

BASEL III - PILLAR 3 DISCLOSURES AS ON MARCH 31, 2026

Bandhan Bank Limited (hereafter referred as the “Bank”) was incorporated on December 23, 2014, as a public limited company under the provisions of the Companies Act, 2013. A license authorizing the Bank to carry on banking business was issued by the RBI in terms of Section 22(1) of the Banking Regulation Act, 1949 on June 17, 2015. The Bank commenced its banking operation on August 23, 2015.

The Bank was listed on March 27, 2018, on National Stock Exchange of India (NSE) and BSE Limited.

Scope of Application and Capital Adequacy**DF – 1: Scope of Application**

The framework of disclosures applies to the Bank which is a scheduled commercial bank. Currently, the Bank does not have any financial or non-financial subsidiary.

DF – 2: Capital Adequacy**Qualitative Disclosure:**

RBI issued Prudential Norms on Capital Adequacy Directions, 2025 dated November 28, 2025, updated till March 30, 2026. As on March 31, 2026, the Bank is required to maintain minimum CET1 CRAR of 8% and minimum total CRAR of 11.50%. The minimum capital requirement includes capital conservation buffer (CCB) of 2.50%.

The Bank has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and strategy for maintaining its capital levels. The process provides an assurance that the Bank has adequate capital to support all risks inherent to its business and an appropriate capital buffer based on its business profile. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through sound governance and control practices, robust risk management framework and an elaborate process for capital calculation and planning.

In line with the Basel III guidelines which was phased in April 01, 2013, the Bank has calculated its capital ratios as per the extant RBI guidelines. The main focus of Basel III norms and subsequently Prudential Norms on Capital Adequacy Directions, 2025 is on the quality and quantity of Common Equity Tier 1 (CET 1) capital and these regulatory requirements are currently met with the quantum of capital available with the Bank. The Pillar I Risk Weighted Assets (RWA) Calculation covers the following risks:

- i. Credit Risk (Standardized Approach)
- ii. Market Risk (Standardized Approach)
- iii. Operational Risk (Basic Indicator Approach)

As on March 31, 2026, the Bank had a total capital of Rs 26,020 Cr, out of which CET 1 and Tier 1 capital stood at Rs. 24,917 Cr. The Capital to Risk Weighted Assets Ratio (CRAR) of the Bank stood at 18.04% against regulatory requirement of 11.50%.

Internal assessment Of Capital: The Bank's capital management includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually which determines the adequate level of capitalization for the Bank to meet regulatory norms and current and future business needs, including under stress scenarios. The ICAAP encompasses capital planning for a three-year time horizon, assessment of material risks and the relationship between risk and capital.

The capital management is complemented by the risk management framework, which covers the policies, processes, methodologies and frameworks established for the management of material risks. Stress testing, which is a key aspect of the ICAAP and the risk management framework, provides an insight on the impact of extreme but plausible scenarios on the Bank's risk profile and capital position. Based on the stress testing framework, the Bank conducts stress tests on its various portfolios and assesses the impact on its capital adequacy ratio and the adequacy of capital buffers for current and future periods. The Bank periodically assesses and refines its stress testing framework to ensure that the stress scenarios capture material risks as well as reflect market conditions and operating environment. The business and capital plans along with the stress testing results are integrated into the ICAAP.

Based on the ICAAP, the Bank determines the level of capital that needs to be maintained by considering the following in an integrated manner:

- a) Bank's strategic focus, business plan and growth objectives
- b) Regulatory capital requirements as per the RBI guidelines
- c) Assessment of material risks and impact of stress testing

Monitoring and reporting: The Board of Directors of the Bank maintains an active oversight over the Bank's capital adequacy levels. On a quarterly basis, an analysis of the capital adequacy position, the risk weighted assets and an assessment of the various aspects of capital and risk management as stipulated by RBI, are reported to the Board.

Further, the ICAAP process which is annually documented also serves as a mechanism for the Board to assess and monitor the Bank's capital adequacy position over a three-year time horizon.

Quantitative Disclosure

The standalone CRAR position of the Bank as on March 31, 2026, stood as below:

Capital Requirement	
	(Rs in crore)
(a) Capital requirements for credit risk:	
Portfolios subject to Standardised approach	13,665.23
Securitisation exposures	14.51
(b) Capital requirements for Market risk:	
Standardised duration approach	131.47
Interest Rate Risk	124.35
Foreign exchange Risk (including Gold)	7.12
Equity Risk	0.00
(c) Capital requirements for Operational risk:	
Basic indicator approach	2777.76
(d) Common Equity Tier 1, Tier 1 and Total capital ratio:	
CET I	17.28%
TIER I	17.28%
TIER II	0.76%
TOTAL	18.04%

Note: At minimum capital requirement of 11.50% (including CCB).

Risk Exposure and Assessment

The Bank encourages calculated risk-taking, where risks are known, and are within the risk limits arising from the Board approved risk appetite. Also, while evaluating the risks, the associated returns are also considered. The key constituents that promote “Risk aware culture” in the Bank are:

- Encourage employees to take business decisions in line with the Bank’s approved risk appetite.
- Proper handling of whistle blowers who report on fraudulent activities.
- Proper handling of employees who report potential risks; and
- Adequate and regular training of personnel in the business areas on their roles in risk management.

Risk transparency is fostered through reporting, disclosure, sharing of information and open dialogue on the risks arising from various activities across the Bank.

Risk Governance Model

The Bank has established a robust system for directing and controlling the management of various risks within and across the Bank. This governance model defines three key roles:

