



**Bandhan  
Bank**

# **Belief Reinforced**

Resilience. Relearning.  
Reimagining.

**Integrated Report  
2021-22**

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# 1 About the report

## 1.1 Reporting Framework and scope

This is the third Integrated Report of the Bandhan Bank, which presents the disclosure of a range of financial and non-financial information regarding the deployment of various 'capitals' to achieve the vision and mission of the Bank, including inclusive growth and wealth-building of the nation. The Bank's Integrated Report has been prepared in line with the seven guiding principles of the International <IR> Framework (January 2021) developed by the International Integrated Reporting Council (IIRC).

The financial information in this Integrated Report for the FY 2021-22 has been taken from the financial statements of the Bank, which have been audited by independent auditors. The non-financial information (environmental and social performance data) presented in this report for the FY 2021-22, also appears in Bandhan Bank's Annual Report 2021-22.

Bandhan Bank has deployed appropriate Management Information and Reporting System (MIRS) to collect, collate and analyse the financial, environmental and social data and is equipped with strong internal controls to ensure source credibility and that the disclosures made in this Integrated Report are backed by the integrity of the underlying data and have been appropriately verified.

## 1.2 Forward-looking Statement

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Bank's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements.

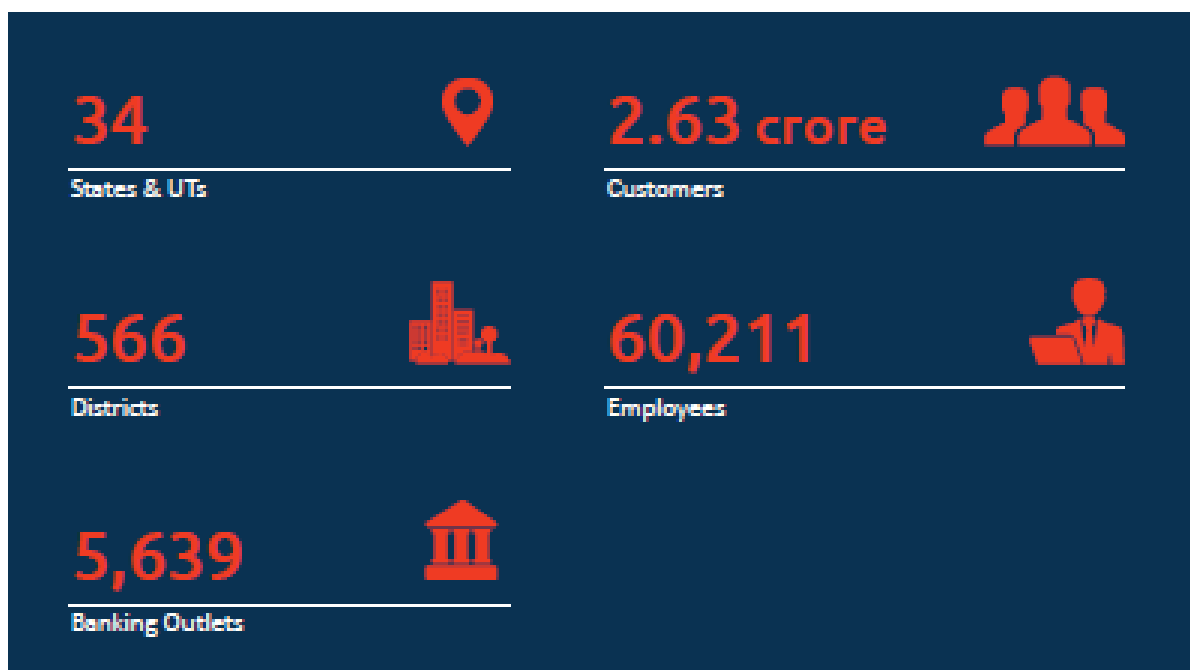
Forward-looking statements are based on certain assumptions and expectations of future events. The Bank cannot guarantee that these assumptions and expectations are accurate or will be realised. The Bank's actual results may differ materially from those suggested by such future-looking statements due to certain risks associated with our expectations concerning, but not limited to, future circumstances such as technological changes, the impact of changes in banking regulations and other regulatory changes on the Bank in India and other jurisdictions, natural calamities, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, etc. The Bank assumes no responsibility to publicly amend, modify or revise any forward-looking statements, based on any subsequent developments, information or events. The Bank has sourced the industry information from publicly available resources and has not verified that information independently.

## 1.3 Responsibility Statement

The contents of this Report have been prepared by the management and were reviewed and approved by the appropriate authority.

## 2 Organisational Overview and external environment

### 2.1 Numbers that Define the Bank



The last two years have taught us more about managing crises and challenges than the many years before it. Globally, for individuals and organisations, this phase has been a learning experience.

Bandhan Bank has a strong foundation of many years of working with the vulnerable sections of society. Now, as a universal bank, the Bank has been able to rapidly expand its operations and maintain a steep learning curve. The pandemic and the necessary steps taken to keep people safe, impacted one and all, resulting in an extremely tough operating environment for businesses. In such a scenario, the Bank proved its resilience, as it has done in the past as well. The Bank's performance has given it confidence in its structural and operational strength. In manoeuvring the business through these times, the Bank has also been agile in making necessary changes and initiating new processes and systems.

This relearning go further in strengthening the resilience of the Bank While, the world of banking was already evolving fast, the pandemic has accelerated the journey and now, we all are reimagining what the future can and will be. The Bank's ability to reimagine its future while being strong in its ethos of being a bank for all makes for exciting and fulfilling times ahead.

### 2.2 Company's Overview

Bandhan Bank is one of India's youngest scheduled commercial banks. The Bank's ethos of inclusive banking is rooted in trust and integrity, driven by its philosophy of '*Aapka Bhala, Sabki Bhalai*'. While the Bank aims to be a bank for all, its focus remains on the unbanked and underbanked population of the country. Through the hardships brought by the pandemic, the Bank's business operations have displayed exemplary resilience to meet the challenges and address the aspirations of every Indian. Learning through every hurdle, the Bank has reinvented itself to cater to its customers' banking needs remotely and physically. The Bank has emerged stronger and is poised to see sustained growth in the future.

Despite the economic slowdown and lockdown imposed during the pandemic, the Bank has remained focussed on reaching out to the unbanked and underserved segments of the Indian population with its last-mile banking services in rural and semi-urban areas. For the urban segment, the Bank expanded its extensive portfolio of

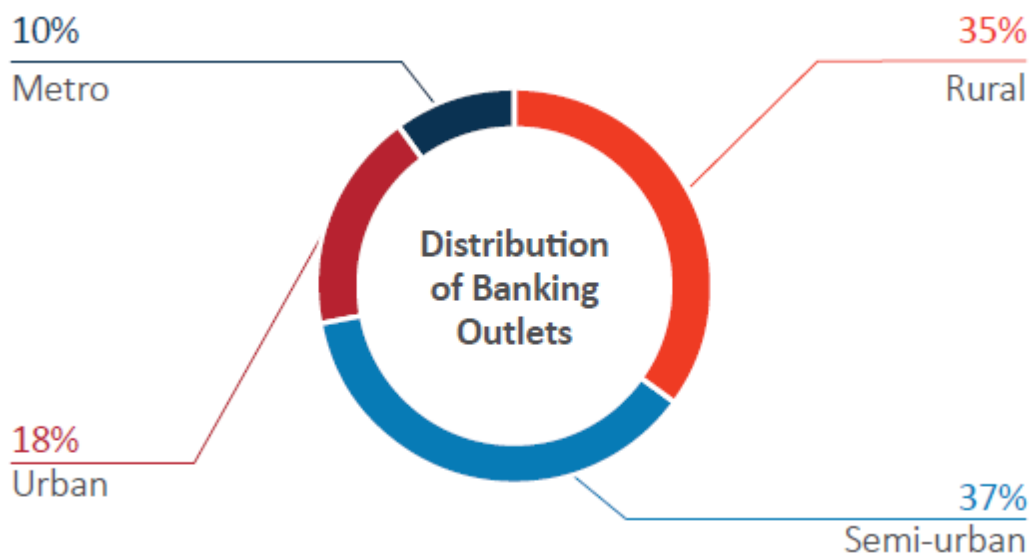
need-based banking products, backed by a 360-degree service proposition. Its strong customer-centric approach and growing network of branches across geographies have helped on-boarding many customers.

### 2.3 Bank's Philosophy

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

#### Serving the unserved

The Bank continually endeavours to further inclusive banking and reach the unbanked and under-banked masses of the country.



#### Vission

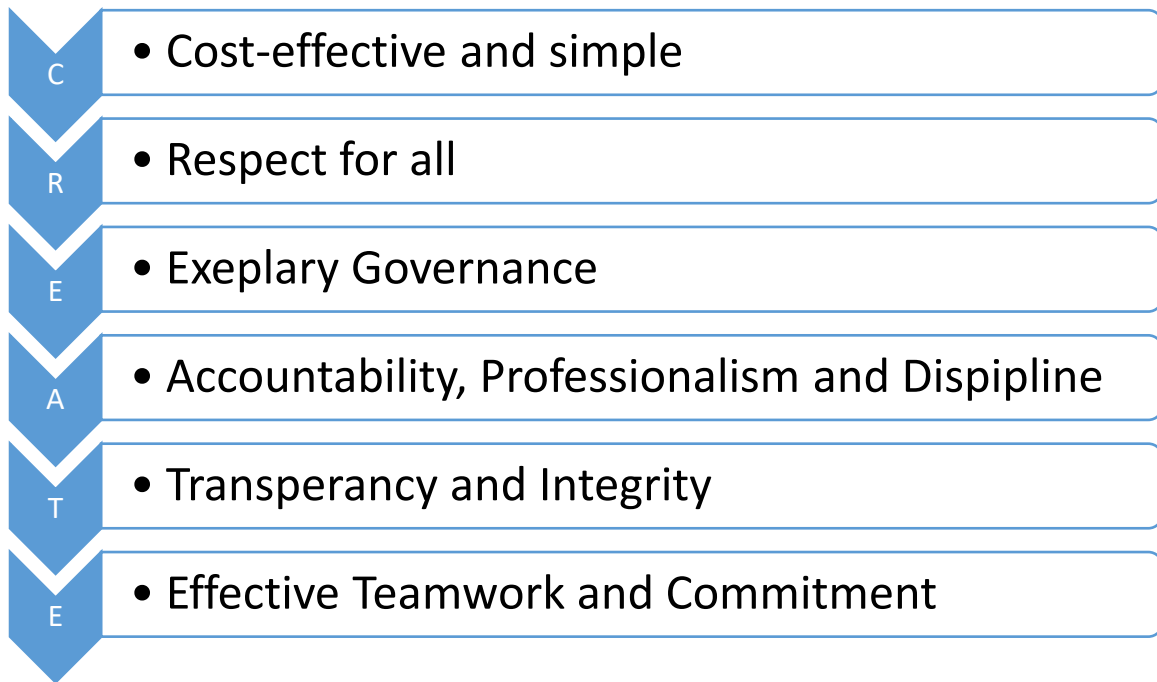
- To be a world-class bank with convenient and affordable financial solutions for all, offered in an inclusive and sustainable manner.

#### Mission

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

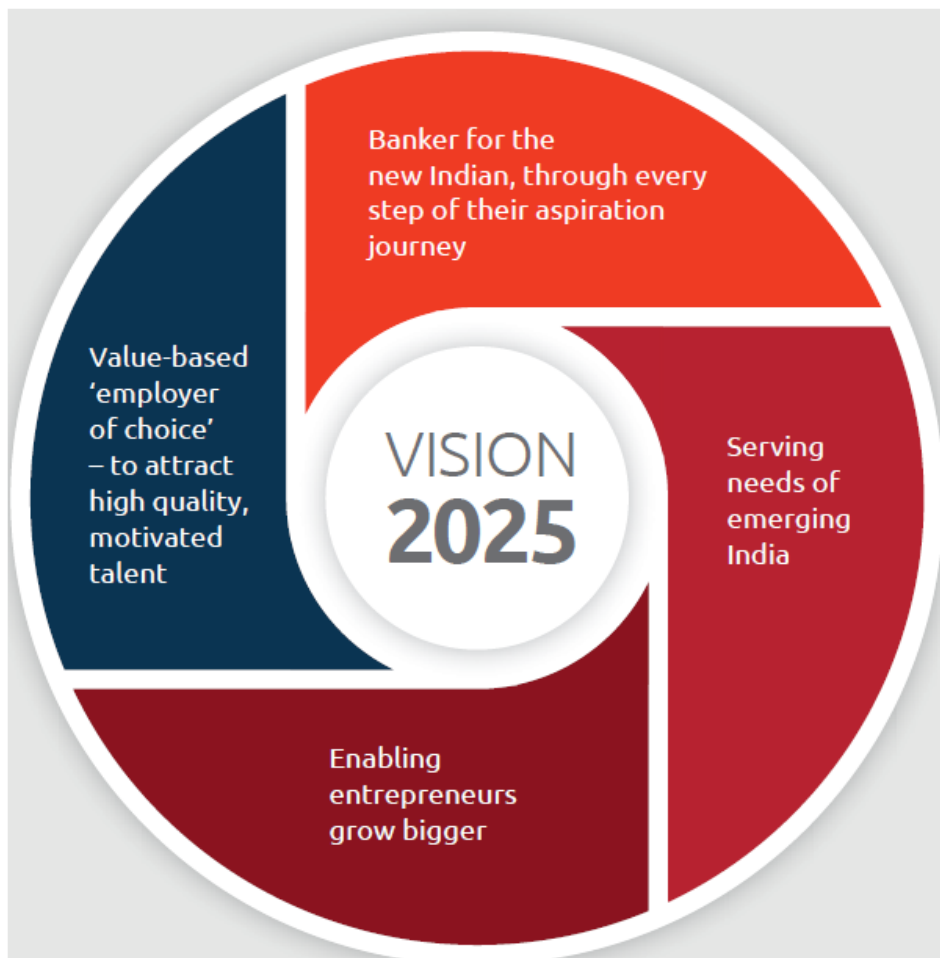
#### Values

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



#### 2.4 Key Organisation Goals

The Bank has laid out its aspirations to be an affordable financial institution by providing simple, cost-effective and innovative financial solutions courteously and responsibly. It intends to create value for all stakeholders through a committed team, robust policies and superior systems and technology.



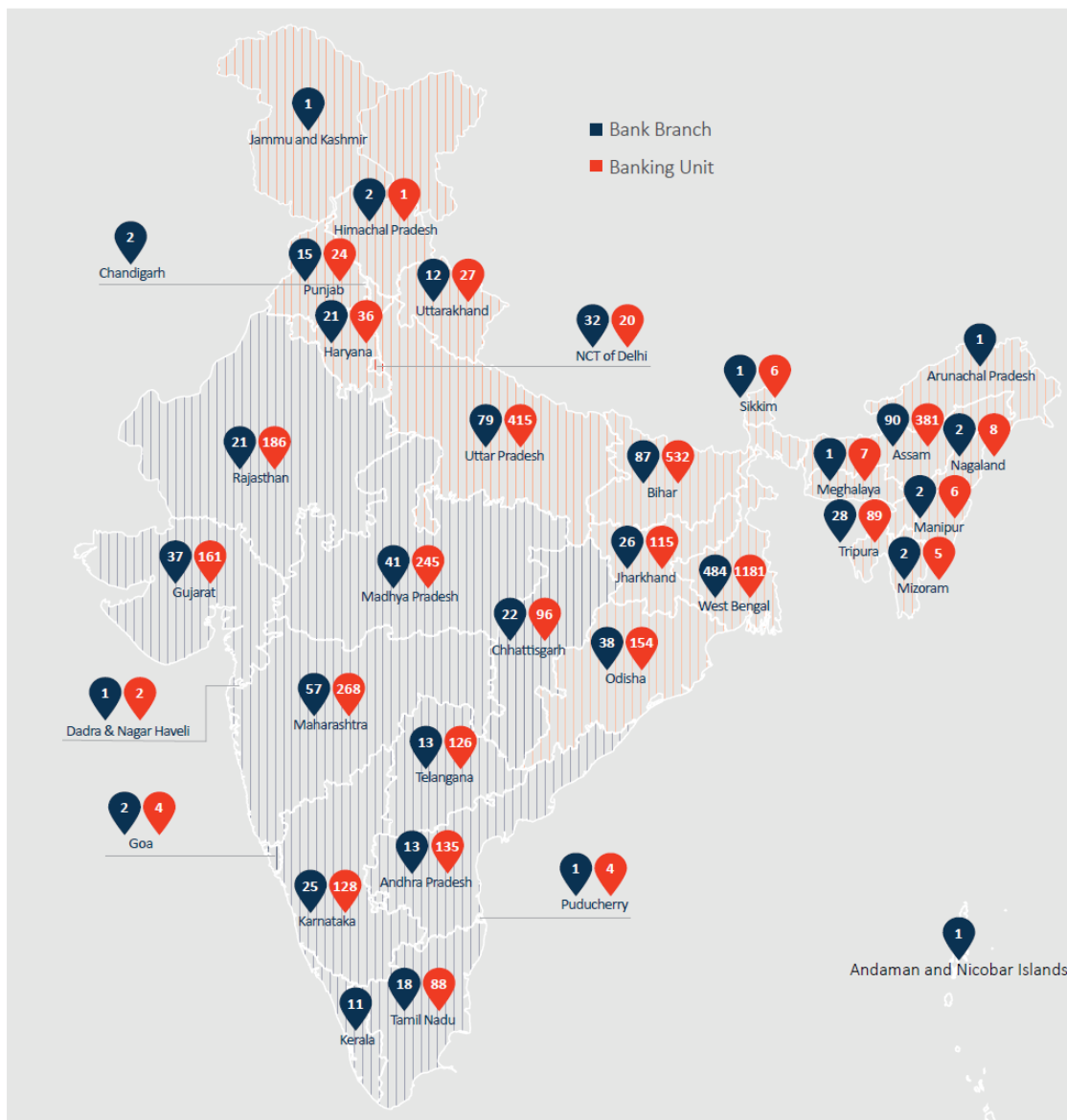
In its endeavour to realise these goals, the Bank has identified the following areas for investment till FY 2024-25: –

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

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

## 2.5 Growing outreach

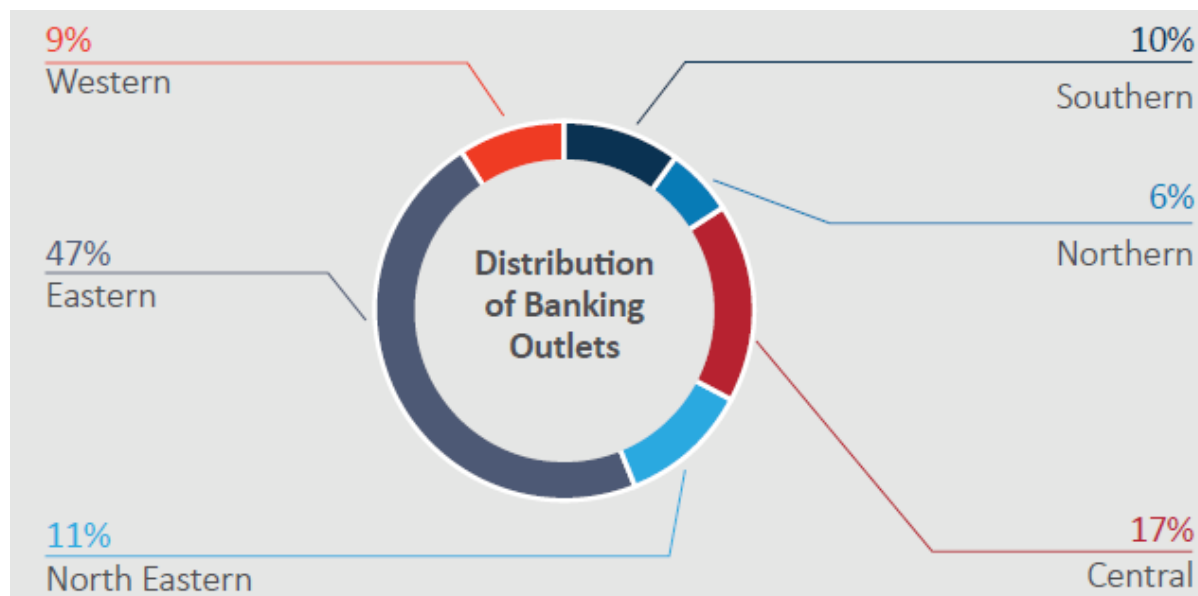
Expanding progressively over the years, the Bank delivers product and service excellence to more than 2.60 crore customers in 34 states and union territories, through its more than 5,600 banking outlets.





## Geographical Distribution

The Bank continues to expand its footprint across the country. While its legacy makes it stronger in presence in the East, the Bank is keenly focused on diversifying geographically and increasing its presence in areas outside of the East.



## 2.6 External Environment

The pandemic and its impact brought challenges that none of us ever faced in our lifetimes. The Bank went through a phase of realisation and relearning. This experience has given a meaningful lesson leading to more sustainable learning. Bandhan Bank responded when faced with the most difficult and, at times, trying circumstances. However, opportunities came back strongly, and the Bank was well poised to grab them and close the year on a positive note.

The Bank's experience of the last quarter of the year in review establishes that the impact of the pandemic on businesses, the operating environment and people at large has abated. The Bank has truly entered the all-important phase of reimagining, rebuilding and resurrecting.

### The Operating Environment

The Bank started the year in review while being in the toughest phase for the nation. The second wave of the pandemic in India brought much disruption. Unlike the first wave of 2020, the rural and semi-urban areas were also significantly affected. The large-scale loss of lives and livelihoods was witnessed by all. The stringent local lockdowns and restricted hours severely dented businesses. Repayments were impacted, credit demand shrunk, consumer expenditure was measured, and the overall economy was under pressure. Policy measures brought some relief as people dusted their backs and got back up on their feet.

Within the third quarter of the financial year, thanks to the large-scale vaccination drive and the reducing impact of the pandemic, there were strong signs of resurgence. Credit demand picked up sharply, consumer expenditure started rising, and industries that had faced the greatest impact, like travel and tourism, started rebounding. This bode well for the Bank as the third quarter is traditionally when the Bank's business picks up.

