchmark marginal cost of lending rate (MCLR).

Your Bank has set up an independent Market Risk Management Department (MRMD) to identify, analyse and manage risks i.e., liquidity risk, interest rate risk, foreign exchange rate risk, commodity price risk, equity price risk and others. The Bank manages the market risk in trading portfolio through a robust framework prescribed in the Board approved Market Risk Management Policy.

The MRMD analyses the Bank's liquidity profile on a static basis, wherein the assets and liabilities and off-balance sheet items are pegged on a particular day and the behavioural pattern and the sensitivity of these items to changes in market interest rates and environment are duly accounted for.

Your Bank has prepared with Contingency Funding Plans by assessing the ability to withstand bank-specific or market crisis scenario. Availability of back-up liquidity support in the form of committed lines of credit, reciprocal arrangements, liquidity support from other external sources, liquidity of assets, and others are also being explored and considered.

The Market Risk System supports VaR and Stress Testing helping the MRMD to assess the depth and attributes of potential risks prevailing in the market. The framework includes the monitoring of VaR limits, Modified Duration, PV01 for forex investments, Equity portfolios, exposure limits and others.

Operational Risk

Managing operational risk has become an important feature of a sound risk management structure in modern financial markets in the wake of incredible increase in the volume of transactions, high degree of structural changes and complex support systems.

The Bank's Operational Risk management is governed by the robust and efficient Operational Risk Management Policy approved by the Board of Directors. The Policy is formulated to incorporate the policies and procedures based on common elements across business lines or risks. The policy also addresses product review processes, involving business, risk management and internal control functions, change management and so on.

Your Bank's operational risk monitoring system focusses, inter alia, on operational performance measures such as volume, turnover, settlement facts, delays and errors. The risk framework employs a judicial mixture of quantitative and qualitative assessment tools to assess the operational risk in products and processes.

The Bank's Operational Risk management is monitored and mitigations are supervised by the Operational Risk Management Committee (ORMC). This Committee reports to the apex Risk Management Committee of the Bank (RMCB). The core responsibility of the Committee is to implement the best industry practices for managing the Operational Risk. The Operational Risk is managed by the Operational Risk Management Department (ORMD). The ORMD is dedicated to assess, identify, mitigate and manage the Risk emanating from people, process, products, systems and environment.

The Bank has also established efficient and vigorous business continuity framework to ensure the continuity of services in the event of any catastrophic event. To have a comprehensive view on the risk landscape, the Bank follows an integrated risk approach.

Information Security Management

With technology becoming an integral part of the banking industry, the Bank has established an information security architecture to assess its IT-related vulnerabilities and manage the existing and emerging cyber security risks.

Information Security Team, under Chief Information Security Officer (CISO), reports into the overall Risk Management Department under Chief Risk Officer.

The information security (infosec) team follows strategies and procedures for managing the processes, tools and policies necessary to prevent, detect, document and counter threats to digital and non-digital information, and automated processes. Infosec responsibilities include establishing a set of processes that will safeguard information assets regardless of how the information is structured or whether it is in transit/being processed or is at rest in storage.

Fraud Risk Management

The Bank undertakes fraud risk assessment to identify and understand risks to its business. It also identifies weaknesses that present a fraud risk to the organisation. The fraud risk assessment is supplemented with policies and procedures, development of preventive and detective fraud control activities, fraud reporting process, whistle-blower policy and a coordinated approach to investigation and corrective actions.

The Risk Management Department has formed an efficient Fraud Risk management team to analyse gap in process, system, people or third party. The Fraud Prevention and Monitoring Committee is an integral part of the Bank's Governance function. It is responsible for prevention of frauds, deliberation, analysis of fraud events, gaps in controls and processes and initiate remedial actions.

Information Technology at Bandhan Bank

Your Bank has adopted unique doorstep service centres, relationships and technology approach to digitise banking to deepen and broaden its reach and grow market-share among its consumer base. In today's dynamic and ever-changing financial landscape, your Bank understands that innovation using technology can provide a differentiated customer experience. The banking industry is a clear representation of this transformation.

Consumers expect services to be available at the time and place of their choice as they are more mobile than ever before. Realising this customer requirement, your Bank created technology-led products to deliver seamless banking experience to customers at all places of their choice — whether at home, Bandhan Bank branches or on the move.

The consistency and speed in introducing these offerings has helped the Bank meet customer expectations. The Bank's commitment to improve the banking experience for customers continues drives its innovativeness in delivering banking services using cutting-edge technology.

On The Move

Recent advances in technology have made modern the world an 'always connected globe' where people demand and consume products and services on the move. Your Bank leverages technology effectively to stay ahead of customer

needs. mBandhan, the mobile banking application was launched in September 2015 and the Bank offers internet banking both for corporate and retail customers, and Bharat Bill Payment System for paying bills. These smart digital offerings provide accessibility to customers while on the move.

Bharat QR payment option enabled on mobile banking for RuPay cards, which will facilitate the payments by scanning QR codes.

At Your Place

Your Bank has successfully brought micro banking closer to customers. The Bank's Branch Sales Executive (BSE) or Door Step Banking Officer (DBO) visit customers and use hand-held devices (point-of-sale) to carry out banking transactions. This service is an industry-first and is widely acclaimed. Innovations like collections of loan instalments and providing cash receipts and payments for customers at their doorsteps, shift the paradigm completely for a process that has always been felt arduous. Banking at the place of your choice was never so easy and simple.

Regeneration of ATM pin provided on retail internet banking platform, Aadhaar seeding and schedule payment feature on mobile banking application are digital feathers added by your Bank.

At Our Place

The banking experience at the Bandhan Bank branches today is a confluence of personalised human care and technology-supported services. Opening accounts, issuing drafts, paying cheques or transferring funds are all a walk in the park through the Bank's state-of-the-art core banking solution. These services represent seamless integration of the digital and physical. The Bank aimed to set up 936 bank branches, an aim that was successfully achieved. Within 2 year and 7 months, at the end of FY 2017-18, the Bank has 936 branches, 460 ATMs and 2,764 Door Step Service centres.

Your Bank went live and stabilised with e-Kuber, Treasury Management System in its Treasury offerings, Structured Financial Messaging Systems (SFMS), such as National Electronic Fund Transfer (NEFT) and Real Time Gross Settlement System (RTGS) for corporate and retail customers and Clearing Corporation of India Limited (CCIL) suite of products, which include dealing platforms and reports. Immediate Payment System (IMPS) was another impressive offering that went live by tying up with National Payment Corporation of India (NPCI) to provide 24x7 fund transfer facility. Your Bank is live with e-commerce transactions on RuPay and Visa cards, where customer can shop and pay bills online using card details.

Your Bank also has tied up with two Payment Gateway Service providers for Online Net banking transactions and now the Bank's customers can pay/shop online through net banking on 2,500 plus merchant websites.

Your Bank also started electronic data capture point-of-sale (EDC-PoS) business and acquired and deployed 18,000+ PoS terminals at merchant outlets, which accept RuPay and Visa cards. Additional initiatives undertaken by your Bank for their customers include:

1. Lead generation screens deployed on NCR make ATMs
2. Public Financial Management System (PFMS) made live for getting government benefits to Bank's customers; in Phase 1, the Bank is working as beneficiary bank
3. Wealth Management: Mutual Fund module live for the Bank branches, which helps customers to walk in and buy mutual fund products from any of the bank branches
4. Voice guidance enabled on ATMs for helping specially-abled people to operate ATMs in line with financial empowerment initiative
5. Development of Customer Complaint Management Tracker to capture customer complaints
6. Enabled Demographic Authentication feature to authenticate Customers Aadhaar number from UIDAI Database and if authenticated then update authenticate CBS flay status
7. Monthly account statements being sent by email to all current account customers and Premium, Standard and Staff savings account customers
8. Integrated CBS with Income Tax website, so Bank branches can download Form 16 A for customers

Cyber Security

Your Bank has set up an effective governance framework to manage cyber security. A suitable organisational structure has been put in place to monitor various cyber security threats and minimise them. To protect critical assets from cyber-attacks, the Security Operations Centre (SOC) operates 24x7. During FY 2017-18, your Bank further enhanced the SoC to manage, respond and resolve cyber security in an effective and timely manner.

To ensure that the network and systems are free from any malware at any point of time, your Bank has implemented an advanced solution to scan and monitor the systems for early detection of such malware round-the-clock.

Moreover, your Bank conducts regular vulnerability assessment and penetration tests to assess/remedy vulnerabilities in applications and IT infrastructure. Anti-phishing services have been obtained to ensure that the phishing sites are timely shutdown and customers prevented from being lured to fraudulent sites. Your Bank has been carrying out continuous awareness among employees

through a Learning Management System (LMS) and customers through security posters/online guides.

Your Bank has obtained services and implemented solutions in strengthening protection against Distributed Denial of Service (DDoS) attacks and Web Application Firewall (WAF). The Bank also participated in IDBRT's cyber security drills to identify weak links and strengthen defence.

Your Bank has got a state-of-the-art primary Data Centre and a Disaster Recovery Centre, both of which are ISO 27001 and PCI DSS certified, which are vital to your Bank's business operations. Your Bank has taken cognizance of the RBI guidelines on Cyber Security Framework and implemented the recommendations therein. Your Bank is in the process of implementing additional IT security products and features to provide best-in-class information security features to provide safe and secure banking for all the Bank's customers.

Material Changes and Commitment Affecting Financial Position of the Bank

There was no material changes and commitments, affecting the financial position of the Bank, which has occurred between the end of the financial year of the Bank i.e., March 31, 2018 and the date of the Directors' Report.

Equity Shares in the Suspense Account

In terms of Regulation 39 (4) of the SEBI LODR read with Schedule VI of the said Regulation, the details of Equity shares lying in the suspense account are given below:

Particulars (From March 23, 2018 to March 31,2018)*	No. cases	No. of shares
Number cases outstanding at beginning	25	1,000
Number of shareholders approached	0	0
Number of cases and shares Transferred	0	0
Number of cases outstanding	25	1,000

* Since the shares of the Bank were allotted on March 23, 2018 pursuant to IPO.

Acknowledgments

The Board of Directors places on record its gratitude to the RBI, other government and regulatory authorities, financial institutions and correspondent banks for their strong support and guidance. The Board acknowledges the support of the shareholders, and also places on record its sincere thanks to its valued clients and customers for their patronage. The Board also expresses its deep sense of appreciation to all employees of the Bank for their strong work ethic, excellent performance, professionalism, teamwork, commitment and initiative, which has led to the Bank making commendable progress in today's challenging environment. Your Board will continue to ask for more and more improvements as your Bank continues its unique journey by combining micro-banking with traditional commercial banking.

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

Chairman
Harun Rasid Khan
[DIN : 07456806]

Place: Kolkata
Date: June 05, 2018

Annexure - 1(a)

Details of Employees as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Name & Designation of the employee	Remuneration received during FY 2017-18 (₹)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age	The last employment before joining	The percentage of equity shares held in the company within the meaning of clause (iii) of sub-rule (2) above	Whether any such employee is a relative of any director or manager of the company
Mr. Chandra Shekhar Ghosh, Managing Director & CEO	23,945,824	Regular	M.Sc. in Statistics and more than 30 years of experience	From the commencement of Company	58 Years	Bandhan Financial Services Limited	Nil*	N.A.
Mr. Deepankar Bose, Head - Corporate Centre	303,685	Regular	M.A in Economics, 35 years experience in banking industry	March 22, 2018	59 Years	State Bank Of India	Nil	N.A.
Mr. Rahul Johri, Head - Retail Banking	17,672,581	Regular	B.Tech and Masters in Business Management. 26 years of experience	March 01, 2016	50 Years	DBS Bank Ltd	Nil	N.A.
Mr. Vijaykumar Ramakrishna, Chief Information Officer	9,376,440	Regular	BE- Electronics & Telecommunication, MBA- Finance. 16 years of experience	February 01, 2016	45 Years	Intuit Global Development Centre	Nil	N.A.
Mr. Tamal Bandyopadhyay, Adviser	6,600,000	Contractual	Postgraduate from Calcutta University. 31 years of experience	August 23, 2015	57 Years	HT Media Limited (Mint)	Nil	N.A.
Mr. Subhro Kumar Gupta, Chief Audit Executive	8,133,890	Regular	MBA, 33 years of experience	February 06, 2017	58 Years	ICICI Bank Ltd.	Nil	N.A.
Mr. Santanu Banerjee, Head - HR	8,449,620	Regular	MSc. & MBA - Finance, 22 years of experience	September 03, 2014	49 Years	Axis Bank Ltd.	Nil	N.A.
Mr. Sunil Samdani, CFO	9,382,124	Regular	CA, 20 years of experience	March 14, 2015	43 Years	Karvy Financial Services Ltd	Nil	N.A.
Mr. Nand Kumar Singh, Head - Banking Operations & Customer Services	6,195,941	Regular	BA, PGDBM, CAIIB, 25 Years of experience	November 03, 2014	49 Years	Axis Bank Ltd.	Nil	N.A.
Mr. Ronti Kar, Head - IT Applications, Technology Governance & Admin	6,483,075	Regular	Masters in Computer Science & Engineering, 24 years of experience	December 01, 2009	50 Years	Cognizant Technology Solutions	Nil	N.A.

* Mr. Chandra Shekhar Ghosh is holding 1,474,436 equity shares (0.12 percent) in the Bank as on March 31, 2018.

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

Chairman
Harun Rasid Khan
DIN : 07456806
Place: Kolkata
Date: June 05, 2018

Annexure - 1(b)

Disclosures on Remuneration:

1. Ratio of remuneration of each Director to the median employees' remuneration for the year

Designation	Ratio
Chairman	7:1
MD & CEO	117:1

Note:

a) Fixed pay for the computation of ratio has been considered.

b) Fixed pay includes – Basic, Allowances and employer contribution of Provident Fund.

c) The above includes all employees of the Bank excluding advisors.

2. Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the FY 17-18

Designation	Percentage Increase
Chairman	Nil
MD & CEO	18
CFO	6
CS	31.40

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

Percentage increase in the median remuneration of employees in the financial year was 13 percent.

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

As on March 31, 2018 the number of permanent employees on the rolls of the Bank was 28,159.

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

The average percentage increase for Key Managerial personnel: 18.47 percent

The average percentage increase for Non-managerial Staff: 12.28 percent

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

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

Chairman
Harun Rasid Khan
[DIN : 07456806]

Place: Kolkata
Date: June 05, 2018

Annexure - 2

Employees' Stock Options as on March 31, 2018

Plan/ Schemes	Date of Shareholders' Approval	Total No. of Options Approved	Grant Price (₹)	Number of options outstanding at the beginning of the year	Number of Options Granted/ Options Re – instated*	Options Vested	Number of options exercised & shares Allotted during the year	Number of options forfeited during the year	Number of options lapsed during the year	Number of options in Force at the end of the year
Employees Stock Options Plan Series 1	November 23, 2017 & December 20, 2017	2,220,725	180	Nil	2,220,725	Nil	Nil	Nil	Nil	Nil

* Includes 200,000 option granted to Mr. Chandra Shekhar Ghosh, MD & CEO which has been approved by RBI on May 07, 2018

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

Chairman
Harun Rasid Khan
[DIN : 07456806]

Place: Kolkata
Date: June 05, 2018

Annexure - 3

FORM NO. AOC – 2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with the related parties referred to in sub-section (1) of section 188 of the Act including certain arms-length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length

Sl. No.	Name(s) of the related party and nature of relationship (a)	Nature of contracts / arrangements / transactions (b)	Duration of contracts / arrangements / transactions (c)	Salient terms of contracts or arrangements or transactions, including the value, if any (d)	Justification for entering into such contracts or arrangements or transactions (e)	Date(s) of approval by the Board (f)	Amount paid as advances, if any (g	Date on which special resolution was passed in General meeting as required under first proviso to 188 (h)
..... Nil								

2. Details of material contracts or arrangements or transactions at arm's length basis:

Sl. No.	Name of the related party and nature of relationship (a)	Nature of contracts/ arrangements/ transactions (b)	Duration of the contracts/ arrangements/ transactions (c)	Salient terms of the contracts or arrangements or transactions, including value, if any (d) (₹ in lakh)	Justification for entering into such contracts or arrangements or transactions (e)	Date(s) of approval by the Board (f)	Amount paid as advances, if any (g)	Date on which special resolution was passed in general meeting u/s 188(1) (h)
1	Mr. Chandra Shekhar Ghosh (Managing Director & Chief Executive Officer)*	Remuneration	April 1, 2017 to March 31, 2018	239.46	Remuneration was paid to Mr. Chandra Shekhar Ghosh for services rendered by him as Managing Director and CEO	Date of approval by the Board – May 13, 2017 and July 26, 2017	Nil	June 20, 2016
2	Mr. Indranil Banerjee (Company Secretary)*	Remuneration	April 1, 2017 to March 31, 2018	30.55	Remuneration was paid to Mr. Indranil Banerjee for services rendered by him as Company Secretary	Date of approval by the Board – July 26, 2017	Nil	NA
3	Mr. Sunil Samdani (Chief Financial Officer)*	Remuneration	April 1, 2017 to March 31, 2018	93.82	Remuneration was paid to Mr. Sunil Samdani for services rendered by him as the Chief Financial Officer.	Date of approval by the Board – July 26, 2017	Nil	NA
4	Mr. Dibakar Ghosh (Head IT Operations – System and Networking)**	Remuneration	April 1, 2017 to March 31, 2018	55.71	Remuneration was paid to Mr. Dibakar Ghosh for services rendered by him as Head IT Operations – System and Networking	Date of approval by the Board – July 26, 2017	Nil	June 29, 2015
5	Mr. Vaskar Ghosh (Head Procurement)**	Remuneration	April 1, 2017 to March 31, 2018	21.15	Remuneration was paid to Mr. Vaskar Ghosh for services rendered by him as Head Procurement.	Date of approval by the Board – July 26, 2017	Nil	NA

Note 1: - * denotes KMP i.e., Key Managerial Personnel
Note 2: - ** denotes relatives of Key Managerial Personnel

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

Chairman
Harun Rasid Khan
[DIN : 07456806]

Place: Kolkata
Date: June 05, 2018

Annexure - 4

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2017-18

1	A brief outline of the Bank's CSR Policy including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes.	Refer Section on Corporate Social Responsibility forming part of the Board's Report enclosed herewith.
2	Composition of CSR Committee:	i. Ms. T S Raji Gain ii. Mr. Chandra Shekhar Ghosh iii. Mr. Chintaman Mahadeo Dixit
3	Average net profit of the Bank for last three financial years	₹ 70,676 lakh
4	Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)	₹ 1,414 lakh
5	Details of CSR spent during the financial year:	
	(a) Total amount to be spent for the financial year (2017-18)	₹ 1,414 lakh
	(b) Amount unspent, if any	Not applicable
	(c) Manner in which the amount spent during the financial year	Details Given below

Details of amount spent on CSR activities during the Financial Year 2017-18

Sl. No.	CSR Project or activity identified	Sector in which the project is covered (Clause No. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programme (1) Local Area or other (2) Specify the State and districts where projects or programme was undertaken	Amount outlay (budget project or programme wise) ₹ in lakh)	Amount spent on project or programme Subheads: 1.Direct expenditure on project or programmes. 2. Overheads (₹ in lakh)	Cumulative expenditure upto the reporting period (₹ in lakh)	Amount Spent: Directly or through implementing agency
1	Targeting the Hardcore Poor Programme	Clause No. (i)Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water. Clause (x) Rural development projects	West Bengal, Bihar, Odisha	771	771	771	Implementing Agency: Bandhan Konnagar*
2	Education Programme	Clause No. (ii) Promoting education, including special education and employment enhancing vocation skills, especially among children, women, elderly and the differently-abled and livelihood enhancement projects	West Bengal, Bihar	367	367	367	Implementing Agency: Bandhan Konnagar*
3	Health Programme	Clause No. (i) Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water. Clause (x) Rural development projects	West Bengal, Jharkhand	245	245	245	Implementing Agency: Bandhan Konnagar*

Sl. No.	CSR Project or activity identified	Sector in which the project is covered (Clause No. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programme (1) Local Area or other (2) Specify the State and districts where projects or programme was undertaken	Amount outlay (budget project or programme wise) ₹ in lakh)	Amount spent on project or programme Subheads: 1.Direct expenditure on project or programmes. 2. Overheads (₹ in lakh)	Cumulative expenditure upto the reporting period (₹ in lakh)	Amount Spent: Directly or through implementing agency
4.	Employing the Unemployment	Clause No. (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood enhancement projects	Odisha, Madhya Pradesh	31	31	31	Implementing Agency: Bandhan Konnagar*
	Total			**1,414**	**1,414**	**1,414**	

*Bandhan Konnagar is a society registered under the Societies of West Bengal Registration Act XXVI of 1961

6. The Bank has spent two per cent of the average net profit of the last three financial years and there were no unspent amount which is required to be reported.

7. Responsibility Statement

The Responsibility Statement of the CSR Committee of the Board of Directors of the Bank, is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) policy, is in compliance with CSR objectives and policy of the Bank.'

Managing Director & CEO

Chairperson CSR Committee

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

Chairman
Harun Rasid Khan
[DIN : 07456806]

Place: Kolkata
Date: June 05, 2018

Annexure - 5

Secretarial Audit Report

For the financial year ended on March 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Bandhan Bank Limited
Registered Office: DN-32, Sector V, Salt Lake,
Kolkata -700 091

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BANDHAN BANK LIMITED having CIN U67190WB2014PLC204622 (hereinafter called 'the Bank'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2018 (hereinafter called 'the Audit Period') complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on March 31, 2018 according to the provisions of:

(i). The Companies Act, 2013 and the Rules made thereunder (hereinafter called as 'the Act');

(ii). The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv). Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable;

(v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- (Not applicable to the Bank during the Audit Period); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- (Not applicable to the Bank during the Audit Period)

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR');

(j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996

(vi). The following other laws as applicable specifically to the Bank as per the Management Representation Letter issued by the Bank of even date:

(a) The Banking Regulation Act, 1949 and notifications and circulars issued by the Reserve Bank of India from time to time

(b) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest, 2002

(c) Recovery of Debts Due to Banks and Financial Institutions Act, 1993

(d) The Deposit Insurance & Credit Guarantee Corporation Act, 1961

(e) The Deposit Insurance & Credit Guarantee Corporation General Regulations 1961

(f) The Insolvency and Bankruptcy Code 2016

I have also examined compliance with the applicable clauses of the following:

(i). Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii). The Listing Agreement (Debt Listing Agreement) entered into by the Bank with BSE Limited read with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

(iii). The Listing Agreement entered (Equity Listing Agreement) into by the Bank with BSE Limited and National Stock Exchange read with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

During the period under review the Bank has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent at least seven days in advance or at a shorter notice in accordance with the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at board meetings and committee meetings held during the Audit Period carried out unanimously as recorded in the minutes of the respective meetings.

I further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit Period, the following specific events/ actions have a major bearing on the Bank's affairs in pursuance of the laws, rules, regulations, guidelines, standards etc. referred to as above are as follows: -

(a) Consent received from BSE Limited and National Stock Exchange of India Limited for listing and trading of 1,192,804,944 equity shares w.e.f March 27, 2017.