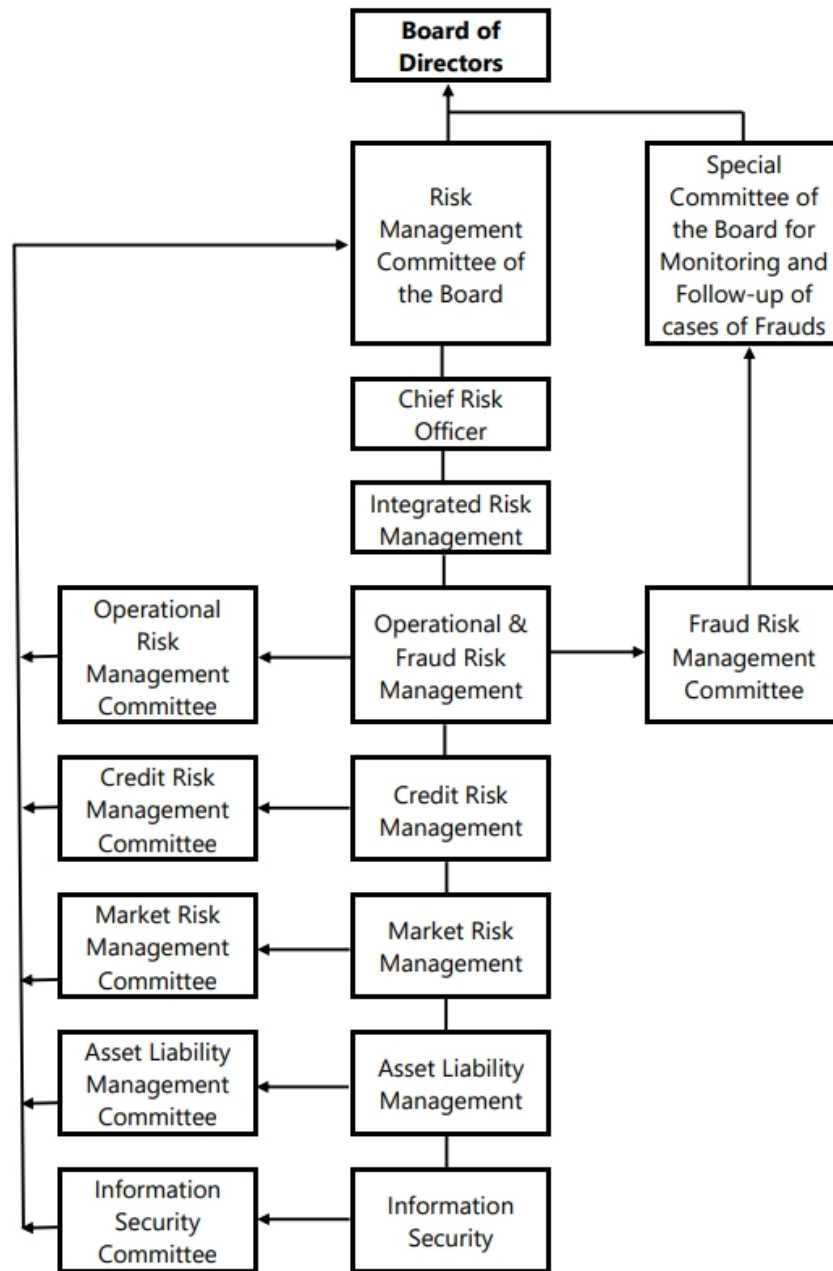
- Business that takes, manage, and assess risk
- Risk Management that provides risk appetite, governing policies, analysis, monitoring, and reporting; and
- Internal Audit that provides independent inspection and assurance.

Risk Management Department is responsible for setting up the appropriate risk control mechanism to quantify and monitor risks in timely manner.

Risk Governance Framework

The Bank believes that the role of risk management should not be biased by consideration of profits or performance evaluation and should be in line with regulatory guidelines and international good practices. The risk governance framework has been designed taking the following into account.

Risk Governance Structure



The risk governance framework provides guidance on adopting a more holistic approach to manage risk, emphasizing four related elements:

- Developing the corporate risk profile.
- Establishing a risk function that manages risk in an integrated manner.

- Practicing integrated risk management; and
- Ensuring continuous risk monitoring.

The risk governance framework for the Bank is supported by the detailed roles and responsibilities within the Bank.

Governance Committees

Key roles and responsibilities relating to risk management are clearly defined and stated below:

Board of Directors

Board of Directors (BoDs) has the overall responsibility for management of all the Risks. The key responsibilities of BoDs are the following:

- Be aware of the major aspects of the bank's risks that should be managed and should approve an appropriate risk management framework for the bank and review it periodically.
- Based on the recommendation of RMCB and individual RMCs, approve and periodically review the risk appetite, risk management policies, and processes.
- Establish a management structure, which can effectively implement the Bank's risk management framework and define clear lines of management responsibility, accountability and reporting.
- Provide senior management with clear guidance and direction with respect to promotion of risk management culture and awareness in the bank.
- Ensure that the Bank has adequate internal controls (empower internal audit) in place to oversee the implementation of policy and procedures.
- Approve ICAAP and the underpinning capital requirements periodically.
- Ensure that the Bank has in place appropriate methods for monitoring compliance with laws, regulations and internal policies;
- Obtain assurance (through internal audit and external reviews) that the Bank's risk management policies for significant risks are being adhered to.

Risk Management Committee of the Board

RMCB has overall responsibility to oversee the Integrated Risk Management program including Credit, Market, Operational and other key risks. The committee is responsible to:

- Oversee risk management function and obtain assurance from the respective committees and risk departments that the key risks facing the Bank have been properly identified and are being appropriately managed.
- Define the risk appetite of the Bank within overall parameters set by the Board including business strategy & growth and review Risk Profile on quarterly basis

- Ensure effectiveness in the conduct of the overall risk governance.
- Approve risk limits at the bank-wide level for various portfolios such as product, industry, geography, risk types etc.
- Recommend risk management and measurement policies/ guidelines and procedures before submission to the Board.
- Allocate and maintain sufficient resources (including IT support) for risk identification, measurement, monitoring and reporting.
- Recommend risk capital computation and place it to the Board for approval.
- Reinforce the culture and awareness of risk management throughout the organization.
- Approve and ensure robustness of financial models and effectiveness of systems used to measure Credit Risk whenever applicable, which include:
 - Approve the use of risk rating systems for business and risk management purposes.
 - Ensure effectiveness and performance of rating system and associated processes and controls
 - Approve all material credit risk models and rating systems along with changes if any made to them; and
- Discuss the findings of the Audit Committee of the Board (ACB) whichever and whenever deemed necessary

Audit Committee of the Board

The Audit Committee of the Board (ACB) is responsible to:

- Assist the Board in carrying out its oversight responsibilities as they relate to the Banks financial and reporting practices, internal control and compliance with laws, regulations and ethics

A. Financial and Other Reporting

- Provide assurance to the governing board that financial information reported by management reasonably portrays the Bank's financial condition, results of operations, and plans and long-term commitments.
- Review of financial and/or fiscal policies and policy decisions.
- Review of the financial statements including interim financial statements, auditors' opinion and management letter.
- Recommendations on the selection of the external auditors or participation in the selection of external auditors.
- Oversight of the external audit coverage; and
- Review of other reports that require approval by the BOD prior to submission.