The new calendar year 2022, came with another wave of the pandemic. However, this time, the impact was milder. Hospitalisation and fatality rates were low, loss of business was minimal, and restrictions placed by the authorities were also milder. All these resulted in people gaining confidence in managing the pandemic. This was a welcome sign as the devastation caused by the earlier waves had left many in a lot of fear. With these developments, the last quarter of the financial year turned out to be the saviour for many businesses.

As a conservative measure, the Bank made a near 15-fold higher provisions at ₹5,578 crore to cover existing and future asset quality stress. This prudent management decision, which resulted in the first-ever net loss for the Bank, proved itself right in the next two quarters when the Bank was able to report profits again.

The Bank has shown resilience several times in the past. It did so, yet again, in the last two quarters of the financial year as it made a strong comeback to all-round recovery. Our collections improved, and disbursements increased with the economy showing signs of normalcy. For Q4 FY 2021-22, collection efficiency was 99%, and loan disbursements stood at ₹31,685 crore, higher than pre-COVID levels.

What makes our performance even more satisfying is that throughout the year the Bank continued to manage the business while always protecting the health and safety of all our stakeholders.

While navigating the challenging operating environment, the Bank continued its growth trajectory and strategic intent. The Bank is steadfast in its Vision 2025 and it is making steady progress on the same. Vision 2025 encompasses the transformation of four pivotal pillars: business (verticals), information technology, digital, and people.

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

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

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

## **Global and Indian Economic Scenario**

### **1. Global Economy – Turbulent Times**

- a. Before the impact of the COVID-19 pandemic could ease, the global economy faces another set of threats –geo-political conflicts involving one of the major powers, the surge in commodity prices and high inflation in several advanced and emerging economies. Financial markets and crude oil prices are experiencing high volatility with the latter jumping to a 14-year high. According to the global composite purchasing managers' index ('PMI'), supply chain pressures are mounting leading to slowed output growth.
- b. International Monetary Fund ('IMF') projected moderation in the world's growth at 3.6 per cent. In 2022 from 6.1 per cent. in 2021. It is further expected to slow down to 3.6 per cent. in 2023, which is conditionally estimated on factors such as improved global health outcomes, and higher vaccination rates. The uncertainty about the trajectory of the pandemic and geopolitical tensions remain major challenges in near future.<sup>1</sup>
- c. The world is experiencing immediate shock, which is expected to persist for a relatively longer period emanating from recent developments i.e. the pandemic, war, inflation, etc. Supply chain disruptions leading to global inflationary pressure on Food and Energy prices may

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<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022>

increase financial stress and reduce global confidence. Subsequently, sanctions are hurting consumers directly and hence, the growth is expected to be impacted.

- d. As per the World Bank estimates, not all countries in the Asia Pacific region are equipped to sustain the above shocks and hence growth prospects in 2022 for the region have been revised to 5 per cent. From previously 5.4 per cent. which could further go down to 4 per cent. if situations worsen and national policies aren't robust enough to handle the current scenario.<sup>2</sup>
- e. To attain full economic recovery, international cooperation is most important among the economies. Policymakers who respond to the situation at hand with the inclusion of sound health policies to end access disparities, climate policies, fiscal, monetary and external policies as pivots are expected to fare better than the others.

## 2. Indian Economy –

- a. India's real gross domestic product ('GDP') grew at 8.7 per cent. during FY2021-22, according to National Statistical Office ('NSO'), Growth during the quarter ended March 31, 2022, was at 4.1 per cent., a four-quarter low, reflecting the impact of the Omicron wave on manufacturing and contact intensive services. As per the Monetary Policy Committee ('MPC') of the Reserve Bank of India ('RBI'), the growth projected for FY2022-23 is 7.2 per cent. with the first quarter at 16.2 per cent.; second quarter at 6.2 per cent.; third quarter at 4.1 per cent. and fourth quarter at 4.0 per cent. Economic activity has experienced turbulence due to successive COVID-19 waves followed by geopolitical situations in the continent.<sup>3</sup>
- b. In the sectoral growth analysis, agriculture remains unperturbed during the national lockdown and had growth in the last two financial years, continues to show similar growth of 3.0 per cent. during FY2021-22. Manufacturing grew at 9.9 per cent. in the same period against the previous year's contraction of 0.6 per cent. Contact intensive sectors are on the path to normalcy, thus trade, hotels and transport showed growth of 11.1 per cent. during FY2021-22<sup>4</sup>, which had experienced the highest contraction during the pandemic.
- c. Consumer Price Index ('CPI') inflation stood at 6.9 per cent. in March 2022. RBI, in its Monetary Policy Committee meeting of June 2022, revised the CPI inflation projection to 6.7 per cent. for FY2022-23 with 7.5 per cent., 7.4 per cent., 6.2 per cent. and 5.8 per cent. during the first, second, third and fourth quarter, respectively, of FY2022-23<sup>5</sup>. Inflation outlook faces risks due to lingering war and sanctions, elevated oil and commodity prices, prolonged supply chain disruptions, accentuated global financial market volatility in major economies and renewed waves of COVID-19 across countries. The Wholesale Price Index ('WPI') stood at 14.6 per cent. in March 2022.
- d. Owing to higher expenditure and lower receipt during the pandemic, India's fiscal deficit was 9.2 per cent. of GDP during FY2020-21. It improved to 6.7 per cent. during FY2021-22 owing to higher tax realisation. The tax receipts during the fiscal were ₹18.2 trillion against the revised estimate ('RE') of ₹17.7 trillion. The fiscal deficit is expected to further fall to 6.4 per cent. for FY2022-23 budget estimate ('BE').<sup>6</sup>
- e. Exports during FY2021-22 were US\$ 417.8 billion but were outpaced by imports at US\$ 610.2 billion for the same period, leading to a trade deficit of US\$ 192.4 billion. As per preliminary data released by the Ministry of Commerce and Industry ('MoCI'), the share of petroleum imports in India's total imports was 26 per cent. During FY2021-22, of which the value of inbound shipments

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<sup>2</sup> <https://openknowledge.worldbank.org/bitstream/handle/10986/37097/9781464818585.pdf>

<sup>3</sup> <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPR0804223897C8D9006C4981AEBA943DEDD6F98.PDF>

<sup>4</sup> <https://economictimes.indiatimes.com/news/economy/indicators/gdp-grows-by-8-7-in-fy22-q4-gdp-slows-to-4-1/articleshow/91914997.cms?from=mdr>

<sup>5</sup> <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR3336416D60D22514022BC8C197A992D837C.PDF>

<sup>6</sup> <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPR0804223897C8D9006C4981AEBA943DEDD6F98.PDF>

- f. nearly doubled up (94 per cent.) as compared to a year earlier due to the rise in global crude oil prices.<sup>78</sup>
- g. In the MPC meeting in April 2022, RBI kept the repo rate under the liquidity adjustment facility ('LAF') unchanged at 4.0 per cent. The central bank maintained the accommodative stance though focused on the withdrawal of accommodation to support growth. The decisions are on the expected lines of the market to achieve the targeted inflation level of 4.0 per cent. within +2.0 per cent. the band along with the focus on growth.<sup>9</sup>
- h. However, in the unscheduled MPC meeting in May 2022, the repo rate was raised by 40 basis points ('bps') to 4.40 per cent., taking into account high geopolitical uncertainty, global price dynamics, and supply chain disruptions. In June 2022 meeting, MPC further raised the policy rate by 50 bps to 4.90 per cent. and withdrew the accommodative stance of monetary policy.
- i. Money supply (M3) and bank credit by commercial banks rose (Y-o-Y) by 8.7 per cent. and 9.6 per cent., respectively, as of End-March, 2022. India's foreign exchange reserves increased by US\$ 30.3 billion to US\$ 607.3 billion in FY2021-22.<sup>10</sup>

A comprehensive discussion on the significant socio-economic, environmental, regulatory and macro-economic factors that constitute the external environment in which the Bank operates and the impact of these factors on the Bank's ability to create value is presented in the 'Boards' Report and Management Discussion and Analysis' section forming part of Annual Report 2021-22.

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<sup>7</sup> <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MPR0804223897C8D9006C4981AEBA943DEDDD6F98.PDF>

<sup>8</sup> [https://www.business-standard.com/article/economy-policy/trade-deficit-widens-to-192-billion-in-fy22-imports-at-recordhigh-122040500051\\_1.html#:~:text=India's%20merchandise%20import%20in%20March,March%202022%20was%20%2418.69%20billion](https://www.business-standard.com/article/economy-policy/trade-deficit-widens-to-192-billion-in-fy22-imports-at-recordhigh-122040500051_1.html#:~:text=India's%20merchandise%20import%20in%20March,March%202022%20was%20%2418.69%20billion)

<sup>9</sup> [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=51683](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51683)

<sup>10</sup> [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=53537](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53537)

# Board of Directors



### Dr. Anup Kumar Sinha

**Non-Executive (Independent) Chairman**

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

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

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

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



### Chandra Shekhar Ghosh

**Managing Director & Chief Executive Officer**

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

Mr. Ghosh is the former President of Bengal Chamber of Commerce & Industry (BCC&I) and the former Chairman of CII, Eastern Region. He is also a member of Managing Committee of Indian Banks' Association (IBA) and a member of Corporate Governance Council, CII. He co-chairs the Financial Inclusion Committee of Federation of Indian Chambers of Commerce and Industry (FICCI). Further, he is a member of the Committee on Micro, Small and Medium Enterprises (MSME) sector, Government of West Bengal, along with being a member of College Advisory Committee (CAC) in CAB, Pune. He has also been a distinguished invitee on the Council of Management, AIMA. Mr. Ghosh was elected as 'Senior Ashoka Fellow' in 2007 by Ashoka Foundation (social entrepreneurship award).

He holds an MSc in Statistics and also attended the HBS-ACCION programme on Strategic Leadership at Harvard Business School in April 2006. He has completed a Certification Programme in IT & Cyber Security conducted by Institute for Development and Research in Banking Technology (IDRBT), established by the RBI.



### Dr. Allamraju Subramanya Ramasastry

**Independent Director**

**Dr. Ramasastry** is widely known for his commendable domain knowledge in Banking technologies such as cybersecurity, analytics, Cloud computing, and payment systems, in addition to his other areas of expertise. He was the Director of the Institute for Development and Research in Banking Technology ('IDRBT') from 2014-2020. Prior to joining the IDRBT, he was the Chief General Manager-in-charge of the Department of Information Technology at RBI. In RBI, he had spearheaded many important projects, including the implementation of the Next Generation RTGS, adoption of XBRL and ISO 20022, and preparation of the IT Vision of RBI from 2011-17.

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

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



### **Dr. Aparajita Mitra**

**Additional Director (Independent)**

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

She has also guided various postgraduate students from well-known universities on their projects in the domain of Plant Tissue culture part. She has been associated with various organisations, such as:

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

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



### **Divya Krishnan**

**Additional Non-Executive Non-Independent Director (Nominee of BFHL)**

**Ms. Divya Krishnan** is a finance and investment banking professional and is currently a visiting faculty at Ashoka University. Ms. Krishnan was formerly Chief Investment Officer ('CIO') and Head of Investment at SBI Mutual Fund. Prior to becoming CIO, Ms. Krishnan worked as a fund manager at SBI Funds.

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

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

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



### **Dr. Holger Dirk Michaelis**

**Nominee Director (Caladium Investment Pte. Ltd.)**

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

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

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



## **N V P Tendulkar**

**Independent Director**

**Mr. Tendulkar** is a qualified Chartered Accountant and Company Secretary. He has more than 41 years of experience in Finance, General Management & Operations in IT, Telecom and Manufacturing industries. He has extensive experience working with American and European based multinational organisations and has successfully resolved multi-dimensional, dynamic and challenging issues.

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

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

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## **Philip Mathew**

**Additional Director (Independent)**

**Mr. Philip Mathew**, a HR practitioner, has almost 30 years of work experience. He left HDFC Bank as the Chief People Officer in 2018 after his association of around 16 years. During his tenure at HDFC Bank, he was involved in various HR related initiatives, such as, successful transition to a cloud-based enterprise-wide HR application, amongst the first to adopt the new governance and risk management standards set by Compensation Guidelines by RBI, implementation of HR metrics, recognition as 'Best Employer' in the BT Survey in 2016, etc., and with regard to training and development, online learning, revisiting instructional design and systematic measurement of training effectiveness of designated programmes.

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

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

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## **Santanu Mukherjee**

**Independent Director**

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

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

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

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### **Subrata Dutta Gupta**

**Independent Director**

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

Mr. Gupta worked at the International Financial Corporation ('IFC'), World Bank Group for more than a decade from 2005 to 2019 and retired as the Principal Financial Officer of IFC. During his stint at IFC, he worked in South Asia, South East Asia, and Central Asia. He has also been associated with BHW Birla Home Finance as the Managing Director, with SREI International Finance as Senior Vice President and with Classic Financial Services & Enterprises Ltd. as the Regional Manager for Operations.

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

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



### **Suhail Chander**

**Independent Director**

**Mr. Chander** is a veteran Banker. He has 38 years of rich experience in Banking Operations, Trade Finance, Retail, Microfinance and Wholesale Banking. His extensive experience covers the entire gamut from retail, microfinance, small and medium enterprise, mid-sized corporates, large corporates and Investment Banking.

Mr. Chander started his professional journey in banking as a trainee at Grindlays Bank in 1983. He then held various senior positions at ABN AMRO Bank NV in India, Indonesia and Singapore. Thereafter, Mr. Chander joined IndusInd Bank's core management team and retired in March 2020 from there as the Head of Corporate and Institutional Banking.

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

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



### **Thekedathumadam Subramani Raji Gain**

**Independent Director**

**Ms. Gain** has recently retired as the Chief General Manager and state in-charge at MP Regional Office of NABARD. She had also held the position of Executive Director at Bankers Institute of Rural Development (BIRD). She has over 34 years' experience in the field of agricultural and rural development. She has worked in various capacities in NABARD where she was involved in capacity building and conducted programmes on organisational and institutional development, microfinance, self-help groups, gender and participatory management. She has been a Faculty Member at the BIRD, Lucknow and Technical Advisor at UP Diversified Agriculture support Program, a World Bank Project.

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



### **Vijay N Bhatt**

**Independent Director**

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

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



# Core Management Team

**Arvind Singla**

Head – Operations & Technology

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**Santanu Banerjee**

Head – Human Resources

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**Biswajit Das**

Chief Risk Officer

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**Nand Kumar Singh**

Head – Banking Operations and Customer Service

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**Siddhartha Sanyal**

Chief Economist and Head Research

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**Sujoy Roy**

Head-Branch Banking

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**Jagannadha Rao Suvvari**

Head – Legal

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**Ravi Lahoti**

Chief Audit Executive

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**Suresh Srinivasan Iyer**

Head – Housing Finance

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**Kamal Batra**

Head – Assets

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**Sunil Samdani**

Chief Financial Officer

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**Manoj Kumar Mauni**

Chief Technology Officer

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**Ronti Kar**

Chief Information Officer

---

**Sudheer Reddy Govula**

Chief Compliance Officer

---

**Arvind Kanagasabai**

Head – Treasury

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**P Ramaswamy**

Chief of Internal Vigilance

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**Satyajit Ghosh**

Incharge – EEB and SBAL

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**Indranil Banerjee**

Company Secretary

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### 3.1 Bank's Philosophy on Corporate Governance

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

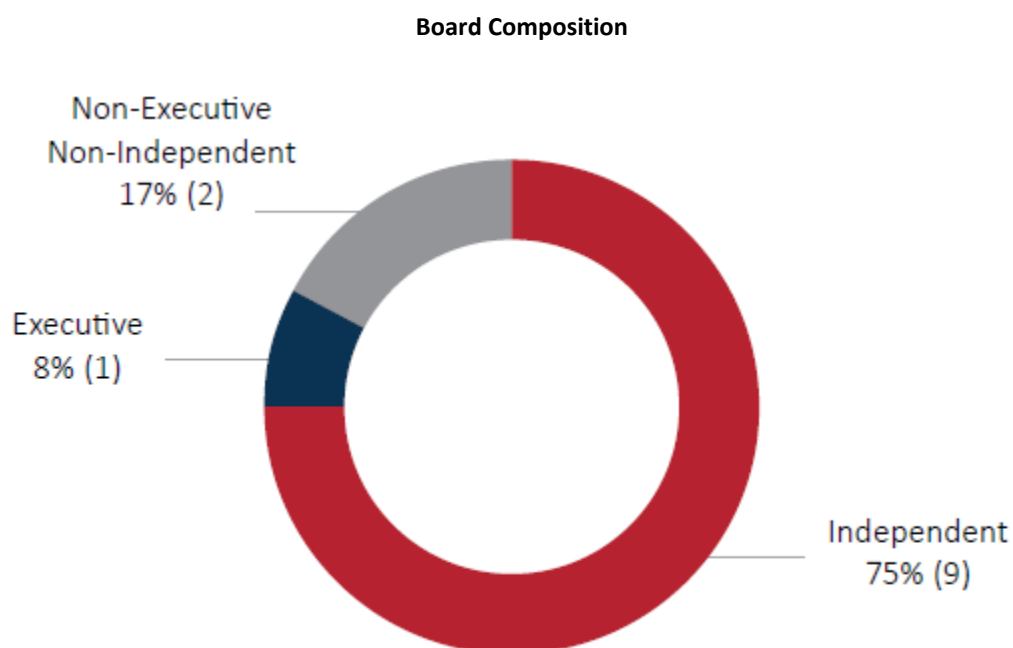
The Bank complies with the extant corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI LODR.

### 3.2 Board of Directors

The Bank entrusts its Board of Directors (the 'Board') with the ultimate responsibility of the management, affairs, directions and performance of the Bank and is vested with the requisite powers, authorities and duties. The Corporate Governance philosophy of the Bank establishes that the Board's independence is essential to bring objectivity and transparency to the management and the dealings of the Bank. The composition of the Board of the Bank is governed by the provisions of the Companies Act and rules made thereunder, the Banking Regulation Act, 1949 (the 'BR Act') and the guidelines/ circulars issued by the Reserve Bank of India ('RBI') in this regard, provisions of SEBI LODR, the Articles of Association ('AOA') of the Bank, other applicable laws and the best corporate governance practices.

#### Composition of the Board and Tenure on the Board

As of March 31, 2022, the Board of the Bank comprised of twelve Directors, of whom nine were Independent Directors including a Non-Executive (Independent) Chairman and one Woman Independent Director, two Non-Executive Non-Independent Directors including one Nominee Director of Caladium Investment Pte. Ltd. (equity investor) and one Managing Director & CEO.



During the financial year under review, there has been no change in the composition of the Board of the Bank. However, subsequently, based on the recommendations of the Nomination and Remuneration Committee of the Board ('NRC'), Ms. Divya Krishnan (DIN: 09276201) has been appointed as an Additional Non-Executive Non-Independent Director (nominee of the NOFHC) of the Bank, in place of Mr. Ranodeb Roy (DIN: 00328764), Non-Executive Non-Independent Director of the Bank, effective May 11, 2022. Accordingly, Mr. Ranodeb Roy ceased to be a Director of the Bank, effective May 11, 2022.

Further, based on the recommendations of the NRC, the Board has approved the appointments of Mr. Philip Mathew (DIN: 09638394) as an Additional Director (Independent), effective June 15, 2022, and Dr. Aparajita Mitra (DIN: 09484337) as an Additional Director (Independent), effective July 13, 2022.

The appointments of Ms. Divya Krishnan as a Non-Executive Non-Independent Director (nominee of the NOFHC), and Mr. Philip Mathew and Dr. Aparajita Mitra as Independent Directors, for a term of three consecutive years each, are subject to the approval of Shareholders at the ensuing Annual General Meeting ('AGM') of the Bank.

Further, Mr. Snehomoy Bhattacharya (DIN: 02422012), Independent Director, on completion of his second term of four years as an Independent Director on July 08, 2022, ceased to be a director on the Board of the Bank, effective July 09, 2022.

The composition of the Board of the Bank represents various skill sets, special knowledge, practical experience, qualifications, professionalism and diversity as required under applicable laws and as required for the banking business. The Board has been reviewing its strength and composition, from time to time, to ensure that it remains aligned with the statutory provisions as well as the business requirements of the Bank. The profiles of the Directors are available on the website of the Bank, at <https://bandhanbank.com/corporate-governance>.

The average tenure of the Board Members in years as of March 31, 2022, is as follows:

<b>Name of the Director(s)</b>	<b>Original Date of Appointment</b>	<b>Completed Tenure (in years) as of March 31, 2022</b>	<b>Retirement Date /Term Ending Date</b>	<b>Average Tenure (in years)</b>
Mr. Chandra Shekhar Ghosh <sup>1</sup>	July 10, 2015	6 years 9 months	July 09, 2024	6 years 9 months
Mr. Ranodeb Roy	July 26, 2016	5 years 8 months	Retire by rotation	5 years 11 months
Dr. Holger Dirk Michaelis	February 12, 2016	6 years 2 months	Retire by rotation	5 years 11 months
Dr. Anup Kumar Sinha <sup>2</sup>	January 07, 2019	3 years 3 months	July 04, 2026	3 years 8 months
Dr. Allamraju Subramanya Ramasastry <sup>3</sup>	August 08, 2018	3 years 8 months	August 07, 2026	3 years 8 months
Mr. Narayan Vasudeo Prabhatendulkar	May 08, 2020	1 year 11 months	May 07, 2023	3 years 8 months
Mr. Santanu Mukherjee <sup>4</sup>	January 07, 2019	3 years 3 months	January 06, 2027	3 years 8 months
Mr. Snehomoy Bhattacharya	July 09, 2015	6 years 9 months	July 08, 2022	3 years 8 months
Mr. Subrata Dutta Gupta	March 19, 2021	1 year	March 18, 2024	3 years 8 months
Mr. Suhail Chander	March 19, 2021	1 year	March 18, 2024	3 years 8 months
Ms. T. S. Raji Gain	August 06, 2015	6 years 8 months	August 05, 2022	3 years 8 months
Mr. Vijay Nautamlal Bhatt	May 08, 2020	1 year 11 months	May 07, 2023	3 years 8 months

<sup>1</sup>Re-appointed as MD & CEO for a period of three years effective July 10, 2021

<sup>2</sup>Re-appointed as an Independent Director and as Non-Executive Chairman effective January 07, 2022, up to July 04, 2026, however, the RBI approved tenure as Non-Executive Chairman is for a period of three years effective January 07, 2022

<sup>3</sup>Re-appointed as an Independent Director for a period of five years effective August 08, 2021

<sup>4</sup>Re-appointed as an Independent Director for a period of five years effective January 07, 2022.