(b) Initial public offering of 119,280,494 equity shares, comprising of a fresh issue of 97,663,910 equity shares and an offer for sale of 14,050,780 equity shares by International Finance Corporation and 7,565,804 equity shares by IFC FIG Investment Company I .

This report is to be read with our letter of even date which is annexed as Annexure A and form an integral part of this report.

Name: Deepak Kumar Khaitan
F.C.S. No.: 5615 / C.P. No.: 5207
ICSI Unique Code No.:I2003WB347200

Place: Kolkata
Date: June 5, 2018

Annexure A

to the SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

The Members
Bandhan Bank Limited
Registered Office : DN-32, Sector V, Salt Lake, Kolkata -700 091

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Name: Deepak Kumar Khaitan
F.C.S. No.: 5615 / C.P. No.: 5207
ICSI Unique Code No.:I2003WB347200

Place: Kolkata
Date: June 5, 2018

Annexure - 6

Report on Corporate Governance

[Report on Corporate Governance pursuant to the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) and forming a part of the report of the Board of Directors]

Bank's Philosophy on Corporate Governance

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

The Bank is compliant with the provisions of Regulations 17 to 27, and clause (b) to (i) of sub regulation (2) of Regulation 46 and paras C, D and E of Schedule V of SEBI LODR, as applicable, with regard to Corporate Governance.

Board of Directors

Your Bank entrusts its Board of Directors (the Board) with the ultimate responsibility of the management, affairs, directions and performance of the Bank and is vested with requisite powers, authorities and duties.

Composition of Board

The composition of the Board of Directors of the Bank (Board) is governed by the provisions of the Act and rules made thereunder, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India (RBI) in this regard and Regulation 17 of SEBI LODR, the Articles of Association of the Bank and all other applicable laws and in accordance with the best practices in Corporate Governance.

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.

As on March 31, 2018, the Board of your Bank consists of thirteen (13) Directors of whom nine (9) are Independent Directors, two (2) Nominee Directors (Non-executive) of International Finance Corporation and Caladium Investment Pte. Ltd., one (1) Non-executive, Non-Independent Director, and one (1) Managing Director and CEO.

In compliance with the requirements of the Act and SEBI LODR, your Bank has two (2) woman Directors on its Board. The Board reviews its strength and combination from time to time to ensure that it remains aligned with the statutory as well as its business requirements.

The Chairman provides overall direction and guidance to the Board. Currently, the Managing Director & CEO of the Bank is responsible for the overall execution and management. The operational and functional heads assist the Managing Director & CEO in the operations and functioning of the Bank.

Appointment of Directors:

The appointment of Directors is guided by the provisions of the Act, the Banking Regulation Act, 1949 and the guidelines issued by the RBI in this regard. While appointing a Director on its Board, your Bank follows the direction of RBI with regard to 'fit and proper' criteria as applicable to private sector banks, signing of deed of covenants, which includes the requirement for Directors to discharge their duties and responsibilities to the best of their abilities, individually and collectively, to be eligible to be appointed as Directors of the Bank. Every year, the declarations given by the Directors are reviewed by the Nomination and Remuneration Committee of the Board (NRC) and recommends to the Board for its review and noting.

Mr. Ranodeb Roy (DIN: 00328764) was inducted on the Board as 'Additional Director' (Non-Executive) on July 26, 2016, who was appointed as Non-Executive Director by the shareholders at the Bank's 3rd Annual General Meeting held on May 12, 2017.

Mr. Harun Rasid Khan [DIN: 07456806] was appointed as an Additional Director (category being Non-Executive, Independent Director) of the Bank, with effect from March 27, 2018 to hold office upto the date of ensuing Annual General Meeting (AGM). Further, the Nomination and Remuneration Committee (NRC) and the Bank's Board have also recommended the appointment of Mr. Harun Rasid Khan as Non-Executive, Independent Director, not liable to retire by rotation, to the shareholders at the ensuing AGM.The ordinary resolution in respect of this appointment has been included in the Notice convening the 4th AGM of the Bank.

Pursuant to the recommendation of the Nomination and Remuneration Committee (NRC), the Board of Directors of the Bank approved the appointment of Mr. Pravir Kumar Vohra [DIN: 00082545] as an Additional Director of the Bank (category being Independent) not liable to retire by rotation, with effect from June 05, 2018. Under Section 161 of the Act, he continues to hold office as an Additional Director of the Bank, until the conclusion of the ensuing Annual General Meeting of the Bank. The Board of Directors recommend appointment of Mr. Vohra as a Non-Executive, Independent Director of the Bank, not liable to retire by rotation. The ordinary resolution in respect of his appointment has been included in the Notice convening the 4th AGM of the Bank.

Re-Appointments of Directors:

Mr. Ranodeb Roy, Non-Executive Non-Independent Director, being liable to retire by rotation, shall retire at the ensuing AGM and being eligible for re-appointment, offers himself for re-appointment.

On the recommendation of the NRC, the Bank's Board at their meeting held on April 09, 2018 had re-appointed Mr. Chandra Shekhar Ghosh (DIN: 00342477) as 'Managing Director' of the Bank designated as 'Managing Director & Chief Executive Officer (CEO)' of the Bank, for a period of three years with effect from July 10, 2018. The said re-appointment is subject to approval of the Reserve Bank of India and members of the Bank at the ensuing AGM.

On the recommendation of the NRC, the Bank's Board re-appointed the following Independent Directors subject to the approval of Members of the Bank at the ensuing AGM:

(i). Mr. Bhaskar Sen (DIN: 03193003) with effect from April 01, 2018 for three years.

(ii). Mr. Sisir Kumar Chakrabarti (DIN: 02848624) with effect from April 01, 2018 for three years.

(iii). Prof. Krishnamurthy Venkata Subramanian (DIN:00487747) with effect from July 09, 2018 for five years.

(iv). Mr. Snehomoy Bhattacharya (DIN:02422012) with effect from July 09, 2018 for four years.

(v). Mr. Chintman Mahadeo Dixit (DIN: 00524318) with effect from July 09, 2018 for two years.

The Board on the recommendation of the NRC at its meetings held on July 26, 2016 and February 12, 2016 had appointed Ms. Georgina Elizabeth Baker and Dr. Holger Dirk Michaelis as Nominee Directors of International Finance Corporation (IFC) and Caladium Investment Pte. Ltd., respectively. As per amended Articles of Association of the Bank, after completion of the Initial Public Offering, the appointment of Nominee Directors as mentioned herein above are required to be approved by the shareholders through Special Resolutions. Your Board accordingly proposes for approval of their appointments by the Members at the ensuing AGM.

Retirement/Cessation of Directors

Mr. Pradip Kumar Saha [DIN: 02947368] has resigned from the Directorship of the Bank with effect from February 22, 2018.

Dr. Ashok Kumar Lahiri [DIN: 07234290] was the Non-Executive Part-time Chairman of the Bank during the Financial Year 2017-18, however, he demitted his office in the Bank with effect from close of business hours on April 09, 2018.

Apart from the above, no other Director was appointed or has resigned during the year under review.

Independent Directors

As on March 31, 2018, the Board consisted of following nine (9) Independent Directors, in accordance with the provisions of the Act and SEBI LODR:

S.N.	Name	Date of Appointment
1.	Dr. Ashok Kumar Lahiri	July 10, 2015
2.	Mr. Bhaskar Sen	April 01, 2015
3.	Mr. Boggarapu Sambamurthy	July 09, 2015
4.	Mr. Chintaman Mahadeo Dixit	July 09, 2015
5.	Mr. Harun Rasid Khan	March 27, 2018
6.	Prof. Krishnamurthy Venkata Subramanian	July 09, 2015
7.	Mr. Sisir Kumar Chakrabarti	April 01, 2015
8.	Mr. Snehomoy Bhattacharya	July 09, 2015
9.	Ms. Thekedathumadam Subramani Raji Gain	August 06, 2015

In accordance with Clause VIII of Schedule IV to the Act and Regulation 17(10) of SEBI LODR, the Board of Directors has evaluated the performance of the Independent Directors as per the criteria laid down in the 'Performance evaluation policy for the Board, Non-Independent/ Whole Time Directors and Independent Directors'.

During the year under review, the Independent Directors exclusively met twice during the Financial Year 2017-18 i.e., on October 25, 2017 and March 27, 2018.

In accordance with Regulation 25(3) of the SEBI LODR and Clause VII of Schedule IV to the Act, the Independent Directors, met exclusively for a meeting without the presence of the Managing Director & CEO, Non-Executive Directors or Managerial Personnel, to review the performance of Non-Independent Directors and the Board, as a whole. All Independent Directors of the Bank attended the meeting. The Independent Directors also reviewed the performance of the Chairman of the Bank, taking into account the views of Executive and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Management and the Board.

The Board has also laid down a policy for familiarisation of the Independent Directors with the operations of the Bank, as well as, to make them aware about their rights, responsibilities and liabilities as an Independent Director. The details of the Policy on Familiarisation Programme of the Independent Directors are available on the website of the Bank and can be accessed at the link: www.bandhanbank.com/pdf/Familiarisation-Programme-for-Independent-Directors.pdf

All Independent Directors have given necessary disclosures under Section 149(7) of the Act. In the opinion of the Board, the Independent Directors meet the requirements of Section 149 of the Act.

Non-Executive Directors' Compensation and Disclosures

Remuneration to the Non-Executive Directors and Independent Directors are paid only after the approval of the Board of the Bank. During FY 2017-18, the sitting fees paid for attending a meeting of the Board of Directors is

₹ 50,000 and its Committees is ₹ 30,000, which is subject to deduction of tax at source. Details of sitting fees paid to them are given at respective places in this Report.

Other Provisions as to Board and Committees

Your Bank's Board plays an important role in ensuring good Corporate Governance and functioning of the Bank. All information, as applicable and specified in Regulation 17(7) read with Schedule II Part A of SEBI LODR are regularly placed before the Board. Agenda and Notes on Agenda are circulated to the Directors in advance before each meeting of the Board and Committees for facilitating meaningful and focussed discussions at the meetings. In case of exigencies or urgency of matters, resolutions are passed by circulation.

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

The Board meets at least once in a quarter and at least four times in a year to review and approve the quarterly financial results and operations of the Bank. Apart from the above, Board meetings are convened, as and when required, by giving proper notice. The intervening period between two Board meetings is well within the maximum gap of 120 days between any two consecutive meetings as specified in Regulation 17(2) of SEBI LODR and Section 173(1) of the Act.

During the year under review, the Board met eleven (11) times during the FY 2017-18. The details of Board meetings held during the financial year ended on March 31, 2018 are as under:

Sl. No.	Date	City	No. of Directors present
1.	April 26, 2017	Kolkata	11
2.	May 13, 2017	Kolkata	10
3.	July 26, 2017	Kolkata	12
4.	August 24, 2017	Kolkata	10
5.	October 26, 2017	Kolkata	12
6.	November 22, 2017	Kolkata	12
7.	December 19, 2017	Kolkata	11
8.	January 31, 2018	Kolkata	11
9.	February 28, 2018	Kolkata	8
10.	March 07, 2018	Mumbai	8
11.	March 27, 2018	Mumbai	9

None of the Directors are related to each other.

Details of Directors with regards to outside directorship and Committee positions, as well as Board meetings/AGM as on March 31, 2018 are as follows:

Sl. No.	Full Name	Designation	Attendance during 2017-18		Directorship(s) / Chairperson(s) on the Board of other Companies[$]	Membership(s) / Chairperson(s) of Committees of other companies[*]
			Board Meetings	Last AGM held on May 12, 2017		
1	Dr. Ashok Kumar Lahiri[1]	Non-executive part-time Chairman (Independent Director)	9	Present	-	-
2	Mr. Chandra Shekhar Ghosh	Managing Director & CEO	11	Present	1	-
3	Mr. Bhaskar Sen	(Independent Director)	11	Absent	1	-
4	Mr. Boggarapu Sambamurthy	(Independent Director)	10	Present	1	-
5	Mr. Chintaman Mahadeo Dixit	(Independent Director)	11	Present	4	2 (1 as Chairman and 1 as a member)
6	Mr. Harun Rasid Khan[2]	Additional Director (Independent)	1	N.A.	2	2 (1 as Chairman and 1 as Member)
7	Prof. K. V. Subramanian	(Independent Director)	9	Present	1	-
8	Mr. Ranodeb Roy	Director	8	Absent	6	-
9	Mr. Sisir Kumar Chakrabarti	(Independent Director)	10	Present	3	4 (1 as Chairman and 3 as a Member)
10	Mr. Snehomoy Bhattacharya	(Independent Director)	10	Absent	-	-
11	Ms. T. S. Raji Gain	(Independent Director)	7	Absent	-	-
12	Dr. Holger Dirk Michaelis	Nominee Director (Caladium Investment Pte. Ltd.)	7	Absent	67[#]	-
13	Ms. Georgina Elizabeth Baker	Nominee Director (International Finance Corporation)	3	Absent	-	-

1 Demitted from directorship with effect from close of business hours on April 09, 2018.

2 Appointed as an 'Additional Director' under the category 'Independent Director' with effect from March 27, 2018 and also appointed as Non-executive, Part-time, Chairman of the Bank with effect from June 05, 2018 subject to approval of the RBI.

$ Includes Private Limited Companies, Foreign Companies and Companies under Section 8 of the Act.

67 foreign companies

* Excludes Private Limited Companies, Foreign Companies and Companies under Section 8 of the Act. It only includes Audit Committee and Stakeholders Relationship Committee.

None of the above mentioned Directors of the Board hold Directorships in more than ten Public Companies. Besides, none of them is a member of more than ten Committees or Chairman of more than five Committees as specified in the Regulation 26 of SEBI LODR, across all the Companies in which he/she is a Director. Necessary disclosures as required under the Act and SEBI LODR have been made by the Directors.

None of the Directors is acting as an Independent Director in more than seven listed Companies. The Independent Directors are also in compliance with proviso to Regulation 25(1) of SEBI LODR.

Profile of Board of Directors

The profiles of the Directors of the Bank are as under:

Sl. No.	Full Name	Designation	DIN	Profile
1	Dr. Ashok Kumar Lahiri (Demitted from directorship with effect from close of business hours on April 09, 2018)	Chairman	07234290	Dr. Ashok Kumar Lahiri was Independent Director (part-time Chairman) of the Bank. He holds a post graduate degree in arts (Economics) from the University of Delhi and a Ph.D. in philosophy from Delhi School of Economics, University of Delhi. Previously, he has worked in the capacity of a Director at Asian Development Bank. He has also served as the Chief Economic Advisor to the Ministry of Finance, Government of India. Besides, he has worked as an economist in the International Monetary Fund and has been involved with the World Bank. He has been a Director on the Board since July 10, 2015.
2	Mr. Chandra Shekhar Ghosh	Managing Director & CEO	00342477	Mr. Chandra Shekhar Ghosh is the Managing Director and Chief Executive Officer of our Bank. He holds an M.Sc. in Statistics. He has significant experience in the finance and microfinance sector. Mr. Ghosh is the President of the Bengal Chamber of Commerce and Industry (BCC&I). He has been appointed as the Deputy Chairman, Confederation of Indian Industry (CII), Eastern Region apart from holding the Chairman position of CII's Economic Affairs, Finance & Taxation Committee. He also Co-Chairs the Financial Inclusion Committee of Federation of Indian Chambers of Commerce and Industry (FICCI). Mr. Ghosh was elected as 'Senior Ashoka Fellow' in 2007 by Ashoka Foundation (social entrepreneurship award). In the year 2014, he won Forbes India Leadership Award in the category 'Entrepreneur with Social Impact'. He was also declared 'Entrepreneur of the Year' by India's leading business daily, The Economic Times, in 2014. He received an award for his 'Lifetime contribution to the microfinance sector by an individual' in the Microfinance India Awards 2015. He was bestowed with 'Entrepreneur of the Year' Award in the category 'Financial Services' by Ernst & Young and the 'Indian of the Year' award in the 'Business' category by CNN-News 18. He was also conferred with the C. Rangarajan Award for Excellence in Banking at the 48th Skoch Summit. He has been the Managing Director & CEO on our Board since July 10, 2015 and is doing a commendable job in maintaining the overall portfolio quality of the Bank.
3	Mr. Harun Rasid Khan (Appointed as a Non-executive Part-time Chairman with effect from June 05, 2018 subject to approval of the RBI)	Additional Director	07456806	Mr. Harun Rasid Khan is an M.Phil. from Jawaharlal Nehru University and a PGDM graduate from Narsee Monjee Institute of Management Studies with a long career in Reserve Bank of India (RBI). He retired as the Deputy Governor of RBI in July 2016, after holding different responsible position. While serving at RBI, Mr. Khan had handled diverse areas and spearheaded major projects relating to financial markets, payment and settlement systems, financial inclusion, foreign exchange management, banking regulation and supervision. He was instrumental in formulation of the Payment System Vision 2018 of RBI. He has been appointed as an Additional Director on the Board with effect from March 27, 2018.
4	Mr. Bhaskar Sen	Director	03193003	Mr. Bhaskar Sen is an Independent Director of the Bank. He has a graduate degree in Commerce from Calcutta University. He is a Certified Associate of Indian Institute of Bankers and has significant experience in the banking sector. Previously, he has worked with United Bank of India as the Chairman and Managing Director and at Dena Bank as an Executive Director. He has been a Director on the Board since December 23, 2014.
5	Mr. Boggarapu Sambamurthy	Director	00246211	Mr. Boggarapu Sambamurthy is an Independent Director of the Bank. He is a Chartered Accountant from the Institute of Chartered Accountants of India and has significant experience in the banking industry. Previously, he has worked as the Chairman and Managing Director of Corporation Bank and the Director for the Institute for Development and Research in Banking Technology. He has been a Director on the Board since July 09, 2015.

Sl. No.	Full Name	Designation	DIN	Profile
6	Mr. Chintaman Mahadeo Dixit	Director	00524318	Mr. Chintaman Mahadeo Dixit is an Independent Director of the Bank. He is a Chartered Accountant from the Institute of Chartered Accountants of India with significant experience in finance and accountancy sector. At present, he also works as a Senior Partner in GD Apte & Co., Chartered Accountants. He has worked in the capacity of Director in Indian Bank and has been a Director on the Board since July 09, 2015.
7	Prof. K. V. Subramanian	Director	00487747	Prof. Krishnamurthy Venkata Subramanian is an Independent Director of the Bank. He has a graduate degree in Technology (Electrical Engineering) from Indian Institute of Technology, Kanpur, a postgraduate diploma in Management from Indian Institute of Management, Calcutta and a doctorate from the University of Chicago. He has significant experience in the finance sector and has earlier worked with ICICI Bank and Tata Consultancy Services. He was also a member of the RBI Committee on Governance of Bank Boards, a member of the SEBI Committee on Corporate Governance and a member of the SEBI Alternate Investment Policy Advisory Committee. At present, he is an Associate Professor of Finance in Indian School of Business. He has published several articles on banking, law and finance, innovation, economic growth and corporate governance in leading journals including the Review of Financial Studies, the Journal of Financial Economics, the Journal of Financial and Quantitative Analysis and the Journal of Law and Economics. He has been a Director on the Board since July 09, 2015.
8	Mr. Sisir Kumar Chakrabarti	Director	028488624	Mr. Sisir Kumar Chakrabarti is an Independent Director of the Bank. He has a graduate degree in English from Presidency College. He has significant experience in the banking industry and has earlier worked with State Bank of Bikaner & Jaipur and in various capacities in Axis Bank including the Chairman of the Audit Committee of Executives and Chairman of Axis Sales and Securities Limited. He retired as Deputy Managing Director of Axis Bank after serving in various capacities for 17 years. He has been a Director on the Board since December 23, 2014.
9	Mr. Snehomoy Bhattacharya	Director	02422012	Mr. Snehomoy Bhattacharya is an Independent Director in the Bank. He is a Science graduate from the University of Calcutta and is a qualified Cost Accountant from the Institute of Cost and Works Accountant of India. He has significant experience in the public and private banking sector. Earlier, he has worked in various capacities in the State Bank of Bikaner and Jaipur, including as the Chief Manager, International Banking, and in various capacities at Axis Bank, including as the Executive Director (Corporate Affairs), where he oversaw the functioning of the human resources, compliance, internal audit, legal, corporate communications and corporate infrastructure departments. He was also the Head of Human Resources, and the Chairman of the Audit Committee of Executives at Axis Bank. He was previously a Director on the Board of Axis Private Equity Limited. Subsequently, he was an advisor to Axis Bank on Leadership Development and Talent Management. He has been a Director with the Bank's Board since July 09, 2015.
10	Ms. T. S. Raji Gain	Director	07256149	Ms. Thekedathumadam Subramani Raji Gain is an Independent Director of the Bank. She has a postgraduate degree in Science (Agricultural Physics) from Indian Agricultural Research Institute, New Delhi. She has significant experience in the field of agricultural and rural development. Previously, she has worked in various capacities in the National Bank for Agriculture and Rural Development (NABARD), co-ordinating work and capacity building related to designing and conducting programmes on organisational and institutional development a micro-finance. Currently, she is Executive Director at Bankers Institute of Rural Development (BIRD). She has been a Director on the Board since August 06, 2015.
11	Dr. Holger Dirk Michaelis	Nominee Director (Caladium Investment Pte. Ltd.)	07205838	Dr. Holger Dirk Michaelis is a Non-executive Nominee Director of the Bank nominated by Caladium Investment Pte.Ltd. He holds a postgraduate degree in Business Administration (Finance) from UT Austin, USA. He has a doctorate degree in Economics from WHU Koblenz, Germany and has significant experience in private equity. He also has experience as strategic advisor to financial services companies. Previously, he was a Partner at the Boston Consulting Group where he worked in Germany and China. He is currently a Senior Vice President of GIC Private Limited. He has been a Nominee Director on the Board since February 12, 2016.