B. Internal Control

- Understand the Bank's key risk areas and the internal controls structure.
- Monitor the control process through the results of internal and external audits.
- Examining and evaluate the planning, organization and directing processes to determine that the objectives and goals will be achieved; and
- Evaluate systems, processes, operations, functions & activities within the organization.

C. Compliance with Laws, Regulations and Ethics

- Provide reasonable assurance to the governing board that the Bank is in compliance with pertinent laws and regulations, is conducting its affairs ethically, and is maintaining effective controls against conflicts of interest /fraud.

Special Committee of the Board for Monitoring and Follow-up of cases of Frauds

The roles and responsibilities of the Committee are:

- To oversee the effectiveness of the fraud risk management in the Bank including prevention, early detection, investigation, staff accountability, monitoring, recovery, analysis and reporting of frauds.
- To review and monitor cases of frauds based on categories/trends of frauds, industry/sectoral/geographical concentration of frauds, delay in detection/classification of frauds and delay in examination/conclusion of staff accountability, etc.
- To review the root cause analysis and suggest mitigating measures for strengthening the internal controls, risk management framework and minimizing the incidence of frauds.
- To review the cases remaining in red-flagged status beyond one hundred and eighty days with adequate reasoning / justification thereof; and

Market Risk Management Committee

The Market Risk Management Committee is responsible for:

- Setting policies and guidelines for market risk measurement, management and reporting; placing before the Board for approval.
- Identification, assessment, monitoring, reporting and analysis of market risk associated with treasury operations, setting of risk parameters, overseeing compliance with risk parameters etc.
- Reviewing and ensuring adherence to market risk limits, including triggers or stop-losses for traded and accrual portfolios.
- Risk research and analysis, development of risk mitigation strategies.

- Ensuring robustness of financial models, and the effectiveness of all systems used to calculate market risk.
- Ensure appointment of qualified and competent staff and support RMCB in the conduct of effective market risk governance.
- Ensure effective management of currency and country risk.
- Review the stress testing results for market risk.

Asset Liability Management Committee

The Asset Liability Management Committee is responsible for:

- Manage the liquidity gaps and the interest rate risk by deciding on desired maturity profile and mix of incremental assets and liabilities and effectively articulate the balance-sheet management strategies.
- Approve risk limits and triggers for liquidity and interest rate risks and ensuring adherence to the limits set by the Board.
- Ensure the effectiveness of the Contingency Funding Plan.
- Articulating interest rate view of the Bank and deciding on the future business strategy.
- Review and articulate the fund management.
- Approve the transfer pricing mechanism for the Bank and ensure the effective balance sheet management.
- Review micro and macro-economic factors.
- Approve pricing for deposits and advances.
- Review the stress testing results for liquidity risk and IRRBB.

Credit Risk Management Committee

Credit Risk Management Committee is responsible for overseeing implementation of Credit Risk Management Framework across the Bank and providing recommendations to the RMCB. Key responsibilities of the committee include:

- Review and approve the Risk profile of the Bank.
- Review and recommend policies pertaining to Credit Risk Management to the RMCB for review and approval.
- Clear policies on standards for presentation of credit proposals, financial covenants, rating standards and benchmarks and recommend to the Board, for its approval.
- Reviewing Credit Approving Powers, prudential limits on large credit exposures, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, provisioning, regulatory / legal compliance.

- Ensure implementation of credit risk policy and strategy approved by the Board as per the recommendation of the RMCB.
- Monitor credit risk on a bank wide basis and ensure compliance with limits approved by Board
- Monitor quality of loan portfolio at periodic intervals, identifying problem areas and issuing directions for rectifying deficiencies.
- Monitor credit risks on the Bank-wide basis and ensuring compliance with the approved risk parameters/ prudential limits and monitor risk concentrations including industry exposures.
- Ensure regulatory compliance in the Bank's policies and guidelines in regard to credit risk.
- Recommending changes in Delegation of Power (DOP) to appropriate authority within the overall limit approved by Board.
- Review all rating system validation results to assess efficacy and effectiveness of model performance and the need for any adjustments, and placing recommendations before RMCB if required
- Review the use of internal risk rating systems for business and risk management purposes and placing recommendations before the RMCB.
- Bring to the attention of RMCB material issues for information / recommendation / approval; and
- Review and approve the credit risk stress testing scenarios, results and outcome analysis.

Operational Risk Management Committee

The Operational Risk Management Committee is responsible for:

- Development of ORM Framework in terms of all the policies and procedures, methodologies, models, tools and system for their effective implementation.
- Report to the Board/RMCB on operational risk profile, significant issues, key risks, material internal & external changes, operational risk capital computation and its allocation, major policy non-compliance, any other information that may be considered appropriate for reporting to the Board.
- Establish and review the risk appetite and operational risk management strategy based on a review of risk profile and change therein, if any
- To review process, people and system gaps in light of fraud incidents and initiate measures to address those gaps.
- Ensure timely and accurate reporting to all stakeholders and recommend further preventive measures such as controls based on review, analysis and assessment of loss and fraud incidents.
- Review of business continuity and disaster recovery capability.
- Ensure that operational risk issues are effectively communicated to appropriate staff responsible for managing credit, market and other risks, as well as those managing third-party outsourcing arrangements.

- Ensure integration of operational risk management practices into day-to-day operations of the Bank.
- Take initiatives towards strengthening of operational risk management culture in the Bank.

Audit Committee of Executives

The Audit Committee of Executives is responsible to:

- Provide an independent assurance to the Board on their assessment of compliance with the risk processes across the Bank.
- Independently validate the ratings/ scores assigned by Credit Risk Management Team post sanction of loans and reporting the deviations.
- Review (at least annually) the scoring/ rating system and its operations, capital calculations under various approaches including the estimation of PDs, LGDs and EADs.
- Independently validate proper implementation of risk mitigation plans drawn out by the focus group or committees for various key risks.
- Independently validate the significant risks identified under RCSA process;
- Give assurance to the board on the management of risks, including the effectiveness of the controls and the compliance and irregularities.
- Give assurance to the board on the accuracy of the reporting and the appropriateness of the risk reporting design; and
- Feedback on the adherence to the Bank's values and code of ethics.