### **Separation of office of Chairman and the MD & CEO**

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

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

### **Responsibilities of the Board**

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

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

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

### **Board Meetings and Agenda**

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

The Board meets at least once a quarter and at least four times a year to review and approve the quarterly/annual financial results and matters relating to the business operations of the Bank. Apart from the above, Board meetings are also convened, as and when required, by giving due notice to the Directors. The emphasis of the Bank has been to have all the Directors physically present for all the Meetings of the Board and Committees, however, to facilitate Directors travelling/residing abroad or at other locations to participate in the meetings, video-conferencing facilities are also provided, in terms of the provisions of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014. Accordingly, the Bank has also conducted its Board and Committee Meetings through video conferencing ('VC') during the financial year. The intervening period between any two consecutive Board meetings is well within the maximum gap of 120 days as specified in Regulation 17(2) of the SEBI LODR and Section 173(1) of the Companies Act.

The Board met fourteen times during FY 2021-22. The details of the Board meetings held during the financial year ended March 31, 2022, are as under:

<b>Sl. No.</b>	<b>Date</b>	<b>Through VC – Location</b>	<b>No. of Directors Present/ Directors on the Board</b>	<b>No. of Directors on the Board</b>
1	April 12, 2021	Kolkata	11/12	
2	May 06, 2021	Kolkata	11/12	
3	May 08, 2021	Kolkata	11/12	
4	June 25, 2021	Kolkata	12/12	
5	July 30, 2021	Kolkata	12/12	
6	September 29, 2021	Kolkata	12/12	
7	October 26, 2021	Kolkata	11/12	
8	October 29, 2021	Kolkata	11/12	
9	January 13, 2022	Kolkata	12/12	
10	January 21, 2022	Kolkata	12/12	
11	February 11, 2022	Kolkata	12/12	
12	February 19, 2022	Kolkata	12/12	
13	February 24, 2022	Siliguri	12/12	
14	February 25, 2022	Siliguri	11/12	

The details of the Corporate Governance are provided in Annex 4 - 'Report on Corporate Governance' section of the Annual Report FY 2021-22.

## 4 Business Model

An all-encompassing nationwide transformation requires an exceptional scale of agility and innovation. It necessitates an overarching strategic agenda, that is focused on evolution across every operational and functional parameter.

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

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

### Serving the unserved and underserved

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

### Journey of Transformation

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

## 4.1 Diversified Business Suite

A varied product portfolio helps the Bank achieve its desired state of being a bank for all. With a focus on consumer needs, the Bank has a fine mix of assets and liability products.

### RETAIL LIABILITY PRODUCTS

The overall deposit book of the Bank has touched ₹96,331 crore with the CASA Business at ₹40,079 crore. The deposit book size of the Bank has grown by 24% during FY 2021-22 over FY 2020-21 and the CASA book size has increased by 18% during the same period. In line with the goal of geographical diversification of the Bank, the growth in deposits in east and north-east was 18% whereas in areas outside of east and north-east was 31%.



The Bank has also launched three new Current Account products in FY 2021-22 namely Biz Deluxe Current Account, Biz PRO Current Account and Start-up Current Account.

Bandhan Bank continues its focus on affluent business consisting of the flagship Savings products like Elite and Premium, which during the same period have grown by 33%. The **Senior Citizen customer** base has contributed significantly to the value growth of the Bank. In view of the differentiated banking, financial and lifestyle needs of this segment, the Bank introduced the Respect Programme to meet their specific needs.

The Respect Programme addresses their financial needs like medical emergencies and lifestyle benefits in terms of discounts on availing healthcare facilities. A specially designed Respect ID card is offered to senior citizen customers with emergency contact details and priority services at all branches across the country.

The Bank launched three new current account products in FY 2021-22 namely Biz Deluxe Current Account, Biz PRO Current Account and Start-up Current Account. The introduction of these new variants enables the Bank to cater to all segments of business and self-employed customers and provide preferential banking services and solutions as per their needs.

With the changing business dynamics, there has been a significant rise in the number of start-up companies in India. Being a newly-emerged, fast-growing business that aims to meet a marketplace need, the banking needs of start-ups are different from traditional businesses.

The Bank has therefore introduced the **Start-up** Current Account with features and benefits best suited for them. The Bank has also introduced a current account product to meet the financial requirements of professionals, a growing community in India. The **Biz PRO** Current Account has been designed to fulfil the unique banking needs of professionals. The Bank has also introduced the **Biz Deluxe** Current Account for traders, distributors and wholesalers of various industries who experience seasonal demand, that peaks and lows in specific months. The features of this product will help customers in this segment to enjoy more benefits by maintaining higher balances.

Considering that digital transactions are low cost, scalable and offer ease of use, the Bank has taken the initiative to reach out to a larger section of customers to opt for online transactions through the digital channels. The Bank has been authorised by the RBI for undertaking government business on behalf of the RBI as an Agency Bank. The Bank has already entered into an agency agreement with the RBI for this purpose.

## DIGITAL PORTFOLIO



The Bank's digital portfolio and channel strategies provide an anytime, anywhere, easy and fast banking experience to customers. Its digital offerings cater to both urban, corporates, individuals and the unbanked population of this country.

In the last two years, digital banking has seen rapid, large-scale adoption among various users in the world. It is more so in India, where digital banking and payments were still picking up. Propelled by the need to maintain social distancing and stay at home, consumers quickly adopted digital banking and payments to fulfil their needs from the comfort of their homes. The government's digital drive also fuelled digital adoption.

To be a part of the digital wave and continue to be a bank of choice for consumers, the Bank has embarked on a digital transformation journey. It has reimagined the future of banking through hyper-contextualisation and is building a personalised digital banking experience for its customers. Advanced product strategy and data analytics are critical to achieving these and the Bank is making quick strides in these areas.

The Bank's digital portfolio and channel strategies provide an anytime, anywhere, easy and quick banking experience to customers. Its digital offerings cater to individuals and businesses across metro, urban, semi-urban and rural India.

### Reimagining the Banking Experience

Resilience in the face of impediments has paved the path for innovation for Bandhan Bank to adopt new-age banking. In this journey of digital transformation, the primary focus has been on:

- I. Banking that's convenient through redefining next-gen technology-enabled self-service offerings
- II. Banking that's personalised through product innovation and external Integration
- III. Banking that's reachable through multichannel customer touchpoints

## Key Digital Initiatives this Year

### i. Bandhan Bank UPI App – 2.0

The BHIM Bandhan UPI app allows users to link multiple bank accounts in one app and make regular payments, check account balances and own complete control over their accounts from a single banking app. The Bank's app has an inbuilt UPI 2.0 functionality including IPO mandate acceptance, OD account linkage and Sign QR in addition to UPI 1.0 functionalities.

### ii. Internet Banking

The Bank offers feature-rich Internet banking services to customers to help them meet their everyday banking needs. It provides a comprehensive account summary, balance enquiry, transaction history, a unified view of all linked accounts, and mini and detailed account statements. It further facilitates online booking of fixed and recurring deposits, and 24x7 inter and intra-bank fund transfers via NEFT, RTGS, IMPS and Quick Pay. Service requests can also be initiated online, including chequebook requests, stop payment, user details modification, utility bill payment, and others.

The Bank has also launched a revamped Corporate Internet Banking portal with an improved user-friendly interface and dashboard, newly introduced online service requests, corporate admin functionalities, and enhanced and simplified payment capabilities. The Bank is also in the process of redesigning its Retail Internet Banking experience.

### iii. Mobile Banking (mBandhan App)

**mBandhan** is the mobile banking application of the Bank. The user interface of mBandhan is simple and light, making it easy for even non tech-savvy customers to use mobile banking. Through this app, customers can access and manage their accounts 24x7 on their smartphones. They can check their account balance, make fund transfers, request a chequebook, open a fixed deposit, block a debit card, and much more. The work on a new, completely different and powerful mobile banking experience has been initiated by the Bank.



The user interface of mBandhan is extremely simple, making it easy for even nontech- savvy customers to use mobile banking..

### iv. Integration with Merchant Payment Aggregator and NeoPlus Merchant

The Bank is committed to providing a seamless e-commerce payments experience across stores and apps for customers. The Bank partners with some of the large payment aggregators to facilitate customer payments.

In the year in review, the Bank introduced a merchant payment solution called NeoPlus Merchant to increase sales, reduce the cost of cash management and improve customer service. With NeoPlus Merchant SoftPOS, through a simple phone-based app, the merchant gets access to convenient options for receiving payments from customers. It has zero installation fee, provides contactless transaction capabilities and digital receipts, and reports and supports multiple types of transactions, i.e., sales void, partial or complete refunds. Furthermore, the application is equipped to record cash transactions to enable a 360-degree view of payments and collections and the 'Khaata' feature to track pending payments.



#### v. USSD Banking

The Bank, being widely present in rural and semi-urban areas, has a customer base that is yet to migrate to high-speed internet connectivity. The Bank offers its customers the convenience of USSD banking whereby customers can avail of basic banking services without data connectivity. Users can dial \*99# to avail of a range of financial and nonfinancial banking services in English and regional languages.

#### vi. SMS Banking

To be a 'bank that's reachable', the Bank has SMS Banking in its product suite. Even without a smartphone and activated data plan, users can access their account information with the help of shortcodes communication via SMS 24\*7.

#### vii. Missed Call Banking

Missed call banking is a service from Bandhan Bank where users can access their account information with a missed call. Users can get their account balance and mini statement by giving a missed call from their registered mobile number on a pre-defined number 24x7.

#### viii. Tab Banking

Tab-based banking for EEB customers helps accelerate the account opening process, eases paperwork on documentation, reduces cost, minimises human error and provides the Bank flexibility to serve customers beyond its branches. Tab banking comes with comprehensive banking features, including collection, disbursement, withdrawal, balance enquiry and NPS. The Bank has been successfully migrating EEB and SBAL customers from traditional handheld devices to



The Bank is revamping the digital account opening journey by introducing video KYC capability to introduce a complete KYC-enabled digital account.

a state-of-the-art tab banking solution. These have led to significant improvement in maintaining and enhancing customer relations. Currently, more than 35,000 employees across all banking units are using the Bank's tab banking solution, with more than 18.50 lakh transactions being logged through the platform daily.

#### ix. Product Information

In addition to its deposit products, the Bank has introduced a new investment alternative for customers. Now, customers can invest in equity, liquid, tax-saving and debt funds from their retail Internet banking platform with a single sign-on capability. Customers can also view policy recommendations based on their risk profile, plan financial goals, invest in NFOs, import their external investments onto a single platform, and track their entire portfolio.

The Bank is revamping the digital account opening journey by introducing video KYC capability to introduce a complete KYC-enabled digital account. Furthermore, the Bank is enabling UPI over IVR voice capability for loan repayment, bill payment and other utility payments.

#### Road Ahead

The Bank continues to promote the digital culture with new enhancements, product and service suite offerings for its customers through the digital channels. The Bank plans to leverage the power of data analytics and artificial intelligence to provide superior customer experience and greater operational efficiency.

The Bank is on the path of extensive digital transformation during the current financial year by making heavy investments to transform its digital asset offerings. The Bank is further redefining its lending journey across its digital platform and enabling EEB digital collection enablement by offering services convenient to end-users.

## EMERGING ENTREPRENEUR BUSINESS (EEB) & SMALL BUSINESS AND AGRI LOANS

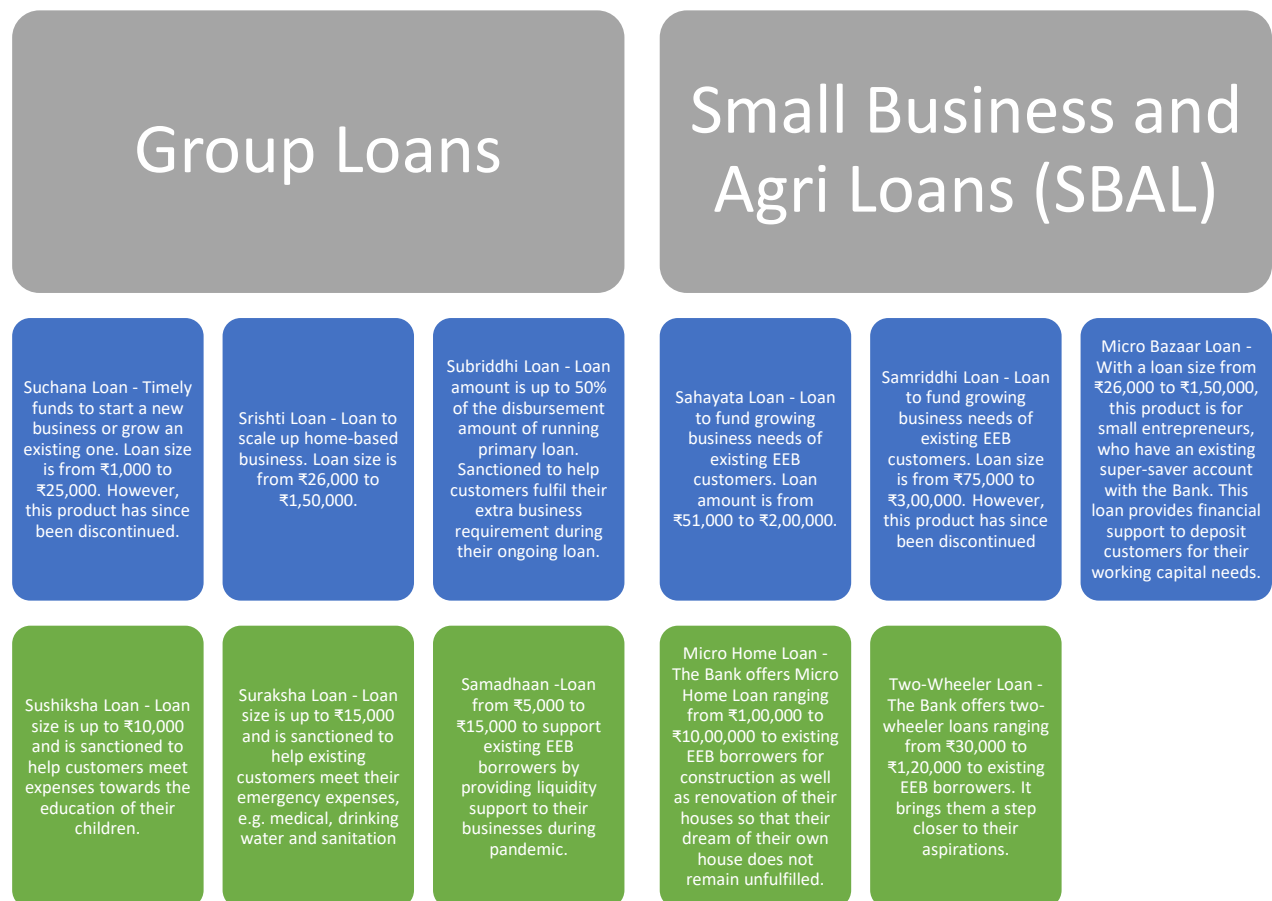
### Initiatives in FY 2021-22

Bandhan Bank rose to the challenge to face the disruption caused by COVID-19 and the implementation of restrictive protocols. Following lockdowns and social distancing norms, the Bank split the teams and introduced a roster-based attendance system to reduce the numbers in each working group. The Bank conducted awareness programmes to educate employees and customers about COVID-19 and the need for vaccination. The Bank also stood by its customers and supported them with credit facilities to tide through the pandemic.

The Bank is focused on educating the EEB customers on the merits of digital banking. The Bank is providing the necessary training to make customers literate about digital payments or even the benefits of seeding bank accounts with mobile numbers and Aadhaar. The Bank also initiated a drive to enable customers to pay online.

During the lockdown, many of the Bank's customers lost their source of income, making them financially vulnerable. It designed specialised financial products to enable the customers to tide over the crisis. In addition to the various business loan products, the Bank is encouraging customers to develop a habit of small savings to ensure financial stability during crises.

The EEB vertical has been driving the transformation of customers at the ground level. The Bank has already started migrating high vintage and quality customers to SBAL from their existing group loans thereby allowing them to avail of higher ticket sizes to fuel their business growth.



## HOUSING FINANCE

The Bank offers loans to individual customers for the purchase, construction, repair or renovation and extension of dwelling units. A loan against Property (LAP) on self-occupied residential property and a loan against rent receivables on commercial property is also offered.



During the year, the Bank extended housing loan services to 25 additional centres, thereby expanding its presence to 356 centres across 20 states and two Union Territories.

Loans are offered to salaried and self-employed individuals in line with the Bank's objective to increase financial inclusion, as well as loans to New to Credit customers.

During the year, the Bank extended housing loan services to 25 additional centres, thereby expanding its presence to 356 centres across 20 states and two Union Territories.

The Bank continues to focus on housing finance and has disbursed ₹5,253 crore during the year clocking

a growth in the disbursement of 43%. Consequently, the loan book has grown to ₹23,560 crore indicating a growth of 17%.

During the year, the Bank continued to focus on affordable home loans with the majority of loans being below ₹20 lakh. It also launched a special campaign for higher ticket size loans with a rate of interest starting from 6.40%. The campaign received a good response and the Bank achieved its highest ever quarterly disbursement figure in the last quarter of the year.

The Bank also started a Direct Sales Agent (DSA) channel for sourcing home loans. The DSA channel is doing well and its contribution has been consistently increasing. To improve services, the Bank is strengthening its customer support network and will soon launch digital journeys for customer onboarding and online support.

In keeping with market trends, the Bank offers loans at Floating Rates linked to an External Benchmark Rate (EBR). The Bank has adopted the one-year repo rate announced by the RBI as the EBR rate.

The Bank also follows the principle of risk-based pricing, and the interest rate on loans is correlated to the individual credit score computed on multiple parameters. Existing customers who are serving floating rate loans linked to previous benchmark rates are also being offered an option to convert their loans to EBR-linked loans.

A major portion of the Bank's housing book successfully meets the criteria for priority sector lending as the focus area remains affordable housing.

## RETAIL ASSETS

With an objective to serve the financing needs of the larger population, and to maximise the profits by diversifying the risk, the Bank has launched and strengthened several retail asset products in FY 2021-22. Customers can now avail various loans like gold loans, personal loans, two-wheeler loans and car loans from the Bank.

**Gold Loan** aims at fulfilling urgent monetary needs with ease of access, a simplified documentation process and a quick turnaround time. Gold loans are given from ticket sizes of ₹10,000 to ₹25,00,000.

The Bank has revamped **Personal loans** and changed the model of sourcing by a dedicated sales team, catering to existing customers and starting sourcing for new bank customers as well. The personal loan product has started channel partner sourcing from FY 2021-22 to extend its distribution network in major markets to diversify and expand the portfolio. Personal loans are given from ticket size ₹50,000 to ₹15,00,000 for tenure up to 5 years at a competitive rate of interest. The Bank ramped up this book in FY 2021-22.

Erstwhile, **Two-Wheeler Loans** were sourced by bank branches for existing customers only. The Bank redesigned the product as per market standard with the introduction of a dealer/channel-based distribution model. The objective of the programme is to provide financing to existing as well as new bank customers for the purchase

of new two-wheelers. The Bank leveraged the digital capabilities and approved two-wheeler loans in just 5 minutes for more than 90% of cases. The two-wheeler loan ranges from ₹5,000 to ₹5,00,000.

**Car Loan** was launched by the Bank in Q2 of FY 2021-22, to meet the customers' aspirations of owning a car. The Bank designed various product schemes for a loan amount ranging from ₹50,000 to ₹1 crore, to cater to various customer profiles – salaried, self-employed as well as non-individual entities. With the help of an extensive manufacturer and dealer network, the Bank aims to provide the best deals to its existing as well as new customers.



Customers can now avail various loans like gold loans, personal loans, two-wheeler loans and car loans from the Bank.

## COMMERCIAL BANKING PRODUCTS

### Agricultural Loans

Credit for agricultural activities helps production, empowers farmers, and supports this sector, the backbone of the Indian economy. The Bank offers credit to fund seasonal agricultural operations and allied activities. It supports farmers' investment in agriculture infrastructure, its repair and maintenance, besides consumption needs. Loans and customised product solutions are offered at attractive rates of interest with a dedicated relationship manager to provide prompt service.



The Bank supports farmers' investment in agriculture infrastructure, its repair and maintenance, besides consumption needs.

### Small Enterprise Loan

Micro, Small and Medium Enterprises form the backbone of the Indian economy and thus nurturing this segment is crucial to the all-around growth of the country. Small Enterprise Loan caters to these businesses, who need short to medium-term loans to support their businesses as well as to expand them further through the purchase of stock, asset creation, etc.

Currently, the Bank offers SEL loans ranging from ₹1,00,000 to ₹25,00,000 at flexible tenures up to 4 years with competitive interest rates and minimal documentation. The Bank has a dedicated relationship team which takes care of all the banking-related requests of the customer. The Bank ensures loan processing is completed in the lowest timeframe. To further improve market competitiveness, the Bank has initiated the deployment of the Loan Origination System, which automates and manages the end-to-end steps in the loan process thus improving loan turnaround time and quality.

### Small & Medium Enterprise Loans

Entrepreneurs of small and medium businesses need credit to set up the business, fund business expansion or even for technological upgradation. Designated branches of the Bank offer an array of loan products at competitive rates of interest to micro, small and medium enterprises (MSMEs) to meet their working capital or capital expenditure requirements, including non-fund-based facilities. The interest rate offered is based on the

applicant's profile and credit rating. These are secured loans of more than ₹10 lakh extended to businesses involved in manufacturing, trading, and services.

To promote ease of the process, the Bank has initiated the deployment of the Loan Origination System (LOS), which automates and manages the end-to-end loan process. The Bank is also in the process of implementing cash management and trade services for commercial clients.



Small Enterprise Loans cater to businesses, which are in need of short to medium term loans.

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

#### **SME Business Connect**

These loans help entrepreneurs finance working capital and capital expenditure against primary security of current or fixed assets and collateral security including residential or commercial property or liquid securities. These loans, ranging from ₹10 lakh to ₹2 crore, are provided in the form of fund-based facilities like overdraft, cash credit, or term loans and non-fund-based facilities like a letter of credit or bank guarantees.

#### **SME GST Connect**

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

#### **Mortgage Loans**

There are two types of mortgage loans - loans against property and loans against rent receivables sanctioned to landlords of bank premises.