Sl. No.	Full Name	Designation	DIN	Profile
12	Ms. Georgina Elizabeth Baker	Nominee Director (International Finance Corporation)	06601316	Ms. Georgina Elizabeth Baker is a Non-executive Nominee Director of the Bank, nominated by IFC and IFC FIG (jointly). She holds a postgraduate degree in Business Administration from London Business School. She has significant experience in the private equity sector. Previously, she has worked in the private equity team at IFC, advising investments in manufacturing sectors in Eastern Europe and financial sector investments in South Asia, Europe, Central Asia, the Middle East and North Africa. At present, at IFC, she is the Vice President for Latin America and the Caribbean, and Europe and Central Asia. She has been a Director on the Board since July 26, 2016.
13	Mr. Ranodeb Roy	Director	00328764	Mr. Ranodeb Roy is a Non-executive Director of the Bank. He has a graduate degree in Technology in Computer Science and Engineering from Indian Institute of Technology, Kanpur. He also has a postgraduate degree in Business Administration (Finance and Marketing) from Indian Institute of Management, Ahmedabad. He has significant experience in the banking and finance sector. He is the founder of RV Capital Management Private Limited and is currently the Chief Executive Officer of its asset management company. Previously, he has worked at Merril Lynch and at Morgan Stanley (Asia) Singapore Pte. as a Managing Director in the fixed income division. He has been a Director on the Board since July 26, 2016.
14	Mr. Pravir Kumar Vohra (Appointed as a Director with effect from June 05, 2018)	Additional Director	00082545	Mr. Pravir Kumar Vohra is a postgraduate in Economics from St. Stephen's College, University of Delhi and a Certified Associate of the Indian Institute of Bankers. He began his career in banking with State Bank of India where he worked for over 23 years. He held various senior level positions in business as well as technology within the bank, both in India and abroad. His assignments included responsibility for the technology function for State Bank's branches in the US and Canada. He also headed the Bank's Forex Division at New Delhi. The late 1990s saw Mr. Vohra as Vice President in charge of the Corporate Services group at Times Bank Ltd. He was responsible for spearheading the bank's technology enabled services to corporate in areas like cash management, supply chain management and merchant banking. In January 2000, he moved to the ICICI Bank group where he headed a number of functions like the Retail Technology Group and Technology Management Group. In these capacities, he oversaw the deployment of technology across ICICI Bank's domestic & international operations and was instrumental in creating a future-ready, platform independent & scalable infrastructure. From 2005 till 2012 he was the President and Group CTO at ICICI Bank. Mr. Vohra oversaw IT strategy & innovation, enterprise architecture, process automation, group IT infrastructure and was responsible for leveraging technology synergies across ICICI Bank and its group companies. With a stint spanning close to four decades in the industry, Mr. Vohra has immense experience and knowledge in IT architecture, domain expertise in financial products, process re□engineering, IT operations and strategy. Post his retirement from ICICI Bank in 2012, he mentored start-ups in the payments space and, more recently, completed a 2 year assignment with New Development Bank, Shanghai. He also continues to serve on the Technology Advisory Committees of organizations like the Bombay Stock Exchange, NCDEX, Indian Clearing Corporation and NPCI etc. He also serves as an independent Director on the Boards of Thomas Cook India Ltd., NCML Ltd. & Quess Corporation. Mr. Vohra has served on numerous technology & functional committees set up by organizations such as the Central Board of Direct Taxes, the Unique Identification Authority of India (UIAI) as well as the Reserve Bank of India and the Indian Banking Association. He has also served as a nominee director on the boards of Loyalty Solutions & Research Pvt Ltd, ICICI Securities Ltd, Firstsource Solutions Ltd and as an independent director on MCX India Ltd and Goldman Sachs AMC (India) Ltd. Accolades won by Mr. Vohra include The Asian Banker Achievement Award for Technology & Operations in 2006 and the Symantec Asia South Visionary 2008. He was also one of the three CIOs of international banks to have featured on the Information Week's Global CIO 50 List for 2009.

Key Managerial Personnel

Mr. Chandra Shekhar Ghosh, Mr. Sunil Samdani and Mr. Indranil Banerjee, continue to be the Managing Director & CEO, Chief Financial Officer and Company Secretary, respectively. These three personnel are statutorily required under Section 203 of the Act.

Board Evaluation

The NRC, and subsequently the Board, have framed 'Performance Evaluation Policy for the Board, Non-independent/Whole-time Directors and Independent Directors'. A questionnaire for the evaluation of the Board and its Committees, and of individual Directors, covering various aspects of their respective performance, including quality, roles, responsibilities, process, functioning, adherence to the code of conduct, and best practices was sent to each Director. The responses were discussed and reviewed at a meeting of the Independent Directors, where an Individual Director being evaluated recused himself/herself. The NRC, after taking into account this review by the Independent Directors, also examine the performance of all the Directors. Board evaluation has provided some valuable inputs for underscoring the optimal role and responsibilities of the Board and its Committees, for their functioning, and streamlining and improving the quality, quantity and timeliness of flow of information between the Bank's Management and the Board to effectively and reasonably perform its duties.

Board Committees

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

- Audit Committee
- Nomination & Remuneration Committee
- Risk Management Committee
- Information Technology Strategy Committee
- Customer Service Committee
- Corporate Social Responsibility Committee
- Special Committee for Monitoring High Value Fraud
- Stakeholders Relationship Committee
- Committee of Directors

Audit Committee

Qualified and Independent Audit Committee

Your Bank has a qualified and independent Audit Committee with the powers and the role that are in accordance with Section 177 of the Act and Rules made thereunder and Regulation 18 of SEBI LODR, which acts as a link between the Management, the Statutory Auditor, Internal Auditors and the Board of Directors and oversees the financial reporting process.

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

Meetings of the Audit Committee

On March 31, 2018, the Audit Committee comprised three Independent Directors and was chaired by Mr. Chintaman Mahadeo Dixit. During FY 2017-18, the Committee met nine (9) times on April 25, 2017, May 12, 2017, May 13, 2017, July 25, 2017, October 25, 2017, November 21, 2017, December 19, 2017, January 30, 2018 and February 24, 2018.

The composition of the Committee and attendance of the members at the meetings are as follows:

Audit Committee of the Board and Attendance at Meetings

Name of Member	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Chintaman Mahadeo Dixit, Chairman	9	270,000
Mr. Bhaskar Sen	9	270,000
Mr. Sisir Kumar Chakrabarti	8	240,000
Mr. Pradip Kumar Saha (Note 1)	8*	240,000

* Mr. Pradip Kumar Saha resigned from the Board with effect from February 22, 2018.

A brief description of the terms of reference of the Audit Committee is given below:-

1. Oversight of the Bank's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

2. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Bank;

3. Approval of payment of statutory auditors for any other services rendered by the statutory auditors;

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act, as amended;

   (b) Changes, if any, in accounting policies and practices and reasons for the same;

   (c) Major accounting entries involving estimates based on the exercise of judgment by management;

   (d) Significant adjustments made in the financial statements arising out of audit findings;

(e) Compliance with listing and other legal requirements relating to financial statements;

(f) Disclosure of any related party transactions; and

(g) Modified opinion(s) in the draft audit report.

5. Reviewing, with the management, the quarterly half-yearly and annual financial statements before submission to the Board of Director for approval;

6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;

8. Approval or any subsequent modifications of transactions of the Bank with related parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the Bank, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Monitoring the end use of funds raised through public offers and related matters;

13. Reviewing with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

15. Discussion with the internal auditors on any significant findings and follow up there on;

16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

17. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

19. To review the functioning of the whistle blower mechanism;

20. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;

21. Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 ('the Act') or the SEBI Listing Regulations or by any other regulatory authority; and

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

Nomination & Remuneration Committee

The Nomination & Remuneration Committee is involved in the following activities:

(a) Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board of Directors a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;

(b) Formulating of criteria for evaluation of the performance of the Independent Directors and the Board of Directors;

(c) Devising a policy on Board of Directors diversity;

(d) Identifying persons who qualify to become Directors or who may be appointed in senior management in accordance with the criteria laid down, recommending

to the Board of Directors their appointment and removal, and carrying out evaluations of every Director's performance;

(e) Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;

(f) Analysing, monitoring and reviewing various human resource and compensation matters;

(g) Determining the Bank's policy on remuneration and any compensation payment, for the Chief Executive Officer (CEO), the Executive Directors, key managerial personnel including pension rights and determination of remuneration packages of such personnel;

(h) Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component and in accordance with the remuneration policy approved by the Board;

(i) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(j) To propose to the Board, the members that must form part of the Nomination and Remuneration Committee;

(k) To report on the systems and on the amount of the annual remuneration of Directors and senior management;

(l) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

  (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

  (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003

(m) Performing such other activities as may be delegated by the Board of Directors and/or specified/provided under the Act, together with the rules framed thereunder, as amended and to the extent notified, or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, or by any other regulatory authority.

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

(o) To oversee the framing, review and implementation of compensation policy of the Bank and recommend to the Board the overall remuneration philosophy and policy including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based remuneration to employees;

(p) To review the HR strategy and policy including the conduct and ethics of the Bank and review any fundamental changes in the organisational structure, which could have wide ranging and high-risk implications;

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

Criteria for Directors' Appointment

The NRC evaluates the composition of the Board and recommends how to fill up vacancies arising in the Board from time to time. While recommending candidature of a Director, it considers the special knowledge or expertise possessed by the candidate as specified under the Banking Regulation Act, 1949.

The Committee also evaluates prospective candidates for the position of a Director from the perspective of the criteria for independence prescribed under the Act. For a non-executive Director to be classified as independent, he/she must sign a declaration of independence. The Committee reviews the same and determines the independence of a Director.

Remuneration policy

RBI vide its circular DBOD No. BC. 72/29.67.001/2011-12 dated January 13, 2012, has issued guidelines on 'Compensation of Whole-time Directors/Chief Executive Officers/Risk takers and Control function staff and others' for implementation by private sector banks and foreign banks from the financial year 2012-13. The Bank's Compensation Policy, adopted in March, 2016, is in line with the RBI circular and also in compliance with the requirements of the Remuneration Policy as prescribed under the Act.

The remuneration payable to Non-executive/ Independent Directors is governed by the provisions of the Banking Regulation Act, 1949, RBI guidelines issued from time to time and the provisions of the Act and related rules to the extent these are not inconsistent with the provisions of the Banking Regulation Act, 1949/RBI guidelines. The permitted modes of remuneration for the Non-executive/Independent Directors are sitting fee for attending each meeting of the Committee/Board as approved by the Board from time to time within the limits as provided under the Act and related rules.

On March 31, 2018, the NRC comprised four Directors including three independent Directors and one Non-executive, Non-independent Director, and was chaired by Mr. Bhaskar Sen, an Independent Director. There were nine (9) meetings of the Committee during the financial year 2017-18 - i.e., on May 11, 2017, May 13, 2017, June 19, 2017, July 20, 2017, November

27, 2017, December 18, 2017, December 22, 2017, February 24, 2018 and March 27, 2018. Composition of the Committee and attendance at its meetings are as follows:

Nomination & Remuneration Committee of the Board and Attendance at Meetings

Name of Member	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Bhaskar Sen, Chairman	9	270,000
Mr. Chandra Shekhar Ghosh	4*	-
Mr. Boggarapu Sambamurthy	8	240,000
Mr. Snehomoy Bhattacharya	8	240,000
Mr. Ranodeb Roy	8	240,000

* Mr. Chandra Shekhar Ghosh was not associated with Nomination & Remuneration Committee with effect from November 22, 2017 due to reconstitution.

Risk Management Committee

The Risk Management Committee has been formed as per guidelines of RBI on Risk Management Systems. The functions of the Committee are to review the Bank's risk management policies pertaining to credit, market, liquidity, operational, outsourcing, reputation, business continuity and disaster recovery plan.

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

On March 31, 2018, the Risk Management Committee comprised four Directors and was chaired by Mr. Bhaskar Sen, an independent Director. There were five meetings of the Committee during the financial year 2017-18 – on May 12, 2017, June 16, 2017, September 11, 2017, December 06, 2017, and February 23, 2018.

Committee composition and attendance at its meetings are as follows:

Risk Management Committee and Attendance at Meetings

Name of Member	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Bhaskar Sen, Chairman	5	150,000
Mr. Chandra Shekhar Ghosh	5	-
Prof. Krishnamurthy Venkata Subramanian	4	120,000
Mr. Ranodeb Roy	4	120,000
Mr. Pradip Kumar Saha	4*	120,000

- Mr. Pradip Kumar Saha resigned from the Board with effect from February 22, 2018.

Information Technology (IT) Strategy Committee

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

On March 31, 2018, the IT Strategy Committee comprised four Directors – three Independent Directors and the Managing Director & CEO – and was chaired by Mr. Boggarapu Sambamurthy, an Independent Director. There were four meetings of the Committee during FY 2017-18 – on May 11, 2017 August 17, 2017 and November 10, 2017, and on January 30, 2018. Composition of the Committee and attendance at its meetings were as follows:

IT Strategy Committee and Attendance at Meetings

Name of Member	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Boggarapu Sambamurthy, Chairman	4	120,000
Mr. Chandra Shekhar Ghosh	4	-
Prof. Krishnamurthy Venkata Subramanian	3	90,000
Mr. Chintaman Mahadeo Dixit	1*	30,000

* Mr. Chintaman Mahadeo Dixit was inducted in the IT Strategy Committee with effect from October 26, 2017.

Customer Service Committee

The functions of the Customer Service Committee of the Board, constituted pursuant to RBI circulars/guidelines, include reviewing customer service initiatives, overseeing the functioning of customer service, evolving innovative measures for enhancing the quality of customer service and improving the overall satisfaction level of customers.

On March 31, 2018, the Customer Service Committee comprised three Directors, including two independent Directors and Managing Director & CEO, and was chaired by Mr. Sisir Kumar Chakrabarti, an Independent Director. There were three meetings of the Committee during FY 2017-18 - on June 16, 2017, September 11,2017 and December 05, 2017. Composition of the Committee and attendance at its meetings are as follows:

Customer Service Committee and Attendance at Meetings

Name of Member	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Sisir Kumar Chakrabarti, Chairman	3	90,000
Mr. Chandra Shekhar Ghosh	3	-
Mr. Pradip Kumar Saha	2#	60,000
Mr. Snehomoy Bhattacharya	1*	30,000

Mr. Pradip Kumar Saha resigned from the Board with effect from February 22, 2018.
* Mr. Snehomoy Bhattacharya inducted in the Customer Service Committee with effect from October 26, 2017.

Corporate Social Responsibility Committee

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

On March 31, 2018, the CSR Committee comprised three Directors including two Independent Directors and the Managing Director & CEO, and was chaired by Ms. Thekedathumadam Subramani Raji Gain, an Independent Director. During the financial year, there was one meeting of the Committee on June 17, 2017. The composition of the Committee and attendance at its meetings are as follows:

Corporate Social Responsibility Committee and Attendance at Meetings

Name of Member	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Ms. Thekedathumadam Subramani Raji Gain, Chairperson	1	30,000
Mr. Pradip Kumar Saha	1*	30,000
Mr. Chandra Shekhar Ghosh	1	-
Mr. Chintaman Mahadeo Dixit	-#	

Mr. Chintaman Mahadeo Dixit was inducted in the Corporate Social Responsibility Committee with effect from February 28, 2018.
* Mr. Pradip Kumar Saha resigned from the Board with effect from February 22, 2018.

Details of the policy developed and implemented by the Bank on its CSR initiatives undertaken during FY 2017-18 have been enumerated in the Bank's website: www.bandhanbank.com/pdf/CSR-Policy-New-Format.pdf. The Annual Report on CSR activities is at **Annexure - 4**.

Special Committee for Monitoring High Value Fraud

The Special Committee for Monitoring High Value Fraud was constituted as per RBI circulars/guidelines. The Committee is required to meet and review as and when a fraud involving an amount of ₹ 1 crore and above comes to light.

At March 31, 2018, the Special Committee for Monitoring High Value Fraud comprised four Directors including three independent Directors and the Managing Director & CEO, and Mr. Sisir Kumar Chakrabarti, an Independent Director is the chairman of the Committee. Since there was no fraud during FY 2017-18 involving an amount ₹ 1 crore or more, no meeting of the Committee was held during the financial year. The details of the composition of the Committee are as follows:

Special Committee for Monitoring High Value Fraud

Name of Member	Number of meetings attended
Mr. Sisir Kumar Chakrabarti, Chairman	N.A.
Mr. Chandra Shekhar Ghosh	N.A.
Mr. Bhaskar Sen	N.A.
Mr. Pradip Kumar Saha	N.A.*
Mr. Snehomoy Bhattacharya	N.A.

* Mr. Pradip Kumar Saha resigned from the Board with effect from February 22, 2018.

Stakeholders Relationship Committee

The Bank has a Stakeholders Relationship Committee of the Board, constituted on November 22, 2017 in accordance with the provisions of Section 178(5) of the Act and Regulation 20 of SEBI LODR, to specifically look into various matters relating to shareholders/investors, including transfer and transmission of shares, as well as non-receipt of annual report, issue of share certificates (including issue of renewed or duplicate share certificates), share certificates after transfers/transmissions, and so on. In addition, the Committee looks into other issues including status of dematerialisation/re-materialisation of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement, from time to time.

The shares of the Bank were listed with the exchanges with effect from March 27, 2018. No meeting of the Committee was held during the financial year.

At March 31, 2018, Stakeholders' Relationship Committee comprised three independent Directors and Mr. B Sambamurthy, an Independent Director is the Chairman. The details of the composition of the Committee are as follows:

Stakeholders Relationship Committee

Name of Member	Number of meetings attended
Mr. B. Sambamurthy, Chairman	N.A.
Mr. Chintaman Mahadeo Dixit	N.A.
Mr. Sisir Kumar Chakrabarti	N.A.

Status of Shareholders Complaints as on March 31, 2018

Particulars	Total
Number of Shareholders complaints pending at the beginning of the Year	Nil
Number of Shareholders complaints received during the year	87
Number of Shareholders complaint disposed of during the year	87
Number of Shareholders complaint unresolved at the end of the year	Nil

There was no investor complaint pending against the Bank as on March 31, 2018 on SCORES, the web based complaint redressal system of SEBI.

Pursuant to the authorisation of the Board of the Bank, Company Secretary approves the Transfer/Transmission/ Sub-division/Consolidation/Renewal/Replacement/ Issue of Duplicate Share Certificate(s)/Deletion of Name(s) and Dematerialisation/ Rematerialisation of shares of the Bank. A summary of transfer/transmission, etc. of securities of the Bank so approved by the Company Secretary is placed at Board meeting/Stakeholders Relationship Committee meeting. A certificate from a Practicing Company Secretary is obtained on a half yearly basis, as per the provisions of Regulations 40 (9) & (10) of SEBI LODR, relating to compliance with the formalities of share transfer and the same is also filed with the Stock Exchanges.

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

Committee of Directors

The Committee of Directors was constituted by the Board on November 22, 2017. It considers and sanctions loan proposals exceeding ₹ 50 crore in case of Non-banking Financial Company non-Micro Finance Institutions (NBFC Non-MFIs) and exceeding ₹ 200 crore for NBFC MFIs, within the prudential limits, handles issues concerning the IPO of the Bank, which calls for prompt decision and any other issue that the management may propose for operational purposes, except on strategic and policy issues.

At March 31, 2018, the Committee of Directors comprised four Directors including three independent Directors and the Managing Director & CEO and was chaired by the Managing Director & CEO. There were five meetings of the Committee during FY 2017-18 — on January 16,2018, January 30,2018, March 14,2018, March 20, 2018, and March 23, 2018. Details of the attendance and sitting fees paid are as follows:

Committee of Directors

Name of Member	Number of meetings attended	Gross Amount of Sitting fees paid
Mr. Chandra Shekhar Ghosh, Chairman	5	-
Mr. Bhaskar Sen	5	150,000
Mr. Sisir Kumar Chakrabarti	4	120,000
Mr. Snehomoy Bhattacharya	4	120,000
Mr. Pradip Kumar Saha	2 *	60,000

* Mr. Pradip Kumar Saha resigned from the Board with effect from February 22, 2018.

Annual General Meetings

(Following are the details of Annual General Meetings for the previous three financial years held at DN-32, Sector – V, Salt Lake, Kolkata - 700091)

Details of General Body Meetings

Sl. No.	Particulars of meeting	Date& time	Special Resolutions passed, if any
1	1st Annual General Meeting	June 29, 2015 at 9 am	Three Special Resolutions were passed
2	2nd Annual General Meeting	June 20, 2016 at 11:30 am	Nil
3	3rd Annual General Meeting	May 12, 2017 at 11 am	Nil

Postal Ballot

During the financial year ended on March 31, 2018, no Special Resolution was passed by the Members of the Bank through Postal Ballot. There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing 4th Annual General Meeting of the Bank require passing a resolution through Postal Ballot.

Disclosures

Material Subsidiary

The Bank does not have any subsidiary at present.

Commodity Price Risks and Foreign Exchange Risks and Hedging Activities

Being in the banking business, the Bank does not deal in any 'commodity'. The Bank may, however, be exposed to the commodity price risks of its customers in its capacity as lender/banker.

Accounting Treatment

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

Indian Accounting Standard (IND AS) implementation

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

In line with the RBI guidelines on Ind AS implementation, the Bank has formed a Steering Committee comprising members from the concerned functional areas. The Bank has also submitted Proforma Ind AS financial statements for the six months ended September 30, 2016 and three months ended June 30, 2017 to the RBI.

However, the RBI in its press release issued on April 05, 2018 has deferred the applicability of Ind AS by one year for Scheduled Commercial Banks. Banks are now required to implement Ind AS with effect from April 01, 2019 and prepare Ind AS financial statements for FY 2019-20 with comparative figures for financial year 2018-19.

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

Related-Party Transactions

Your Bank places all the details of related party transactions before the Audit Committee periodically. The Audit Committee reviews in its meetings the details of the related party transactions entered into by the Bank.

Pursuant to the proviso of Section 188(1) of the Act, details of transactions with related parties are appended in **Annexure – 3**.

The Bank's policy on dealing with Related-party Transactions is available on the Bank's website:www.bandhanbank.com/pdf/Related-Party-Transactions-Policy.pdf

Penalties, Strictures

During the last three years there were no penalties or strictures imposed on the Bank by the Stock Exchanges and/or SEBI and/or any other statutory authorities on matters relating to capital market.

Whistle Blower Policy/ Vigil Mechanism

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

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

Disclosure of Formal Letter of Appointment

The draft formal letter of appointment issued to the Independent Directors, which contains the terms and conditions relating to their appointment, is available in the Bank's website at the link:www.bandhanbank.com/pdf/Terms-condition-appointment-Independent-Directors.pdf

Remuneration to Directors

Remuneration to the Managing Director of the Bank is recommended by the Nomination and Remuneration Committee and thereafter approved by the Board subject to the approval of the Members of the Bank and Reserve Bank of India.

During the financial year 2017-18, Dr. Ashok Kumar Lahiri, Chairman was paid a consolidated remuneration of ₹ 1,200,000 as recommended by the Nomination and Remuneration Committee and thereafter approved by the Board, Members of the Bank and the Reserve Bank of India.

Non-Executive Directors are entitled to sitting fees for attending the meetings of the Board and Committees thereof. As on March 31, 2018 the sitting fees was ₹ 50,000 and ₹ 30,000 for attending meetings of the Board and Committee respectively.

Details of total remuneration paid to all the Directors of your Bank for the year ended on March 31, 2018 are as follows:

(in ₹ except otherwise mentioned)

Sl. No	Name	Salary	Perquisites and Allowances	Sitting Fees	Contribution to Provident & Other Funds	Bonus(s)	Pension	Total
1	Dr. Ashok Kumar Lahiri[1]	1,200,000	-	510,000	-	-	-	1,710,000
2	Mr. Chandra Shekhar Ghosh*	16,200,000	4,200,000	-	2,130,300	1,415,524	-	23,945,824
3	Mr. Bhasker Sen	-	-	1,450,000	-	-	-	1,450,000
4	Mr. Boggarapu Sambamurthy	-	-	920,000	-	-	-	920,000
5	Mr. Chintaman Mahadeo Dixit	-	-	910,000	-	-	-	910,000
6	Mr. Harun Rasid Khan[3]	-	-	50,000	-	-	-	50,000
7	Prof. Krishnamurthy Venkata Subramanian	-	-	690,000	-	-	-	690,000
8	Mr. Pradip Kumar Saha[2]	-	-	940,000	-	-	-	940,000
9	Mr. Ranodeb Roy	-	-	760,000	-	-	-	760,000
10	Mr. Sisir Kumar Chakrabarti	-	-	1,010,000	-	-	-	1,010,000
11	Mr. Snehomoy Bhattacharya	-	-	950,000	-	-	-	950,000
12	Ms. T.S. Raji Gain	-	-	440,000	-	-	-	440,000
13	Ms. Georgina Elizabeth Baker	-	-	150,000	-	-	-	150,000
14	Dr. Holger Dirk Michaelis	-	-	350,000	-	-	-	350,000

1 Demitted from directorship with effect from close of business hours on April 09, 2018.
2 Mr. Pradip Kumar Saha resigned from the Board with effect from February 22, 2018.
3 Appointed as an 'Additional Director' under category 'Independent Director' with effect from March 27, 2018.
* Mr. Chandra Shekhar Ghosh has been granted 200,000 options which has been approved by the RBI and the shareholders.