Fraud Risk Management Committee

The Fraud Risk Management Committee is responsible to:

- Review the effectiveness of the fraud risk management in the bank including prevention, early detection, investigation, delay in examination / conclusion of staff accountability, monitoring, recovery, analysis and timely reporting of frauds.
- Review the root cause analysis and suggest/ analyse mitigating measures for strengthening the internal controls, risk management framework and minimising the incidence of frauds.
- Monitor the effectiveness of the framework for Early Warning Signals (EWS) and Red Flagging of Accounts (RFA).
- Review and monitor the EWS indicators identified for monitoring credit facilities/ loan accounts and other banking transactions.
- Review the Fraud Risk Management Policy.

Information Security Committee

Information Security Committee is responsible for:

- Issuing, reviewing and finalizing Information/Cyber Security Policy, standards & procedures.
- Approving the standards and procedures and any subsequent modifications for achieving desired level of information security system in line with the business requirements.
- Approving and monitoring major information security projects and the status of information security plans and budgets, establishing priorities along with assessing new developments or issues relating to information security.
- Discussing the development and implementation of a bank-wide information security management program.
- Reviewing the position of security incidents and various information security assessments and monitoring activities across the Bank.
- Reviewing the status of security awareness programs.

DF-3: Credit Risk

Qualitative Disclosure

“Credit risk” is defined as the possibility of losses associated with default by or diminution in the credit quality of Borrowers or Counterparties arising from:

- Outright default due to inability or unwillingness of a borrower or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions; or
- Reduction in portfolio value arising from actual or perceived deterioration in credit quality of borrowers or counterparties.

Credit Risk faced by a Bank depends on both internal and external factors. Internal factors are unique to the Bank which are within the control of the Bank and emanates from the Bank’s dealings with an individual, non-corporate, corporate, bank, financial institution or sovereign. On the other hand, external factors arise from situations, which are beyond the control of the Bank but the consequences of which need to be managed in order to mitigate their impact on the Bank.

The bank have a robust credit monitoring processes to facilitate efficient and effective credit management as well as to initiate a proactive remedial measure in case of any deterioration in credit quality. Business units shall comply with operational guidelines arising out from the effective credit monitoring process set out in this section and initiate risk mitigating action at the earliest.

Reports of credit monitoring system may either be generated through Bank's Management Information System (MIS) or by virtue of internal analyses regularly being put up to CRMC/RMCB or to any other official forums.

Definitions of non-performing assets:

The Bank classifies its advances into performing and non-performing advances in accordance with the extant RBI guidelines.

The non-performing asset (NPA) is a loan or an advance where;

- i. Interest and / or instalments of principal remain overdue for a period of more than 90 days in respect of Term Loan.
- ii. The bill remains overdue for a period of more than 90 days in the case of bills purchased / Bills Discounted.
- iii. The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
- iv. The instalment of principal or interest thereon remains overdue for one crop seasons for long duration crops.
- v. The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.
- vi. In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.
- vii. In case of other loan facilities, any amount to be received remains 'Overdue' for a period more than 90 days.
- viii. A credit card account will be treated as non-performing asset if the minimum amount due, as mentioned in the statement, is not paid fully within 90 days from the payment due date mentioned in the statement.
- ix. In respect of Overdraft/ Cash Credit accounts, if they remains "Out of Order" as indicated below,
Cash credit/ Overdraft account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit / drawing power. In case where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credit continuously for 90 days as on the date of balance sheet or credits are not enough to cover interest debited during the same period, these accounts should be treated as 'out of order'. Accounts remaining out of order continuously for 90 days should be classified as Sub-Standard.

- a) In case Bank Guarantees (B.G.) / Letter of Credit (L.C.) devolve on the Bank, the account be treated as NPA after 90 days from the date of payment of the amount if the amount is not reimbursed by the customer.
- b) Bank should ensure that drawings in working capital accounts are covered by adequacy of current assets, since current assets are first appropriated in times of distress. Drawing power is required to be arrived at based on the stock statement which is current (after factoring for old/obsolete/perishable stocks). However, considering the difficulties of large borrowers, stock statements relied upon by the Bank for determining drawing power should not be older than three months. The outstanding in the account based on drawing power calculated from stock statements older than three months, would be deemed as irregular. A working capital borrower account will become NPA if such irregular drawings are permitted in the account for a continuous period of 90 days even though the unit may be working or the borrower's financial position is satisfactory.
- c) Regular / ad-hoc credit limits need to be reviewed / regularized not later than three months from the due date/ date of ad hoc sanction. In case of constraints such as non-availability of financial statements and other data from the borrower, should furnish evidence to show that renewal / review of credit limits as already on and would be completed soon. In any case, delay beyond six months is not considered desirable as a general discipline. Hence, an account where the regular/ ad hoc credit limits have not been reviewed / renewed within 180 days from the due date / date of ad hoc sanction will be treated as NPA.

NPAs are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. A substandard asset is one, which has remained as NPA for a period less than or equal to 12 months. An asset is classified as doubtful if it has remained in the sub-standard category for more than 12 months. A loss asset is one where loss has been identified by the Bank or by the internal / external auditors or the RBI inspection but the amount has not been written off fully.

i. Credit Risk: Strategies and processes

The Bank has defined and implemented various risk management policies, procedures and standards with an objective to clearly articulate processes and procedural requirements that are binding on all concerned Business groups. The Credit & Risk Management Policy of the Bank is guided by the objective to build, sustain and maintain high quality credit portfolio by measurement, monitoring and control of the credit exposures. The policies also address more granular factors such as diversification of the portfolio across companies, business groups, industries, geographies and

sectors. The policies reflect the Bank's approach towards lending to borrowers in light of prevailing business environment and regulatory stipulations.

The Bank's Policies also detail the standards, processes and systems for growing and maintaining its diversified portfolio. The policies are reviewed annually in anticipation of or in response to the dynamics of the environment (regulatory & market) in which the Bank operates or to change in strategic direction, risk tolerance, etc. The policies are approved by the Board of Directors of the Bank.

To avoid concentration of credit risk, the Bank has put in place internal guidelines on exposure norms in respect of single borrower, groups, exposure to sensitive sector, industry exposure, unsecured exposures, etc. Norms have also been detailed for soliciting new business as well as for preliminary scrutiny of new clients. The Bank abides by the directives issued by RBI, SEBI and other regulatory bodies in respect of lending to any industry including Financial Institution Groups, Commercial Real Estate, and Capital Markets. In addition, internal limits have been prescribed for certain sensitive segments based on prudential considerations.