**Loans against property** are sanctioned for general business purposes and provided against collateral security that may encompass residential, commercial, industrial and non-agricultural property or liquid securities. The loan quantum ranges between ₹25 lakh and ₹10 crore and is granted as a term loan for a tenure of up to 15 years.

#### **Non-Schematic Loans**

These loans are meant for SMEs or mid-corporate borrowers as per extant guidelines who are not covered in existing products or loan schemes and ticket size ₹10 lakh. These loans may be extended in the form of secured credit facilities including a term loan, cash credit, overdraft or lease rental discounting or as non-fund-based facilities like a letter of credit or bank guarantee.

#### **Loans to Non-Banking Financial Company (NBFCs) & NBFC-Microfinance Institution (MFI)**

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



The Bank offers customers a wide variety of mutual fund products across asset classes.

During the pandemic, where the community weathered a storm and bounced back after facing unprecedented challenges, the Bank stood by its customers, partnering with them on their life journey. Through its robust and measured third-party products distribution business, the Bank leveraged its branch network, customer-centric processes, diligent product selection and focused partnerships. The Bank is committed to providing one-stop insurance and investment solutions as a value-added

service to its customers.

The Bank leveraged emerging opportunities across financial markets in terms of enhanced product awareness and digital adoption as well. Third-party distribution of financial products, including life insurance, non-life Insurance and investment in mutual funds, is evolving rapidly in a dynamic market. Therefore, building synergy with third parties for marketing product offerings through banking channels will help further deepen the Bank's relationship with its customers.

Going ahead, the Bank will leverage analytics, customer insights and technology to better assess customer needs. It will use personalisation to offer the right products to cater to customers' needs and will focus on building a best-in-class distribution model.

### **Non-Life Insurance**

FY 2021-22 forced individuals to place enhanced emphasis on planning their finances and managing not only their health but also their families. It has also reinforced the need to be equipped to redraw financial planning to ensure that unforeseen eventualities do not have a deep-rooted impact on lives and livelihood. In placing the customer's interests first, the Bank distributes an array of third-party non-life products.

The Bank has aligned with reputed players in the non-life insurance market for the distribution of general insurance products. The Bank is a corporate agent of HDFC ERGO General Insurance Company and Bajaj Allianz General Insurance Company for this purpose. The Bank currently offers varied insurance products to its customers including home, health, motor, personal accident, and fire, besides insurance for critical illnesses on a non-risk participation basis.

The Bank has essentially focussed on the retail health market to enable retail customers to build a safety net around health-related risks. In FY 2021-22, the Bank partnered with Niva Bupa Health Insurance Company to offer customers a wide bouquet of products to secure their health.

### **Life Insurance**

The global pandemic over the last two years has highlighted the vulnerability of life against unforeseen incidents. While life insurance is necessary for the financial well-being of loved ones, it also helps to achieve multiple life stage-based financial goals. A variety of life insurance products available in the market cater to different requirements of policyholders, helping them to cover the risk of loss of life, along with long-term savings, goal-based planning, and tax savings benefits.

The Bank currently offers a variety of life insurance products across customer segments. It is a corporate agent for insurance companies like Bajaj Allianz Life, HDFC Life and Kotak Life, and provides its customers with a wide range of life insurance products. These insurance companies offer protection and savings products as well as annuity products with immediate as well as deferred annuity options and loan cover. The Bank has also started distribution of Unit Linked Insurance Plans (ULIP) in FY 2021-22.



The Bank has also started distribution of Unit Linked Insurance Plan (ULIP) in FY 2021-22.

### **Mutual Funds**

The past year has seen periods of both headwinds and tailwinds in the global financial markets and the India story has not been any different. The market for the adoption of retail investment products has become dynamic across geographies. While knowledge percolation by the industry has increased participation, digital enablers have driven efficiency and ease of operations. Professionally managed mutual funds provide a wide basket of benefits in terms of asset diversification and allocation, disciplined savings, and tax benefits in certain products.

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

### **Credit Cards**

The Bank offers a range of co-branded credit cards to suit the customers' lifestyles. Currently, the Bank offers three variants of credit cards with varied benefits: Reward points, fuel surcharge waiver, and spend-based higher reward points credit cards that offer purchase-related perks such as redeemable points, cashback, discount and gift vouchers.



## 5 Stakeholder Engagement Framework

The Bank acknowledges its responsibility in meeting stakeholder expectations in today's fast-changing socio-economic, political and business landscape. The "High touch model of banking" with its customers is unique to the Bank. Stakeholders and society at large play an important role in ensuring that Bank continues to create larger societal value.

In line with the principles of the International Integrated Reporting Council ('IIRC') International <IR> Reporting a stakeholders' engagement framework has been developed which is based on the materiality, completeness and responsiveness of the engagement. The Bank aims to have a transparent and ethical relationship with all its stakeholders and engages with them through multiple mediums. These engagements have enabled the Bank to derive insights into the needs of stakeholders and develop appropriate responses.

### 5.1 Key stakeholders

The key stakeholder groups include shareholders, customers, employees, local communities, channel partners and suppliers, Central and State Governments, regulatory/statutory authorities, media and others. The engagement approach takes into account that each stakeholder group is unique and has a distinctive set of priorities. Insights gathered from stakeholder engagements, help validate the Bank's performance and shape new perspectives.

#### 5.1.1.1 *Shareholders and Investors*

Regular interactions including meetings/analyst meet/investor meet help in engaging and capturing their inputs, working on them and responding accordingly.

#### 5.1.1.2 *Customers*

Customers are engaged proactively and their interactions during transactions are captured and responded to. The Bank has a unique "High Touch Model" that goes beyond banking and provides a focused approach to the customer's banking and non-banking requirements. Their responses are critical in shaping Bank's business model.

#### 5.1.1.3 *Employees*

The Bank has a comprehensive employee engagement programme through continuous learning and development, knowledge management, team-building exercise, health and wellness and celebrations. The Bank has a robust appraisal system that captures employees' feedback and inputs. These help in taking the necessary steps to work on it and respond appropriately.

#### 5.1.1.4 *Local communities*

The Bank has both internal and independent engagement with the local communities using tools like focused group discussions; participatory rural appraisals and key stakeholders meetings. Through these engagements inputs and feedback on any projects or any inputs for the Bank are taken and help in framing an appropriate response.

#### 5.1.1.5 *Vendors and suppliers*

The Bank's commercial partners and suppliers provide their inputs during various supplier engagement meetings. These supplier engagement meetings help in engaging and capturing their inputs, working on them and responding accordingly.

#### 5.1.1.6 *Central and state government*

The Bank holds regular meetings with various central and state government bodies for input on their expectations and responds accordingly.

#### 5.1.1.7 *Regulatory bodies*

The Bank maintains a continuous flow of information sharing and engagement with the regulatory bodies. Their inputs and responses are taken on a priority basis and necessary compliances are maintained and shared.

### 5.1.1.8 Media

Bank has a dedicated corporate communication team for media engagement and capturing their inputs and responding accordingly.

## 5.2 Stakeholders Relationship Committee

The Bank has a Stakeholders Relationship Committee of the Board, constituted under 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 the transfer and transmission of shares, issue of share certificates (including the issue of renewed or duplicate share certificates), share certificates after transmissions, dematerialisation, re-materialisation and so on.

## 5.3 Materiality and Scope of the Integrated Report

This report includes information, which is material to all our stakeholders, and it presents an overview of our businesses and associated activities. The report discloses matters that substantially impact or affect the Bank's ability to create value. The materiality determination process is carried out and presented here.

The sensitivity of an issue to stakeholders and the Bank, in terms of importance, forms the basis of the materiality analysis, which in turn guides the processes for identifying, managing and devising specific action plans for addressing these material aspects. The outcome of the materiality analysis is presented in the form of a matrix that depicts the material topics based on two dimensions –

- importance to stakeholders and
- importance to the Bank's Businesses.

The topics have been categorised relative to each other and the placement of a topic under the 'low' importance category only implies that existing systems and controls are commensurate with stakeholders' present priorities.

Table 1: Bandhan Bank's Materiality Matrix

Importance to Stakeholders	High		❖ Local community development ❖ Sustainable Livelihoods	₹ Customer data privacy ₹ Financial performance ❖ Employee engagement ◆ Statutory compliances ◆ Responsible for products and services ❖ Customer value
	Medium	🌿 Sustainable management of natural resources	❖ Human Rights ❖ Marketing and communications	❖ Learning and development ❖ Health and Safety ❖ Ethics, Transparency and Accountability ₹ Asset, risk and security
	Low	❖ Public Policy Advocacy	🌿 Environment management	❖ Corporate Governance
		Low	Medium	High
		Importance to Bandhan Bank		
	₹ Economic	🌿 Environmental	❖ Social	❖ Social-Economic and Environmental

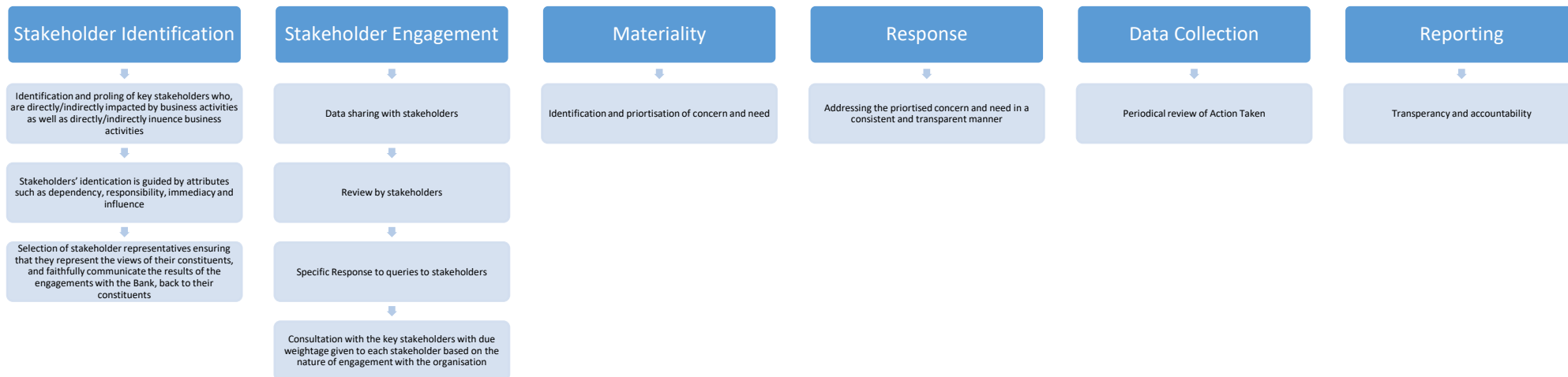


Figure 1 Stakeholders Engagement and Reporting Process

Table 2 Identified Stakeholders wise Engagement and Response Matrix

Stakeholders	Stakeholders' Interests/concerns	Stakeholders Engagement	Bank's response to stakeholders' expectations
Shareholders and Investors	<ol style="list-style-type: none"> <li>1. Improved profitability and growth of the organisation</li> <li>2. Sound corporate governance mechanisms</li> <li>3. Compliance</li> <li>4. Transparent and effective communication</li> <li>5. Investor servicing</li> </ol>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• An exclusive section on the bank's website on 'Investor relations' serves to inform and service shareholders</li> <li>• Dedicated separate email and contact no. for institutional investors and retail shareholders</li> <li>• KMPs contact for determination of materiality</li> <li>• Regular interaction with institutional investors and investors meet</li> <li>• Quarterly report</li> <li>• Press releases</li> </ul>	<ul style="list-style-type: none"> <li>• Growth and Profitability</li> <li>• Policies for Ethical Conduct and corporate governance</li> <li>• Increased interaction with investors during the year</li> <li>• Non-financial disclosures are included in the Annual Report by adopting the Integrated Reporting framework</li> <li>• Communicating on strategic objectives during the quarterly results call with investors and increased disclosures</li> <li>• Commitment to Regulators and Stakeholders</li> </ul>
Customers	<ol style="list-style-type: none"> <li>1. Convenience and Ease of Transacting Across Channels</li> <li>2. Responsive, skilled and considerate staff</li> <li>3. Innovative technology applications</li> <li>4. Availability of relevant product/service quality and security</li> <li>5. Quick response to issues raised through grievance redressal mechanisms</li> <li>6. Adequate information on products/services</li> <li>7. Advanced Analytics</li> <li>8. Transparent communication</li> <li>9. Product/service availability On-time delivery of product/service</li> <li>10. Maintenance of privacy/confidentiality</li> <li>11. Fair and competitive deposits and interest rates</li> <li>12. No information overload /spamming and connecting at a convenient time</li> <li>13. Financial planning advice</li> </ol>	<ul style="list-style-type: none"> <li>• Interaction with Bank employees</li> <li>• Structured surveys for seeking feedback</li> <li>• Doorstep banking centres and home visits – 'High touch model'</li> <li>• Financial Literacy programme and customer meets</li> <li>• Communication through print, digital and social media</li> <li>• Digital connect through online Chatbots, web portal, mobile app, SMS service and telebanking</li> <li>• 24X7 toll-free number for round-the-clock help</li> <li>• Dedicated customer care helpline and email</li> <li>• Dedicated banking support contacts</li> <li>• Dedicated relationship managers for high-value customers</li> <li>• Dedicated services for differently-abled customers</li> <li>• Multiple channels are available for raising Customer queries and grievances</li> </ul>	<ul style="list-style-type: none"> <li>• Being 'Fair to Customer, Fair to Bank' is a core element of the Bank's approach</li> <li>• Enable new Products /Channels including Apps for digital payments and banking</li> <li>• Making personalized recommendations with RM</li> <li>• Awareness of data security and privacy</li> <li>• Customer service policies</li> <li>• Customer grievance redressal policy</li> <li>• Customer relations policy</li> <li>• Customer rights policy</li> <li>• Customer compensation policy</li> <li>• Deposit policy</li> <li>• Cheque collection policy</li> <li>• Policy on the collection of dues and repression of securities</li> <li>• A dedicated customer service team focused on improving process efficiencies and leveraging technology to</li> </ul>

Stakeholders	Stakeholders' Interests/concerns	Stakeholders Engagement	Bank's response to stakeholders' expectations
			<p>improve response time to customers</p> <ul style="list-style-type: none"> <li>• Continuous upskilling and knowledge building of staff</li> <li>• Policy on Vigilance and Whistle Blower Mechanism</li> <li>• HR practices on Ethical Practices, including conducting business with honesty and the highest ethical standards and zero tolerance towards bribery and corruption</li> </ul>
Employees	<ol style="list-style-type: none"> <li>1. Caring and empowering work environment</li> <li>2. Personal development and growth</li> <li>3. Health and safety</li> <li>4. Responsive grievance handling process</li> <li>5. Employee benefits and competitive compensation</li> <li>6. Employee welfare and social security</li> <li>7. Employee alignment to common organisation goals</li> </ol>	<ul style="list-style-type: none"> <li>• Induction programmes /trainings /workshops</li> <li>• Individual performance appraisal</li> <li>• Grievance handling processes</li> <li>• Prevention of Sexual Harassment framework</li> <li>• Workplace environment and health safety</li> <li>• Continuous engagement</li> <li>• Periodic communication meetings anchored by leadership</li> <li>• Employee engagement, wellness, team building and celebration events</li> </ul>	<ul style="list-style-type: none"> <li>• Care for employees through leave policies and catering to their different needs including life-stage needs</li> <li>• Focussed leadership and career mobility programmes</li> <li>• Learning Management System</li> <li>• Performance Management System</li> <li>• Employee benefits include asset acquisition at discounted interest rates, ESOP, health insurance etc.</li> <li>• PF and other employee welfare and social security schemes</li> <li>• Policy on Vigilance and Whistle Blower Mechanism</li> <li>• HR Policy on Ethical Practices</li> <li>• HR Policy on Workplace health and safety</li> <li>• HR Policy on Prevention of Sexual Harassment framework</li> <li>• HR Policy on Grievance redressal mechanism framework</li> </ul>
Channel partners and suppliers	<ol style="list-style-type: none"> <li>1. Knowledge and infrastructure support</li> </ol>	<ul style="list-style-type: none"> <li>• Vendor meets</li> <li>• Pre-agreement negotiations</li> </ul>	<ul style="list-style-type: none"> <li>• Infrastructure facilities to service providers</li> </ul>

Stakeholders	Stakeholders' Interests/concerns	Stakeholders Engagement	Bank's response to stakeholders' expectations
	<ol style="list-style-type: none"> <li>2. Regular communication and updates on business plans</li> <li>3. Inclusion of local medium and small-scale enterprises in the vendor base</li> <li>4. Competency development of local vendors</li> <li>5. Stability/ tenure of relationship</li> <li>6. Ordering and payment routines</li> <li>7. Purchase prices</li> </ol>	<ul style="list-style-type: none"> <li>• Procurement agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Vendor relationship and training</li> <li>• Transparent and accurate disclosure</li> <li>• Dedicated purchase team and procurement policy</li> <li>• Timely and consistent payment cycles</li> </ul>
Local Communities	<ol style="list-style-type: none"> <li>1. Community development programmes based on local</li> <li>2. communities' needs</li> <li>3. Strengthening of livelihood opportunities</li> <li>4. Improvement of social infrastructure for a hygienic and healthy living environment</li> <li>5. The dignity of life through economic and social empowerment</li> <li>6. Financial literacy and improving access to financial services, especially in rural areas</li> </ol>	<ul style="list-style-type: none"> <li>• Community needs assessment activities undertaken in collaboration with independent</li> <li>• parties/civil society organisations</li> <li>• Formation of village institutions and regular meetings thereon</li> <li>• Assessment of direct and indirect impacts of Bank's CSR on communities</li> </ul>	<ul style="list-style-type: none"> <li>• Bank's CSR programme is geared to the local communities' aspirations and need</li> <li>• Financial literacy and financial inclusion through doorstep banking using handheld devices</li> <li>• Serving the ultra-poor women for socio-economic upliftment and sustainable livelihoods</li> <li>• Skill development of the unemployed youth and making them employable</li> <li>• Provide necessary infrastructure for sanitation and safe drinking water</li> </ul>
Central and State governments	<ol style="list-style-type: none"> <li>1. Aadhar Linkages</li> <li>2. Social Security Schemes</li> <li>3. NABARD and credit-linked schemes</li> </ol>	<ul style="list-style-type: none"> <li>• Awareness generation on various central and state government schemes</li> <li>• Regular meetings with various central and state government departments</li> <li>• Participation in NABARD-linked programme</li> </ul>	<ul style="list-style-type: none"> <li>• Aadhar linkages and Pradhan Mantri Jan Dhan Yojana (PMJDY)</li> <li>• KCC and government scheme-related products/services in agriculture and allied sector</li> <li>• Affordable housing schemes</li> <li>• MUDRA scheme-related reporting</li> </ul>
Regulatory bodies	<ol style="list-style-type: none"> <li>1. Compliance with rules and regulations</li> <li>2. Know the customer</li> <li>3. Fair treatment of customers</li> <li>4. Role in the development of the financial system</li> </ol>	<ul style="list-style-type: none"> <li>• Periodic meetings with regulatory bodies</li> <li>• Mandatory filings with regulators including RBI and SEBI</li> <li>• Participation in policy forums</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance culture is driven by senior leadership</li> <li>• A dedicated team for communicating with regulators and responding</li> </ul>

Stakeholders	Stakeholders' Interests/concerns	Stakeholders Engagement	Bank's response to stakeholders' expectations
	5. Banks act as the first line of defence against financial crimes	<ul style="list-style-type: none"> <li>• Other forms of communication like emails, letters, etc.</li> <li>• Supervisory visits and meetings</li> </ul>	<p>to them in a time-bound manner</p> <ul style="list-style-type: none"> <li>• Well-defined processes and leveraging technology to improve response to regulators</li> <li>• HR Policy on Regulators and Stakeholders and ensuring accurate records, reporting requirements</li> </ul>
Media	<ol style="list-style-type: none"> <li>1. Transparent and accurate disclosure to stakeholders</li> <li>2. Responsible corporate citizenship</li> <li>3. Corporate reputation</li> </ol>	<ul style="list-style-type: none"> <li>• One-on-one media interaction</li> <li>• Press conferences/press releases</li> <li>• Advertisements/promotions</li> <li>• Interviews with senior management</li> <li>• Dedicated corporate communication team</li> <li>• Media section on the Bank's website</li> <li>• Dedicated email and contact for media</li> </ul>	<ul style="list-style-type: none"> <li>• Public Communication and acceptable use of social media</li> </ul>

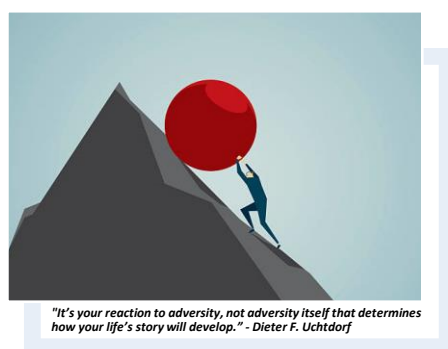
## 6 Risks and Opportunities

### 6.1 Responsible Risk Management



Bandhan Bank looks at risks in an integrated way to holistically manage all kinds of business risks through formal risk management processes, encompassing operational risk, fraud risk, conduct risk, outsourcing risk, compliance and legal risk, information security (InfoSec) risk, credit and credit concentration risk, market risk, liquidity risk, interest rate risk in banking books, strategic risk and reputational risk, and the underlying interlinkages between these different types of risks.

#### Risk & Resilience



Over the last two years, it feels like humankind has lived in a state of ongoing crisis as unexpected global events have disrupted organisations in every part of the world. A global pandemic led to massive supply chain disruptions, causing an economic slowdown leading to rising inflation and cost of living. In these testing times, large-scale cyberattacks seem to have stopped businesses in their tracks. Organisations across industries have faced numerous challenges. Consequently, as a reaction to this massive adversity, operational resilience has become vital.

Bandhan Bank has recognised the critical need for shaping up a resilient and robust organisation that can adapt and flex quickly to make informed decisions and take appropriate innovative actions. It has put in place measures to assess the immediate and potential future effects and take swift action.

While dealing with this multifaceted crisis, affecting personnel safety, supply chains, and the economy, the Bank assessed the impact of possible threats or disruptions to fully understand which business operations, clients, vendors, and partners could be affected.

**Resilience testing**, through various extreme but plausible scenarios, was done regularly to raise the Bank's preparedness for uncertainties, apart from normal risk scenarios.