There was no pecuniary relationship or significant/material transactions of the Non-Executive Directors vis-à-vis the Bank.

All Non-Executive Directors have disclosed their shareholding in the Bank. Details of shareholding of Non-Executive and Independent Directors are as follows:

Sl. No.	Name of Director	No. of Equity Shares held as on March 31, 2018
1.	Dr. Ashok Kumar Lahiri*	Nil
2.	Mr. Bhaskar Sen	Nil
3.	Mr. Boggarapu Sambamurthy	Nil
4.	Mr. Chintaman Mahadeo Dixit	Nil
5.	Prof. Krishnamurthy Venkata Subramanian	Nil
6.	Mr. Sisir Kumar Chakrabarti	Nil
7.	Mr. Snehomoy Bhattacharya	Nil
8.	Ms. T. S. Raji Gain	Nil
9.	Mr. Ranodeb Roy	Nil
10.	Mr. Harun Rasid Khan	Nil
11.	Dr. Holger Dirk Michaelis	Nil
12.	Ms. Georgina Elizabeth Baker	Nil

* demitted from directorship with effect from close of business hours on April 09, 2018.

Code of Conduct

The Bank has framed and adopted a Code of Conduct (Code), which is approved by the Board. The Code is applicable to all Directors, Key Managerial Personnel and senior management personnel of the Bank. The Code of Conduct attempts to set forth the guiding principles on which the Bank shall operate and, conduct its daily business with its multitudinous stakeholder's viz. shareholders, customers, creditors, employees, government, regulatory agencies, media and society. The Code of Conduct also contains the duties of the Independent Directors as laid down in Schedule IV to the Act. This Code has been posted on the Bank's website:www.bandhanbank.com/pdf/Code-Conduct-for-Directors.pdf. All Directors and senior management personnel have affirmed compliance with the Code of Conduct/Ethics as approved and adopted by the Board.

Declaration as required under Regulation 26(3) of SEBI LODR with respect to financial year ended on March 31, 2018, signed by the Managing Director & CEO has been provided to the Board and is reproduced as **Annexure - 9** to this Report.

Compliance with Mandatory Requirements

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

Compliance with Non-Mandatory Requirements

a) Board of Directors

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

b) Shareholder's Rights

The Bank publishes its results on its website at www.bandhanbank.com, which is accessible to the public at large. The same are also available on the websites of the Stock Exchanges on which the Bank's shares are listed. A half-yearly declaration of financial performance including summary of significant events is currently not being sent separately to each household of shareholders. The Bank's results for each quarter are published in an English newspaper having nation-wide circulation and in a Bengali newspaper having a wide circulation in West Bengal (normally Financial Express and Aajkal). Hence, half-yearly results are not sent to shareholders individually.

c) Audit Qualifications

During the period under review, there is no audit qualification in the Bank's financial statements. The Bank continues to adopt best practices to ensure regime of unqualified financial statements.

d) Separate posts of Chairman and Managing Director/CEO

Dr. Ashok Kumar Lahiri was the Chairman of the Bank and Mr. Chandra Shekhar Ghosh is the Managing Director and CEO of the Bank for the year ended March 31, 2018.

e) Reporting of Internal Auditor

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

Other Disclosures

The Management Discussion & Analysis Report

The Management Discussion & Analysis Report, giving an overview of the industry, the Bank's business and its financials is provided separately as **Annexure - 8** as a part of this Annual Report.

Means of Communication

The Bank was listed on March 27, 2018. The Board of Directors of the Bank approves the audited annual financial results for the quarter and year ended March 31, 2018 within 60 days from the end of the financial year. The results are promptly forwarded to the stock exchanges and are published in one English and one Bengali (regional language) newspaper normally Financial Express and Aajkal, within 48 hours of the conclusion of the Board meeting. The results as well as other press releases are simultaneously displayed on the Bank's website, www.bandhanbank.com. The website also displays all official news releases by the Bank from time to time as also the earnings updates and presentations made to investors and analysts. In addition to this, the quarterly results and earnings update are also prepared and posted on the website of the Bank.

Proceeds From Public Issues, Rights Issues, Preferential Issues, Etc.

The Bank raised ₹ 4,473 crore through an Initial Public Issue (IPO) of 119,280,494 Equity Shares of Face Value of ₹ 10 each consisting of a fresh issue of 97,663,910 equity shares and an offer for sale of 14,050,780 equity shares by IFC and 7,565,804 equity shares IFC FIG at an Issue Price of ₹ 375 each. As on March 31, 2018, the issued, subscribed and paid up capital of your Bank stood at ₹ 11,928,049,440 comprising 1,192,804,944 equity shares of ₹ 10 each fully paid.

There were no Rights issue or Preferential issue during the financial year.

Policy for Preservation of Documents

In accordance with Regulation 9 of SEBI LODR, the Bank has framed a Policy for preservation of documents, which has been approved by the Board of Directors of the Bank. This Policy is intended to guide the Bank and its officers on maintenance of any documents, their preservation and

disposal. The said policy can be accessed on the Bank's website: www.bandhanbank.com/pdf/Policy-Preservation-of-Documents.pdf

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

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

General Shareholder Information:

1)	Corporate Identity Number (CIN) of the Bank	U67190WB2014PLC204622
	ADDRESS FOR CORRESPONDENCE	Registered Office: DN-32, Sector-V, Salt Lake, Kolkata – 700091 Contact: Mr. Indranil Banerjee, Company Secretary & Compliance Officer
2)	Date, time and venue of the Annual General Meeting (AGM)	4th Annual General Meeting (AGM) of the Bank will be held on July 19, 2018 at 11:30 A.M. at Science City Auditorium, Kolkata, J.B.S Haldane Avenue, Mirania Gardens, East Topsia, Topsia, Kolkata, West Bengal - 700046.
3)	Financial Calendar 2018-2019 (tentative and subject to change)	For each calendar quarter, the financial results are reviewed and taken on record by the Board within the last week of the month subsequent to the end of the quarter. The quarterly results and the annual accounts as at March 31 are approved by the Board, after a review thereof by the Audit Committee. The AGM to consider such annual accounts is held in the first/second quarter of the financial year.
4)	Record Date	July 13, 2018
5)	Dividend Payment Date	Dividend will be paid from the date commencing from the day after the ensuing AGM on July 19, 2018.
6)	Listing on Stock Exchanges	i) National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor, Bandra Kurla Complex, Mumbai 400 051. ii) BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001. The Bank has paid the Annual Listing fees to NSE & BSE for 2018-2019. During the financial year the equity shares of the Bank have not been suspended from trading on the said Stock Exchanges or by any Regulatory/ Statutory Authority
7)	Stock Code	NSE – BNDNBNK BSE – 541153
8)	Registrars & Share Transfer Agent (Both Physical & Demat Segments)	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel No. 040 – 67162222 Fax No. 040 23420814 Email Id. einward.ris@karvy.com
9)	Share Transfer System	The Bank's shares which are in compulsory dematerialised(demat) list are transferable through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents, Karvy Computershare Private Limited and approved by the Stakeholders' Relationship Committee of the Bank or authorized officials of the Bank. Requests for transfer of shares in physical form received either at the office of the Bank or at the Office of the Registrar are generally approved within a maximum period of 15 days from the date of receipt provided the documents are complete in all respects.

10)	Dematerialisationof Shares and Liquidity	The shares of the Bank are available for trading in the dematerialised form under both the Depository Systems in India - National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL). The annual custody fees for the financial year 2018-2019 have been paid to NSDL and CDSL. Trading in Bank's shares can now be done only in the dematerialised form. As on March 31, 2018, 1189310884 Shares representing 99.71 percent of the total Share Capital of the Bank were held in dematerialised form. The International Securities Identification Number (ISIN) of the Bank, as allotted by NSDL and CDSL is INE545U01014.
11)	Outstanding ADRs/GDRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	Not applicable
12)	Reconciliation of Share Capital Audit	Reconciliation of Share Capital Audit, as mandated by SEBI, has been carried out by Company Secretary in Practice on quarterly basis since listing, and reports on the reconciliation of total issued and listed capital with that of total share capital admitted/held in dematerialized form with NSDL and CDSL and those held in physical form. The Report in this regard has been submitted to stock exchanges viz., BSE Ltd. and National Stock Exchange of India Ltd. and being placed before the Board of Directors of the Bank for its review.

Distribution of Shareholding as on March 31, 2018

Shareholders holding 1% and above Shares as on March 31, 2018

Name	Present Holdings	% of equity
BANDHAN FINANCIAL HOLDINGS LIMITED	981,483,040	82.28
CALADIUM INVESTMENT PTE LTD	54,648,030	4.58
INTERNATIONAL FINANCE CORPORATION	21,076,171	1.77
	1,057,207,241	**88.63**

Distribution Schedule - Consolidated as on March 31, 2018

Ordinary Shares held	No. of Shareholders	% of shareholders	Number of Shares	Amount	% of shares
1-5000	457,321	99.74	19,135,759	191,357,590	1.60
5001- 10000	243	0.05	172,010	1,720,100	0.01
10001- 20000	182	0.03	260,677	2,606,770	0.02
20001- 30000	89	0.01	220,021	2,200,210	0.02
30001- 40000	51	0.01	178,633	1,786,330	0.02
40001- 50000	37	0.00	165,218	1,652,180	0.01
50001- 100000	107	0.02	778,065	7,780,650	0.07
100001& Above	452	0.09	1,171,894,561	11,718,945,610	98.25
Total	**458,482**	**100.00**	**1,192,804,944**	**11,928,049,440**	**100.00**

Top 10 Shareholders As on March 31, 2018

Name	Total Shares	% to Equity
BANDHAN FINANCIAL HOLDINGS LIMITED	981,483,040	82.28
CALADIUM INVESTMENT PTE LTD	54,648,030	4.58
INTERNATIONAL FINANCE CORPORATION	21,076,171	1.77
IFC FIG INVESTMENT COMPANY I	11,348,707	0.95
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	3,494,060	0.29
EDELWEISS BROKING LTD	2,411,562	0.20
MARWADI SHARES AND FINANCE LIMITED	2,244,508	0.19
STANDARD CHARTERED BANK	2,148,929	0.18
J M FINANCIAL SERVICES LTD	1,976,605	0.17
BNP PARIBAS ARBITRAGE	1,793,259	0.15
	1,082,624,871	**90.76**

Categories of Shareholders as on March 31, 2018

Category of Shareholder	No. of Shares Held as on March 31, 2018			
	Demat	Physical	Total	% of Total Shares
PROMOTER AND PROMOTER GROUP				
INDIAN				
Individual/HUF	237	0	237	0.00
Central Government/State Government(s)	0	0	0	0.00
Bodies Corporate	981,483,040	0	981,483,040	82.28
Financial Institutions/Banks	0	0	0	0.00
Others	0	0	0	0.00
Sub-Total A(1) :	**981,483,277**	**0**	**981,483,277**	**82.28**
FOREIGN				
Individuals (NRIs/Foreign Individuals)	0	0	0	0.00
Bodies Corporate	0	0	0	0.00
Institutions	87,072,908	0	87,072,908	7.30
Qualified Foreign Investor	0	0	0	0.00
Others	0	0	0	0.00
Sub-Total A(2) :	**87,072,908**	**0**	**87,072,908**	**7.30**
Total A=A(1)+A(2)	**1,068,556,185**	**0**	**1,068,556,185**	**89.58**
PUBLIC SHAREHOLDING				
INSTITUTIONS				
Mutual Funds/UTI/AIF	18,515,337	0	18,515,337	1.55
Financial Institutions/Banks	899,374	3,494,060	4,393,434	0.37
Central Government/State Government(s)	0	0	0	0.00
Venture Capital Funds	0	0	0	0.00
Insurance Companies	0	0	0	0.00
Foreign Institutional Investors	27,596,870	0	27,596,870	2.31
Foreign Venture Capital Investors	0	0	0	0.00
Qualified Foreign Investor	0	0	0	0.00
Others	0	0	0	0.00
Sub-Total B(1) :	**47,011,581**	**3,494,060**	**50,505,641**	**4.23**
NON-INSTITUTIONS				
Bodies Corporate	7,065,369	0	7,065,369	0.59
Individuals				
(i) Individuals holding nominal share capital upto ₹ 2 lakh	18,903,248	0	18,903,248	1.58
(ii) Individuals holding nominal share capital in excess of ₹ 2 lakh	4,982,560	0	4,982,560	0.42
Others				
CLEARING MEMBERS	42,288,041	0	42,288,041	3.55
NON RESIDENT INDIANS	48,499	0	48,499	0.00
NRI NON-REPATRIATION	20,906	0	20,906	0.00
TRUSTS	434,495	0	434,495	0.04
Qualified Foreign Investor	0	0	0	0.00
Sub-Total B(2) :	**73,743,118**	**0**	**73,743,118**	**6.18**
Total B=B(1)+B(2) :	**120,754,699**	**3,494,060**	**124,248,759**	**10.42**
Total (A+B) :	**1,189,310,884**	**3,494,060**	**1,192,804,944**	**100.00**
Shares held by custodians, against which Depository Receipts have been issued				
Promoter and Promoter Group	0	0	0	0.00
Public	0	0	0	0.00
Total C :	**0**	**0**	**0**	**0.00**
GRAND TOTAL (A+B+C) :	**1,189,310,884**	**3,494,060**	**1,192,804,944**	**100.00**

Price at Exchanges for the Financial Year Under Review

During the year, the shares of your Bank were traded for only two working days as it was listed on March 27, 2018.

Months	Stock Price at NSE		Stock Price at BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
March 2018	499.00	455	498.40	455.00

Source NSE & BSE Websites

Code for Prevention of Insider Trading

The Bank has adopted a code for the prevention of insider trading in the shares of the Bank. The code, inter-alia, prohibits purchase/sale of shares of the Bank by insiders while in possession of unpublished price sensitive information in relation to the Bank.

Debenture Trustees

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

The Debenture Trustee

Axis Trustee Services Limited

Axis House, 2nd Floor,

Wadia International Centre,

Pandurang Budhkar Marg, Worli,

Mumbai – 400025

Tel No.: 0222425 5226

Plant Locations

Being in the banking business, the Bank does not have any plant. However, the Bank has 936 Branches, 2,764 DSCs and 460 ATMs in 356 cities/towns (metro and urban locations only) as on March 31, 2018. The locations of the branches are also displayed on the Bank's website.

CEO and CFO Certification

The Managing Director & CEO and the CFO of the Bank give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI LODR. The quarterly certificate for the quarter ended March 31, 2018 on financial results was placed before the Board in terms of Regulation 33(2) of SEBI LODR.

Compliance Certificate

A Certificate from CS Deepak Kumar Khaitan, Practicing Company Secretary (FCS No. 5615), regarding compliance with the conditions of Corporate Governance, as stipulated in SEBI LODR, is annexed to the Directors' Report as **Annexure - 10** and forms part of the Annual Report.

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

Other Useful information for Shareholders

1) Unpaid/Unclaimed Dividends

The Bank was incorporated on December 23, 2014. Since inception, the Bank has not declared any dividend. Hence, the Bank was not required to transfer any amount to Investor Education and Protection Fund (IEPF).

2) Equity Shares in the Suspense Account

In terms of Regulation 39 (4) of the SEBI LODR read with Schedule VI of the said Regulation, the details of Equity shares lying in the suspense account are given below:-

Particulars (From March 23, 2018 * to March 31, 2018)	No. of cases	No. of shares
Number cases outstanding at beginning	25	1,000
Number of shareholders approached	0	0
Number of cases and shares Transferred	0	0
Number of cases outstanding	25	1,000

* Since the shares of the Bank were allotted on March 23, 2018 pursuant to IPO.

3) Green Initiative in Corporate Governance

In furtherance of the 'Green Initiative in Corporate Governance' initiated by the Ministry of Corporate Affairs, the Bank once again requests all the shareholders, holding shares in dematerialised form and who have not yet registered their e-mail address, to register their e-mail address with the Bank for receiving notice/documents including Annual Report in electronic mode through their concerned Depository Participants. Shareholders who hold shares in physical form and who have not yet registered their e-mail address are requested to register their e-mail id with Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the Bank.

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

Chairman
Harun Rasid Khan
[DIN : 07456806]

Place: Kolkata
Date: June 05, 2018

Annexure - 7

Form No. MGT.9
Extract of Annual Return
as on the financial year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other Details:

i) CIN:-U67190WB2014PLC204622

ii) Registration Date: December 23, 2014

iii) Name of the Company: Bandhan Bank Limited

iv) Category / Sub-Category of the Company: Public Company / Limited by shares

v) Address of the Registered office and contact details: DN-32, Sector-V, Salt Lake, Kolkata – 700091, Ph: 033-66090909; Fax : 033-66090502

vi) Whether listed company Yes / No : Yes

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Karvy Computershare Private Limited. Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032, Phone: 040- 67162222, Fax : 040 – 23001153, Toll Free No : 1800 345 4001

II. Principal Business Activities of the Company

All the business activities contributing 10 percent or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Banking and Financial Services	Code : 64191	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Bandhan Financial Holdings Limited; DN-32, Sector - V, Salt Lake City, Kolkata - 700091	U67190WB2014PLC204317	Holding	82.28	2(87)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	5	5	0.00	237	-	237	0.00	0.00
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	982,957,476	982,957,476	89.76	981,483,040	-	981,483,040	82.28	7.48
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other..	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-		982,957,481	982,957,481	89.76	981,483,277	-	981,483,277	82.28	7.48
2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-				-
e) Any Other....	-	-	-	-	-	-		-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	982,957,481	982,957,481	89.76	981,483,277		981,483,277	82.28	7.48
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	18,515,337	-	18,515,337	1.55	1.55
b) Banks/FI	-	3,494,060	3,494,060	0.32	899,374	3,494,060	4,393,434	0.37	0.05
c) Central Govt.	-	-	-		-	-	-	-	-
d) State Govt. (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	27,596,870	-	27,596,870	2.31	2.31
h) Foreign Venture Capital Funds	-		-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-		3,494,060	3,494,060	0.32	47,011,581	3,494,060	50,505,641	4.23	3.91
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	7,065,369	-	7,065,369	0.59	0.59
ii) Overseas		108,689,492	108,689,492	9.92	87,072,908	-	87,072,908	7.30	2.62
b) Individuals	-		-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	-	1	1	0.00	18,903,248	-	18,903,248	1.58	1.58
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	-	-	-	-	4,982,560	-	4,982,560	0.42	0.42
c) Others (specify)	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	42,288,041	-	42,288,041	3.55	3.55
NRI	-	-	-	-	48,499	-	48,499	0.00	0.00
NRI – Non Repatriation	-	-	-	-	20,906	-	20,906	0.00	0.00
Trusts	-	-	-	-	434,495	-	434,495	0.04	0.04
Sub-total (B)(2):-	-	108,689,492	108,689,492	9.92	160,816,026	-	160,816,026	13.48	3.56
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	112,183,553	112,183,553	10.24	207,827,607	-	211,321,667	17.71	7.47
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	1,095,141,034	1,095,141,034	100	1,189,310,884	3,494,060	1,192,804,944	100	0

(ii) Shareholding of Promoter & Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1	Bandhan Financial Holdings Limited	982,957,476	89.76	0	981,483,040	82.28	0	7.48
2.	Individuals/Hindu Undivided Family	5	0	0	237	0	0	0
	Total	**982,957,481**	**89.76**	**0**	**981,483,277**	**82.28**	**0**	**7.48**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	**Bandhan Financial Holdings Limited**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	982,957,476	89.76	982,957,476	89.76
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):	1,474,436 (transfer of 1,474,436 equity shares of the Bank held by Bandhan Financial Holdings Limited to Mr. Chandra Shekhar Ghosh on 21st December 2017)			
	At the End of the year	981,483,040	82.28		

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	CALADIUM INVESTMENT PTE. LTD	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	**For Each of the Top 10 Shareholders**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	54,648,030	4.99	54,648,030	4.58
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	Nil			
	At the End of the year (or on the date of separation, if separated during the year)	54,648,030	4.58		

Sl. No.	INTERNATIONAL FINANCE CORPORATION	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2	**For Each of the Top 10 Shareholders**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	35,126,951	3.21	35,126,951	3.21
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	Offer for sale of up to 14,050,780 equity shares by IFC on March 23, 2018			
	At the End of the year (or on the date of separation, if separated during the year)	21,076,171	1.77%		

Sl. No.	IFC FIG INVESTMENT COMPANY I	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	18,914,511	1.73%	18,914,511	1.73%
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	Offer for sale of up to 7,565,804 equity shares on March 23, 2018			
	At the End of the year (or on the date of separation, if separated during the year)	11,348,707	0.95		

Sl. No.	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
4	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3,494,060	0.32	3,494,060	0.32
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	NA	NA		
	At the End of the year (or on the date of separation, if separated during the year)	3,494,060	0.29		

Sl. No.	EDELWEISS BROKING LIMITED	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
5	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	2,411,562	0.20		

Sl. No.	MARWADI SHARES AND FINANCE LTD.	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
6	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	2,244,508	0.19		

Sl. No.	STANDARD CHARTERED BANK	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
7	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	2,148,929	0.18		

Sl. No.	JM FINANCIAL SERVICES LIMITED	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
8	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	1,976,605	0.17		

Sl. No.	BNP PARIBAS ARBITRAGE	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
9	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	1,793,259	0.15		

Sl. No.	ECAP EQUITIES LIMITED	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
10	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	1,739,770	0.15		

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Mr. Chandra Shekhar Ghosh, Managing Director & CEO	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	1 (transfer of 1 equity share held on behalf of BFHL by Mr. Chandra Shekhar Ghosh to Mr. Partha Pratim Samanta on July 26, 2017) 1,474,436 (transfer of 1,474,436 equity shares of the Bank held by Bandhan Financial Holdings Limited to Mr. Chandra Shekhar Ghosh on December 21, 2017)	0.12	1,474,436	0.12
	At the End of the year	1,474,436	0.12		

V. INDEBTEDNESS

1. Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in lakh) (As on March 31, 2018)

Particulars		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i)	Principal Amount	51,893.84	51,000	2,322,865.79	2,425,759.63
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	0.80	1,369.43	2,225.83	3,596.06
Total (i+ii+iii)		**51,894.64**	**52,369.43**	**2,325,091.62**	**2,429,355.69**
Change in Indebtedness during the financial year					-
•	Addition	-	-	1,065,446.40	1,065,446.40
•	Reduction	51,894.64	22,879.62	-	74,774.26
Net Change		**-51,894.64**	**-22,879.62**	**1,065,446.40**	**990,672.14**
Indebtedness at the end of the financial year					
i)	Principal Amount	-	28,500	3,386,900.2	3,415,400.2
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	989.81	3,637.82	4,627.63
Total (i+ii+iii)		**-**	**29,489.81**	**3,390,538.02**	**3,420,027.83**

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		MD	WTD	WTD	Manager	
1.	Gross salary	₹ 20,400,000$	N.A.	N.A.	N.A.	₹ 20,400,000
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2.	Stock Option	200,000 Options*	-	-	-	200,000 Options*
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit others, specify.	-	-	-	-	-
5.	Others, please specify Performance based Variable Pay	₹ 1,415,524	-	-	-	₹ 1,415,524
	PF employer contribution	₹ 2,130,300				₹ 2,130,300
	Total (A)	₹ 23,945,824	-	-	-	₹ 23,9458,24
	Ceiling as per the Act					**5% of Net Profit**

* Approved by the shareholders on November 23, 2017 and December 20, 2017 and RBI on May 07, 2018

$ Includes remuneration of ₹ 17,700,000 for FY 2017-18 as approved by RBI on December 20, 2017 and arrear salary of ₹ 2,700,000 for FY 2016-17 and FY 2017-18.