In view of putting in place a comprehensive credit risk framework to aggregate overall credit risk perception of the Bank Risk Profiling is carried out as a part of Risk Appetite Framework to assess, monitor and communicate the risk perception to Board & senior management. The framework is approved by the Board of Directors via Risk Management Committee of the Board and any change in the appetite, credit risk limits or credit risk parameters get approved by the Board of Directors only. This process of quantification and benchmarking via credit risk helps senior leadership to understand the risk and monitor by way of constant tracking.

ii. Credit Risk: Structure and organization

The organizational structure for Credit Risk Management is as follows:

- Board of Directors
- Risk Management Committee of Board (RMCB)
- Credit Risk Management Committee (CRMC)
- Chief Risk Officer (CRO)
- Head - Credit Risk Function
- Credit Risk Function

iii. Credit Risk: Scope and nature of measurement systems

The Bank's approach for credit risk identification and assessment of credit risks underlying both funded and non-funded exposures is explicitly set out. All credit proposals are subject to a credit risk

scoring process / risk rating process based on the quantum of advance value to support credit approvals and decision making as well as to enhance risk management capabilities for portfolio management, pricing and risk-based capital measurement.

iv. Credit Risk: Policies for hedging and/or mitigating risk

Credit risk is defined as the possibility of losses associated with default by or diminution in the credit quality of Borrowers or Counterparties arising from:

- Outright default due to inability or unwillingness of a borrower or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions; or
- Reduction in portfolio value arising from actual or perceived deterioration in credit quality of borrowers or counterparties.

Credit Risk emanates from the Bank's dealings with an individual, non-corporate, corporate, bank, financial institution or sovereign.

The Bank's credit risk governance framework is being built up to strengthen risk evaluation and management of credit whilst positioning the Bank to effectively and efficiently manage changes in the environment. Through an effective, Board approved risk governance framework, the Bank seeks to ensure adequate risk oversight, monitoring and reporting of credit risks.

The responsibilities for managing credit risk extend throughout the Bank. Key principles of credit risk governance are:

- Adequate oversight, monitoring and control of credit risk through the Board, risk committees and senior management.
- Clearly defined roles and responsibilities for overall credit risk management.
- Establishment of functional independence of Credit Risk Management function from personnel and management functions responsible for credit origination and credit administration.
- Appropriate mechanisms to ensure that the Board and senior management understand credit risk rating systems design and operations during the model review and approval processes.
- Business units monitor and manage credit risk in their businesses and report.

Quantitative Disclosures
a. Total gross credit risk exposure by facility:
(Rs in Cr)

Facility Type	Credit Exposure
Fund Based *	1,62,189.83
Non-Fund Based **	6107.20
Total	1,68,297.03

(*) Fund-Based Exposure includes Loans and Advances (Gross), Investments in Bonds, Equity Shares, Alternative Investment Funds, and PTCs.

(**) Non-Fund Based Exposure (post CCF) includes exposures through issuance of Letters of Credit and Bank Guarantees. It also includes the Credit Equivalent Exposure for Foreign Exchange and Derivative Transactions of the Bank.

b. Total gross credit risk exposure by geography:
(Rs in Cr)

Category	Fund Based (*)	Non-Fund Based (**)	Total Credit Exposure
Domestic	1,62,189.83	6,107.20	1,68,297.03
Overseas	-	-	-
Total	1,62,189.83	6,107.20	1,68,297.03

c. Total gross credit risk exposure by industry:
(Rs in Cr)

Industry	Fund Based	Non-Fund Based	Total Credit Exposure
A. Mining and Quarrying	91.30	-	91.30
B. Food Processing	2,160.89	49.00	2,209.89
C. Beverages (excluding Tea & Coffee) and Tobacco	525.71	1.13	526.84

Industry	Fund Based	Non-Fund Based	Total Credit Exposure
D. Textiles	1,556.06	14.76	1,570.82
E. Leather and Leather products	71.36	-	71.36
F. Wood and Wood Products	321.78	-	321.78
G. Paper and Paper Products	156.52	27.00	183.52
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	49.74	-	49.74
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	1,314.44	120.50	1,434.94
J. Rubber, Plastic and their Products	258.40	30.32	288.72
K. Glass & Glassware	32.13	-	32.13
L. Cement and Cement Products	233.79	-	233.79
M. Basic Metal and Metal Products	2,764.15	455.58	3,219.73
N. All Engineering	1,978.43	534.90	2,513.33
O. Vehicles, Vehicle Parts and Transport Equipment	418.76	-	418.76
P. Gems and Jewellery	696.07	-	696.07
Q. Construction	234.74	60.44	295.18
R. Infrastructure	3,819.36	2,265.65	6,085.01
S. Other Industries	5,559.97	117.75	5,677.72
Residuary other advances (to tally with gross advances)	1,39,946.23	2,430.17	1,42,376.40
Total	1,62,189.83	6,107.20	1,68,297.03

d. Residual maturity breakdown of Assets as on March 31, 2026 (in line with SLS report):

(Amount In Crores)

Time Buckets	Cash and balances with Reserve Bank of India	Balance with Banks and Money at Call and Short Notice	Investments	Advances	Fixed Assets	Other Assets	Total
Next Day	9,122.51	454.16	8,443.69	2,486.70	-	119.58	20,626.65
2 to 7 Days	78.59	262.08	504.66	1,889.85	-	735.26	3,470.44
8 to 14 Days	138.54	-	904.44	1,907.71	-	236.90	3,187.59
15 to 30 Days	215.24	61.64	1,408.27	1,756.03	-	79.24	3,520.43
31 Days to 2 Months	230.11	-	1,743.39	4,907.32	-	125.37	7,006.19
More than 2 Months to 3 Months	238.04	-	1,572.13	5,006.73	-	62.23	6,879.13
More than 3 Months to 6 Months	445.16	0.40	2,988.43	15,694.36	-	301.17	19,429.52
More than 6 Months to 1 Year	906.25	-	7,722.19	23,626.90	-	141.78	32,397.12
More than 1 Year to 3 Years	1,478.74	45.87	9,863.43	48,918.88	-	201.94	60,508.85
More than 3 Years to 5 Years	189.47	0.29	1,753.08	13,252.91	-	2,030.15	17,225.90
5 Years & Above	84.03	-	1,764.57	30,656.39	1,401.30	2,965.62	36,871.91
Total	13,126.69	824.43	38,668.28	1,50,103.78	1,401.30	6,999.24	2,11,123.73

e. Position of Non-Performing Assets (NPA):