**Each crisis requires a critical response.** Therefore, every business has put in place comprehensive crisis management and Business Continuity Plan (BCP) that was developed with key stakeholders and can be quickly activated to ensure continuity of business operations.



The BCP process has many moving parts like activating sub-groups and sub-tasks to orchestrate the complete business response, including measures such as vendor alternatives, geographic office logistics, and engagement with key members of senior management for critical decisions and approvals.

Bandhan Bank focussed on building essential business processes, which support critical services and products and detailed mapping of these processes was completed for crisis management.

**People come first.** Bandhan Bank understands that no business can exist without its employees, especially in a disruption. The Bank has shown genuine care for employees and their families who were affected by the crisis, thus boosting employee morale. The belief that ‘We are all in this together’ drives the Bank’s commitment, which goes beyond social media posts or marketing content. At the deeper level, the Bank impacts employee trust, appreciation and benefits that graciously yield employee and customer loyalty well beyond the period of disruption.

### **Risk Management Pathways**

Bandhan Bank’s Risk Management Framework describes the Bank’s approach to risk management, including provisions for risk governance arrangements; the appetite and limits for risk exposures; policies for management of various risk types; risk culture standards; and risk reporting. It is this framework that defines in detail the key arrangements and standards for risk management and internal controls that support the Bank’s compliance with statutory and regulatory requirements. Bandhan Bank recognises the changes in the external and epidemiological context and the evolving operating environment. The Bank’s strategy – and hence the level of ambition – is critical to managing the risks inherent in delivering its mission.

Bandhan Bank has comprehensive and well-developed frameworks to set the risk appetite, that is dynamic and in sync with the evolving scenario. The Bank has put in place prudent policies, processes, limits, controls, and systems to define and analyse the extent of risk in various additional scenarios over and above that mandated by the regulator. This helps the Bank primarily gauge various stress levels that it might face during an evolving macro and micro economic scenario. The Bank’s robust Risk Appetite Framework (‘RAF’) is reviewed on an annual basis and its monitoring parameters are aligned with the Bank’s short-term, medium-term and long-term strategy and business plan.

The Bank has implemented various scenarios and measurement approaches to quantifying risks and capital demands. Monitoring, stress testing tools and escalation processes are in place for key capital and liquidity thresholds and metrics. Systems, processes, and policies are critical components of the Bank’s risk management capability.

The Bank further strengthened its Risk Assessment Framework by incorporating its learning during the uncertain period, to ensure that socio-political risks, as well as conduct risks, are kept in check and duly taken into consideration during the Bank’s Strategy and Business expansion plan.

### **Risk Governance**

The risk governance framework guides adopting a more holistic approach to managing risk, emphasising four linked elements:

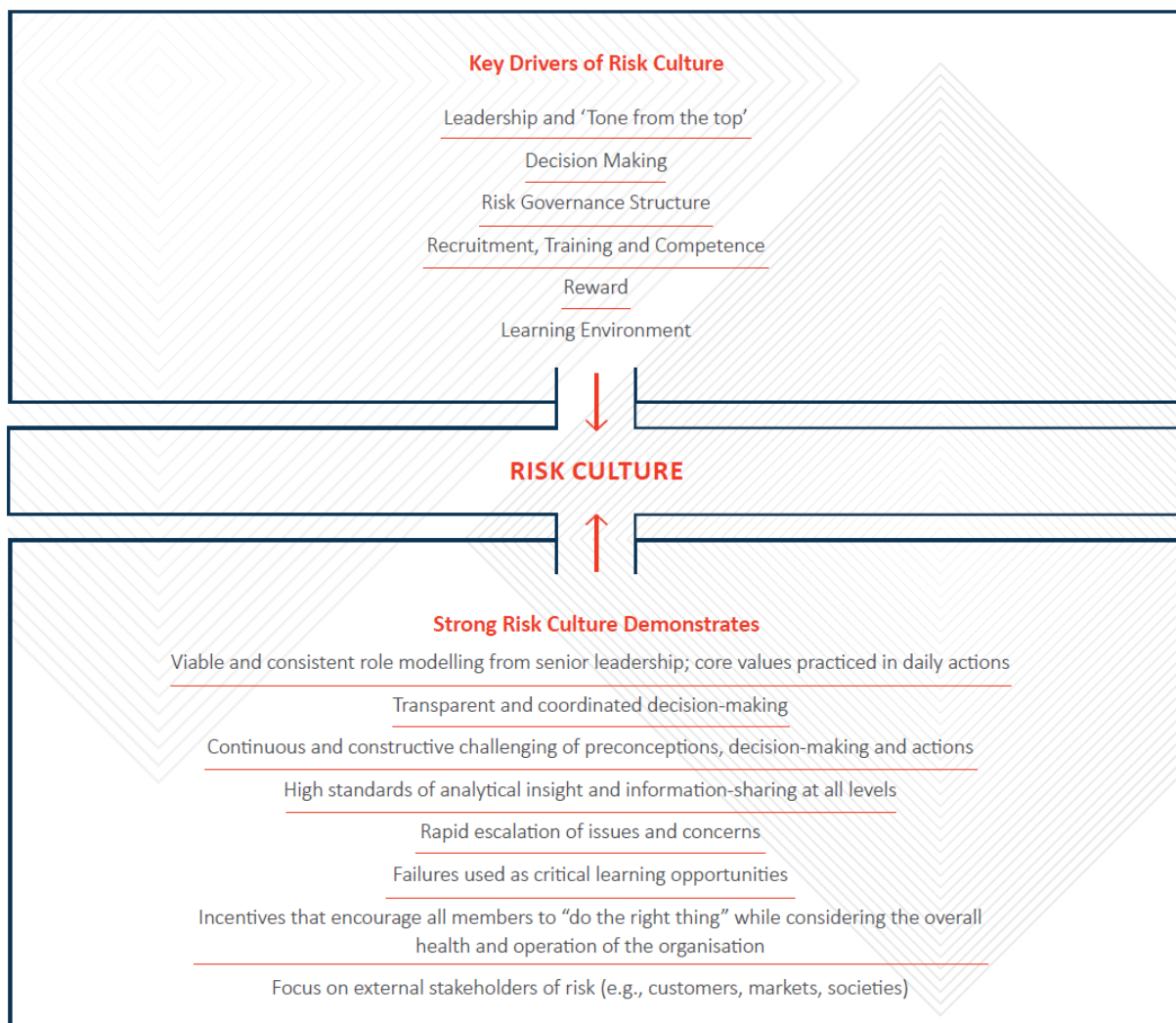
- Developing the corporate risk profile.
- Establishing a risk function that manages risk in an integrated manner.
- Practising integrated risk management; and
- Ensuring continual risk monitoring.

The Bank adheres to three levels of the Risk Governance Framework – the Board, Committees of the Board, and Management Committees. The Bank’s Board, through the Risk Management Committee of the Board (RMCB), is regularly updated as necessary on any special developments in the risk situation, risk management and risk control. The RMCB deliberates with the Management on the issues of aggregate risk disposition and risk strategy. It also supports the Board in monitoring the implementation of this strategy.

Various risk-related committees at the Executive Level, such as Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Market Risk Management Committee (MRMC), Business Continuity & Planning Management Committee (BCPMC), Information Security Committee (ISC), etc., constitute the formal decision-making forums, which enable the views of risk decision takers and risk managers to be considered. The Chief Risk Officer (CRO) has direct management responsibility for all the risk management functions, such as Credit Risk Management, Market Risk Management, Operational Risk Management, Liquidity Risk Control, and Information Security. In addition, the CRO is also responsible for monitoring, analysing, and reporting risks on a comprehensive basis. Independence of the CRO is ensured through a fixed tenure, reporting structure and periodic reviews by the Board and RMCB.

## Risk Culture

Bandhan Bank focuses on a set of acceptable and encouraged behaviours, discussions, decisions, and attitudes toward taking and managing risk within an institution, as constitutions of the Bank's risk culture. The Bank promotes a Risk Aware Culture while encouraging employees to take personal responsibility to manage risk in everything that they do that inspires others to follow their example. Emphasis on the acceptability of risks to be taken within a defined risk appetite ensures that the risk is adequately set off against the risk-adjusted performance measures. The Bank believes in the philosophy of 'Setting the Tone from the Top' regarding Risk Culture, with the Board and Management taking the lead in installing a strong risk culture within the organisation. The Bank fosters Risk transparency through reporting, disclosure, sharing of information and open dialogue on the risks arising from various activities across the Bank.



The Bank periodically evaluates the current Culture and Risk Awareness status in the organisation by following a well-defined Risk Culture Management Process as depicted below:



### Risk Strategy and Capital

Bandhan Bank has put in place suitable processes for assessing its overall capital adequacy in relation to the Bank's risk profile and strategy for maintaining its capital levels.

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

Bandhan Bank comprehensively identifies, assesses, and manages all risks to which it is exposed through sound governance and control practices, a robust risk management framework and an elaborate process for capital calculation and planning.

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

On an annual basis, the ICAAP and RAF and the Strategic Document are approved by the Board and reviewed periodically, thereby aligning the risk, capital, and strategy.

### Risk Awareness & Communication

Bandhan Bank believes that communication among stakeholders plays a pivotal role in building enhanced risk awareness, especially in matters related to risk culture and cybersecurity; a risk-aware employee and customer will instantly initiate the mitigation of undesired risk. The Bank runs regular awareness campaigns to educate its employees regarding various aspects of risk management through various modes like:

- Periodic newsletters

- Circulars
- Floor-level awareness sessions and workshops
- Innovative messaging through desktop screensavers
- Information security awareness for customers through multilingual text messages, emails, and social media posts
- The Bank has also designed a framework for gauging the efficacy of Information security awareness.



## 6.2 Treasury Management

The Treasury department optimises the Bank's liquidity while mitigating its financial, operational, and reputational risks. The treasury team, responsible for liquidity management, overlooks the investment portfolio, forex transactions, assets, and liabilities. Apart from building a core portfolio of investments, it actively participates in trading activities to monetise short-term movements in the market. It has also developed various processes and governance policies for cash flow management.

The team complies with regulatory requirements like Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR) mandated by the RBI. The department focuses on optimisation of overall portfolio yield while maintaining appropriate portfolio duration and mitigating risks related to liquidity, market, credit, and operations, under the guidance of the Bank's Asset Liability Management Committee (ALCO), Investment Committee and Market Risk Management Committee (MRMC). The department is an active

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

The Bank's Treasury operates actively by way of:

**Trading Desk:** The trading desks actively trade in fixed income securities, money markets, foreign exchange and equity. The trading desk also actively participates in primary auctions of government securities.

**ALM Desk:** It maintains a cautious stance while managing the funding, and regulatory investments of the Bank. The ALM desk specifically focuses on liquidity parameters in an eventful year. The desk successfully maintains adequate and appropriate liquidity, as well as various regulatory reserve requirements. The Bank maintains a portfolio of government securities, in accordance with the regulatory norms governing the Statutory Liquidity Ratio (SLR). A significant portion of SLR securities is in the 'Held-to-Maturity' (HTM) category, while some are under the 'Available for Sale' (AFS) category. The Bank's trading desk holds fixed income securities under the 'Held for Trading' (HFT) category.

In the year under review, the Bank's significant participation in the domestic interest rate markets helped to capitalise on falling bond yields by booking profits and encashed gains in Equity IPOs.

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

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

Treasury is currently implementing a new state-of-the-art IT system across Front Office, Mid Office, and Back Office to introduce more products in Treasury and meet customer demands.

During the second COVID-19 wave, this department supported business continuity processes and ensured seamless business operations. The IT team enabled work-from-home capability for business operations by issuing laptops to treasury personnel and finalising the standard operating procedures while maintaining the highest level of compliance. The team ensured perfect coordination even while working at 50% capacity and following protocols as set by authorities. The department emerged stronger from the COVID-19 pandemic, more agile and flexible in ways of conducting treasury activities. With better coordination and teamwork, it completed business tasks within deadlines and improved its ability as a team to steer through uncharted waters to be able to meet any challenge. The pandemic period allowed the department to fine-tune processes and operating procedures under the BCP situation and create back-ups for every sub-department within the treasury. With resilience and new learnings, the department is better placed to handle any work situation or regulatory response for seamless business operations.

### 6.3 Compliance

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

The Compliance department assists the Board and Management in managing the compliance risk of the Bank. The department ensures that the overall business of the Bank is conducted in strict adherence to the guidelines issued by the RBI and other regulators, various statutory provisions, standards and codes prescribed by FEDAI,

FIMMDA, etc. by evaluating the products/processes, guiding business departments on the various regulatory guidelines with a special emphasis on a better understanding of the given perspective. It closely works with operational risk and internal audit functions and monitors various activities of the Bank with more emphasis on active risk management.

As the focal point of contact with the RBI and other regulatory entities, the Compliance department evaluates the adequacy of internal controls and examines any design and systemic correction required, based on its analysis and interpretation of regulatory guidelines and deviations observed during monitoring and testing. The Bank has a robust Anti Money Laundering (AML) policy/framework and tools to manage the AML risk. It periodically apprises the Audit Committee of the Board, the Board itself and the Management on compliance levels, based on changes in the external regulatory environment.

The Audit Committee of the Board reviews the performance of the Compliance department and the status of compliance with regulatory guidelines on a periodic basis.

## 7 Strategy and Resource Allocation

The Bank depends on various forms of capital for its operations. The Bank's integrated reporting considers the following capitals. The following categorisation and description of the various capitals are aligned to the International <IR> framework:

- A. **Financial Capital** - Pool of funds available for various products and services of the Bank
- B. **Human Capital** - Competencies, capabilities and experience of human resources and their ability to innovate.
- C. **Social and relationship Capital** - Institutions and relationships with the stakeholders
- D. **Natural Capital** - All renewable and non-renewable environmental resources and processes that provide goods and services that support past, current or future prosperity
- E. **Manufactured Capital** - Physical objects (buildings, equipment, infrastructure) available
- F. **Intellectual Capital** - Intellectual property such as trademarks, rights and licenses and organisational capital such as tacit knowledge, systems, procedures and protocols

### 7.1 Strategy

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

The Bank's Vision 2025 lays down the following objectives –

1. Be a **banker for the new Indian**, through every step of their aspiration journey
2. Serve the needs of **emerging India**
3. Enable entrepreneurs to grow bigger
4. Be a value-based '**employer of choice**' – to attract high-quality, motivated talent

To drive this vision of the Bank, the following would be the key focus areas in the coming years –

- Diversification of asset portfolio with modern underwriting and collection capabilities
- Strengthening people capabilities, including the hiring of fresh talent, for growth
- Development of in-house technology, analytics and digital capabilities
- Consolidate Current and Savings accounts ('CASA') by developing deeper customer engagement by leveraging digital and analytics

Given the huge untapped opportunity in the financial services space in India, the Bank in the medium term will continue to expand its current geographic reach and increase its presence in the underbanked areas across the country. The Bank will leverage its microcredit experience. The Bank will also utilise the skills and expertise of erstwhile GRUH Finance to penetrate strongly into the affordable housing segment. The Small and Medium Enterprises ('SME') segment is expected to contribute strongly to the growth story with rising demand from the diverse business entities in the country. The Bank will further strengthen its focus on various segments of retail loans.

As part of its strategy, the Bank has been a part of various social development programmes on enhancing education, health, poverty alleviation, livelihood promotion, market linkages, enterprise development, employment generation and financial literacy. Going forward, the Bank will continue to engage with the community through strategic interventions aimed at contributing to society. Since its inception, the Bank has transformed with each milestone, to become better and stronger. As a universal Bank and in all its previous avatars, each transformation resulted in further broad-basing of services, growth and increased impact on people and communities. As the Bank is about to commence its eighth year of operations, the Bank continues to evolve focusing on serving the needs of emerging India and being the banker for the new Indian, through every step of their aspiration journey. The Bank is committed to executing its strategy ensuring professional integrity, corporate governance and ethical standards, and all legal and regulatory compliance.

## 7.2 Deployment of Capital and value created

Capitals Deployed	Value Driving Focus	Key Business and Non-Business Activities of the Bank	Associated Risks and Opportunities	Key Outcomes derived from the Deployment of Capital
<b>Financial Capital</b> <ul style="list-style-type: none"> <li>Capital – Rs. 1,61,07,659</li> <li>Reserves and Surplus – Rs. 15,77,03,848</li> <li>Deposits – Rs. 96,33,06,131</li> <li>Borrowings - 19,92,12,280</li> </ul>	<ul style="list-style-type: none"> <li>Create value across the customer lifecycle through superior delivery mechanisms, the Bank handles both high-touch and low-touch operations with the same efficiency and enhanced customer engagement.</li> <li>Bank focussed on the formalisation of a robust business continuity plan, which helped it to be resilient and manage operations seamlessly. This plan is expected to support the management of critical operations in future as well.</li> <li>Bank has made significant investments in creating a sustainable and scalable operations ecosystem across key areas</li> <li>Bank continues to invest in building digital and technological competencies to deliver better customer service and increase productivity while optimising costs. The Bank's technological upgrade initiatives have supported flexibility in operations, agility, and quick adaptation of business models to the evolving ecosystem.</li> </ul>	<b>A. Retail Liability Products</b> <ol style="list-style-type: none"> <li>Savings Bank products <ol style="list-style-type: none"> <li>Elite</li> <li>Premium</li> <li>Advantage</li> <li>Respect Programme – for Senior Citizen</li> <li>Standard Savings</li> <li>Special Savings</li> <li>TASC Saving</li> <li>GOS Saving</li> </ol> </li> <li>Fixed Deposits <ol style="list-style-type: none"> <li>Standard</li> <li>Premium</li> <li>Tax Saving</li> <li>Advantage</li> <li>Dhan Samridhi</li> <li>Super Saver</li> </ol> </li> <li>Recurring Deposits</li> <li>Current Bank products <ol style="list-style-type: none"> <li>Biz Elite</li> <li>Biz Premium</li> <li>Startup</li> <li>Biz Pro</li> <li>Biz Deluxe</li> <li>Biz Advantage</li> <li>Biz Standard</li> <li>Biz TASC Current</li> <li>Biz GOS</li> </ol> </li> </ol> <b>B. Asset Business</b> <ol style="list-style-type: none"> <li><b>Emerging Entrepreneur Business (EEB) &amp; Small Business And Agri Loans</b> <ol style="list-style-type: none"> <li>Group Loans <ol style="list-style-type: none"> <li>Micro Loan <ul style="list-style-type: none"> <li>Suchana Loan</li> <li>Srishti Loan</li> <li>Su Briddhi</li> </ul> </li> <li>Micro Customer Loan <ul style="list-style-type: none"> <li>Suraksha Loan</li> <li>Susiksha Loan</li> </ul> </li> </ol> </li> <li>Small Business and Agri Loans <ol style="list-style-type: none"> <li>Sahayata Loans</li> <li>Samridhi Loans</li> <li>Micro Bazar Loans</li> <li>Micro Home Loans</li> </ol> </li> </ol> </li> <li><b>Housing Finance</b></li> <li><b>Retail Assets</b></li> </ol>	<ul style="list-style-type: none"> <li>During the FY under review, the number of banking outlets that have been added to the network is 329. Out of the total 5,639 banking outlets, 35 cents. are in rural, 37 per cent. in semi-urban, 18 per cent. in urban and 10 per cent. in metro locations. The number of customers has increased from 2.30 crore as of March 31, 2021, to 2.63 crore as of March 31, 2022.</li> <li>During the FY, the Bank has made additional provisions on NPA accounts resulting from elevated risk observed in certain geographies and the potential impact of the COVID-19 pandemic on certain loan portfolios. These provisions held by the Bank are based on the information available at the time of approval of accounts and are over the RBI prescribed norms. Due to this, the profit after tax ('PAT') for the financial year under review stood at ₹125.79 crore, a decline of 94.30 per cent. as compared to ₹2,205.46 crore for FY 2020-21. Consequently, Return on Average Equity ('ROAE') was 0.76 per cent. for FY 2021-22 as against 13.24 per cent. for FY 2020-21 and Return on Average Asset ('ROAA') was 0.11 per cent. for FY 2021-22 as against 2.13 per cent. for FY 2020-21.</li> <li>Due to various initiatives taken by the Government to support the economy and easing out of the impact of the pandemic on the lives of customers, the Bank has seen the best quarterly performance during the quarter ended March 31, 2022, backed by robust all round operating performance and lower credit costs.</li> <li>Given the strong recovery and stable operating environment, the Bank is confident of further improving its performances during the next fiscal as well.</li> <li>The Bank continues to focus on financial inclusion by providing various financial services to the underserved. The</li> </ul>	<b>Financial Performance</b> <ul style="list-style-type: none"> <li>The Total Liabilities (including capital and reserves) of the Bank stood at ₹1,38,866.55 crore and the Total Advances (Net) at ₹93,974.92 crore whereas banking outlets increased to 5,639 as of March 31, 2022</li> <li>The total deposits grew further from ₹77,972.22 crore as of March 31, 2021, to ₹96,330.62 crore as of March 31, 2022, registering a climb of 23.55 per cent. Net Interest Income – Rs. 7,563.35 Cr.</li> <li>The Current Account and Savings Account ('CASA') deposits have seen an increase of 18.48 per cent. From ₹33,827.31 crore as of March 31, 2021, to ₹40,079.18 crore as of March 31, 2022.</li> <li>During the FY under review, the total income (net) of the Bank has increased by 20.36 per cent. to ₹11,536.84 crore as against the total income of ₹9,585.61 crore for FY 2020-21.</li> <li>Market Capitalisation – Rs. 43507.34 Cr.</li> <li>Contribution to Exchequer (All Taxes) – Rs. 2.83 Crore</li> </ul>