B. Remuneration to other directors: (₹ in lakh)

Sl. no.	Particulars of Remuneration	Name of Directors										Total Amount
	1.Independent Directors	Dr. Ashok Kumar Lahiri	Mr. S K Chakrabarti	Mr. Bhaskar Sen	Mr. Chintaman Mahadeo Dixit	Mr. Boggarapu Sambamurthy	Mr. Pradip Kr Saha	Prof. Krishnamurthy Venkata Subramanian	Mr. Snehomoy Bhattacharya	Ms. T.S Raji Gain	Mr. H.R. Khan	
I	Fee for attending Board Meetings	4.5	5	5.5	5.5	5	4	4.5	5	3.5	0.5	43
II	Committee meetings	0.6	5.1	9	3.6	4.2	5.4	2.4	4.5	0.9	0.0	35.7
III	Commission											
IV	Others, please specify											
	Total (1)	**5.1**	**10.1**	**14.5**	**9.1**	**9.2**	**9.4**	**6.9**	**9.5**	**4.4**	**0.5**	**78.7**
	2.Other Non-Executive Directors	Dr. Holger Dirk Michaelis (Caladium Investment Pte Ltd)	Mr. Ranodeb Roy	Ms. Georgina Elizabeth Baker (IFC)								
I	Fee for attending Board Meetings	3.5	4	1.5								9
II	Committee meetings	0	3.6	0								3.6
III	Commission											
IV	Others, please specify											
	Total (2)	**3.5**	**7.6**	**1.5**								**12.6**
	Total (B) = (1 + 2)											**91.3**
	Total Managerial Remuneration											330.75
	Overall Ceiling as per the Act											11% of Net Profit

C. Remuneration to Key Managerial Personnel Other than MD / Manager / WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		Manager	Company Secretary	CFO	Total
1.	Gross salary (₹)		₹ 2,657,674	₹ 7,444,127	₹ 10,101,801
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		-	-	-
	Value of perquisites u/s 17(2) Income-tax Act, 1961		-	-	-
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961		-	-	-
2.	Stock Option		8,141 Options	60,475 Options	68,616 Options
3.	Sweat Equity		-	-	-
4.	Commission		-	-	-
	- as % of profit		-	-	-
	- others, specify...		-	-	-
5.	Others, please specify (Performance based Variable Pay)		397,681	1,937,997	2,335,678
	Total (₹)		**₹ 3,055,355**	**₹ 9,382,124**	**₹ 12,437,479**

VII. Penalties/Punishment/Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
DIRECTORS			Nil		
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			Nil		
Compounding					

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

Chairman
Harun Rasid Khan
[DIN : 07456806]

Place: Kolkata
Date: June 05, 2018

Annexure - 8

Management Discussion & Analysis Report

Global and Indian Economy Scenario: An Overview

A. Global Economic Scenario

1. The global economy's uptick began in the second half of FY16 and continued to remain buoyant in FY17, growing by 3.8 per cent. The world's economy is expected to continue to grow at 3.9 per cent in FY 2018 & 19[1], contingent to conducive and supportive conditions.

2. Key factors influencing global growth trends are discussed as under[2] :

   a. USA and Canada remain in good shape owing to higher consumer spending and rising private consumption as the excess labour supply enables firms to hire significant number of new workers. However, USA's Federal Reserve is expected to keep moving away from loose monetary conditions and continue to raise interest rates periodically.

   b. The economy of Euro zone is likely to lose momentum due to a pronounced drag exerted by demographic factors in increasing number of countries of the region. Another major reason for dwindling growth in the area is the lack of major progress from the standpoint of further integration of the economic and monetary union.

   c. Continuous winding down of quantitative easing (QE) by USA's Federal Reserve and the expectation of similar action by the European Central Bank (ECB) and Bank of Japan (BOJ) may impact financial markets. However, the effects are yet to be comprehended by financial experts. While, the Federal Reserve is making effort to minimise disruption by providing sufficient notice on its QE programme, ECB & BOJ are also likely to follow identical strategies but estimates of their impact on financial markets remain ambiguous.

   d. China's economy is likely to slow down on its own. And its impact may be significant if coupled with USA's move towards a protectionist trade policy, which most analysts predict post its import tariff on steel and aluminium in March 2018.

   e. China's growth rate will influence Latin American economies, especially commodity exporters like Brazil and Argentina.

   f. While India is likely to retain the title of the fastest growing large economy, the strengthening of commodities price, especially crude oil will weigh negatively on its overall growth prospects.

   g. Association of Southeast Asian Nations (ASEAN) members are expected to experience stable growth rate, averaging in the range of 4.5 per cent to 5 per cent.

   h. Due to ongoing geopolitical risk concerns, policy uncertainty and macroeconomic unevenness, the Middle East and North African (MENA) region will grow at a rate lower than the global economy.

   i. The strengthening of export prices may provide Sub-Saharan African economies favourable tailwinds. However, the quality of internal policy management and tightening of QE in developed countries may exert a drag on their future potential and the region's growth rate may remain stunted below 3 per cent.

   j. Global oil prices may remain range-bound at USD 60-70/barrel, which is at one of the highest levels since the last quarter of 2014. Crude oil prices are likely to remain uncertain due to the imminent US decision on Iranian nuclear deals and disruption owing to the prevailing geopolitical conditions in MENA region. These factors may impact negatively net importer countries like India.

B. Indian Economic Scenario

1. According to the Economic Survey report 2017-18, the Government advance India GDP growth data showed India's economic growth likely to be 6.5 per cent during FY 2017-18. This was primarily due to lower than expected performance of agriculture and manufacturing sectors. In the second quarter (July to September) of FY 2017-18, India's economy made a comeback at 6.3 per cent from a three-year low of 5.7 per cent in previous quarters. Besides, large scale rationalisation of GST rates on 178 products in November 2017 led to a fall in government revenues, which picked up in later months[3] .

2. The RBI Governor made the following observations about India's economy while addressing the International Monetary Finance Committee in April 2018[4] :

   a. India's economy turned in a resilient performance in FY 2017-18 due to strong rebound in the second half of FY 2017-18 on the back of a turnaround in investment demand. This was supported by

1. World Economic Outlook Report, April 2018, IMF
2. The Economist – Intelligence Unit report dated April 18, 2018
3. https://www.financialexpress.com/budget/economic-survey-2017-18-gdp-growth-india-growth-rate-rebound-arun-jaitley/1034135/
4. https://www.thehindubusinessline.com/economy/real-gdp-growth-may-expand-to-74-in-2018-19-rbi-governor/article23634616.ece

accelerated manufacturing, rising sales growth, pick-up in capacity utilisation, strong activity in the services sector and record agriculture harvest.

b. Considering that risks to inflation are tilted to the upside mainly on account of the hardening bias in crude oil prices and other macro-economic factors, the monetary policy rate was kept unchanged at 6.0 per cent in April 2018 with a neutral stance.

c. The United Nations Conference on Trade and Development's (UNCTAD) survey of multinational enterprises ranked India as the third most favoured destination for foreign direct investment (FDI) for the period 2017-19. Reflecting these developments, India's foreign exchange reserves stood at $424 billion, which were equivalent to 11 months of imports.

d. India persevered with structural reforms covering a range of domains including a flexible inflation targeting framework for monetary policy; liberalisation of FDI flows; a unique identification (Aadhaar) backed direct benefit transfers; an insolvency and bankruptcy code; Goods and Services Tax (GST); realty reforms; and a swathe of measures for improvement in the ease of doing business. These factors have improved India's global ranking in the World Bank's Ease of Doing Business assessment.

3. Overall, India's economic scenario remains encouraging with eminent financial institutions such as the World Bank, International Monetary Fund (IMF), Asian Development Bank and others predicting that growth rate may remain range-bound at 7-7.5 per cent during FY 2018-19. This prediction places India among the fastest growing major economies.

4. In April 2018, India's overall exports rose 7 per cent to ₹170,052 crore and trade deficit widened to $13.72 billion. This is $47 million higher than the $13.25 billion trade deficit reported in April 2017 by the Ministry of Commerce. The higher deficit is on account of the near doubling of crude oil prices. However, the deficit was mitigated by lower gold and jewellery imports. The impact of higher crude oil prices is likely to play a major in role in the ongoing fiscal year[5] .

C. Indian Banking Industry Developments during FY 2017-18 and the way forward:

1. The Economic Survey report for FY 2017-18 highlights the following regarding India's banking sector's performance:

a. The performance of India's banking sector, especially the public-sector banks, remained subdued. The gross non-performing advances (GNPA) ratio for Scheduled Commercial Banks increased from 9.6 per cent to 10.2 per cent between March 2017 and September 2017.

b. Non-food credit (NFC) grew at 8.85 per cent y-o-y in November 2017 vis-à-vis 4.75 per cent in November 2016 driven primarily by growth in lending to services and personal loan segments (PL).

c. Industrial sector credit growth picked pace in November 2017 after remaining persistently negative from October 2016 to October 2017. However, the growth of credit to medium scale industry has remained negative since June 2015.

2. The twin balance sheet problem, i.e., balance sheet of Indian companies and majority of banks continue to be under stress and has been the major determinant for subdued credit growth.

3. The provision of funds for re-capitalisation of public-sector banks coupled with improved recovery due to speedy resolution under new Bankruptcy law, would enable the Banks to capitalise on the rising demand for credit due to projected higher growth rates in the next two to three years' time horizon.

4. The Government of India (GoI) has rolled out several initiatives to increase the adoption of digital transactions mainly in the Retail Banking space. The bedrock created by these initiatives is likely to usher in various trends in digital banking. The following trends could become major differentiators in future for India's banking industry:

a. Machine learning and use of chatbots

b. Extension of digital coverage to corporate banking and small and medium enterprises (SME) as hitherto digital coverage has mainly been profound in Retail Banking space

c. Innovation in digital banking offer cost-effective solutions for including data rich but credit poor customer into mainstream banking

d. Bank-Fintech partnership will continue to grow driving down the overall cost of intermediation, and thereby exerting pressure on banks' profit margins

e. Robotic process automation

f. Strengthening cyber security to bolster the government's plans to continue the march towards 'less cash' society by turbocharging the adoption of digital banking through various options/solutions

Bandhan Bank's Operations

Your Bank's journey from only micro-banking operations to a universal bank continues with newly designed products and services to meet the banking needs of diverse customer segments.

5. https://www.thehindubusinessline.com/economy/trade-deficit-widens-marginally-to-137-b-in-april/article23895655.ece?utm_source=rss_feed&utm_medium=referral&utm_campaign=rss_syndication&utm_content=twit&utm_term=SOF.

A. Performance of General Banking

- **Branch Banking**

1. Your Bank has moved away from the Zonal Head structure (4 zones), where the Zonal Heads were based at the corporate office and travelled across locations, to the Regional Head structure (10 regions). At present, the Regional Heads lead the team of Cluster Heads with the branches reporting to them. The Regional Heads report to the Head—Branch Banking who is based at the Head Office. This ensures seamless flow of information from the Head Office due to the proximity of the Regional Heads to the branches. It also provides superior operational and administrative control.

2. New initiatives such as NRI Banking and third-party product distribution were successfully undertaken leveraging the restructuring of the branch banking vertical.

3. With 96 new branches being added during the financial year, the total branch distribution network went up to 936 branches as on March 31, 2018. Additionally, there are 2,764 banking outlets, which take the overall banking outlet numbers to 3,700 as on March 31, 2018. The Bank has 460 ATMs.

- **Customer Deposits**

1. The branch network has been distributed over different types of locations, to maintain an appropriate balance among rural (banked and unbanked), semi-urban, urban and metropolitan regions.

2. Overall deposits grew by 46 per cent during FY 2017-18 (Table 1). The composition of deposits indicate that your Bank has been able to reduce its funding through bulk term deposits, and also increase its current and savings account deposits.

Table 1. Deposits of Bandhan Bank

(In ₹ crore)

	As at March 31 , 2018		
Type of deposit	2016	2017	2018
Total	**12,089**	**23,229**	**33,869**
Of which:			
Current account	235	1,453	2,415
Savings account	2,371	5,385	9,209
Term deposits	9,483	16,391	22,245
Of which			
Retail term deposit	1,982	9,590	12,737
Bulk term deposit^	**7,501**	**6,801**	**9,508**

^ Term deposit of ₹ 1 crore and above

- **Merchant Acquiring Business**

1. Your Bank established its merchant acquiring business in FY 2017-18 and started setting up point-of-sale (PoS) terminals in major towns and cities as well as comparatively smaller, cash-intensive towns and villages. In the sixteen months from rollout to end-March 2018, the Bank has installed 18,791 EDC-PoS terminals, which represents a growth of 13,048 new installed terminals during the year under review. During FY 2017-18, transactions worth ₹ 2,268 crore were carried out on your Bank's installed terminals.

- **Digital Payment Channels**

1. The Bank has worked towards digitising the experience for its customers through digitisation of everyday banking activities using an array of digital channels. The Bank offers competitive mobile banking and web banking applications to its customers. With a focus on convenience for its corporate clients, it also offers state-of-the-art corporate web banking application. During the year, the Bank focussed on a set of new initiatives to bring convenience at a single click. Some notable initiatives include Bharat QR, Bharat Bill Pay, bill payments facility and UPI.

2. The focus of the Bank is in line with the government's mission of mobile-first transactions. During FY 2017-18, the number of customers who activated the mobile banking channel of Bandhan Bank increased by 3.29 folds, while its retail web application and corporate web application grew by 1.85 and 3.24 folds, respectively.

- **Small & Medium Enterprises Loan (SME)**

1. Your Bank expanded its Small and Medium Enterprises (SME) loan business by increasing its presence through opening of new SME hubs/Asset Centres in Madhya Pradesh, Odisha, Delhi, Assam, Karnataka, Jharkhand, Andhra Pradesh, Telangana, Chhattisgarh, Gujarat and Rajasthan. At the end of March 2018, there was total loan outstanding of ₹ 414 crore.

2. The SME business vertical focussed on loans of minimum ₹ 10 lakh, which are given as working capital, term loan, and project finance facilities. Services extended to the SMEs included fund-based term-loans and overdraft features, as well as non-fund-based bank guarantees. To minimise risk of default, the Bank developed an internal credit rating model and

concentrated on customers internally rated BB 1 to 4 (4 being the top rating on credit assessment).

3. To build a solid SME customer base, the Bank pursued a focussed approach and provided service commitment to render timely and adequate support. During FY 2017-18, the Bank participated in various MSME seminars, workshops and trade fairs organised by the Reserve Bank of India (RBI) and state governments. Participation in such exhibitions and trade fairs helped the Bank to explain customers the importance of innovation, marketing, technology and the use of social media to grow their businesses. Your Bank will strive to increase the SME customer base during the coming year by leveraging resources at newly opened asset centres as well as opening new SME hubs/asset centres in Tamil Nadu, Uttar Pradesh and Bihar.

- **Small Enterprise Loan (SEL)**

1. Your Bank has increased its exposure in Small Enterprise Loan (SEL), a unique loan product for small businesses, which was launched in FY 2016-17. It is available in amounts between ₹ 1 lakh to ₹ 10 lakh. Within 21 months of commencing operations, at end-March 2018, there were 137 credit centres to assess and disburse SEL. The total SEL loan amount outstanding from 86,089 customers was ₹ 1,639 crore.

2. The SEL business plan for 2018-19 proposes to focus on the following to accentuate its portfolio:

    a. Expeditious processing of loan proposals with an end-to-end solution for loan processing from lead generation to disbursal

    b. Additional credit centres in locations of business potential

    c. Increasing exposure in southern and northern parts of India

    d. Risk management capabilities by enhancing the early warning system model based on holistic customer information and development of advanced credit rating tools

- **Retail Assets**

1. Retail lending books of your Bank has grown by 250 per cent in FY 2017-18. The Bank had 36,542 retail loan accounts with the total outstanding at ₹ 1,366.70 crore on March 31, 2018. The growth in retail lending will continue at a rapid pace with focus on affordable housing loan, loan against property and personal loans. The initiative will be supported by geographic expansion of home loan centres, addition of multiple sourcing avenues and cross-selling to existing customers.

2. Your Bank added other sourcing avenues in affordable housing segment by collaborating with developers who are into construction of affordable housing projects and referral partners for reaching out to more customers in this segment.

3. Your Bank expanded its home loan business by increasing its presence through opening new home loan centres in Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Delhi, Uttar Pradesh and Uttrakhand in FY 2017-18. At the end of March 2018, there were 15 retail assets centres processing the home loan and loan against property proposals. The Bank plans to consolidate its position in affordable home loans in these states in the FY 2018-19 by leveraging its existing branch network and customer base. It intends to open more centres in these states for faster processing and better monitoring and control of the portfolio.

- **Gold Loans**

1. Gold jewellery plays a dual role in India. It is an investment as well as an adornment, hence a considerable number of Indians invest in gold through 22 carat jewellery. Income is a powerful factor for gold purchase, and income levels are expected to rise in the country. The IMF forecasted per capita GDP to grow by 35 per cent for the 2015–2020 period.

2. During FY 2017-18, your Bank forayed into the gold loan business by commencing gold loan operations at 57 branches in eastern India. On March 31, 2018, the Bank's outstanding gold loan book stands, at ₹ 43.1 crore from 8,205 customers.

3. The USP of your Bank's product is hassle-free quick disbursement, while ensuring high standard of safety and security of the collateral.

- **Third-party Products**

1. The year FY 2017-18 marked the Bank's entry into distribution of third-party products from its branches.

2. The Bank currently distributes mutual funds and standalone health insurance products only. Mutual funds are being distributed only through select metro and urban branches and as on March 31, 2018, 285 branches are 'live' for mutual fund distribution and total business sourced in FY 2017-18 is ₹ 102.05 crore earning an income of ₹ 73.31 lakh.

3. Your Bank is currently distributing standalone health insurance products across all branches. The response for the products has been encouraging and the total business generated in FY 2017-18 is ₹ 16.30 crore (from December 2017 till March 31, 2018) and the gross fee income generated is ₹ 2.40 crore.

B. Performance of Micro Banking

1. Micro banking helps achieve financial inclusion. While most other banks are now foraying into micro banking after years of general banking operations, your Bank has followed a bottom up approach. Bandhan Bank has successfully transitioned from a micro-finance organisation into a general banking institution.

2. Your Bank's commitment to financial inclusion is reflected from the fact that it offered loans to 1,386,976 new borrowers in FY 2017-18. The growth of over 30 per cent in the aggregate micro-banking asset portfolio from ₹ 21,418 crore to ₹ 27,670 crore during FY 2017-18, is another indicator of our commitment. Your Bank increased its presence by opening 320 new door step centres (DSC) pan-India with sole focus of financial inclusion.

3. The micro-banking loans continued to be in four categories:

    a. Suchana Loan: ₹ 1,000 to ₹ 25,000 (No Processing Fee) — Loan size is up to ₹ 25,000 and is sanctioned to micro-banking customers for deploying eligible income generating activities

    b. Srishti Loan: ₹ 25,000 to ₹ 100,000 — Loan size is above ₹ 25,000 and is sanctioned to micro-banking customers for expanding their business enterprise

    c. Suraksha Loan: up to ₹ 10,000 — Loan size is up to ₹ 10,000 and is sanctioned to micro-banking customers to meet emergency expenses due to health issues

    d. Susiksha Loan: up to ₹ 10,000 — Loan size is up to ₹ 10,000 and is sanctioned to micro-banking customers to meet expenses towards education of their children

4. Your Bank provides a safe, secure and profitable avenue for its micro-banking customers to deploy their savings. Deposit book of micro banking segment registered an impressive growth during FY 2017-18 by garnering ₹ 2,305 crore in aggregate deposits -- ₹ 2,109 crore in current and savings account deposits and ₹ 186 crore in term deposits – from micro-banking customers.

5. Your Bank is cognizant of the criticality of skilled and dedicated human resources. It successfully conducted training programmes at its Learning Centre in Rajpur to continue building and maintaining a robust talent pool across its various training centres. The Bank is committed to developing a strong team spirit and sense of ethics, and a customer-friendly attitude throughout the organisation.

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

Chairman
Harun Rasid Khan
[DIN : 07456806]

Place: Kolkata
Date: June 05, 2018

Annexure - 9

Declaration as Prescribed Under Schedule V as Required Under SEBI LODR

I confirm that for the year under review, all Directors and Senior Management have affirmed their adherence to the provisions of the Code of Conduct of Directors and senior management personnel.

Kolkata,
June 05, 2018

Chandra Shekhar Ghosh
Managing Director & CEO
Bandhan Bank Limited

Annexure - 10

Compliance Certificate

Regarding Compliance of Conditions of Corporate Governance

For the Financial year ended on March 31, 2018
[as prescribed under the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To the Members of
Bandhan Bank Limited
(CIN U67190WB2014PLC204622)

1. I have reviewed the compliance of conditions of Corporate Governance by Bandhan Bank Limited (hereinafter referred to as 'the Company'), for the year ended on March 31, 2018, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') for the period from March 27, 2018 to March 31, 2018 (hereinafter referred to as the 'audit period').

2. In my opinion and to the best of my information and according to the examinations of the relevant records and the explanations given to me and the management representation letter of even date, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paras C, D and E of Schedule V of the Listing Regulations, for the audit period.

3. The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to review the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. I further state that such compliance is neither an assurance as to the futureviability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : June 05, 2018
Place: Kolkata

Name: **Deepak Kumar Khaitan**
F.C.S. No.: 5615/ C.P. No.: 5207
ICSI Unique Code No.:I2003WB347200



Financial Statements

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Independent Auditor's Report

To,
The Members of Bandhan Bank Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Bandhan Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Bank's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 in so far as they apply to the Bank and the Guidelines issued by the Reserve Bank of India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for the banking companies and give a true and fair view of the state of affairs of the Bank as at March 31, 2018, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 and read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

2. As required sub Section (3) of Section 30 of the Banking Regulation Act, 1949 and the appointment letter dated July 05, 2017, we report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

   (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

(c) The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the Bank branches; we have visited 35 branches and 25 Doorstep Service Centres (DSCs) associated with the Bank branches, for the purpose of our audit.

3. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

(c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

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

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

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

per Amit Kabra
Partner
Membership Number: 94533
Place of Signature: Mumbai
Date: April 27, 2018

Balance Sheet

as at March 31, 2018

(₹)

	Schedule	As at March 31, 2018	As at March 31, 2017
Capital & Liabilities			
Capital	1	11,928,049,440	10,951,410,340
Reserves & Surplus	2	81,891,421,979	33,513,143,577
Deposits	3	338,690,019,980	232,286,578,639
Borrowings	4	2,850,000,000	10,289,384,196
Other liabilities and provisions	5	7,741,070,083	15,320,387,230
Total		**443,100,561,482**	**302,360,903,982**
Assets			
Cash and balances with Reserve Bank of India	6	28,370,671,271	60,120,659,726
Balance with Banks and Money at call and short notice	7	26,735,164,184	13,529,327,194
Investments	8	83,719,408,237	55,164,872,304
Advances	9	297,130,360,626	168,390,778,586
Fixed Assets	10	2,381,283,507	2,517,863,026
Other Assets	11	4,763,673,657	2,637,403,146
Total		**443,100,561,482**	**302,360,903,982**
Contingent liabilities	12	762,416,986	236,299,515
Bills for collection		-	-
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

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

Per Amit Kabra
Partner
Membership Number : 94533

Place : Mumbai
Date : April 27, 2018

For Bandhan Bank Limited

B. Sambamurthy
Director

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

Profit & Loss Account

for the year ended March 31, 2018

(₹)

		Schedule	Year ended March 31, 2018	Year ended March 31, 2017
I.	**Income**			
	Interest Earned	13	48,022,963,240	39,087,091,545
	Other Income	14	7,061,845,715	4,114,134,371
	Total		**55,084,808,955**	**43,201,225,916**
II.	**Expenditure**			
	Interest Expended	15	17,700,604,007	15,052,105,879
	Operating Expenses	16	13,083,103,397	10,220,049,636
	Provisions & Contingencies	18.1	10,845,533,402	6,809,543,026
	Total		**41,629,240,806**	**32,081,698,541**
III.	**Net Profit for the period (I-II)**		13,455,568,149	11,119,527,375
	Balance in Profit & Loss Account brought forward from previous year		10,484,347,376	2,153,813,134
IV.	**Amount available for appropriations**		23,939,915,525	13,273,340,509
V.	**Appropriation**			
	Transfer to Statutory Reserves		3,363,892,037	2,779,881,844
	Transfer to Other Reserves		-	-
	Transfer to Government Reserve		-	-
	Proposed Dividend (Refer Note 18.3)		-	-
	Transfer to Capital Reserve		-	9,111,289
	Balance carried over to Balance Sheet		20,576,023,488	10,484,347,376
	Total		**23,939,915,525**	**13,273,340,509**
VI.	**Earnings per Share**			
	Basic & Diluted (₹) (Refer Note 18.16)		12.26	10.15
	Face value per share (₹)		10	10
Significant Accounting Policies and Notes to Accounts		17 & 18		

Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date

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

Per Amit Kabra
Partner
Membership Number : 94533

Place : Mumbai
Date : April 27, 2018

For Bandhan Bank Limited

B. Sambamurthy
Director

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

Cash Flow Statement

for the year ended March 31, 2018

(₹)

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A.	**Cash flow from Operating Activities :**		
	Profit Before Taxation	20,558,974,395	17,044,722,479
	Adjustments for :		
	Depreciation and amortization	859,230,013	668,520,066
	Provision on Standard Assets	1,069,883,682	324,052,855
	Provision for non - performing assets	2,261,446,117	514,055,262
	Provision for other contingencies	(39,844,775)	27,335,216
	Interest income on fixed deposits	50,325,318	(163,672)
	Provision for depreciation in value of investments	450,642,132	18,904,589
	Loss on Sale of Fixed Assets	-	3,010,690
	Operating Profit Before Working Capital Changes	**25,210,656,882**	**18,600,437,485**
	Movements in working capital :		
	Increase in Advances	(131,001,028,157)	(44,529,372,696)
	Increase in Other Assets	(1,453,868,595)	(807,872,396)
	(Increase)/Decrease in Investment	(8,711,744,069)	8,288,493,924
	Increase in Deposit	106,403,441,341	111,399,097,838
	Increase/(Decrease) in Other Current Liabilities and Provisions	(8,288,822,697)	1,715,869,176
	Cash flows (used in)/generated from operations	**(17,841,365,295)**	**94,666,653,331**
	Direct Taxes Paid	(8,096,341,519)	(5,814,716,253)
	Net Cash flows (used in) /generated from Operating Activities (A)	**(25,937,706,814)**	**88,851,937,078**
B.	**Cash flow from Investing Activities :**		
	Purchase of Fixed Assets/Capital work-in-progress	(722,650,494)	(817,829,079)
	Sale of Fixed Assets/Capital work-in-progress	-	746,579
	Interest income on fixed deposits	(50,325,318)	163,672
	Increase in Held to Maturity Investment	(20,293,433,996)	(25,891,934,489)
	Deposits created with banks and financial institutions	(1,349,903,730)	(128,873)
	Net Cash flows used in Investing Activities (B)	**(22,416,313,538)**	**(26,708,982,190)**
C.	**Cash flow from Financing Activities :**		
	Proceeds from share issue(Including share premium)	36,623,966,250	-
	Share issue expenses	(724,616,897)	-
	Proceeds from/ (Repayment) of short term borrowings	(532,902,917)	532,910,000
	Repayment of long term borrowings	(6,906,481,279)	(20,760,001,775)
	Net Cash flows generated from/(used in) Financing Activities(C)	**28,459,965,157**	**(20,227,091,775)**
	Net Decrease In Cash And Cash Equivalents (A+B+C)	**(19,894,055,195)**	**41,915,863,113**
	Cash and Cash Equivalents at the Beginning of the year	73,647,333,047	31,731,469,934
	Cash and Cash Equivalents at the end of the period	**53,753,277,852**	**73,647,333,047**
	Components of Cash and Cash Equivalents :		
	Cash and Balances with Reserve Bank of India (Refer Schedule no. 6)	28,370,671,271	60,120,659,726
	Balance with Banks and Money at call and short notice (Refer Schedule no. 7)	25,382,606,581	13,526,673,321
		53,753,277,852	**73,647,333,047**

Cash and Cash Equivalents excludes Fixed Deposits of ₹ 1,352,557,603 (Previous Year: ₹ 2,653,873) with original maturity of more than three months.

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Per Amit Kabra
Partner
Membership Number : 94533

Place : Mumbai
Date : April 27, 2018

For Bandhan Bank Limited

B. Sambamurthy
Director

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

Schedules

forming part of the Balance sheet as at March 31, 2018

Schedule 1 - Capital

(₹)

	As at March 31, 2018	As at March 31, 2017
Authorized Capital		
5,000,000,000 (Previous Year: 5,000,000,000) equity shares of ₹ 10/- each	50,000,000,000	50,000,000,000
Issued, subscribed and fully paid-up capital		
1,192,804,944 (Previous Year: 1,095,141,034) Equity Share of ₹ 10/- each	11,928,049,440	10,951,410,340
Total	**11,928,049,440**	**10,951,410,340**

Schedule 2 - Reserves & Surplus

(₹)

	As at March 31, 2018	As at March 31, 2017
I. Statutory Reserve		
Opening Balance	3,469,439,428	689,557,584
Additions during the Year	3,363,892,037	2,779,881,844
Deduction during the Year	-	-
Total	**6,833,331,465**	**3,469,439,428**
II. Capital Reserve		
Opening Balance	9,111,289	-
Additions during the Year1	-	9,111,289
Deduction during the Year	-	-
Total	**9,111,289**	**9,111,289**
III. Share Premium Account		
Opening Balance	19,550,245,484	19,550,245,484
Additions during the Year2	35,647,327,150	-
Deduction during the Year3	724,616,897	-
Total	**54,472,955,737**	**19,550,245,484**
IV. Revenue & other Reserves		
Opening Balance	-	-
Additions during the Year	-	-
Deduction during the Year	-	-
Total	**-**	**-**
IV. Balance in Profit and Loss Account	20,576,023,488	10,484,347,376
GRAND TOTAL (I+II+III+IV)	**81,891,421,979**	**33,513,143,577**

1. Appropriations made for profit on sale of investments in held to maturity category, net of taxes and transfer to capital reserve.
2. Securities Premium received on issue of equity shares.
3. Share Issue Expenses

Schedules

forming part of the Balance sheet as at March 31, 2018

Schedule 3 - Deposits

(₹)

			As at March 31, 2018	As at March 31, 2017
A.	I.	Demand Deposits		
		i) From Banks	463,716,458	394,636,214
		ii) From Others	23,681,561,110	14,131,527,882
	II.	Savings Bank Deposits	92,093,852,928	53,847,203,138
	III.	Term Deposits		
		i) From Banks	21,027,575,977	23,085,912,002
		ii) From Others	201,423,313,507	140,827,299,403
Total			**338,690,019,980**	**232,286,578,639**
B.	I.	Deposits of branches in India	338,690,019,980	232,286,578,639
	II.	Deposits of branches outside India	-	-
Total			**338,690,019,980**	**232,286,578,639**

Schedule 4 - Borrowings

(₹)

		As at March 31, 2018	As at March 31, 2017
I.	Borrowings in India		
	i) Reserve Bank of India	-	-
	ii) Other banks	250,000,000	4,656,481,277
	iii) Other Institutions & agencies *	2,600,000,000	5,632,902,919
II.	Borrowings outside India	-	-
Total		**2,850,000,000**	**10,289,384,196**
Secured borrowings included in (ii and iii) above		**-**	**5,189,384,194**

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

Schedule 5 - Other liabilities and provisions

(₹)

		As at March 31, 2018	As at March 31, 2017
I.	Bills Payable	453,348,720	249,184,140
II.	Inter-office Adjustments(Net)	-	-
III.	Interest accrued	462,763,330	359,605,611
IV.	Contingent Provision against Standard Assets	2,625,466,790	1,555,583,108
V.	Provision for Income Tax	241,797,635	562,330,992
VI.	Others *	3,957,693,608	12,593,683,379
Total		**7,741,070,083**	**15,320,387,230**

*Includes ₹ 741,866,003 (Previous year ₹ 9,239,035,031) payable for Inter Bank Participation Certificate (IBPC) transactions (refer note no. 18.31)

Schedule 6 - Cash and balances with Reserve Bank of India

(₹)

		As at March 31, 2018	As at March 31, 2017
I.	Cash In hand	2,013,317,115	2,021,888,049
II.	Balance with Reserve Bank of India		
	i) In Current Account	13,857,354,156	8,948,771,677
	ii) In Other Accounts	12,500,000,000	49,150,000,000
Total		**28,370,671,271**	**60,120,659,726**

Schedules

forming part of the Balance sheet as at March 31, 2018

Schedule 7 - Balances with Banks and Money at call and short notice

(₹)

		As at March 31, 2018	As at March 31, 2017
I.	In India		
i)	Balance with Banks		
a)	In Current Account	6,352,577,889	3,967,386,911
b)	In Other Deposit Accounts	2,702,557,603	2,653,873
ii)	Money at call & short notice		
a)	With banks	14,000,000,000	-
b)	With other institutions	3,637,060,927	9,559,286,410
Total		**26,692,196,419**	**13,529,327,194**
II.	Outside India		
a)	In Current Account	42,967,765	-
b)	In Other Deposit Accounts	-	-
C)	Money at call & short notice	-	-
Total		**42,967,765**	**-**
GRAND TOTAL (I+II)		**26,735,164,184**	**13,529,327,194**

Schedule 8 - Investments

(₹)

		As at March 31, 2018	As at March 31, 2017
I.	Investment in India in		
i)	Government Securities	77,733,619,839	55,181,776,893
ii)	Other Approved Securities	-	-
iii)	Shares	2,000,000	2,000,000
iv)	Debentures & Bonds	-	-
v)	Subsidiaries and /or joint ventures	-	-
vi)	Others (Mututal Fund units, Certificate of Deposits and Pass Through Certificates)	6,453,335,118	-
Total		**84,188,954,957**	**55,183,776,893**
	Less- Provision for Depreciation on Investment	469,546,720	18,904,589
Total		**83,719,408,237**	**55,164,872,304**
II.	Investments outside India	-	-
Total		**-**	**-**
GRAND TOTAL (I+II)		**83,719,408,237**	**55,164,872,304**

Schedule 9 - Advances

(₹)

			As at March 31, 2018	As at March 31, 2017
A.	i)	Bills Purchased & Discounted	-	-
	ii)	Cash credits, overdrafts and loans repayable on demand	11,493,886,153	3,444,837,255
	iii)	Term loans*	285,636,474,473	164,945,941,331
Total			**297,130,360,626**	**168,390,778,586**

* Net of loans outstanding under Inter bank participation certificate ₹ 24,258,133,997 (Previous Year: ₹ 66,760,964,969) and assignment ₹ Nil (Previous Year: ₹ 30,258,719)

B.	i)	Secured by tangible assets (Including Advances against fixed deposits and book debts)	276,145,155,762	148,706,087,719
	ii)	Covered by Bank/Government Guarantees	-	-
	iii)	Unsecured	20,985,204,864	19,684,690,867
Total			**297,130,360,626**	**168,390,778,586**

Schedules

forming part of the Balance sheet as at March 31, 2018

Schedule 9 - Advances (Contd.)

(₹)

		As at March 31, 2018	As at March 31, 2017
C.	**I)** Advances in India		
	i) Priority Sector	115,602,631,771	164,316,171,187
	ii) Public Sector	-	-
	iii) Banks	-	-
	iv) Others	181,527,728,855	4,074,607,399
Total		**297,130,360,626**	**168,390,778,586**
	II) Advances Outside India	-	-
Total		**-**	**-**
GRAND TOTAL (I+II)		**297,130,360,626**	**168,390,778,586**

Schedule 10 - Fixed Assets

(₹)

	As at March 31, 2018	As at March 31, 2017
I) Premises		
Gross Block		
At cost as at March 31 of the preceding year	1,227,778,316	989,255,742
Addition during the Year	187,458,228	241,118,396
Deduction during the Year	-	2,595,822
Total	**1,415,236,544**	**1,227,778,316**
Depreciation		
As at the beginning of the Year	280,179,281	58,157,931
Charge for the year	240,153,996	222,408,043
Deduction during the Year	-	386,693
Depreciation to date	**520,333,277**	**280,179,281**
Net Block	**894,903,267**	**947,599,035**
II) Other Fixed Assets (Including Furniture & Fixture)		
Gross Block		
At cost as at March 31 of the preceding year	2,315,651,705	1,736,040,019
Addition during the Year	535,626,411	581,561,070
Deduction during the Year	834,047	1,949,384
Total	**2,850,444,069**	**2,315,651,705**
Depreciation		
As at the beginning of the Year	745,387,714	299,630,281
Charge for the year	619,076,018	446,112,023
Deduction during the Year	399,903	354,590
Depreciation to date	1,364,063,829	745,387,714
Net Block	**1,486,380,240**	**1,570,263,991**
III) Capital Work-in-progress (including capital advances)	-	-
GRAND TOTAL (I+II+III)	**2,381,283,507**	**2,517,863,026**

Schedules

forming part of the Balance sheet as at March 31, 2018

Schedule 11 - Other Assets

(₹)

		As at March 31, 2018	As at March 31, 2017
i)	Inter Office adjustment (Net)	-	-
II)	Interest Accrued	1,806,325,941	892,508,300
III)	Stationery and stamps	-	-
IV)	Non banking assets acquired in satisfaction of claims	-	-
IV)	Others *	2,957,347,716	1,744,894,846
Total		**4,763,673,657**	**2,637,403,146**

* Includes Deferred Tax Assets of ₹ 1,587,008,395 (Previous Year: ₹ 914,643,658)(Refer note no. 18.14)

Schedule 12 - Contingent liabilities

(₹)

		As at March 31, 2018	As at March 31, 2017
I)	Claims against the Bank not acknowledged as debts	4,646,240	526,170
II)	Liability for partly paid investments	-	-
III)	Liability on account of outstanding forward exchange contracts	-	-
IV)	Guarantees given on behalf of constituents	-	-
	(a) In India	550,074,397	47,092,728
	(b) Outside India	-	-
V)	Acceptances, endorsements and other obligations	-	-
VI)	Other items-Capital Commitments	207,696,349	188,680,617
Total		**762,416,986**	**236,299,515**

Schedule 13 - Interest Earned

(₹)

		Year ended March 31, 2018	Year ended March 31, 2017
I)	Interest/discount on advances/bills	38,236,024,092	31,214,242,133
II)	Income on investments	4,900,221,178	4,280,501,113
III)	Interest on balances with Reserve Bank of India and other inter-bank funds	1,416,106,857	790,297,918
IV)	Others (Includes gain on assignment /IBPC)	3,470,611,113	2,802,050,381
Total		**48,022,963,240**	**39,087,091,545**

Schedule 14 - Other Income

(₹)

		Year ended March 31, 2018	Year ended March 31, 2017
I)	Commission, exchange and brokerage	4,045,044,819	3,204,142,023
II)	Profit/(Loss) on sale of investments (net)	463,376,216	216,774,963
III)	Profit/(Loss) on sale of fixed assets	-	-
IV)	Profit on exchange/derivative transactions	-	-
V)	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VI)	Miscellaneous income (Refer note no. 18.34)	2,553,424,680	693,217,385
Total		**7,061,845,715**	**4,114,134,371**

Schedules

forming part of the Balance sheet as at March 31, 2018

Schedule 15 - Interest Expended

(₹)

		Year ended March 31, 2018	Year ended March 31, 2017
I)	Interest on deposits	16,815,757,766	12,910,788,037
II)	Interest on Reserve Bank of India/Inter-bank borrowings	516,373,356	1,588,098,827
III)	Others	368,472,885	553,219,015
Total		**17,700,604,007**	**15,052,105,879**

Schedule 16 - Operating Expenses

(₹)

		Year ended March 31, 2018	Year ended March 31, 2017
I)	Payments to and provisions for employees	6,879,800,843	5,455,693,847
II)	Rent, taxes and lighting	1,344,092,422	946,680,392
III)	Printing and stationery	210,996,413	204,109,188
IV)	Advertisement and publicity	223,576,442	252,106,859
V)	Depreciation on bank's property	859,230,013	668,520,066
VI)	Directors' fees, allowance and expenses	11,750,291	7,992,493
VII)	Auditors' fees and expenses	11,030,762	8,644,602
VIII)	Law charges	14,619,290	9,011,273
IX)	Postage, telegrams, telephones etc.	202,043,862	225,597,530
X)	Repairs and maintenance	13,674,768	9,375,930
XI)	Insurance	364,562,882	151,045,928
XII)	Other expenditure (Refer note no. 18.35)	2,947,725,409	2,281,271,528
Total		**13,083,103,397**	**10,220,049,636**

Significant accounting policies

forming part of the financial statements for the year ended March 31, 2018

Schedule 17

1. Background

Bandhan Bank Limited (the 'Bank'), incorporated on December 23, 2014 in India, is a banking company, governed by the Banking Regulation Act, 1949. Pursuant to the Banking license received from Reserve Bank of India on June 17, 2015, the Bank has commenced its banking operations from August 23, 2015.

2. Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India ('Indian GAAP'), the guidelines issued by RBI from time to time, the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

3. Use of Estimates

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

4. Significant Accounting Policies

4.1 Revenue Recognition

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

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

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

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

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

All fees from deposit accounts are accounted for as and when they are due and realised.

Income from sale of Priority Sector Lending certificate is recognised at the time of such sale.

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

4.2. Investments

A) Classification

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

Basis of classification:

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

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

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

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

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

Investments are classified as performing or non-performing as per RBI guidelines. Non performing

investments are subjected to similar income recognition and provisioning norms as prescribed by RBI for non-performing advances.

B) Valuation

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

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

'Held to Maturity' securities is carried at their acquisition cost or at amortised cost if acquired at a premium over the face value. Any premium paid on acquisition, over the face value, is amortised over the remaining period of maturity by applying constant yield method. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made.

Quoted investments are valued at traded/quoted price available from recognized stock exchanges, subsidiary general ledgers account transactions, price list of RBI, or prices declared by Primary Dealers Association of India ("PDAI") jointly with Fixed Income Money Market and Derivatives Association ("FIMMDA") as at the balance sheet date. The market/fair value of unquoted government securities which are in the nature of statutory liquidity ratio(SLR) securities included in the 'Available for Sale' and 'Held for trading' categories is valued as per the rate published by the FIMMDA.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at Re.1 as per the RBI guidelines.

The units of Mutual Funds are valued at the latest repurchase price/ net asset value declared by the Mutual Fund.

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

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income/expense over the period of the transaction in the profit and loss account.

4.3 Loans /Advances and Provisions thereon

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs other than micro lending portfolio are made for sub-standard and doubtful assets at rates as prescribed by the RBI.

The Bank has a policy of deferment of installments for micro loan borrowers in case the group meetings have been suspended and the same has not been considered as overdue for the purpose of NPA classification.

Micro Loans Granted for ₹ 25,000 or more are considered as secured loans as the underlying loan agreements include a clause of hypothecation whereby all movable goods procured by the borrowers from time to time from the proceeds of loan are hypothecated in favour of the Bank by way of a first and exclusive charge.

Amounts recovered against debts written off in earlier years are recognised in the profit and loss account as credit to Miscellaneous Income under the head 'Other Income'

The Bank maintains general provision on standard advances as prescribed by RBI. In case of micro lending portfolio, a general provision on standard advances is maintained at 1% which is higher than the minimum provisioning requirement as specified in the RBI guidelines. Provision made against standard assets is included in "Other liabilities & provisions".

Significant accounting policies

forming part of the financial statements for the year ended March 31, 2018

For micro loans, provision for NPAs have been provided at rates which are higher than the minimum rates prescribed by RBI. In case of sub standard assets the rate is 25% and for doubtful and loss assets the rate is 100%.

In case of non-performing micro lending portfolio, where 30 days have elapsed from the completion of loan tenure, the Bank is making 100% provision.

Non-performing loans, which have been fully provided for, are written off when the prospect of recovery is considered remote as per the management estimates.

4.4 Inter Bank Participation Certificate

The Bank enters into Inter Bank Participation with risk sharing as issuing Bank and the aggregate amount of participation are reduced form the aggregate advance outstanding .

Gain on IBPC is the excess of income earned on the participation pool and interest paid to the issuing Bank and is recognised on accrual basis.

4.5 Tangible Assets

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

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

4.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

4.7 Depreciation

Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The useful lives of the groups of fixed assets are given below:

Asset	Useful life
Improvements to leasehold premises	3
Furniture & Fixtures	10
Office equipments (including air conditioners)	5
Motor vehicles	8
Computers	3
Software	3

4.8 Impairment

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

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

4.9 Foreign Currency transactions

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

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

Non-monetary items which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. Non-monetary items, which are measured at fair value or others similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

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

4.10 Employee Stock Option Scheme (ESOS)

In case of Employee stock option plan, measurement and disclosure of the employee share based payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the 'Stock options outstanding account' in reserve. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity

instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

4.11 Retirement and employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Bank has no obligation, other than the contribution payable to the provident fund. The Bank recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Bank provides for compensated absences based on actuarial valuation conducted by an independent actuary.

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

4.12 Income Taxes

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

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

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

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

4.13 Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.14 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Bank has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank

Significant accounting policies

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or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets are not recognised in the financial statements.