(Rs in Cr)

Particulars	As on March 31, 2026
Gross Advances	1,53,671.24
Net Advances	1,50,103.78
Gross NPA	5,019.55
1. Substandard	3,818.56
2. Doubtful 1	697.49
3. Doubtful 2	295.35
4. Doubtful 3	77.15
5. Loss	131.00

Particulars	As on March 31, 2026
NPA Provision	3,567.46
Net NPA	1,452.09
NPA Ratios	
Gross NPA to Gross Advances (%)	3.27%
Net NPA to Net Advances (%)	0.97%

f. Movement of Non-Performing Assets (NPA Gross):

(Rs in Cr)

Particulars	As on March 31, 2026
Opening Balances	6,435.56
Additions	5,484.54
Write Offs	5,537.47
Reductions*	1,363.08
Closing Balances	5,019.55

* This includes OTS (One Time Settlement)

g. Movement of Specific & General NPA Provisions:

(Rs in Cr)

Particulars	As on March 31, 2026	
	Specific Provisions	General Provisions
Opening Balances	4,742.71	1,024.51
Add: Provisions made during the period	5,416.92	47.48
Less : Transfer to Counter cyclical Provisional Buffer	-	-
Less : Write offs (including ARC sale)	5,537.47	-
Less : Write Back of excess provision*	1,054.70	-
Closing Balances	3,567.46	1,071.99

Specific Provisions represents provisions for NPAs.

** It includes OTS*

General Provisions represents provisions for Standard Advances (incl. Restructured Standard).

h. Geography based position of NPAs, Specific provisions and General provisions:

(Rs in Cr)

Particulars	As on March 31, 2026	
	Domestic	Overseas
Gross NPA	5019.55	-
Provision for NPA	3567.46	-

i. Position of Non-Performing Investments (NPI):

(Rs in Cr)

Particulars	As on March 31, 2026
Amount of Non-performing Investments (NPI)*	-
Amount of provisions held for Non-performing Investments*	-

j. Movement of provisions for depreciation on investments:

(Rs in Cr)

Particulars	As on March 31, 2026
Opening Balance	202.22
Provisions made during the period	412.11
Write offs / Write Back of excess provisions	-
Closing Balance	614.33

k. By major industry or counterparty type as on March 31, 2026:
(Rs in Cr)

Particulars	Total Advances (Outstanding) - Funded	Gross NPAs (Funded) at end of the period	Specific Loan Provision
Basic Metal and Metal Products	2,594.19	9.64	2.92
Infrastructure	2,208.82	0.13	0.12
Textiles	1,582.23	83.77	47.83
Chemicals and Chemical Products (Dyes, Paints, etc.)	1,481.08	7.05	4.24
All Engineering	1,279.76	26.58	20.37
Total	9,146.08	127.17	75.48

DF - 4: Credit Risk- Disclosures for Portfolios Subject to Standardized Approach
Qualitative Disclosure

In line with RBI guidelines, the Bank has employed Standardized Approach under Prudential Norms on Capital Adequacy Directions, 2025 for computing risk-weighted assets of its credit portfolio.

As per regulations, the Bank is using issuer ratings, short-term ratings, long-term instrument ratings and /or bank facility ratings issued by the specified accredited External Credit Rating Agencies (ECRA) and published in public domain in order to assign credit risk weights to its counterparties.

The RBI guidelines on capital adequacy require banks to use ratings assigned by specified External Credit Assessment Agencies (ECAIs) namely CARE, CRISIL, ICRA, India Ratings, Acuite Ratings and Infomeric for domestic counterparties and Standard & Poor's, Moody's and Fitch for foreign counterparties. The Bank is using short-term and long-term instrument/bank facilities' ratings which are assigned by the accredited rating agencies viz. CARE, CRISIL, ICRA, India Ratings, Acuite Ratings and Infomeric published in the public domain to assign risk-weights in terms of RBI guidelines. In respect of claims on non-resident corporates and foreign banks, ratings assigned by international rating agencies i.e. Standard & Poor's, Moody's and Fitch is used. For exposures with contractual maturity of less than one year, a short-term rating is used. For cash credit facilities and exposures with contractual maturity of more than one-year, long-term rating is used. Issue rating is used if the Bank has an exposure in the rated issue and this would include fund-based and non-fund based working capital facilities as well as loans and investments. In case the Bank does not have exposure in a rated issue, the Bank uses the issue rating for its comparable unrated exposures

to the same borrower, provided that the Bank's exposures are pari-passu or senior and of lesser maturity as compared to the rated issue. If an issuer has a long-term or short-term exposure with an external rating that warrants a risk weight of 150%, all unrated claims on the same counterparty, whether short-term or long-term, also receive 150% risk weight, unless the Bank uses recognised credit risk mitigation techniques for such claims. All unrated claims on corporates and NBFCs, except CICs, having aggregate exposure from banking system of more than ₹200 crore attract a risk weight of 150 per cent. Claims on corporates and NBFCs, except CICs, having aggregate exposure from banking system of more than ₹100 crore which were rated earlier and subsequently have become unrated also attract a risk weight of 150 per cent.

Quantitative Disclosure

The following table sets forth, the credit exposures subject to the Standardised approach after adjusting for credit risk mitigation by risk weights as of March 31, 2026.

(Rs in Cr)

Exposure Category	As on March 31, 2026
Below 100% Risk Weight	1,42,138
100% Risk Weight	16,216
More than 100% Risk Weight	25,592
Total	1,83,945

DF 5: Credit Risk Mitigation- Disclosures for Standardized Approaches

Qualitative Disclosure

The Bank has a Board approved policy framework for collateral management and credit risk mitigation techniques, which includes, among other aspects, guidelines on acceptable types of collateral, ongoing monitoring of collateral including the frequency and basis of valuation and application of credit risk mitigation techniques. The techniques include collateralization of exposures, obtaining guarantees from third parties, Insurance, Haircuts, hypothecation of future receivables, financial collateral like cash, gold, Government securities, National Savings Certificate etc. The Bank will try to implement all the available ways to assess the credit risk beforehand and reduce / mitigate as much as possible.

Collateralized Transaction:

A transaction in which:

- (i) The Bank has a credit exposure and that credit exposure is hedged in whole or in part by collateral posted by a counterparty or a third party on behalf of the counterparty. Counterparty is a party to whom the Bank has an on or off-balance sheet credit exposure
- (ii) The Bank has a specific lien on the collateral and the requirements of legal certainty are met.