		<ul style="list-style-type: none"> <li>i. Gold Loans</li> <li>ii. Personal Loans</li> <li>iii. Two Wheeler Loans</li> <li>iv. Car Loans</li> </ul> <p><b>4. Commercial Banking Products</b></p> <ul style="list-style-type: none"> <li>i. Agriculture Loans</li> <li>ii. Small Enterprise Loans</li> <li>iii. Small and Medium Loans <ul style="list-style-type: none"> <li>a. SME Business Connect</li> <li>b. SMR GSR Connect</li> </ul> </li> <li>iv. Mortgage Loans</li> <li>v. Non SWchematic Loans</li> <li>vi. Loans to NBFCs and MFIs</li> </ul> <p><b>C. Third-Party Products</b></p> <ol style="list-style-type: none"> <li>1. Mutual Fund</li> <li>2. Health Insurance</li> <li>3. Life Insurance</li> <li>4. Non-Life Insurance</li> <li>5. Co-Branded Credit Cards</li> <li>6. Government Schemes <ul style="list-style-type: none"> <li>i. Atal Pension Yojna</li> <li>ii. NPS Lite Swavalamban scheme of PFRDA</li> </ul> </li> <li>7. Merchant acquiring Business</li> <li>8. Digital Banking</li> </ol>	<p>Reserve Bank of India ('RBI') has mandated Priority Sector Lending ('PSL') of a minimum of 40 per cent. of advances for all banks. During FY 2021-22, the Bank's PSL was ₹56,397.10 crore as of March 31, 2022, as compared to ₹74,369.51 crore (net of IBPC of ₹2,124.13 crore) as of March 31, 2021. At the end of FY 2021-22, PSL as a proportion of the gross advances of ₹98,790.70 crore was 57 per cent.</p> <ul style="list-style-type: none"> <li>• The Bank witnessed an overall retail deposit growth of 21 per cent. YoY to ₹74,441 crore during FY 2021-22, and the overall deposit growth of over 24 per cent. YoY to ₹96,331 crore.</li> <li>• The contribution from the Affluent Savings business segment, which consists of the flagship products, like, the Elite and Premium Savings, remained unmatched. This segment contributed to an overall Saving Accounts ('SA') growth of 33 per cent. YoY.</li> <li>• The liabilities proposition of the Bank achieved significant breadth and scale which enabled the Bank to have a competitive edge and deliver the best-in-class customer experience, and the same is evident from the growth in its Liabilities franchise.</li> </ul>	
<p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>• 60,211 Direct Employees</li> <li>• A total of 3,483 training batches with over 90,000 participants in 100 different programmes.</li> <li>• 1,60,000 man-hours in the upskilling and reskilling of the workforce in the classroom and virtual training</li> </ul>	<ul style="list-style-type: none"> <li>• Fostering a Developed and Empowered Workforce</li> <li>• Relearning the new Workforce in the 'Great Resignation' era</li> </ul>	<ul style="list-style-type: none"> <li>• Talent Acquisition and Planning</li> <li>• Performance Management</li> <li>• Employee Engagement</li> <li>• Skilling for Future</li> <li>• Creating NextGen Bankers</li> </ul>	<ul style="list-style-type: none"> <li>• The Bank upgraded its learning management systems to a new-age learning experience platform, Bandhan Bank EDGE (Engage Develop Grow Excel), for providing an enhanced and fulfilling learning experience to all its employees. Employees can hereby learn through bite-sized lesson modules at their own pace, on the web and on mobile devices.</li> <li>• The Bank focused on sensitising and reiterating the Code and conducted focused training for 18,000 employees on Business Ethics and over 46,000 employees on AML KYC during the year under review. Ensuring harmonious employee relations to enable smooth functioning and productivity enhancement</li> </ul>	<p>Human Resource Development</p> <ul style="list-style-type: none"> <li>• During the year, the Bank hired and inducted 10,766 new employees, The journey of more than five years of Bandhan Bank witnessed a quick scaling up of its workforce from 13,000 during its commissioning in 2015-16 to 60,211 as of March 31, 2022.</li> <li>• 1,60,000 man-hours in the upskilling and reskilling of the workforce in the classroom and virtual training. 3,483 training batches with over 90,000 participants in 100 programs saw us redefining the culture of governance, enablement, engagement and learning in the Bank. A total of 1,252 employees were nominated for external training programmes across premier and reputed institutes including NIBM, Moody's Analytics, IBA, CAB, and Institute of Internal Auditors, among others. 92% of the employees underwent at least 1 training programme.</li> <li>• During the year, 14,003 eligible employees across the Bank received grade elevations.</li> </ul>

<p><b>Intellectual Capital</b></p> <ul style="list-style-type: none"> <li>The intellectual capital constitutes the adoption of the information technology platforms, analytics, knowledge and expertise embedded in the system and processes and brand equity.</li> </ul>	<ul style="list-style-type: none"> <li>The creation of a robust infrastructure has supported operations that service corporate and retail customers with products across treasury, commercial loans, consumer loans, savings, current accounts, and time deposits</li> </ul>	<ul style="list-style-type: none"> <li>Analytics by investing in Data Lakes</li> <li>API/Micro-services-based architecture to provide agility and scalability</li> <li>Refreshed application stack, including the core banking system</li> </ul>	<ul style="list-style-type: none"> <li>Innovation in mobile banking and digital payment will continue to outperform the banking sector and popularise payment systems outside the formal banking</li> </ul>	<p>Intellectual</p> <ul style="list-style-type: none"> <li>The accessibility to borrowers through its hi-touch and hi-tech business model gives the Bank a market edge.</li> <li>Hand-held devices that have data connectivity and provide basic banking transactions including account information, deposits, withdrawal and loan repayments on the go on a real-time basis.</li> <li>Strong customer relationships have made the Bank a differentiated player today.</li> <li>Internet Banking and Mobile Banking – mBandhan App meets the daily banking need of a customer with easy to use interface.</li> <li>Instant digital payment through Bhim Bandhan UPI App</li> <li>The Bank introduced the tab-banking facility for its micro-banking customers, which helps accelerate the account opening process and cut down on the overall turnaround time of onboarding a new customer. This process eases paperwork on documentation, reduces cost, minimises human error and gives the flexibility of serving customers beyond bank branches.</li> </ul>
<p><b>Social and Relationship Capital</b></p> <ul style="list-style-type: none"> <li>CSR Expenditure – Rs. 78.43 Cr.</li> </ul>		<p><b>Corporate Social Responsibility</b></p> <ol style="list-style-type: none"> <li>Targeting the Hard-Core Poor</li> <li>Health, Nutrition, Drinking Water and Sanitation</li> <li>Education</li> <li>Support for Person with Disabilities</li> <li>Skill Development</li> <li>Financial Literacy</li> <li>Climate Action</li> <li>Sustainable Livelihoods</li> </ol>	<ul style="list-style-type: none"> <li>Large unserved areas possess the potential for growth</li> </ul>	<p><b>Social and Relationship</b></p> <ul style="list-style-type: none"> <li>More than 27,600 ultra-poor women moved were provided farm-based, non-farm and mixed assets to sustain their livelihoods in 18 districts of Assam, Jharkhand, Madhya Pradesh, Odisha and West Bengal.</li> <li>More than 29,000 women were alleviated from below the poverty line to above the national poverty line</li> <li>2,16,918 women and 2,75,922 children were covered under a preventive health programme</li> <li>67,575 children provided education support</li> <li>3,738 youths skilled for jobs in the organised sector</li> <li>26.3 million customer base out of which 19.8 million are EEB customers</li> </ul>
<p><b>Manufactured Capital</b></p> <ul style="list-style-type: none"> <li>Corporate and Regional Offices</li> <li>1,189 Branches 4,252 Banking Units, 198 Home Loan Centers and 471 ATMs.</li> <li>Fixed Assets – Rs. 587.89 Cr</li> </ul>		<ul style="list-style-type: none"> <li>Rural Infrastructure and Development</li> <li>IT Infrastructure Development</li> </ul>		<p><b>Manufactured</b></p> <ul style="list-style-type: none"> <li>Corporate and Regional Offices</li> <li>1,189 Branches 4,252 Banking Units, 198 Home Loan Centers and 471 ATMs.</li> <li>Fixed Assets – Rs. 587.89 Cr</li> </ul>

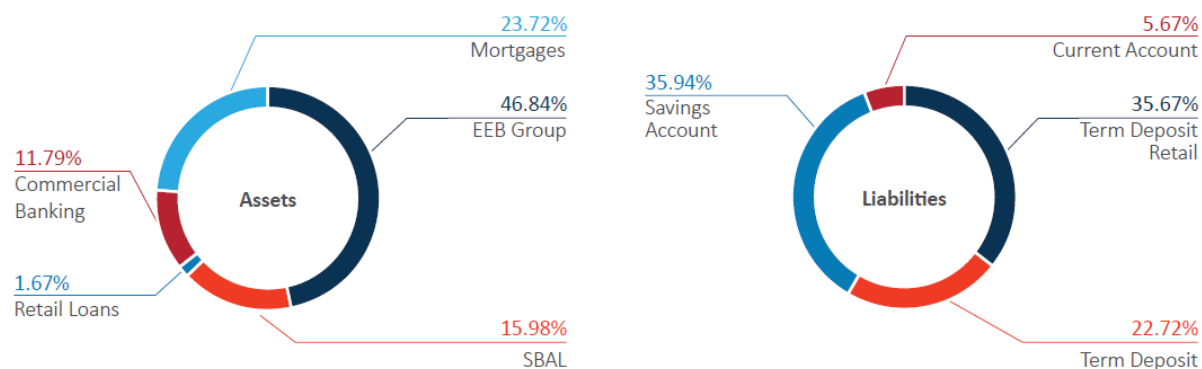
<p><b>Natural Capital</b></p> <ul style="list-style-type: none"> <li>The natural capital constitutes the natural resources consumed by the Bank to conduct its businesses and deliver products and services. Energy consumption, carbon emissions, paper consumption and waste management impact this capital.</li> </ul>				<p><b>Natural</b></p> <ul style="list-style-type: none"> <li>The Bank Head Office, Regional offices and Branches are fitted with energy-efficient lightings systems</li> <li>HO is located in Gold Standard Green Building</li> <li>Mangrove plantation of 67,540 saplings was carried out in 20 Hectares</li> <li>4,400 Tonnes Carbon sequestration</li> <li>120,000 kilolitres of rainwater harvesting potential created</li> <li>More than 30,000 saplings were planted in 5 states</li> </ul>
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## 8 Performance

### 8.1 Financial Capital

The Bank's resilience over the past two years has reinforced its belief and the Bank has made significant progress across key growth metrics. As the Bank prepares to leap into the next phase of its transformation agenda, let us look at some of its Key Performance Indicators (KPIs) over the past five years.

#### Business Mix in FY 2021-22



Total Business  
(₹ in crore)

Advances  
(₹ in crore)

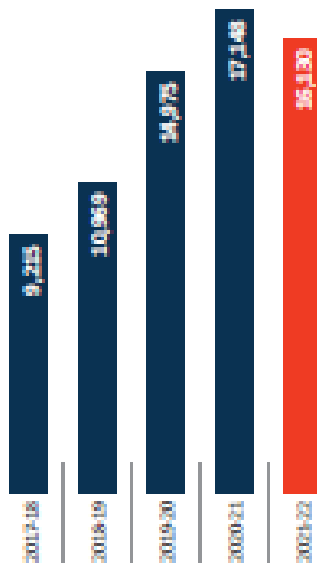
Deposits  
(₹ in crore)



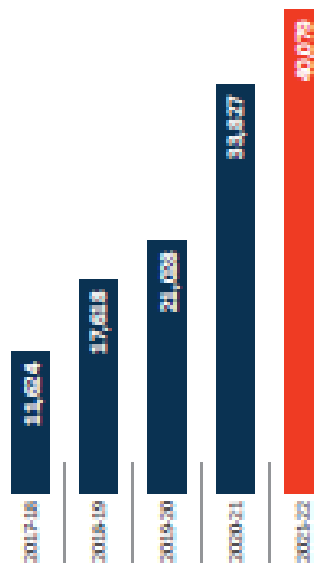
\*(TLTRO & PTC amount ₹547 crore included in FY 2021-22 Advances)

EEB - Emerging Entrepreneurs Business; Small Business and Agri Loans (SBAL)

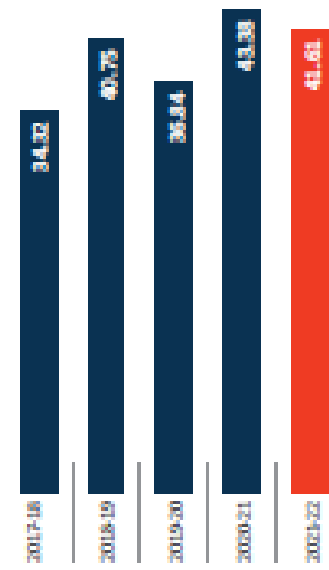
**Net Worth**  
(₹ in crore)



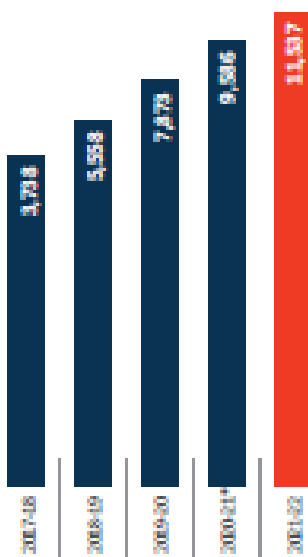
**CASA**  
(₹ in crore)



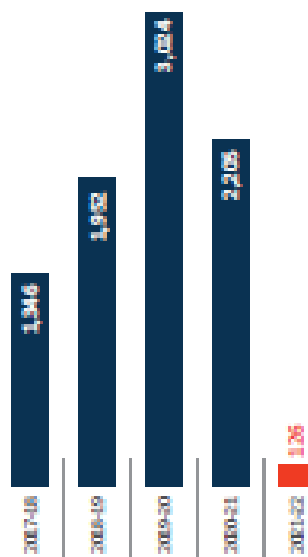
**CASA Ratio**  
(%)



**Total Income (Net)**  
(₹ in crore)



**Profit After Tax**  
(₹ in crore)

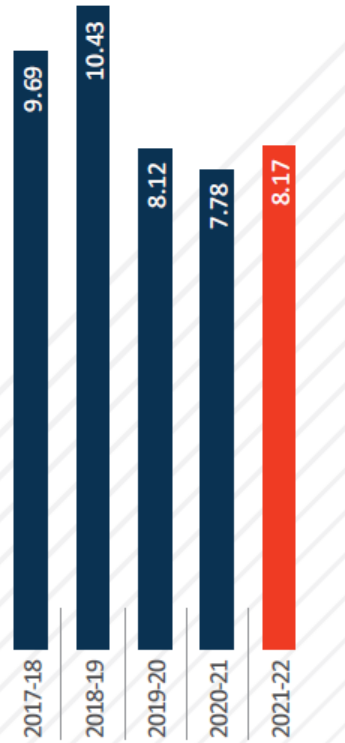


\*Re grouped to conform to FY 2021-22 classification

Capital Adequacy Ratio (%)



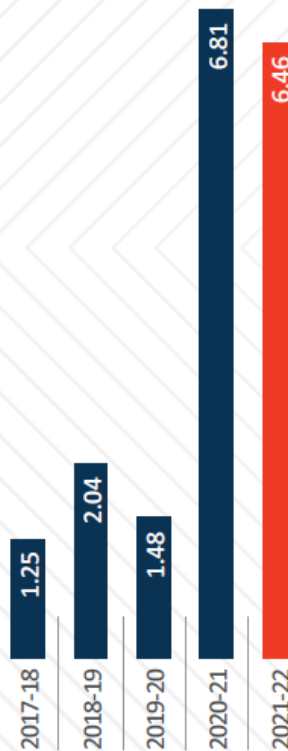
Net Interest Margin (%)



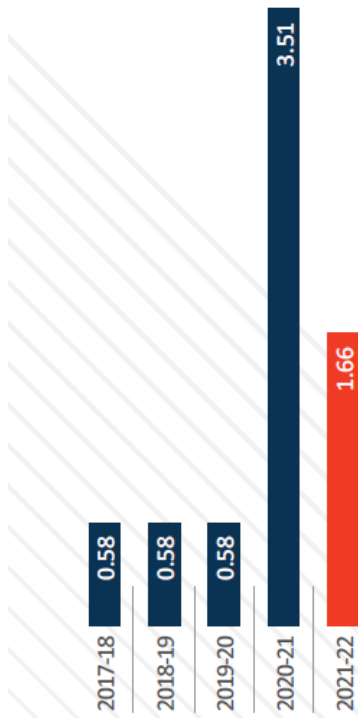
Cost to Income Ratio (%)



Gross NPA (%)



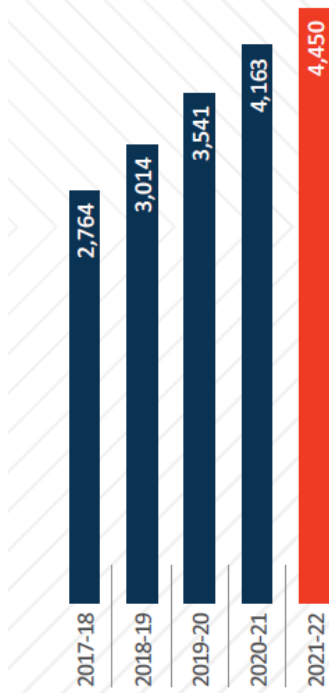
### Net NPA (%)



### Branches



### Banking Units



### Customers (in crore)



The financial performance of the Bank during the financial year ended March 31, 2022, remained healthy with the Total Net Revenue (Net Interest Income Plus Other Income) rising by 20.36 per cent. to ₹11,536.84 crore from ₹9,585.61 crore in the previous financial year. Net Interest Income grew by 15.22 per cent. to ₹8,714.02 crore. The net interest margin ('NIM') was 8.2 per cent. during FY2021-22 against 7.8 per cent. during the FY2020-21.

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

Particulars	(₹ in crore)	
	For the financial year ended	
	March 31, 2022	March 31, 2021
<b>Deposits:</b>	<b>96,330.62</b>	<b>77,972.22</b>
<b>Advances (Net):</b>	<b>93,974.92</b>	<b>81,612.88</b>
<b>Total Assets/Liabilities</b>	<b>1,38,866.55</b>	<b>1,15,016.17</b>
Net Interest Income	8,714.02	7,563.35
Non-Interest Income	2,822.82	2,022.25
Operating Expenses (excluding depreciation)	3,413.40	2,713.81
<b>Profit before Depreciation, Provisions and Tax</b>	<b>8,123.44</b>	<b>6,871.79</b>
Less: Depreciation	110.04	103.06
Less: Provisions	7,884.78	3,820.07
<b>Profit before Tax (PBT)</b>	<b>128.62</b>	<b>2,948.66</b>
Less: Provision for Tax	2.83	743.20
<b>Profit After Tax (PAT)</b>	<b>125.79</b>	<b>2,205.46</b>
<b>Balance in Profit &amp; Loss Account brought forward from previous year</b>	<b>6,171.00</b>	<b>4,758.71</b>
Less: Appropriations	286.86	793.17
<b>Balance carried over to Balance Sheet</b>	<b>6,009.94</b>	<b>6,171.00</b>
<b>EPS (Basic) (in ₹)</b>	<b>0.78</b>	<b>13.70</b>
<b>EPS (Diluted) (in ₹)</b>	<b>0.78</b>	<b>13.69</b>

Other Income grew by 39.61 per cent. to ₹2,822.82 crore. The major increase is due to processing fees and bad debt recovery. Income from treasury-related activities increased to ₹277 crore during FY2021-22 from ₹223 crore during FY2020-21, primarily due to profit from the sale of investments.

Operating (Non-Interest) Expenses increased to ₹3,523.44 crore from ₹2,816.89 crore during FY2021-22. Infrastructure and staffing expenses contributed to 25.08 per cent. of this increase. During the FY under review, the Bank has set up 42 new branches and 287 new Banking Units. Employee strength increased to 60,211 during FY2021-22 from 49,445 as of March 31, 2021. Staff expenses also went up due to annual wage revisions and there was a 21.77 per cent. increase in staff strength. Consequently, the Cost to Income Ratio increased slightly to 30.5 per cent. from 29.4 per cent. in FY2020-21.

The profit after tax ('PAT') for FY2021-22 stood at ₹125.79 crore, a decrease of 94.3 per cent. over the previous financial year due to higher provisioning. The Total Provisions and Contingencies (including tax provisions) were ₹7,887.61 crore as compared to ₹4,563.27 crore in FY2020-21. Consequently, the Return on Average Net Worth ('ROANW') was 0.76 per cent. in FY2021-22 against 13.24 per cent. in FY2020-21. Return on Average Asset ('ROAA') was 0.11 per cent. in FY2021-22 against 2.13 per cent. in FY2020-21. The Bank's basic earnings per share ('EPS') decreased from ₹13.70 in FY2020-21 to ₹0.78 in FY2021-22 whereas diluted EPS decreased from ₹13.69 in FY2020-21 to ₹0.78 in FY2021-22.

However, reflecting on steady growth in the balance sheet, Total Liabilities (including capital and reserves) increased by 20.74 per cent. from ₹1,15,016.17 crore as of March 31, 2021, to ₹1,38,866.55 crore as of March 31, 2022, whereas Total Advances (Net) stood at ₹93,974.93 crore, a growth of 15.15 per cent. over FY2020-21. Total Business of the Bank increased to ₹1,95,669 crore (Gross Advances: ₹99,338 crore and Deposits: ₹96,331 crore as of March 31, 2022) from the previous year of ₹1,65,015 crore (Gross Advances: ₹87,043 crore and Deposits: ₹77,972 crore) as on March 31, 2021. However, due to various initiatives taken by the Governments to support the economy and ease the impact of the pandemic on the lives of customers, the Bank has seen the



best quarterly performance during the quarter ended March 31, 2022, backed by a robust all-round operating performance and lower credit costs.

#### **Priority Sector Lending and Investment**

RBI has mandated Priority Sector Lending ('PSL') of 40 per cent. of advances for all the banks. The bank continues to focus on financial inclusion by providing various financial services to the underserved. During FY 2021-22, the Bank's PSL was ₹56,397.10 crore as of March 31, 2022, as compared to ₹74,369.51 crore (net of IBPC of ₹2,124.13 crore) as of March 31, 2021. At the end of FY 2021-22, PSL as a proportion of the gross advances of ₹98,790.70 crore was 57 per cent.

The Detailed segment-wise financial performance is provided in the Annual Report FY 2021-22.