4.15 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

4.16 Cash and Cash equivalent

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

4.17 Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account in terms of Section 52(2) of the Companies Act, 2013.

Notes to Accounts

forming part of the financial statements for the year ended March 31, 2018

Schedule 18

The following disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regard.

18.1 "Provisions & Contingencies" recognised in the Profit & Loss Account comprise:

(₹ in crore)

	Year ended March 31, 2018	Year ended March 31, 2017
Provision for Income Tax		
-Current Tax	777.58	625.18
-Deferred tax (Refer Note No. 18.14)	(67.24)	(32.66)
Total Tax Expenses	**710.34**	**592.52**
Provision for Standard assets	106.99	32.41
Provision for non-performing assets [Includes bad debts written off ₹ 51.00 crore (Previous Year:₹ 31.19)]	226.14	47.75
Provision for depreciation in value of investments	45.06	1.89
Provision for restructured assets	-	-
Provision for unhedged foreign currency exposure	-	-
Provision for country risk	-	-
Provision for other contingencies	-3.98	6.39
Total	**1,084.55**	**680.96**

18.2 Capital infusion

During the year ended March 31, 2018, the Bank has raised capital of ₹ 3,662 crores through Initial Public Offer (IPO) by issuing 97,663,910 Equity Shares of ₹ 10/- each. Accordingly, share capital increased by ₹ 97.66 crore and share premium increased by ₹ 3564.74 crore.

Details of movement in the paid-up equity share capital of the Bank are given below:

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
At the beginning of the year	1,095.14	1,095.14
Addition pursuant to share issued during the year	97.66	-
Outstanding at the end of the year	1,192.80	1,095.14

18.3 Proposed dividend

The Board of Directors at its meeting held on April 27, 2018, has proposed a dividend of ₹ 1 per share for the year ended March 31, 2018, subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted for proposed dividend (including tax) aggregating ₹ 143.80 crore (previous year: Nil) as a liability for the year ended March 31, 2018. However, the Bank has reckoned proposed dividend in determining capital funds in computing capital adequacy ratio as at March 31, 2018.

Notes to Accounts

forming part of the financial statements for the year ended March 31, 2018

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

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Capital adequacy (%)		
Common Equity Tier 1 (%)	30.30	24.77
Tier 1 capital ratio (%)	30.30	24.77
Tier 2 capital ratio (%)	1.18	1.59
CRAR (%)	**31.48**	**26.36**
Amount of equity capital raised (including share premium)	3,662.40	-
Amount of additional Tier I capital raised of which:	-	-
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI)	-	-
Amount of Tier II capital raised of which:	-	-
Debt capital instrument	-	-
Preferential capital instrument	-	-
Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares	-	-

The Bank has not redeemed any subordinated debt during the year ended March 31, 2018 and year ended March 31, 2017.

18.5 Investments

A) The Details of investments are set out below:

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
(1) Value of Investment		
(i) Gross value of Investments		
a) In India	8,418.89	5,518.38
b) Outside India	-	-
(ii) Provision for Depreciation		
a) In India	46.95	1.89
b) Outside India	-	-
(iii) Provision for Non- Performing Investments		
a) In India	-	-
b) Outside India	-	-
(iv) Net value of Investments		
a) In India	8,371.94	5,516.49
b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments:		
(i) Opening balance	1.89	-
(ii) Add: Provisions made during the year	45.06	1.89
(iii) Less: Write-offs/write-back of excess provisions during the year	-	-
(iv) Closing balance	46.95	1.89

The Bank is not availing the dispensation provided by RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 02, 2018 on deferment of mark to market losses on investments classified as AFS/ HFT, and have provided for any depreciation fully as on March 31, 2018.

Notes to Accounts

forming part of the financial statements for the year ended March 31, 2018

B) Repo Transactions (in face value terms)

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2018
Securities sold under Repo				
i. Government securities	-	604.32	95.33	-
	-	(1,240.00)	(6.03)	(51.80)
ii. Corporate debt securities	-	-	-	-
	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	6,704.22	2,454.95	1,363.78
	-	(5,710.88)	(1,194.76)	(5,710.88)
ii. Corporate debt securities	-	-	-	-
	-	-	-	-

Previous year figures are shown in"()".

C) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(₹ in crore)

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)
(i) Public Sector Units	-	-	-	-	-
	-	-	-	-	-
(ii) Financial Institutions					
	-	-	-	-	-
(iii) Banks	185.95				185.95
	-	-	-	-	-
(iv) Private Corporates	0.20	0.20		0.20	0.20
	(0.20)	(0.20)	-	(0.20)	(0.20)
(v) Subsidiaries / Joint Ventures					
	-	-	-	-	-
(vi) Others	459.38	59.38	-	59.38	459.38
	-	-	-	-	-
(vii) Provision held towards depreciation	-	-	-	-	-
Total	**645.53**	**59.58**	**-**	**59.58**	**645.53**
	(0.20)	**(0.20)**	**-**	**(0.20)**	**(0.20)**

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.
Previous year figures are shown in"()".

ii) Non performing Non-SLR investments

The Bank does not have any Non performing Non-SLR investment as on March 31, 2018 and March 31, 2017.

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

During the year ended March 31, 2018 and the previous year ended March 31, 2017 the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

Notes to Accounts

forming part of the financial statements for the year ended March 31, 2018

18.6 Derivatives

The Bank has not entered into any derivative transaction during the year ended March 31, 2018 and March 31, 2017.

18.7 Asset Quality

A) Non Performing Assets

(₹ in crore)

Particulars		As at March 31, 2018	As at March 31, 2017
i)	Net NPAs to Net Advances (%)	0.58%	0.36%
ii)	Movement of NPAs (Gross)		
	a) Opening balance	86.26	18.77
	b) Additions during the year	351.58	103.37
	c) Reductions during the year [Includes bad debts written off ₹ 51.00 crore (Previous Year: ₹ 31.19 crore)]	(64.70)	(35.88)
	d) Closing balance	373.14	86.26
iii)	Movement of Net NPAs		
	a) Opening balance	61.17	10.24
	b) Additions during the year	122.65	54.64
	c) Reductions during the year	(10.92)	(3.71)
	d) Closing balance	172.90	61.17
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	25.09	8.53
	b) Provisions made during the year	228.93	48.73
	c) Provision utilised for Write-off / write-back of excess provisions	(53.78)	(32.17)
	d) Closing balance	200.24	25.09

B) Particulars of accounts restructured

The Bank does not have any restructured account as at and for the year ended March 31, 2018 and March 31, 2017.

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

The Bank did not sell any Financial Assets to Securitisation / Reconstruction company for Reconstruction during the year ended March 31, 2018 and March 31, 2017.

D) Details of Non Performing Financial Assets Purchased / Sold

The Bank did not purchase/sell any Non Performing Financial Assets during the year ended March 31, 2018 and March 31, 2017.

E) Provisions on Standard Assets

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Provisions towards Standard Assets	262.55	155.56

F) Disclosure on Advances

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Gross Advances (Including IBPC/Assignment)	32,339.09	23,543.29
Less: Managed Advance (IBPC/Assignment)	2,425.81	6,679.12
Gross Advances (Excluding IBPC/Assignment)	29,913.28	16,864.17
Less: Provision on NPA	200.24	25.09
Net Advances (Refer Schedule 9)	29,713.04	16,839.08

Notes to Accounts

forming part of the financial statements for the year ended March 31, 2018

18.8 The key business ratios and other information is set out below :

(₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest income as a percentage to working funds[1]	14.37%	15.67%
Non-interest income as a percentage to working funds[1]	2.11%	1.65%
Operating profit as a percentage to working funds[1,2]	7.27%	7.19%
Return on assets[1]	4.03%	4.46%
Profit per employee (₹ in crore)[3]	0.05	0.05
Business (deposits less inter-bank deposits plus advances) per employee (₹ in crore) 3	2.32	1.70

1. Working funds represent average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the year ended March 31, 2018 and March 31, 2017.
2. Operating profit is profit for the year before considering provisions and contingencies.
3. Productivity ratios are based on average number of employees for the year.

18.9 Exposures

A) Exposure to Real Estate Sector

(₹ in crore)

Category	As at March 31, 2018	As at March 31, 2017
a) Direct exposure		
(i) Residential Mortgages - represents lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	188.45	64.82
(ii) Commercial Real Estate	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
1. Residential	-	
2. Commercial Real Estate	-	-
b) Indirect exposure	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
Total Exposure to Real Estate Sector	**188.45**	**64.82**

B) Exposure to Capital Market

(₹ in crore)

Category	As at March 31, 2018	As at March 31, 2017
Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	0.20	0.20
Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	-	-
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	-	-
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
Loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
Bridge loans to companies against expected equity flows/issues	-	-

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B) Exposure to Capital Market (Contd.)

(₹ in crore)

Category	As at March 31, 2018	As at March 31, 2017
Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	-	-
Financing to stock brokers for margin trading	-	-
All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**0.20**	**0.20**

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

During the year ended March 31, 2018 and March 31, 2017, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

D) Unsecured Advances against Intangible Collaterals

During the year ended March 31, 2018 and March 31, 2017, there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as collateral by the Bank.

18.10 Miscellaneous

Disclosure of penalties imposed by RBI

No penalty has been levied on the Bank by RBI during the year ended March 31, 2018 and March 31, 2017.

18.11 Employee Benefits

A) Gratuity

The Bank has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on departure and it is computed at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the Gratuity plan.

(₹ in crore)

Particulars		As at March 31, 2018	As at March 31, 2017
i)	**Table Showing changes in present value of Defined Benefit obligation:**		
	Present value of defined benefit obligations as at beginning of the year	32.99	21.52
	Interest cost	2.53	1.61
	Current service cost	8.66	7.38
	Benefit Paid	0.13	-
	Actuarial (gain)/loss on obligation	-1.19	2.48
	Present value of defined benefit obligations as at end of the year	42.86	32.99
ii)	**Table showing fair value of plan assets:**		
	Fair value of plan assets as at beginning of the year	16.34	15.89
	Expected return on plan assets	1.31	1.29
	Contributions paid	0.02	-
	Benefits Paid	0.13	-
	Actuarial gain/(loss) on plan assets	0.11	(0.84)
	Fair value of plan assets at end of the year	17.65	16.34
iii)	**Actuarial (Gain)/Loss recognised:**		
	Actuarial (gain)/loss on obligation	-1.19	2.48
	Actuarial gain/(loss) on plan assets	0.11	(0.84)
	Net actuarial gain/(loss) recognised in the year	-1.30	3.32
iv)	**The amounts to be recognised in the Balance Sheet and Profit and Loss Account:**		
	Present value of obligations at the end of the year	42.86	32.99
	Fair value of plan assets at the end of the year	17.65	16.34
	Net liability recognised in balance sheet	25.21	16.65

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
v) The Principal assumptions used in the actuarial valuation are shown below :		
Discount Rate	7.70%	7.50%
Salary Escalation	8.00%	8.00%
Withdrawal Rate	8.00%	7.00%
Expected rate of return on assets	8.00%	8.11%

vi) Expenses Recognised in Profit and Loss Account:

(₹ in crore)

	Year ended March 31, 2018	Year ended March 31, 2017
Current Service Cost	8.66	7.38
Interest Cost	2.53	1.61
Expected return	1.31	1.29
Net actuarial (gain)/loss recognised in the year	-1.30	3.32
Expenses recognised in profit and loss account	8.58	11.02
Actual return on plan assets	1.42	2.13

vii) Amounts for the current and previous year are as follows: [Refer note (ix) below]

(₹ in crore)

		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
a)	Defined Benefit Obligations	42.86	32.99	21.52
b)	Plan Assets	17.65	16.34	15.89
c)	Deficit	(25.21)	(16.65)	(5.63)
d)	Experience adjustments on plan liabilities [(Gain)/Loss]	-	-	-
e)	Experience adjustments on plan assets [Gain/(Loss)]	-	-	-

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

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017
Insurance Managed Fund	100%	100%

ix) The Bank was incorporated on December 23, 2014 and did not have any employees in the year ended March 31, 2015, hence figures for the year 2015 are not furnished.

x) The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority and other relevant factors, such as supply and demand in the employment market.

xi) The Bank expects to contribute ₹ 10 crores to gratuity fund in 2018-19 (Previous year ended March 31, 2017 : ₹10 crores)

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

B) Provident Fund

Amount incurred as expense for defined contribution to Provident Fund is ₹ 29.70 Crore (Previous year ended March 31, 2017 : ₹ 23.34 Crores).

18.12 Segment Reporting

A) Segment Identification

Pursuant to the guidelines issued by RBI on AS 17 - Segment Reporting - Enhancement of Disclosures dated April 18, 2007, the following business segments have been reported:

i) Treasury :

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

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ii) **Retail banking :**
Includes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and low value of individual exposure thereof. It also includes liability products, card services, internet banking, mobile banking, ATM services and NRI services. All deposits sourced by branches are classified in retail category.

iii) **Corporate/Wholesale Banking:**
Includes corporate relationships not included under Retail Banking.

iv) **Other Banking Business :**
Include para banking activities like third party product distribution and other banking transaction not covered under any of the above three segments.

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

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

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

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from these. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment, fees for banking services and ATM interchange fees. Expenses of the Corporate/ Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid as per the transfer pricing mechanism presently followed by the Bank.

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B) Segment Information

i) Primary (Business Segment)

(₹ in crore)

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Other banking business	Total
Segment Revenue					
Gross interest income (external	660.22	4,044.98	97.10	-	4,802.30
customers)	(507.08)	(3,360.07)	(41.56)	-	(3,908.71)
Other income	46.51	647.69	3.44	8.54	706.18
	(24.29)	(383.95)	(3.17)	-	(411.41)
Total income as per profit and Loss	**706.73**	**4,692.67**	**100.54**	**8.54**	**5,508.48**
Account	**(531.37)**	**(3,744.02)**	**(44.73)**	**-**	**(4,320.12)**
Add: Inter segment interest income	-	235.46	-	-	235.46
	-	(187.63)	-		(187.63)
Total segment revenue	**706.73**	**4,928.13**	**100.54**	**8.54**	**5,743.94**
	(531.37)	**(3,931.65)**	**(44.73)**	**-**	**(4,507.75)**
Less: Interest expenses	105.65	1,608.75	55.66	-	1,770.06
	(213.45)	(1,290.10)	(1.66)		(1,505.21)
Less: Inter segment interest expenses	228.46	-	7.00	-	235.46
	(151.60)	-	(36.03)		(187.63)
Less: Operating expenses	106.17	1,193.27	8.81	0.06	1,308.31
	(61.64)	(955.31)	(5.06)		(1,022.01)
Operating Profit	**266.45**	**2,126.11**	**29.07**	**8.48**	**2,430.11**
	(104.68)	**(1,686.24)**	**(1.98)**	**-**	**(1,792.90)**
Less: Provisions for non performing	45.06	329.15	-	-	374.21
assets/others	(1.89)	(86.54)	-		(88.43)
Segment results	**221.39**	**1,796.96**	**29.07**	**8.48**	**2,055.90**
	(102.79)	**(1,599.70)**	**(1.98)**	**-**	**(1,704.47)**
Less: provisions for tax					710.34
					(592.52)
Net profit					**1,345.56**
					(1,111.95)
Other information					
Segment assets	11,809.24	30,338.46	2,000.28	3.38	44,151.36
	(11,478.36)	(18,008.58)	(657.69)		(30,144.63)
Unallocated assets					158.70
					(91.46)
Total assets	**11,809.24**	**30,338.46**	**2,000.28**	**3.38**	**44,310.06**
	(11,478.36)	**(18,008.58)**	**(657.69)**	**-**	**(30,236.09)**
Segment liabilities*	11,186.04	31,405.11	1,694.73	-	44,285.88
	(5,506.93)	(24,577.43)	(95.49)		(30,179.85)
Unallocated liabilities					24.18
					(56.24)
Total liabilities	**11,186.04**	**31,405.11**	**1,694.73**	**-**	**44,310.06**
	(5,506.93)	**(24,577.43)**	**(95.49)**		**(30,236.09)**
Capital Expenditure	**-**	**72.31**	**-**	**-**	**72.31**
	-	**(82.27)**	**-**		**(82.27)**
Depreciation	**-**	**85.92**	**-**	**-**	**85.92**
	-	**(66.85)**	**-**		**(66.85)**

Notes:
The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.
*Treasury segment liabilities includes share capital and reserve & surplus
Previous year figures are shown in"()".

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18.13Related Party disclosure

A) Names of related parties and nature of relationship

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

Relatives of Key Management Personnel

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

B) Transactions and Balances

i) Outstanding as at March 31, 2018

(₹ in crore)

Particulars	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposit	194.57	35.41	1.12	1.88	232.98
	(255.90)	(17.52)	(0.62)	(1.72)	(275.76)

ii) Maximum outstanding during the year

(₹ in crore)

Particulars	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposit	272.53	151.24	1.78	2.71	428.26
	(808.09)	(71.63)	(1.53)	(2.88)	(884.13)

iii) Transactions during the year ended March 31, 2018

(₹ in crore)

Particulars	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Interest expenditure	17.97	1.47	0.06	0.13	19.63
	(20.80)	(1.70)	(0.07)	(0.09)	(22.66)
Remuneration	-	-	3.64	0.77	4.41
	-	-	(3.03)	(0.66)	(3.69)

Previous year figures are shown in"()".

As per Bandhan Bank Employee Stock Option Plan Series-1, 68,616 number of stock options were granted to Key Management Personnel. Refer note no. 18.32.

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

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Tax Assets		
Depreciation on fixed assets.	19.18	6.64
Provisions for loan losses	90.86	53.84
Provision for depreciation in value of investments	16.25	0.65
Expenditure charged to the profit & Loss account in the current year but allowed for tax purposes on payment basis	32.41	30.33
Total Deferred Tax Assets	**158.70**	**91.46**

18.15 Liability for Operating Leases

The Doorstep Service Centre premises are generally rented on cancellable terms for less than twelve months with no escalation clause and renewable at the option of the Company . The Head Office and the Bank Branches office premises are obtained on non- cancellable lease terms . Lease payment during the year are charged in the statement of profit & loss.

The amount of rent expenses included in the Profit & Loss account towards operating leases aggregate to ₹ 110.12 crore (Previous year ended March 31, 2017 : ₹ 75.73 crore).

Particulars of future minimum lease payment in respect of Head office & Bank branches are as mentioned below :

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
a) Not later than 1 year	94.81	77.67
b) Later than 1 year and not later than 3 years	198.33	172.91

18.16 Earnings per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share".

(₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Basic		
Weighted Average Number of equity shares	1,097,549,185	1,095,141,034
Net Profit after tax available for equity share holders	1,345.56	1,111.95
Basic Earnings Per Share (FV ₹10/-)	12.26	10.15
Diluted		
Weighted Average Number of equity shares (including dilutive potential equity share)	1,097,902,980	1,095,141,034
Net Profit after tax available for equity share holders	1,345.56	1,111.95
Diluted Earnings Per Share (FV ₹10/-)	12.26	10.15
Nominal value per share	10.00	10.00

The dilutive impact is due to stock options granted to employees of the Bank.

18.17 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

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18.18 Description of contingent liabilities

a) Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business.

b) Guarantees given on behalf of constituents:

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

c) Other items:

Other items represent outstanding amount of estimated amount of contracts remaining to be executed on capital account.

18.19 Additional Disclosures

A) Floating Provisions

The Bank does not have any floating provision as at March 31, 2018 and March 31, 2017.

B) Draw Down from Reserve

There has been no draw down from reserves during the year ended March 31, 2018 and March 31, 2017.

C) Disclosure of customer complaints

i) Customer Complaints:

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
i)	No. of complaints pending at the beginning of the year	Nil	Nil
ii)	No. of complaints received during the year	683	200
iii)	No. of complaints redressed during the year	660	200
iv)	No. of complaints pending at the end of the year	23	Nil

ii) Awards passed by the Banking Ombudsman

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
i)	No. of unimplemented Awards at the beginning of the year	Nil	Nil
ii)	No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
iii)	No. of Awards implemented during the year	Nil	Nil
iv)	No. of unimplemented Awards at the end of the year	Nil	Nil

iii) ATM related complaints

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
i)	No. of complaints pending at the beginning of the year	Nil	Nil
ii)	No. of complaints received during the year	16950	7108
iii)	No. of complaints redressed during the year	16015	7108
iv)	No. of complaints pending at the end of the year	935	Nil

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

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

The Bank has not issued any Letter of Comfort (LOC) during the year ended March 31, 2018 and March 31, 2017.

E) Provision coverage ratio

Particulars	As at March 31, 2018	As at March 31, 2017
The provision coverage ratio of the Bank computed in terms of the RBI guidelines	53.66%	29.09%

F) Bancassurance Business

The following table shows breakup of income derived from sale of insurance /Mutual funds.

(₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
For selling life insurance policies	5.39	-
For selling non-life insurance policies	2.40	-
For selling mutual fund products	0.73	-
Others	0.02	-

G) Concentration of Deposits, Advances Exposures & NPAs

I) Concentration of Deposits

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
i) Total Deposits of twenty largest depositors	6,350.00	4,859.79
ii) Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	18.75%	20.92%

II) Concentration of Advances

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
i) Total Advances to twenty largest borrowers	1,876.29	703.95
ii) Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	5.80%	4.17%

III) Concentration of Exposures

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
i) Total Exposure to twenty largest borrowers / customers	1,878.92	722.76
ii) Percentage of Exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	5.77%	4.28%

IV) Concentration of NPAs

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Exposure to top four NPA accounts	0.40	0.06

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V) Movement of NPAs

(₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gross NPAs - as on April 01	86.26	18.77
Additions (Fresh NPAs) during the year	351.58	103.37
Sub total (A)	437.84	122.14
Less :-		
(i) Upgradations	3.96	0.51
(ii) Recoveries (excluding recoveries made from upgraded accounts)	9.74	4.18
(iii) Technical / Prudential Write offs	51.00	31.19
(iv) Write offs other than those under (iii) above	-	-
Sub total (B)	**64.70**	**35.88**
Gross NPAs as on March 31 (A-B)	**373.14**	**86.26**

VI) Movement of Technical/Prudential written off accounts

(₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance of Technical/Prudential written off accounts	31.19	-
Add: Prudential/Technical write offs during the year	51.00	31.19
Sub Total (A)	**82.19**	**31.19**
Less: Recoveries made from previously technical/prudential written off accounts during the year (B)	4.07	-
Closing Balance (A-B)	**78.12**	**31.19**

VII) Overseas Assets, NPAs and Revenue

The Bank does not have any overseas assets as on March 31, 2018 and March 31, 2017.

VIII) Off-balance Sheet SPVs sponsored

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

18.20 Disclosure of Provision for Frauds

(₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
No. of Frauds reported during the year to Reserve Bank of India	34	47
Amount involved in such Frauds	2.56	1.81
Recovery	1.12	0.43
Provision made during the year	0.25	2.57
Unamortized provision debited from other reserve	-	-

* Amount of ₹1.19 crore provided in the year ended March 31, 2017 and reported to RBI subsequent to March 31, 2017.

18.21 Disclosures on Remuneration

Qualitative Disclosures

a) Information relating to the composition and mandate of the Remuneration Committee.