Principles of Credit Risk Mitigations

The Bank's approach to credit risk mitigation shall be guided by the following principles:

- **Legal Enforceability:** All documentation used in collateralized transactions shall be binding on all parties and legally enforceable in all relevant jurisdictions. On-going reviews shall be undertaken to ensure continuing enforceability of the Bank's rights.
- **Consistency of treatment:** Collateral may be used for internal sanctioning as well as regulatory capital computation purposes. Wherever possible, there needs to be consistency in the treatment of collateral for such purposes and any divergence shall be documented.
- **Impact on capital requirements:** No transaction, in which credit risk mitigation techniques are used, shall receive a higher capital requirement than an otherwise identical transaction where such techniques are not used.

The effects of credit risk mitigation shall not be double counted. Therefore, no additional supervisory recognition of Credit Risk Mitigation for regulatory capital purposes shall be granted on claims for which an Issue-Specific Rating is used that already reflects that CRM.

For the purposes of credit risk mitigation, ratings which are given only in respect of principal payments (and not interest and other dues) of the obligation shall not be allowed.

- **Valuation:** All collaterals must be appropriately valued using valuation methodologies suitable to the type of collateral.
- **Monitoring:** Robust processes shall be employed to monitor the quality and adequacy of collaterals, control residual risks arising from the use of collaterals and ensure appropriate custody of the same.
- **Disclosures:** Adequate qualitative and quantitative disclosures is made with respect to the use and treatment of collaterals. Collateral management includes appropriate reporting and disclosure as per regulatory guidelines.

Quantitative Disclosures

The following table sets forth, exposure covered by eligible financial collateral and guarantees as on March 31, 2026.

Particulars	Amount (In Rs. Cr)
Total exposure covered by eligible financial collateral	8,484**
Total exposure covered by guarantees	22*

**Sovereign guarantee consists of GECL, CGTMSE and WBBCCS*

***Total exposure covered by eligible financial collateral includes both fund based and non-fund based.*

DF-6: Securitization Exposures: Disclosure for Standardized Approach

Qualitative Disclosures:

Securitisation is the process of pooling and repackaging of homogenous illiquid financial assets into marketable securities that can be sold to investors. The process leads to the creation of financial instruments that represent ownership interest in or are secured by a segregated income producing asset or pool of assets. These assets are generally secured by personal or real property (e.g. automobiles, real estate or equipment loans), but in some cases are unsecured (e.g. personal loans, consumer durable loans). The Bank shall mark to market its investments in Securitized assets as per RBI / FIMMDA guidelines.

Securitisation enables the Bank to improve the returns on capital employed, hold a diversified portfolio, meet priority sector lending requirements (PSL), take exposure in loan segments where the Bank may not have distribution reach or significant presence.

Major Risks inherent in securitisation transactions include Credit Risk, Liquidity Risk, Interest Rate Risk and Prepayment Risk. Among other risks Bank may also factor in CoMingling Risk (time lag between receipt of pool collections and payment to the Buyer during which the Originator continues to hold the amounts collected).

Framework for Securitisation/ Direct Assignment of Pool of Loan Assets:

For any Securitisation/Direct Assignment transaction, the Originator shall identify the particular loan contracts. The Originator shall sell and assign the loan contracts to the Purchaser/ Special Purpose Vehicle in return for an immediate cash payment and such Securitisation/ Direct Assignment shall have to be Bankruptcy Remote from the Originator.

The effective date of such transfer should be expressly indicated in the subsisting agreement.

Where:

- 'Originator" or "Seller": It refers to a Non-Banking Finance Company (NBFC)/ Housing Finance Company (HFC)/Bank/ Micro-Finance Institution (MFI) or any other legal entity that transfers from its balance sheet a pool of assets to the Purchaser/SPV as a part of Direct Assignment/ Securitization transaction.
- "Purchaser": It refers to a company/NBFC/HFC/Bank/MFI or any other legal entity that purchases a pool of assets from the Originator as a part of an assignment/securitization transaction. Purchaser shall have to maintain the capital as per the capital adequacy guidelines of RBI.

Rating of Securitisation Exposure

The Bank follows the standardised approach prescribed by the RBI for the securitization activities. Ratings obtained from ECAs stipulated by RBI are used for computing capital requirements for securitisation exposures.

Quantitative disclosure

The Bank has invested in PTC's & Security Receipts out of which the investments in PTC's as on March 31, 2026 is Rs 562 Cr as compared to Rs 276 Cr as on September 30, 2025. PTC investment has increased by ~Rs. 285 Cr. Investment in Security Receipts is Rs 614 Cr as on March 31, 2026 as compared to 138 Cr as on September 30, 2025.

DF-7: Market Risk in Trading Book

Qualitative Disclosure

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices. The Bank currently follows the standardised approach for computation of market risk capital on interest rate related instruments in the trading book, equities in the trading book and foreign exchange risk (including gold and other precious metals) in both trading and banking books.

Market risk has the following components:

- **Interest Rate Risk:** The risk that changes in market interest rates may adversely affect the Bank's financial condition. While the immediate impact is on the Net Interest Income (NII) and also the value of investments, the long term variations in interest rates would also impact the Bank's net worth.
- **Equity Risk:** The risk that changes in the equity prices of various stocks may diminish the value of equity portfolio held by the Bank (also includes investments in units of mutual funds)
- **Exchange Rate Risk:** The risk that the Bank may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position, either spot or forward, or a combination of the two, in any foreign currency.

i. Strategies & Processes

Risk identification entails ensuring all instruments that result in Market Risk both on and off the balance sheet of the Bank are identified and monitored centrally. To achieve this objective, all new instruments/ products in which the Bank is engaged are assessed. The Market Risk Management

Committee (MRMC) reviews all new instruments to evaluate whether they result in market risk. Modifications to existing instruments is also reported to the MRMC / ALCO to enable such evaluation.

ii. Structure and organization

The organizational structure for Market Risk Management is as follows:

- Board of Directors
- Risk Management Committee of the Board (RMCB)
- Market Risk Management Committee (MRMC)
- Chief Risk Officer (CRO)
- Head - Market Risk Function
- Market Risk Function

iii. Scope and nature of measurement systems

There are a number of methods for measuring market risks encountered in trading operations. All these require adequate information on current positions, market conditions, and instrument characteristics.