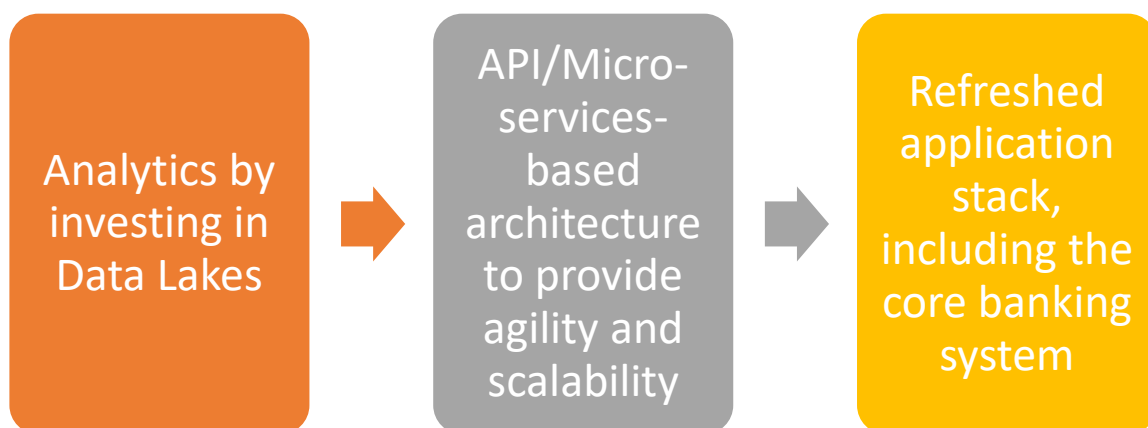
## 8.2 Intellectual Capital

The Bank is continuously benchmarking itself against international standards in terms of technological capabilities, compliance, treasury management and operations. The Bank has invested in developing in-house systems and processes and technologies to upgrade itself. Based on these cornerstones for growth, the Bank has achieved greater strength and built a Bank that not only meets the financial needs but also provides high-quality services to its customers.

### 8.2.1 Information Technology

Information Technology has played a pivotal role in the Bank's promising journey.

The Bank continues to invest in leading technologies to implement a robust, secure and digital-first infrastructure to provide a superior and seamless experience to customers. In the last couple of years, the country has witnessed a significant increase in the usage of digital channels and the trend is likely to continue in the foreseeable future. The growing popularity and usage of digital channels rely on technology to ensure scalability, performance and uptime. The Bank has scaled up investments in technology in view of its Vision 2025 and business strategy for growth. The Bank has initiated steps to implement future-ready technologies that will support growth and enhance customer experience through –



The Bank continues to invest in building robust, scalable, and state-of-the-art technology and has made significant progress in its journey to implement a resilient, secure, and scalable infrastructure. In line with this, the Bank has instituted the modernisation of its technology architecture in FY 2020-21 with the core principles of API and microservices-based architecture, lean-CBS and middle-ware to decoupled tiers. The first phase of implementation is slated to commence in the first quarter of FY 2023-24. This initiative will help the Bank scale in an agile and flexible manner. The Bank's ability to provide products across the digital spectrum will lead to superior customer experience, drive cost efficiency and reduce the go-to-market time. The Bank has set up its infrastructure as part of the Data Centre (DC) and Disaster Recovery (DR) Centre strategy, with state-of-the-art technology to ensure Zero Data loss of sensitive banking information. Additionally, the Bank has decided to invest in near DR to ensure almost no data loss in case of any exigency. Over the next few quarters, all the applications used by the Bank and its customers will be moved to the new DC/DR infrastructure, which will help deliver high availability, scalability, and performance for all applications. The Bank has also invested in the network infrastructure and security systems to ensure the delivery of transactions in a robust and secure environment.

The Bank has been working on a new application stack and onboarding applications to support its growth objectives that are in an advanced stage of implementation in the areas of digital banking, digital account opening, enterprise data lake, loan origination system, cash management system, risk management systems, loan management system, trade finance, supply chain, enterprise GL, and treasury. Automated branch banking transactions will enable partnerships with fintech and provide an improved payments experience.

To ensure an optimal experience for customers and promote analytical capabilities for businesses to offer contextual offers and products to existing customers, the Bank is building the Enterprise Data Lake using the Hadoop framework. This will enable the Bank not only to procure MIS for regulatory reporting but also enable advanced analytics for delivering hyper-personalisation, or digital models for driving retention and deepening customer relationships. This is a long-term investment by the Bank to harness the power of data and analytics for significant value addition to its services.

The Bank is also exploring emerging technologies to support business growth and vision, including cloud-native services and applications, conversational chat-bots based on ML/AI etc., while continually working to ensure better customer value and experience. The Bank has also invested in onboarding requisite talent to manage and execute projects besides assessing technology risk management. The technology team is diligently and relentlessly working with partners to carry out the transformation under the guidance of the Management, the Board, and the Technical Advisory Committee.

### 8.2.2 Operational Excellence

The Bank has always upheld its **customer-first philosophy** and continually endeavours to deliver **high-quality services**. Regular awareness messages and emails also encapsulate this focus.

The challenges and changes in the operating environment brought about by the pandemic impacted complex operations across multiple locations that had to be managed remotely and digitally. During the current financial year, even as the country faced multiple lockdowns, the Bank remained agile and swiftly made the necessary changes to ensure that its operations continued to provide individual and business customers with much-needed support. For delivery of optimum customer experience, **the Bank used hybrid working models including work from home, remote access through a virtual private network (VPN)**, digital employee and customer engagement and off-site monitoring.

The approach of resiliently facing uncertainty and emerging challenges, and working out innovative solutions, helped the Bank gain new learning. The Bank's employees worked remotely in an effective manner. Customers too were willing to adopt and use convenient technology. As the Bank walks this new path, it continually seeks to create value across the customer lifecycle. Through superior delivery mechanisms, the Bank handles both **high-touch and low-touch operations** with the same efficiency and enhanced customer engagement. The Bank always remains responsive and quick to adapt its approach in line with customers' requirements.

During the year in review, the Bank focussed on the formalisation of a robust **business continuity plan**, which helped it to be resilient and manage operations seamlessly. This plan is expected to support the management of critical operations in future as well. The Bank has made significant investments in creating a sustainable and scalable operations ecosystem across key areas. These efforts have served to ensure compliance, minimise errors and seamlessly deliver services that drive a positive customer experience. The Bank continues to invest in building digital and technological competencies to deliver better customer service and increase productivity while optimising costs. The Bank's technological upgrade initiatives have supported flexibility in operations, agility, and **quick adaptation of business models to the evolving ecosystem**.

The Bank continued to put customers at the heart of every strategy amidst the pandemic. Dedicated centralised operation teams worked round-the-clock to ensure best-in-class uptimes to ensure safe and secure transactions. During FY 2021-22, the Bank saw a 130% surge in the volume of digital transactions (~33.59 crore) vis-à-vis FY 2020-21. The creation of a robust infrastructure has supported operations that service corporate and retail customers with products across treasury, commercial loans, consumer loans, savings, current accounts, and time deposits.

The rights of the customers, the commitment of the Bank, and the framework for customer service and grievance redressal are well-formulated and documented in various internal policies of the Bank. The Bank has a grievance redressal policy, duly approved by its Board, and available in the public domain for ready reference of the customers.

The Bank has a well-defined framework to monitor key customer service metrics. Various key committees including the Customer Service Committee of the Board, the Standing Committee on Customer Service, and the branch-level customer service committee meet regularly. These forums deliberate on issues faced by customers and the initiatives taken by the Bank to enhance customer service.

The Bank adopts the concept of '**First Contact Resolution**', to provide prompt and satisfactory resolution of customer grievances at their first point of contact itself. The Bank has provided multiple channels to its customers to share feedback on its services, as well as register their grievances. In this regard, the Bank has introduced a new CRM application to further strengthen and improve the efficacy of the grievance redressal mechanism. A dedicated central team oversees the resolution



The Bank adopts the concept of '**First Contact Resolution**', to provide prompt and satisfactory resolution of customer grievances at their first contact point itself.

of customer grievances received through various channels. The internal ombudsman also ensures that all complaints rejected or partially rejected by the Bank are resolved with one more level of check, which essentially reduces the escalation of grievances to the Banking Ombudsman.

Overall, the Bank has been able to establish key working standards that enable it to manage risks and run its operations smoothly, in a compliant manner, to accomplish desired business growth while keeping customer-centricity at the forefront of all its operations.

### 8.3 Human Capital

The extended pandemic coupled with global economic turmoil and the 'Great Resignation' in global labour markets has made it tough even for the most resilient. The new norm was unprecedented and challenging. It demanded resetting, relearning, and re-imagining a better version of ourselves. By adopting digitalisation, the Bank has reinvented hiring, training, mentoring and performance management in a risk-controlled environment. Amid the COVID-19 pandemic, the Bank focussed on



The Bank's Human Resources management strategy is focussed on making the Bank one of India's most valuable organisations by displaying a supportive, engaging and collaborative work environment, that furthers customer centricity, performance-driven orientation and a future-ready outlook.

rapidly adopting the new normal to ensure seamless business continuity in these times of uncertainty. During the year, the Bank hired and inducted new employees, conducted training on upskilling and reskilling, and delivered multiple key HR projects in its journey towards empowerment.

#### **Fostering a Developed and Empowered Workforce**

A committed and dedicated workforce is the key factor in building a resilient Bandhan Bank. The Bank's Human Resources management strategy is focused on making the Bank one of India's most valuable organisations by displaying a supportive, engaging and collaborative work environment, that furthers customer centricity, performance-driven orientation and a future-ready outlook.

In the journey of more than six years, the Bank has strengthened its workforce nearly three times. With an employee base of 20,548 as of March 31, 2016, the Bank has expanded its strength to 60,211 employees as of March 31, 2022, resulting in an exciting blend of the old and new, in a culture of value-driven growth, professionalism, and ethical governance.

Despite the conditions presented by the second and third wave, the Bank had to ensure seamless continuity in its services to customers in its more than 5,600 banking outlets, while ensuring the safety and well-being of all its staff members. In these uncertain times, the Bank acknowledged the contribution of its employees and rewarded the eligible employees with annual bonuses as well as salary increments in line with its Performance Management System (PMS) cycle, with a focus on role elevation and grade elevation.

#### **Relearning the new Workforce in the 'Great Resignation' era**

While the world was recovering from the global pandemic, a new storm was brewing - the "Great Resignation". According to the U.S. Bureau of Labour Statistics, 4 million Americans quit their jobs in July 2021. This phenomenon did not spare countries like India. With a new reset to the rate of attrition, the BFSI industry was presented with an unprecedented challenge to retain and hire talent. The HR team at the Bank was prompt to redesign talent management practices and start building a talent funnel that would ensure continuity with desired capacity in all departments and ensure efficient functioning of the Bank.

#### **Talent Acquisition and Planning**

The Bank has developed a reputation of being one of the very few that continue to hire talent across the country. In the year in review, the Bank added more than 10,000 employees, taking the total to more than 60,000 employees. To aid the realisation of the Bank's ambitions, there was a steady inflow of skilled and capable talent across verticals, thereby maintaining a robust talent pipeline for the future. To provide a hassle-free experience for candidates as well as allow for remote functioning, the Bank digitalised the entire recruitment process, right from sourcing to onboarding.

## **Talent and Performance Management**

The Bank's talent management strategy aims at the holistic development of employees by providing various avenues for skillset enhancement and career progression. The Bank has a structured process for Internal Job Postings (IJPs) and cross-functional resource allocation, which enable employees to explore new career options and enhance their skillsets to match the fast-evolving demands of both the customer and the organisation.

The Bank is keenly focused on building a strong talent pipeline. Periodic role elevations across all levels are a culture within the Bank and are a testament to the organisation's capability-building processes, and the belief and trust it reposes in its employees. In the year in review, 14,003 eligible employees across the Bank received grade elevations.

## **Employee Engagement**

Engaged employees are more productive and display a greater commitment to a company's values and goals. To understand employees' expectations and satisfaction levels, the Bank has on-boarded a leading consulting firm to conduct an organisation-wide employee engagement survey. This survey will give good insights and identify action areas to improve the employee experience. The Bank conducts various activities and programmes to drive employee engagement. In the year in review, the Bank organised various engagement activities during Durga Puja, New Year and Women's Day.

## **Skilling for the Future**

The Bank has always been keenly focused on the skill development of its employees. Pre-pandemic, training programmes were conducted completely in a classroom format. During the pandemic, the modules were shifted to a completely online format. In FY 2021-22, the Bank adopted a highly efficient and effective hybrid-training model and scaled up the training initiatives significantly. The Bank focussed on upskilling and reskilling the workforce. A total of 3,483 training batches with over 90,000 participants in 100 different programmes culminated in redefining the culture of governance, enablement, engagement and learning at the Bank. Agility in programme delivery, deeper knowledge assessment and precision training, and need analysis helped the programmes build efficiency and impact.

In line with the current trend of personalised content and consumption of tailored and more bite-sized learning modules, the Bank introduced 'Learning Bytes' and 'Learning Matters', both of which received good feedback from employees.

## **Creating NextGen Bankers**

To create a steady flow of young bankers, the Bank hires fresh talent from the NextGen Bankers Programme, a special programme in Banking and Finance under the affiliation of Maulana Abul Kalam Azad University of Technology (MAKAUT), West Bengal. The one-year course aims to impart specialised knowledge in different domains across the banking and finance

sector for inculcating an appropriate blend of knowledge and practical skills among students. The students are also trained on inclusive banking fundamentals which align with the Bank's ethos. Nextgen Bankers programme is successfully running for the last four years and more than 600 students are already placed and working in different banking verticals.

## **COVID-19 Measures**

The first quarter of the year in review witnessed the severe second wave of the pandemic. This wave also reached rural and semi-urban India where the Bank has a significant presence. To help employees cope with the pandemic, the Bank took various measures.

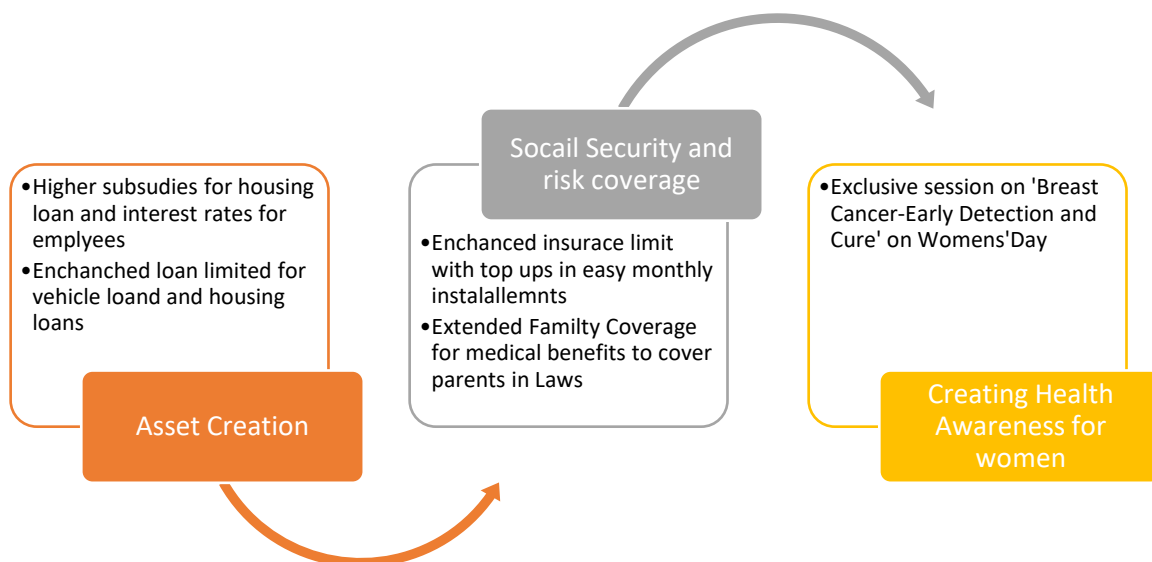
Mass vaccination of staff was organised across the country by the Head Office. Given the vast spread of the Bank's distribution, several field staff members had undergone vaccination at their respective local centres, the cost of which was reimbursed by the Bank.

The Bank, in partnership with several leading healthcare service providers, launched Virtual Medical Assistance for COVID-19-affected employees who were under home quarantine. As a part of this programme, medical safety kits, consisting of essential equipment, were provided. Regular teleconsultations were done with doctors and even home collection of samples was also arranged. Representatives from the HR team were also in constant touch with the affected employees to monitor their recovery.

The Bank also removed any capping for COVID-19 treatment on group mediclaim since the onset of the pandemic. The entire expense of tele-consulting and home quarantining was borne by the Bank for each affected employee. The Bank continued with the special leaves with pay to affected employees. For the nominee of deceased employees (due to COVID-19), a one-time Financial Assistance Scheme was introduced to ensure that they do not face any immediate financial stress in their time of difficulty.

### Employee Benefits, Health & Safety

Bandhan Bank continues to review various human resources developments across industries and introduce the best practices, competitive with the industry. The major employee benefit measures introduced in the year under review were:



### Digital Transformation in HR Processes

As part of its employee value creation agenda, the Bank embarked upon a 360-degree revamp in HR functions, processes, and practices during the year.

As a part of this, various stages and touch points within employee journeys were identified that needed to be digitalised. The integrated Human Resource Management System (HRMS) platform has empowered employees to access the entire Employee Life Cycle Management on their own devices. The complete digitisation of the talent acquisition module has been a major achievement in making the overall sourcing-to-onboarding process of the employees hassle-free, especially during the pandemic where social distancing became a norm. With the incorporation of the grievance redressal mechanism into the HRMS, the employees have a one-stop solution for any queries or complaints.

The Bank also upgraded and introduced an enhanced Learning Experience Platform – Bandhan EDGE (Engage Develop Grow Excel). This platform is available on the web as well as mobile versions allowing employees to learn at their own pace through self-directed e-modules and assessments. This platform also supports

hybrid/blended learning intervention giving the employees a holistic learning experience through an integrated learning journey.

## 8.4 Social and relationship capital

### 8.4.1 Strengthening Brand Bandhan

Bandhan Bank truly represents the ethos of inclusive banking in all its endeavours. The marketing campaigns of the Bank strive to strengthen the brand's positioning in this regard. The primary objective of marketing campaigns has been to build awareness for the Bank in the minds of the relevant audiences in the areas outside of the East of India and to sustain high levels of awareness and familiarity of the brand in the East and North East.



#### Brand Ambassador in Assam

In October 2021, the Bank brought on board renowned singer, actor and composer Zubeen Garg as the brand ambassador for the Bank in Assam. This association is a landmark one for Bandhan Bank as this is the first time that the Bank has associated with a brand ambassador since its inception.

To mark the commencement of this association, the Bank released a music video titled: 'Axom amaar mone praane, milisoo akei shuror bandhane' (Assam is in my mind and soul, and bound together by the bond of music), which showcased the diverse elements of Assamese culture and heritage. This multimedia campaign was executed on television, digital, OOH, print and radio. To showcase the work that the Bank has done in the state of Assam, there were testimonial videos of the Bank's customers whose lives have transformed through the assistance of the Bank.

The music video was well received and garnered wide popularity among audiences in Assam with over 4 crore views and 17 lakh engagements.

#### Foundation Day 2021

Bandhan Bank turned six on August 23, 2021. Like each year on Foundation Day, the Anniversary Lecture was organised. This time, the Chief Guest for the Foundation Day, Ms. Arundhati Bhattacharya, CEO and Chairperson, Salesforce India and former Chairperson, SBI, delivered the Anniversary Lecture.



She focussed on the most important agenda in the current times – business transformation. The lecture was followed by an engaging fireside chat between Ms. Arundhati Bhattacharya and Mr. Chandra Shekhar Ghosh, moderated by Ms. Latha Venkatesh, Executive Editor, CNBCTV18. The theme of the chat was ‘Key imperatives of transformation’.

### Marketing Campaigns Strengthening the Brand

In FY 2020-21, the Bank executed multiple thematic campaigns focused on the Bank’s marketing strategy, aligned with its Vision 2025. As a regular practice, the Bank carries out various multimedia campaigns highlighting achievements and announcement-based developments round the year. The Bank also drives campaigns to build product salience in key markets. Some of the noteworthy campaigns executed in the year were for Home Loans, quarter results, and the Bank’s anniversary, among others.



Through its various campaigns, the Bank has ensured visibility across 87 TV channels, with communication in eight languages. The OOH campaigns have been executed in 30 cities.

### Foraying further into Digital Marketing

In FY 2021-22, the Bank has further strengthened its digital marketing initiatives. All the marquee campaigns such as Foundation Day, quarter results and the Assam brand campaign ran successful legs on digital media.



During this year, the engagement rate on the Bank’s social profiles has witnessed a meteoric rise of 176.28%. The Bank executed digital films to increase user engagement and brand visibility on digital platforms. Some major successful digital films were based on Children’s Day, Mother’s Day, and Father’s Day, among others. The internet phenomenon, Bhuban Baidyakar of the ‘Kacha Badam’ fame, is a Bandhan Bank customer and the video capturing his visit to the Bank’s head office made for a successful video. One key area where the Bank does significant communication on social media is cyber security, to drive awareness and best practices for safe online banking and payments.

During the financial year under review, the Bank has been bestowed with the ‘Best Growth Performance-Banks’ award by Dun & Bradstreet as part of Dun & Bradstreet’s Corporate Awards for India’s Top 500 Companies 2021. Dun & Bradstreet, in association with CtrlS and Cloud4C, hosted a grand virtual conference on July 16, 2021. The event was graced by Guest of Honour, Dr. Bibek Debroy, Chairman, Economic Advisory Council to the Prime Minister, and Special Guest Dr. Krishnamurthy Subramanian, Chief Economic Advisor, Ministry of Finance, Govt. of India.

## Touching Lives Making a Difference

*“The colourful dresses woven in beautiful threads, the stylish buttons in a myriad of colours, and the smiling faces of our customers, fill our hearts with gratitude for Bandhan. We thank them from the bottom of our hearts.” - Renu*

Renu began her married life in Delhi with Rakesh, who worked in an apparel manufacturing unit. Given his meagre earnings, it was difficult for them to make ends meet in a large city like Delhi. Thus, they decided to move back to their hometown in Himachal Pradesh, to start something of their own. With their savings, they set up a store and named it ‘Delhi Fashion Designer’.

They did not have enough funds to produce their material, so they started procuring finished products from wholesalers in Delhi and Ambala. While they bought two sewing machines, they did not have the working capital to employ skilled tailors to make garments. Thus, the scalability of the business was jeopardised because of the lack of capital.



This was when Renu heard about Bandhan, availed of her first loan in 2019 and invested the entire amount in the store. They bought branded sewing machines and employed skilled tailors. They also started teaching young aspirants the art of stitching. It is heartening to note that some of those students have set up their tailoring units; such was the community impact Renu was able to create. With subsequent loans from Bandhan and their hard work, Renu and Rakesh slowly and steadily expanded their garment

collection.