The Bank's Nomination and Remuneration Committee (NRC) oversees the framing, review and implementation of the Compensation Policy on behalf of the Board of Directors. The NRC reviews the policy at least once a year to ensure that the reward design is aligned to industry best practices and is consistent with effective risk management and long term business interests of the Bank. The NRC works in close coordination with the Risk Management Committee of the Bank, to achieve the effective alignment between remuneration and risks.

As on March 31, 2018 the NRC comprises of the following directors.
Shri Bhaskar Sen - Chairman
Shri B. Sambamurthy
Shri Snehomoy Bhattacharya
Shri Ranodeb Roy (w.e.f - September 19, 2016)
The NRC functions with the following main objectives:

(i) To identify persons who are qualified to become directors in accordance with the criteria laid down, recommend to the Board their appointment, re-appointment or removal and to carry out evaluation of every Director's performance;

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

(iii) To oversee the framing, review and implementation of compensation policy of the Bank and recommend to the Board the overall remuneration philosophy and policy including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock based remuneration to employees;

(iv) To oversee the framing, implementation and review of the Remuneration of the WTDs/MD/CEOs as per the RBI Guidelines and Companies Act, 2013. The Committee shall recommend to the Board the remuneration package for the Managing Director & CEO and the other Whole Time Directors – including the level of fixed pay, variable pay, stock based Remuneration and perquisites;

(v) To review the HR strategy and policy including the conduct and ethics of the Bank and review any fundamental changes in the organization structure which could have wide ranging and high risk implications;

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

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

Objectives of the Remuneration Policy

The Compensation Policy reflects the Bank's objectives for good corporate governance as well as sustained and long-term value creation for stakeholders. The aims of the Bank's remuneration framework are to:

i) Attract, motivate and retain people with requisite skill, experience and ability to deliver the Bank's strategy;

ii) Create an alignment and balance between the rewards and risk exposure of shareholders and interests of employees;

iii) Link rewards to creation of long term sustainable shareholder value consistent with strategic goals and appropriate risk management; and

iv) Encourage behavior consistent with the Bank's values and principles.

To achieve the above objectives, the philosophy adopted by the Bank is as follows:

i) Market referenced: offer employees competitive salary, achieved through benchmarking with peer groups.

ii) Making fixed salary the main remuneration component.

iii) Ensure that jobs of similar internal value are grouped and pegged within a range guided by market benchmarked jobs.

iv) Risk factoring: A significant portion of the senior and top management compensation will be variable, of which, for some key roles, part of the variable compensation may be deferred.

v) Focus on 'Total rewards', all aspects of compensation, rewards and well defined benefits, including rewarding work environment and personal development.

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vi) The focus will be to ensure that the Bank is competitive in its overall salary offer to its employees without being excessively expensive for the Bank.

The compensation structure for the MD & CEO also mirrors the Bank's philosophy of aligning with the principles of sound compensation practices to ensure:

i) Effective and independent governance of compensation.

ii) Effective alignment of compensation with prudent risk taking.

iii) Effective supervisory oversight and engagement by stakeholders.

Design & Structure of Remuneration process
The total compensation is a prudent mix of fixed remuneration and performance-based variable remuneration

The key remuneration elements are:

1) Fixed Pay

2) Discretionary Performance-based Variable Remuneration

The Bank ensures that the fixed pay element is reasonable, taking into account the market rates and trends. The fixed pay is reviewed annually using market intelligence provided by a leading global performance/ reward consulting and benchmarking firm for financial services industry to ensure that the Bank remains competitive in marketplace and that the Bank is able to attract and retain best talent. The level of fixed pay shall be sufficient enough in order to discourage inappropriate risk-taking.

Performance-based variable remuneration may comprise cash bonus, stock linked instruments, and is awarded by ensuring:

i) an appropriate balance between fixed and performance-based components;

ii) that the fixed component represents a higher proportion of the total remuneration;

iii) that the performance-based component reflects the risk underlying the achieved result;

iv) that a part of the performance-based component may be deferred;

v) that no hedging of deferred shares takes place;

Presently, the bank utilises only two form of performance based variable remuneration, viz.,cash bonus, ESOP, as referred in note no 18.32 is linked to continuous service with the Bank.

The compensation policy of the Bank is reviewed by the NRC and approved by the Board of Directors. The NRC oversees the implementation of the policy and reviews the fixed pay increases, the organizational performance threshold for bonus to be paid, cash bonus and deferred variable remuneration.

c) Description of the ways in which current and future risks are taken into account in the remuneration process
The MD & CEO, employees in the grades of SVPs and above and employees engaged in the functions of Risk Control and Compliance are included in the policy of risk alignment of compensation.

The alignment of compensation to prudent risk taking is ensured through the following:

i) Structure of remuneration is such that a significant part of performance based variable remuneration is deferred.

ii) Performance hurdles includes financial and non-financial parameters, ensuring compensation is aligned to both.

iii) Fixed Salary is reasonable and sufficient, thereby discouraging inappropriate risk taking.

iv) Annual Bonus Plan is managed with and independent governance framework.

v) Variable remuneration awards are conditional, discretionary and contingent upon a sustainable and risk-adjusted performance. They are therefore capable of forfeiture or reduction at the Bank's discretion.

vi) For employees included in the policy of risk alignment of compensation, NRC has the discretion to apply malus and clawback – ex-post risk adjustment, allowing the Bank to adjust previously awarded remuneration to take account of subsequent performance and potential risk outcomes and thus enabling to recoup variable pay in the event of a negative contribution.

Deferral of Variable Pay
To ensure that risk measures are not focused only on the achievement of short term goals, variable payout is deferred, if it exceeds 50% of the fixed pay.

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

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

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

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

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

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

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

e) Bank's policy on deferral and vesting of variable remuneration and bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.
In terms of RBI guidelines, the Compensation Policy specifically addresses the following categories of employees:

Category I : MD&CEO / Whole Time Directors

Category II : Risk Control and Compliance Staff

Category III: Other Categories of Staff

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

Category I

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

ii) If the Variable Remuneration exceeds 50% of annual Fixed Pay, 40% of the Variable

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Remuneration will be deferred over a period of 3 years, on a proportionate basis.

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

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

Category II

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

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

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

Category III

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

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

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

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

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

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

ii) If the performance, decisions or actions taken leads to the Bank or the relevant business unit suffering a significant material downturn in its financial performance.

f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

The Bank presently utilizes only two form of variable remuneration, viz., cash bonus and ESOP. Cash bonus is linked to corporate performance, business performance and individual performance ensuring differential pay based on the performance. ESOP, as referred in note 18.32 is linked to continuous service with the Bank.

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Quantitative disclosures :

The quantitative disclosures pertaining to the MD & CEO, employees in the grades of SVPs and above, for the year ended March 31, 2018 are given below:

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
a)	i) Number of meetings held by the Remuneration Committee during the year.	9	6
	ii) Remuneration paid to its members (sitting fees)	₹ 990,000	₹ 465,000
b)	Number of employees having received a variable remuneration award during the year.	10	10
c)	Number and total amount of sign on awards made during the year.	Nil	Nil
d)	Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil	Nil
e)	Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
f)	Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	₹ 0.14 Crore	₹ 0.26 Crore
g)	Total amount of deferred remuneration paid out in the year.	₹ 0.14 Crore	₹ 0.26 Crore
h)	**Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non deferred.**	Fixed - ₹ 11.63 Crore Variable - ₹ 1.56 Crore, Non-deferred - ₹ 1.42 Crore, Deferred- ₹ 0.14 Crore	Fixed - ₹ 8.93 Crore Variable - ₹ 1.33 Crore, Non-deferred - ₹ 1.07 Crore, Deferred- ₹ 0.26 Crore
	i) Shares granted under ESOP	415,539*	Nil
	i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	Nil	Nil
j)	Total amount of reductions during the year due to ex post explicit adjustments.	Nil	Nil
k)	Total amount of reductions during the year due to ex post implicit adjustments.	Nil	Nil

* Includes 200,000 shares to CMD which is subject to approval from RBI.

18.22 Disclosure relating to Securitisation

There are no securitisation transactions undertaken by the Bank during the year ended March 31, 2018 and March 31, 2017.

18.23 Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2018 and March 31, 2017.

18.24 Intra Group Exposures

The Bank did not have any intra group exposure during the year ended March 31, 2018 and March 31, 2017.

18.25 Transfer to Depositor education and awareness fund (DEAF)

During the year ended March 31, 2018 and March 31, 2017 the Bank was not required to transfer any amount to Depositor Education and Awareness Fund.

18.26 Unhedged Foreign Currency Exposure

The borrower of the Bank does not have any Unhedged Foreign Currency Exposure as at March 31, 2018 and March 31, 2017.

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

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18.27 Disclosure on Liquidity Coverage Ratio

(a) Qualitative disclosure

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR). The Risk department computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review.

The Bank follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA),gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities in excess of minimum SLR requirement viz. Treasury Bills, Central and State Government securities and excess of minimum cash reserve ratio (CRR).

The Board of Directors has the overall responsibility for management of liquidity risk. The Board at overall level decides the strategy, policies and procedures of the bank to manage liquidity risk in accordance with the liquidity risk tolerance/limits. The Board has constituted Risk Management Committee, which reports to the Board, and consist of Managing Director and certain other Board members. The Committee is responsible for evaluating the overall risks faced by the bank including liquidity risk.

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

(b) Quantitative Disclosure as on March 31, 2018

(₹ in crore)

Particulars	Day end Average for quarter ended June 30, 2017		Day end Average for quarter ended September 30, 2017		Day end Average for quarter ended December 31, 2017		Day end Average for quarter ended March 31, 2018	
	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets								
1) Total High Quality Liquid Assets (HQLA)		2,803.42		4,009.93		5,006.03		5,221.36
Cash Outflows								
2 Retail Deposits and deposits from small business customers, of which:	11,837.72	1,182.48	13,001.00	1,237.55	14,453.19	1,348.24	15,949.16	1,470.99
a) Stable deposits	25.80	1.29	1,251.11	62.56	1,941.57	97.08	2,478.47	123.92
b) Less stable deposits	11,811.92	1,181.19	11,749.89	1,174.99	12,511.62	1,251.16	13,470.69	1,347.07
3) Unsecured wholesale funding, of which:	5,174.00	2,020.51	8,804.93	4,337.24	10,818.62	5,726.52	9,956.30	5,462.81
a) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
b) Non-operational deposits (all counterparties)	5,174.00	2,020.51	8,804.93	4,337.24	10,818.62	5,726.52	9,956.30	5,462.81
c) Unsecured debt	-	-	-	-	-	-	-	-
4) Secured wholesale funding	-	-	-	-	-	-	-	-
5) Additional requirements, of which:	-	-	-	-	-	-	-	-
a) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
b) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
c) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6) Other contractual funding obligations	2,225.37	2,225.37	1,319.13	1,319.13	705.53	705.53	1,297.71	1,297.71
7) Other contingent funding obligations	5.17	0.26	6.30	0.31	9.86	0.49	22.91	1.15
8) Total Cash outflows	**19,242.26**	**5,428.62**	**23,131.36**	**6,894.23**	**25,987.20**	**7,780.78**	**27,226.08**	**8,232.66**
Cash Inflows								
9) Secured lending (eg. Reverse repos)								
10) Inflows from fully performing exposures	7,935.22	6,728.59	5,665.01	4,457.95	5,109.03	3,847.82	4,146.39	2,763.71
11) Other cash inflows	-	-	-	-	-	-	-	-
12) Total Cash Inflows	**7,935.22**	**6,728.59**	**5,665.01**	**4,457.95**	**5,109.03**	**3,847.82**	**4,146.39**	**2,763.71**
13) Total HQLA		2,803.42		4,009.93		5,006.03		5,221.36
14) Total Net Cash outflow		1,357.16		2,436.28		3,932.96		5,468.95
15) Liquidity Coverage Ratio(%)		206.57%		164.59%		127.28%		95.47%

(c) Quantitative Disclosure as on March 31, 2017

(₹ in crore)

Particulars	Average for the quarter ended June 30, 2016		Average for the quarter ended September 30, 2016		Average for the quarter ended December 31, 2016		Average for the quarter ended March 31, 2017	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1) Total High Quality Liquid Assets (HQLA)		3,063.52		1,665.82		1,863.59		1,520.38
Cash Outflows								
2) Retail Deposits and deposits from small business customers, of which:	3,982.23	398.22	5,071.70	507.17	8,876.31	887.63	10,720.66	1,072.07
a) Stable deposits	-	-	-	-	-	-	-	-
b) Less stable deposits	3,982.23	398.22	5,071.70	507.17	8,876.31	887.63	10,720.66	1,072.07
3) Unsecured wholesale funding, of which:	4,829.23	3,072.47	2,360.11	1,069.84	3,576.16	1,985.53	3,823.68	1,884.01
a) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
b) Non-operational deposits (all counterparties)	4,829.23	3,072.47	2,360.11	1,069.84	3,576.16	1,985.53	3,823.68	1,884.01
c) Unsecured debt	-	-	-	-	-	-	-	-
4) Secured wholesale funding	-	-	-	-	-	-	-	-
5) Additional requirements, of which:	-	-	-	-	-	-	-	-
a) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
b) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
c) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6) Other contractual funding obligations	910.32	910.32	1,452.08	1,452.08	793.48	793.48	464.57	464.57
7) Other contingent funding obligations	0.31	0.02	0.46	0.04	2.18	0.11	4.44	0.13
8) Total Cash outflows	**9,722.09**	**4,381.03**	**8,884.35**	**3,029.13**	**13,248.13**	**3,666.75**	**15,013.35**	**3,420.78**
Cash Inflows								
9) Secured lending (eg. Reverse repos)								
10) Inflows from fully performing exposures	4,254.09	3,482.68	3,073.21	2,221.32	3,460.61	2,427.42	4,418.60	3,285.94
11) Other cash inflows	-	-	-	-	-	-	-	-
12) Total Cash Inflows	**4,254.09**	**3,482.68**	**3,073.21**	**2,221.32**	**3,460.61**	**2,427.42**	**4,418.60**	**3,285.94**
13) Total HQLA		3,063.52		1,665.82		1,863.59		1,520.38
14) Total Net Cash outflow		1,095.26		807.81		1,239.34		855.22
15) Liquidity Coverage Ratio(%)		279.71%		206.21%		150.37%		177.78%

Note: The above data represents simple average of monthly observations for the respective quarters till December 2016. The average for the quarter ended March 31, 2017 is computed on day-wise outstanding balance .

18.28 Maturity pattern of certain items of assets and liabilities

(₹ in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 month & up to 6 months	Over 6 month & up to 1 year	Over 1 Year & up to 3 years	Over 3 Years & up to 5 years	Over 5 years	Total
Liabilities											
Borrowings	-	-	-	25.00	-	100.00	-	-	160.00	-	285.00
	-	(53.29)	-	(17.78)	(105.89)	(246.22)	(283.23)	(162.53)	(160.00)	-	(1,028.94)
Deposits	98.53	988.03	1,075.97	535.47	5,747.15	2,539.80	7,670.94	14,690.84	387.89	134.38	33,869.00
	(71.02)	(691.24)	(472.13)	(152.91)	(2,981.91)	(1,200.21)	(5,610.10)	(11,756.35)	(179.99)	(112.80)	(23,228.66)
Foreign Currency	-	-	-	-	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-	-	-	-	-
Total	**98.53**	**988.03**	**1,075.97**	**560.47**	**5,747.15**	**2,639.80**	**7,670.94**	**14,690.84**	**547.89**	**134.38**	**34,154.00**
	(71.02)	**(744.53)**	**(472.13)**	**(170.69)**	**(3,087.80)**	**(1,446.43)**	**(5,893.33)**	**(11,918.88)**	**(339.99)**	**(112.80)**	**(24,257.60)**
Assets											
Advances	240.62	585.56	700.04	1,479.20	4,842.28	6,118.78	8,233.69	7,162.33	181.48	169.06	29,713.04
	(50.51)	(350.02)	(352.02)	(666.76)	(2,878.00)	(3,624.47)	(4,701.94)	(4,160.74)	(3.97)	(50.65)	(16,839.08)
Investment	400.00	182.33	-	31.09	12.83	1,095.33	506.59	429.18	149.32	5,565.27	8,371.94
	-	-	-	-	(98.63)	(306.93)	(423.68)	(158.90)	-	(4,528.35)	(5,516.49)
Foreign Currency Assets	4.30	-	-	-	-	-	-	-	-	-	4.30
	-	-	-	-	-	-	-	-	-	-	-
Total	**644.92**	**767.89**	**700.04**	**1,510.29**	**4,855.11**	**7,214.11**	**8,740.28**	**7,591.51**	**330.80**	**5,734.33**	**38,089.28**
	(50.51)	**(350.02)**	**(352.02)**	**(666.76)**	**(2,976.63)**	**(3,931.40)**	**(5,125.62)**	**(4,319.64)**	**(3.97)**	**(4,579.00)**	**(22,355.57)**

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.
Previous year figures are shown in"()".

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18.29 Sector-wise advances

(₹ in crore)

Sr. No.	Sector	As at March 31, 2018			As at March 31, 2017		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
1	Agriculture and allied activities	5,025.94	138.92	2.76%	7,731.44	29.64	0.38%
2	Advances to industries sector eligible as priority sector lending	1,891.45	84.90	4.49%	1,461.23	27.18	1.86%
3	Services	4,713.05	136.75	2.90%	6,851.00	25.49	0.37%
4	Personal loans	126.56	3.27	2.58%	412.97	3.58	0.87%
Sub Total (A)		**11,757.00**	**363.84**	**3.09%**	**16,456.64**	**85.89**	**0.52%**
B	**Non Priority Sector***						
1	Agriculture and allied activities	7,374.00	-	-	-	-	-
2	Industry sector	2,468.59	-	-	-	-	-
3	Services	6,964.06	-	-	43.99	-	-
4	Personal loans	1,349.62	9.30	0.69%	363.54	0.37	0.10%
Sub Total (B)		**18,156.27**	**9.30**	**0.05%**	**407.53**	**0.37**	**0.09%**
Total (A+B)		**29,913.27**	**373.14**	**1.25%**	**16,864.17**	**86.26**	**0.51%**

*Non priority sector includes amounting ₹ 16,454 crore (Previous Year ended March 31, 2017: ₹ Nil) Priority sector portfolio which has been sold under Priority sector lending certificates (PSLC).

18.30 Details of Priority sector lending certificates (category wise) sold and purchased:

(₹ in crore)

Sl No.	Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
		Purchase	Sale	Purchase	Sale
i)	PSLC – Agriculture	-	1,399.00	-	-
ii)	PSLC - Small & Marginal farmers(SFMF)	-	5,975.00	-	-
iii)	PSLC - Micro Enterprises	-	2,395.00	-	-
iv)	PSLC – General	-	6,685.00	-	-

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

During the year ended March 31, 2018, the Bank has sold its advances through IBPCs. The details are as follows:

(₹ in crore)

Sl No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
i)	Aggregate value of IBPCs entered	5,500.00	9,200.00
ii)	Aggregate consideration received	5,500.00	9,200.00
iii)	Aggregate gain recorded	318.45	263.32
iv)	IBPCs outstanding [including principal amount of ₹74.19 crore (March 31, 2017 : ₹ 923.90 crore) collected against the pool sold and not yet due for payment and included under other liabilities]	2,500.00	7,600.00

18.32 Employee Stock Option Scheme (ESOS)

On July 26, 2017, the board of directors approved the Bandhan Bank Employee Stock Option Plan Series 1 for issue of stock options to eligible employees and directors of the Bank. The relevant terms of the grant are as below:

Description	
Date of Grant	December 19, 2017
Date of Board/ Compensation committee approval	July 26, 2017
Number of options granted	2,020,725
Method of Settlement	Equity
Graded Vesting;	
1st Vesting	25% on 12 months from the date of grant
2nd Vesting	25% on expiry of one year from the 1st vesting date
3rd Vesting	25% on expiry of two year from the 1st vesting date
4th Vesting	25% on expiry of three year from the 1st vesting date
Exercise period	5 years from the date of vesting of the option
Vesting Conditions	Continuous service with the Bank and has not served any notice of resignation*
Weighted average remaining contractual life (years)	7.23 years
Weighted average exercise price per option (₹)	180

* However, if the participant's employment terminates due to retirement (including pursuant to any early/ voluntary retirement scheme), the whole of the unvested options shall vest on the first vesting date relating to the said grant, immediately following the date of superannuation.

The details of activity under the Scheme 2017 Plan are summarized below:

Description	March 31, 2018 (No. of options)
Granted during the year	2,020,725
Forfeited during the year	-
Exercised during the year	-
Exercisable at the end of the year	-
Weighted average remaining contractual life of options (years)	7.23
Weighted average share price during the exercise period (in ₹)	180

The weighted average fair value of stock options granted during the year was 68.97. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs;

Particulars	
Share Price on the date of Grant (₹)	180
Exercise price (₹)	180
Dividend yield (%)	-
Expected volatility (%)	23.55% - 29.85%
Risk-free interest rate (%)	6.7% - 7.1%
Weighted average share price (₹)	180

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome.

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The Bank measures the cost of ESOP using the intrinsic value method. Had the Bank used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed as indicated below:

(₹ in crore)

Particulars	Year ended March 31, 2018
Profit after tax as reported	1,345.56
Add: ESOP cost using the intrinsic value method	-
Less: ESOP cost using the fair value method	1.83
Proforma profit after tax	1,343.73
Weighted Average Number of equity shares	1,097,549,185
Weighted Average Number of equity shares (including dilutive potential equity share)	1,097,902,980
Earnings Per Share	
Basic	
- As reported	12.26
- Proforma	12.24
Diluted	
- As reported	12.26
- Proforma	12.24

18.33 Corporate Social Responsibility

a) Gross amount required to be spent by the Bank during the year ended is ₹ 14.14 crore (Previous year ended March 31, 2017 : ₹ 4.07 crore)

b) The following table sets forth, for the periods indicated, the amount spent by the Bank on CSR related activities;

(₹ in crore)

Sl No.	Particulars	Year ended March 31, 2018			Year ended March 31, 2017		
		In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
i)	Construction/ acquisition of any assets	-	-	-	-	-	-
ii)	On purpose other than (i) above	14.14	-	-	4.21	-	4.21

18.34 Miscellaneous income includes ₹ 48.67 crore (previous year ended March 31, 2017 ₹ 58.06 crore) on account of card charges recovered from customers and ₹ 150.78 crore (previous year ended March 31, 2017 ₹ nil) on sale of Priority sector lending certificates.

18.35 Other Expenditure includes IT operating expenses of ₹ 70.69 crore (previous year ended March 31, 2017 ₹ 41.62 crore) and ATM expenses of ₹ 62.35 crore (previous year ended March 31, 2017 ₹ 47.18 crore).

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

As per our report of even date

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

Per Amit Kabra
Partner
Membership Number : 94533

Place : Mumbai
Date : April 27, 2018

For Bandhan Bank Limited

B. Sambamurthy
Director

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

Notes

Notes

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Bandhan Bank listing ceremony

At Bombay Stock Exchange (BSE) on March 27, 2018



Bandhan Bank MD & CEO lighting the lamp at the listing ceremony



Bandhan Bank gets listed with the ceremonial ringing of the bell



The Board Members and Senior Management pose for a photograph after the listing

Bandhan Bank
Aapka Bhala, Sabki Bhalai.

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