Besides their designer store, they have also set up a sewing workshop on the same premises as the store. This workshop employs six people. With this, they can take care of the customisation requests from all clients. Renu now produces fashionable clothing for her loyal and wide range of customers. Their shop has an exclusive stock of threads and buttons, which they not only use for their store but also supply to other shops and factories. They plan to expand their work further in Himachal Pradesh and Delhi.

*“Our dream of setting up a medical clinic became a reality only because of Bandhan’s unwavering support. We are grateful to them for helping us make medical services accessible to many.” – Ajmetun.*

Ajmetun studied till class VII and was employed in a clinic as support staff. In this clinic, she met Babul. After three years of working together, they both tied the knot. In a few years, the couple was blessed with two daughters. They were somehow making ends meet with their collective earnings, but due to a family emergency, they had to return to their hometown abruptly. They, consequently, lost their job at the clinic and were left without any source of income. However, this is when Ajmetun heard of Bandhan and availed her first small loan in 2013 and used it to purchase a cow. The cow milk was sold in the locality, but the proceeds were not enough to feed the family of four.



Even before they got married, the two had wanted to start a clinic of their own. To make this dream possible, they started saving money. Babul secured a job in a local medical college to accelerate their savings for their clinic. Thus, they began their journey of setting up their clinic. With Bandhan in their lives now, the initial capital was also taken care of. Ajmetun continued to repay her loans timely and got eligible for higher loans. She used the subsequent loan amounts to set up the ‘MZ polyclinic’, thereby giving life to their dream. Since then, there has been no looking back for them. The clinic is running well; it has 17 beds for patients. The landlord of the

clinic premises, impressed by their efforts, has waived off the capital deposit. While Babul still works at the medical college, Ajmentun manages the clinic. She has also employed five people to help her run the clinic. They have visiting surgeons and doctors to tend to the patients.

Both Ajmetun and Babul have worked very hard to improve their lives while creating an impact on society. They are content that both their daughters are now studying in a reputed English medium school. The cow they had purchased with their first loan is now for their domestic use. They are also happy that they are making medical services accessible to people who need them. They plan to continue with their clinic and serve the community.

*“I have been able to change my family’s future towards stability and prosperity. This has been possible only with Bandhan around. Words are not enough to thank them.” – Kuni Behera*

Kuni was married to Dhanu Behera who was an auto driver in Puri with small earnings. The couple had two sons. Due to financial constraints, their elder son dropped out of schooling and took up odd jobs to contribute to the household. After two years of odd jobs, the parents purchased an auto for him intending to earn a little more. They wanted their younger son to complete his studies.

After completing his graduation, the younger son trained in making handicrafts. While he was picking up the art, he got an opportunity to connect with various suppliers and distributors. This helped him build the base for starting the business of making decorative souvenirs. Kuni also got involved in this venture. They both made souvenirs at home and sold them to various nearby shops. However, soon Kuni realised that this little business needed an impetus so she reached out to Bandhan for financial help. The first loan she received provided the much-needed capital influx. The loan was of such great help that she repaid her loans diligently and continued to avail subsequent loans of larger amounts and invested in expanding the business.

Today, instead of supplying their finished goods to other shops, the family has a rented shop of their own where they sell their handicraft. They also supply bulk orders across the district. To meet the growing demands, Kuni has employed two girls who help her at work. She plans to do away with the rented shop in due course and intends to purchase a space of their own and is confident of expanding their business even further.

#### 8.4.2 Corporate Social Responsibility

Bandhan Bank’s core commitment to creating inclusive growth is reflected in its Corporate Social Responsibility (‘CSR’) initiatives, which focus on the empowerment of the marginalised sections of society. To address its societal commitments, the Bank has adopted a comprehensive CSR Policy that outlines the CSR programmes, in line with Schedule VII to the Companies Act, 2013 (the ‘Companies Act’). These programmes are being undertaken in the vicinity of the Bank’s operational areas.

For the seamless implementation and monitoring of the CSR programme, the Bank has constituted the CSR Committee of the Board of Directors (‘CSRCB’), in accordance with the provisions of Section 135 of the Companies Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (‘CSR Rules’), as amended. The composition of the CSR Committee is given in the Report on Corporate Governance as well as the Annual Report on CSR forming part of the Board’s Report.

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

The Bank continued to engage itself with the marginalised sections of society for inclusive growth. The Bank has contributed ₹78.43 crore towards 23 CSR programmes implemented through 10 Project Implementing Agencies (‘PIAs’). The CSR programmes were spread across 671 project locations in 71 districts of 13 states in India, reaching out to 2,76,262 individuals during the FY under review, thereby taking the total outreach to 20,74,603 individuals.

In terms of the provisions of Rule 8 of the CSR Rules, the Bank appointed KPMG Assurance and Consulting Services LLP ('KPMG') to carry out an independent Impact Assessment of the CSR Programmes of the Bank. In terms of provisions of para no. 9.6 of the General Circular No. 14 /2021 dated August 25, 2021, issued by the Ministry of Corporate Affairs, the Impact Assessment Report by KPMG on the CSR programmes of the Bank, is available at the Bank's website <https://bandhanbank.com/beyond-banking>, and the programme wise summary of the same is mentioned in the subsequent sections.

The details of CSR activities/projects undertaken during the financial year are provided in the Annual Report on CSR forming part of the Board's Report as Annex – 1. During the year under review, the CSR Policy was suitably amended to align it with the recent amendments to the provisions relating to CSR under the Companies Act and CSR Rules, which was duly recommended by the CSR Committee and approved by the Board. The updated CSR Policy is available on the Bank's website at [https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSRPolicy-2021\\_1.pdf](https://bandhanbank.com/pdfViewerJS/index.html#./sites/default/files/2021-07/CSRPolicy-2021_1.pdf)

### Linkages to Sustainable Development Goals

Bandhan Bank's journey is deeply entrenched in its dedication to transforming lives and building communities. The Bank runs its CSR programmes through various CSR implementing agencies including Bandhan-Konnagar. Each programme of Bandhan-Konnagar has been devised to bring about far-reaching effects in the fields of education, health, livelihood promotion, sustainable livelihood development, climate action, financial literacy, skill development and employment generation. The Bank's CSR Programmes in alignment with the Sustainable Development Goals and the Schedule VII of the Companies Act, 2013 are provided below:

SN	CSR Programmes	Schedule VII of the Co.Act, 2013	Sustainable Development Goals 2030 of the United Nations
1	Targetting the Hardcore Poor Programme	i, ii, iii	
2	Bandhan Health Programme	i	
3	Bandhan Education Programme	ii	
5	Bandhan Employing the Unemployed Programme	ii, iii	
6	Bandhan Financial Literacy Programme	ii, iii	
7	Bandhan Sustainable Livelihoods Programme	ii	
8	Bandhan Climate Action Programme	i, ii, iii, iv	

### Targeting the Hard-Core Poor Programme

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

This programme follows a 360-degree approach. Besides free assets, consistent counselling and mentoring support are also extended. A weekly consumption stipend (a considerable amount of cash) is also given to these women to meet their daily basic expenses until the assets begin to yield returns. Financial literacy is imparted so that they can make informed financial decisions. Education on socially relevant issues is also offered to increase their awareness and help them live better lives. Overall confidence-building is done so that they do not fall into the poverty trap again. Over the years, it has been seen that there is a positive impact of this intervention in the lives of many. They earn reasonable monthly income, have a healthy life and can support their families.

During the FY under review, the Bank has contributed ₹27.88 crore (₹18.20 crore in FY 2020-21) towards the Targeting the Hardcore Poor ('THP') programme of Bandhan Konnagar, an organization registered under the Societies of West Bengal Registration Act XXVI of 1961, Implementing Agency. The programme is designed for the ultra-poor women-headed households, providing them with a range of gainful micro-enterprises (in the form of the farm, non-farm and mixed assets, and non-cash), along with handholding support and training on confidence building, enterprise skills, consumer interaction, marketing and financial skills. They are also provided with a sustenance allowance to meet their daily needs till they start generating substantial income from the assets provided. In a period of 18 to 24 months, these ultra-poor women start graduating, uplifting themselves from extreme poverty<sup>11</sup> and getting linked to mainstream society<sup>12</sup>.

During the FY under review, 27,600 ultra-poor women were provided farm-based, non-farm and mixed assets to sustain their livelihoods. These women belonged to 18 districts of Assam, Jharkhand, Madhya Pradesh, Odisha and West Bengal.

An Impact Assessment Study carried out by KPMG indicated that more than 29,000 women were alleviated from below the poverty line to above the national poverty line (₹1,059.42 for rural and ₹1,286 for urban areas) with a significant increase in their business assets and household income, having a monthly income of at least ₹4,000 and average of ₹7,456 per month. Additionally, 29,487 women had improved savings habits and access to safe and secure shelter.



A long-term study done by the Nobel Laureate, Dr. Abhijit Banerjee et.al.<sup>13</sup>, based on Randomised Control Trials ('RCT') method, suggests that in seven years after the assets were first distributed, livestock revenue, income from non-agricultural entrepreneurial activities and daily wage income was 286 per cent., 100 per cent. and 25 per cent., respectively, higher in the treatment group as compared to the control group mean, and it was not because of more working hours, but because the income per hour went up and they diversified their businesses and invested part of the gains from livestock into other activities.

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

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

### **Health, Nutrition, Drinking Water and Sanitation**

<sup>11</sup> Poverty Line benchmarked according to the Suresh Tendulkar's Committee Poverty Lines per capita monthly expenditure, 2011-12, Niti Aayog, Government of India

<sup>12</sup> India SDG Index Score for Goal 1 – No Poverty; Goal 2 – Zero Hunger and SGD 5 – Gender Equality

<sup>13</sup> Abhijit Banerjee, Esther Duflo, Raghavendra Chattopadhyay and Jeremy Shaprio (2016). The Long Term Impacts of a "Graduation" Program: Evidence from West Bengal. Working Paper, September, 2016. J-PAL, MIT, Cambridge, Massachusetts. USA.

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

During the FY under review, the Bank has contributed ₹18.49 Crore (₹15.67 crore in FY 2020-21) towards seven health programmes of five PIAs, covering 35 districts in nine states of India. The health programmes of the PIAs supported by the Bank covered 88,019 beneficiaries during the year.

## Health

The Bank contributed towards creating health and hygiene-related awareness and behaviour change through a network of 4,518 village-level female health volunteers, known as "Swasthiya Sahayikas", who reached out to 2,16,918 pregnant women and lactating mothers. The Swasthiya Sahayikas held 38,266 health awareness forums. These sessions were attended by 7,71,600 female participants belonging to the reproductive age group. The Swasthiya Sahayikas and the Health organisers made 14,81,310 home visits to follow up on the health status of pregnant women, lactating mothers and children below five years, and have taken 2,278 women for institutional deliveries during ante-natal check-ups ('ANC') and other health check-ups.



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

These efforts resulted in improving the institutional deliveries to 90.25 per cent., (compared to the national average of 78.90 cent.4) and complete ANC to 91 per cent. (compared to the national average of 51.20 per cent.<sup>14</sup>).

An Impact Assessment study conducted by KPMG indicated that the programme contributed to the improvement by 2 per cent. to 10 per cent. for Institutional deliveries ranging between 94 per cent. to 98 per cent., improved by 4 per cent. for complete ANC ranging between 94 per cent. to 97 per cent., and an improvement by 10 per cent. to 21 per cent. for immunisation ranging between 98 per cent. to 99 per cent.

A study conducted by Grameen Foundation and Freedom from Hunger India Trust from 2015 to 2018<sup>15</sup>, concluded that the programme has a visible positive impact amongst the participants of the health awareness programme, on the level of awareness and health-related behaviour, between baseline from lower than 10 per cent. to end-line with more than 90 per cent. of women know about Mother and Child Health ('MCH') and from 20 per cent. To 80 per cent. of adolescent girls managing menstrual complications.

## Healthcare

<sup>14</sup> International Institute for Population Sciences (IIPS) and ICF. 2017. National Family Health Survey (NFHS-4), 2015-16: India. Mumbai: IIPS. <http://rchiips.org/nfhs/NFHS-4Reports/India.pdf>

<sup>15</sup> Alison Burgon Bardsley, Bobbi Gray, Cassie Chandler, and Sabina Rogers (2018). Maa Aur Shishu Swasthya (MASS) Mother and Child Health Program, 2015-2018. Final Project Report. December 2018. Grameen Foundation and Freedom from Hunger India Trust. [https://grameenfoundation.org/documents/MASS\\_Final\\_Evaluation\\_Report\\_2018\\_Final.pdf](https://grameenfoundation.org/documents/MASS_Final_Evaluation_Report_2018_Final.pdf)

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

### **Nutrition**

During the FY under review, 2,75,922 children under the age of five years were enrolled in the nutrition initiatives of the Bandhan Health Programme. Out of these, 2,100 children were identified with severe acute malnutrition ('SAM') and were supported for nutrition rehabilitation, whereas, 11,607 children under the age of five were found with moderate acute malnutrition ('MAM') and were provided with nutritional supplements, including support for a nutritional garden. 94 per cent. of the children, over 24 months completed their primary immunization and 83.25 per cent. (National Average 54.90 per cent.4) of children from 0-6 months were exclusively breastfed.

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

An Impact Assessment Study conducted by KPMG estimated that there has been a reduction in malnutrition among children below five years of age from 14 per cent. to 4 per cent.

### **Drinking-Water**

During the FY under review, 62 community-level reverse osmosis water treatment plants were operational, which provided 29,577 kiloliters of purified safe drinking water to 33,749 households.

### **Sanitation**

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

### **Education**



This programme encourages a diverse age group of underprivileged children to begin and sustain academics in a congenial environment. A unique, low-cost, innovative model has been adopted to ensure that not-so-privileged children can receive a quality education. Education centres have been set up in rural areas. These aim to reach out to the non-school-going and dropout children aged 6 years and above from economically

constrained families, with a special focus on the girl child. These free primary schools known as Bandhan Education Centres provide complimentary school kits and focus on classroom learning, attendance, and extra-

curricular activities. Further, the programme has also set up low-cost formal schools, called Bandhan Academy, that provide holistic development for children, which includes academics and extracurricular activities.

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

The Bank contributed ₹17.01 crore (₹14.80 crore in FY 2020- 21) towards the education programme of three PIAs, benefiting 67,575 marginalised children in 33 districts of six states of India.

An Impact Assessment study conducted by KPMG indicated that according to the situational assessment conducted by Asian Institute for Sustainable Development ('AISD') in 2021, it was indicated that over 85 per cent. of the parents across the states applauded the good quality of education provided at Bandhan Education Centre ('BEC'). The respondents highlighted that there had been an improvement in the academic performance in English and Mathematics of their wards in formal schools due to the support provided at the BECs. The parents and guardians shared that the staff at BEC provided them with hand-holding support during the enrolment of their children in formal schools. The report further indicated that the prolonged closures due to the COVID-19 pandemic had affected the learning capabilities of the students.

### **Support for Person with Disabilities**

In line with the commitment to inclusive growth, the Bank has contributed ₹38.25 Lakh (₹38.85 Lakh in FY 2020-21) to the initiatives of three PIAs, who are dedicated to providing equal opportunities and a conducive environment to persons with disabilities ('PWD'). During the FY under review, the initiatives have supported 270 PwDs in three districts of three states of India taking the total to 1,332 PwDs supported through these initiatives.

### **Skill Development**



Bandhan Bank's skill development initiatives provide market-linked and job-ready employable skills to the youths from marginalised sections of society in various domains. This initiative not only provides on-job training and job placement facilitation in the organised sector but also a follow-up on the placements so that the youths are settled in their jobs post-training.

During the FY under review, the Bank contributed ₹4.79 core (₹4.89 crore in FY 2020-21) towards the skill development initiatives of two PIAs in 16 districts of six states of India. These PIAs operated 16 training centres in domains, like, Warehousing and Logistics, Retail and Customer Care, Sales and Marketing, ITeS and BPO, Refrigeration and Air Conditioning, Computer Accounting, Hardware and Networking, BFSI, Tailoring, Mason, Electrical, GDA (Nursing), Manual Metal Arc Welding, Fitter Fabrication, etc.

During the FY under review, 3,738 youths were trained, of which more than 75 per cent. were placed with a net salary ranging from ₹8,000 to ₹15,000 plus other performance-based allowances and social security benefits, like, Provident Fund ('PF') and Employee State Insurance ('ESI').

An Impact Assessment study conducted by KPMG indicated that between 2016 to 2021, 11,478 youth were trained with a placement rate of over 68 per cent. These youth earned salaried income in the organised sector, with an average salary of ₹13,591.



## Financial Literacy



empowering them to plan their financials. They are also taught to access varied banking services, including insurance and pension schemes.

The Financial Literacy Programme has an outreach to 3,12,715 women from low-income households. The programme supported the women to break the cycle of poverty by enabling them to minimise wasteful household expenditure, save for the future and reduce the rate of borrowing habits for consumption purposes. The respondents shared that the programme helped them become more financially responsible and reduce their financial risks. Further, the intervention empowered the women to safeguard themselves from fraudulent investment schemes and exploitative moneylenders. It enabled the women to understand the terms and conditions of the financial product before availing it. Overall, the programme boosted their self-esteem and quality of life by empowering them to gradually achieve their financial goals and improve their creditworthiness.

The Impact Assessment done by KMPG highlights that over 95% of the women (2,98,161 out of 3,12,715) were now able to operate their bank accounts independently. Further, the Knowledge evaluation test revealed that there was a clear upward trend was observed across the four courses in terms of the percentage of women attaining 50% or above marks in these tests post-intervention.

## Sustainable Livelihoods Programme



This is a new programme that was piloted in FY 2021-22 for incubating young and talented entrepreneurs from economically weaker sections. The aim is to help these entrepreneurs in setting up their start-ups so that instead of becoming employment seekers they become employment givers.

The programme selected 51 bright entrepreneurs (including 17 females) out of 113 candidates to incubate their enterprises. Of the 51 enterprises, 20 have been registered with MSME and 16 are DIC approved and 16 enterprises have also been linked to Financial Institutions for a credit line.

## 8.5 Natural Capital

The Bank promotes Environmental stewardship and encourages communities and the activities financed by the bank to take necessary measures for the conservation of natural resources and environment protection.

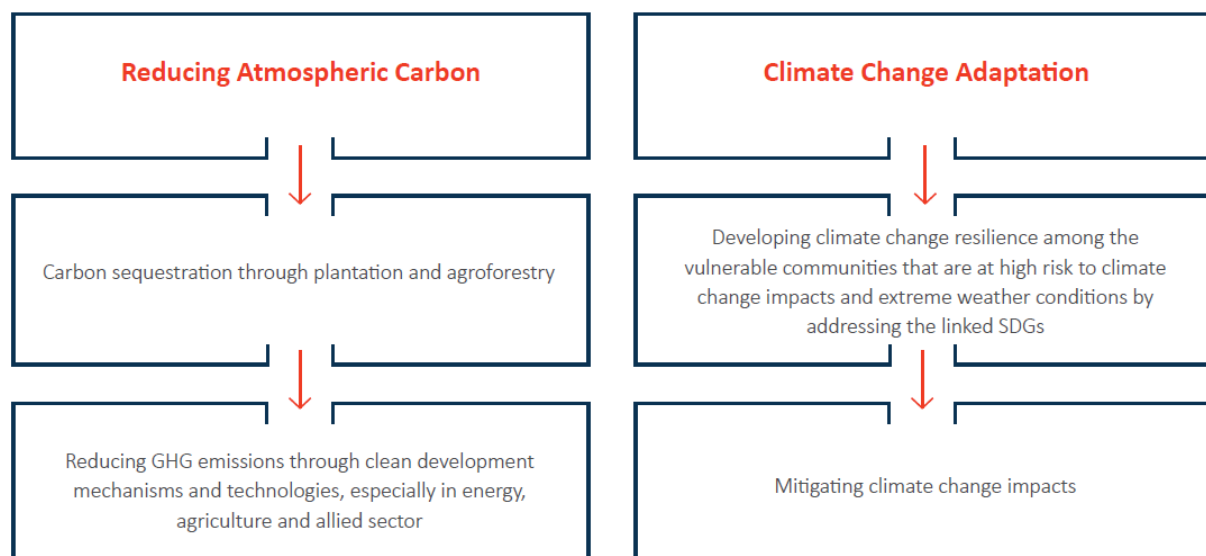
The Bank's commitment to pursuing a low carbon footprint has led to the installation of energy-efficient technologies and the use of renewable energy. Its headquarter is located in an IGBC-Gold rated green building and uses energy and water efficiency, resource recycling and other green building sustainable practices.

### Climate Action Programme

The Goal 13 of the United Nation's Sustainable Development Goal (SDG) calls for urgent action to combat climate change and its impacts. It is also intrinsically linked to the rest of the 16 SDGs 2030 Agenda. To address climate change, India has adopted the Paris Accord to limit the global temperature rise to well below 2 degrees Celsius.

It is a well-established fact that climate change is linked to Green House Gas (GHG) emissions and reducing atmospheric carbon through emission reduction and carbon sequestration can help limit the rise of global temperature.

Bandhan Bank through its Climate Action Programme is facilitating limiting the rise in global temperature through the following strategy:



### Reducing Atmospheric Carbon

#### Afforestation

The afforestation initiatives, supported by the Bank, have contributed to the project of establishing a "Bio-shield" to save the mangroves in the Bharuch district of Gujarat. Mangrove plantation of 67,540 saplings was carried out in 20 Hectares in a stretch of one kilometre of coastline along with plantation of other medicinal plant species and fodder species, sequestering over 4,400 tonnes of CO<sub>2</sub> annually. The fodder bank was created to offset the biotic pressure from the mangrove area. The project created 4,629 person-days of employment and benefited 9,123 beneficiaries with additional income-generating avenues from fodder and medicinal plant harvesting.



The programme during FY 2021-22, collaborated with various Panchayat Raj Institutions (PRIs) to undertake plantations in the village commons. The Bank provided nearly 30,000 saplings for plantation across 26.11 acres of land and 15 km of roadside plantations in 6 states involving 21 PRIs during the year.

To support urban green spaces and create livelihoods, the programme collaborated with New Town Kolkata Development Authority (NKDA), West Bengal to undertake plantations of nearly 2,500 saplings in nearly 2 acres of urban space.

### **Water Conservation**

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