Of the various measures available, the Bank may use sensitivity indicators for market risk measurement. Different products are measured by certain parameters. At present, in the trading book, Bank has investments in interest rate sensitive products and in equities.

Measures for Interest Rate Sensitive Products

- Modified Duration
- PV01

iv. Processes for monitoring

The Bank fixes appropriate action triggers or stop limits for all marked to market risk taking activities. The Bank has procedure that monitors activity to ensure that they remain within the approved limits at all times. Limits are classified into general (applicable to all portfolios) and specific portfolio related limit. For the purpose of market risk management, the following minimum limits are monitored:

- Portfolio-wide Position limits
- Dealer-wise limits
- Single Deal Size Limit
- Stop-loss limits

- Value at Risk (VaR)
- Specific Limits (Interest Rate Related Instruments)
- Modified Duration Limit
- PV01 Limit (Portfolio Level)
- Equity Beta

Quantitative Disclosures

The following table sets forth, the capital requirements of market risk as on March 31, 2026.

Capital Requirement	(Rs in crore)
Standardised duration approach	131.47
Interest Rate Risk	124.36
Foreign exchange Risk (including Gold)	7.12
Equity Risk	0.00

DF-8: Operational Risk

Qualitative Disclosures

Operational risk, which is intrinsic to all the material products, activities, processes and systems, has emerged as an important component of the enterprise-wide risk management system. Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk may result from various internal and external factors e.g. failure to obtain proper internal authorizations, improperly documented transactions, breach of information security procedures, failure of IT and / or communication infrastructure / equipment, non-compliance of regulatory requirements, contractual terms and corporate policies & procedures, fraud perpetrated, natural disasters, inadequate training to employees etc.

i. Strategies & Processes

The Bank's strategy for operational risk management focuses on:

- Creating awareness through training programs and workshops for embedding Operational Risk culture in the First Line of Defence.
- Minimizing the losses to an acceptable level as per risk appetite of the Bank;
- Providing operational risk capital which is as per regulatory guidelines;

- Analyzing the impact of failures in technology / systems and develop mitigants to minimize the impact; and
- Ensuring operational resilience through monitoring of risks and implementing controls to minimise operational disruptions and their effects.

ii. Structure and organization

The operational risk management governance structure is as follows:

- Board of Directors
- Risk Management Committee of the Board (RMCB)
- Operational Risk Management Committee (ORMC)
- Central Outsourcing Committee
- Fraud Risk Management Committee
- Chief Risk Officer
- Head Operational & Fraud Risk

iii. Scope and nature of measurement systems

As per the Basel III Capital Regulations issued by RBI for banking institutions based on the Basel framework, banks need to use an approach that is risk sophisticated and commensurate to the risk profile of the institution. The Bank is currently performing capital risk measurement under the Basic Indicator Approach (BIA) and will move to the Basel III Standardized Approach as per the RBI direction.

iv. Processes for monitoring

The Bank continually monitors its risk profile at entity level and business line wise to enable it to take appropriate action and report it on a timely basis. The Bank tracks and monitors the following:

- Key risk drivers;
- Operational risk losses of the Bank;
- Internal and external changes affecting risk profile of the Bank; and
- Tracking on the implementation of action plan.

Results of Operational Risk monitoring are reported to the Board / RMCB, senior management and respective business units, as relevant.

DF-9: Interest Rate Risk in Banking Book

Qualitative Disclosures

Risk management framework for IRRBB

Bank has identified the risks associated with the changing interest rates on its exposures in the banking book from both, a short-term and long-term perspective. This includes the impact of changes due to parallel shocks, yield curve inversions, changes in the relationships of rates (basis risk) on rate sensitive assets and liabilities up to 1 year. Stress testing and scenario analysis has also been used in the analysis of interest rate risks.

The main components of the approach for identification and measurement are as under:

- a) The assessment considers both the earnings perspective and economic value perspective of interest rate risk.
- b) The impact on income or the economic value of equity have been calculated by applying a notional interest rate shock of 200 basis points.
- c) The methods followed in measuring the interest rate risk are:
 - i. Earnings perspective: Earnings at Risk combined with Gap Analysis,
 - ii. Economic perspective: Gap analysis combined with duration gap analysis.

Organizational set-up: The ALCO is responsible for management of the balance sheet of the Bank with a view to manage the market risk exposure assumed by the Bank within the risk parameters laid down by the Board of Directors/Risk Committee.

Risk measurement and reporting framework: The ALM policy defines different types of interest rate risks that are to be monitored, measured and controlled. The ALCO approves strategies for managing IRRBB at the desired level. The ALCO periodically gives direction for management of interest rate risk on the basis of its expectations of future interest rates. Based on the guidance, the Bank manages the IRRBB with the help of various tools i.e. gap analysis, earnings at risk (EaR) and Modified duration of gap.

Quantitative Disclosures

Impact on NII with 200 bps increase change in interest rates	+Rs 842.91 Cr
Impact on NII with 200 bps decrease change in interest rates	- Rs 842.91 Cr
Impact on MVE as a percentage of Net Worth with 200 bps change in interest rates (+/-)	(-/+) 6.33 %

DF-10: Exposures related to Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default. The Counterparty Credit Risk is managed and controlled through Counterparty Credit Risk Policy and Country Risk Management Policy of the Bank.

The majority Foreign Exchange settlement of the contracts are guaranteed by qualified central counterparty viz. Clearing Corporation of India Ltd (CCIL). The residual tenor of each of the forward contract is less than 13 months. All the Interest Rate Derivatives (OIS) trades done by the Bank are also guaranteed by CCIL.

Quantitative Disclosures:

Sl. No.	Particulars	Amount in Rs. Cr
1	Gross Value of Contracts (PFE + MTM)	401.96
2	Netting Benefits	22.33
3	Netted Credit Exposure	379.63
4	Collateral Held	-
5	Net Derivative Credit Exposure	379.63

DF-11 and DF-12: Composition of Capital and Reconciliation

The requisite disclosures are available on the Bank's website under link titled Regulatory Disclosure - > Capital Composition and Reconciliation

DF-13: Main Features of Regulatory Capital Instruments

Sl. No	Particulars	Equity Share
1	Issuer	Bandhan Bank Ltd
2	Unique identifier	INE545U01014
3	Governing laws of the instrument	Applicable Indian statues and regulatory requirements
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier – 1
5	Post- transitional Basel III rules	Common Equity Tier – 1
6	Eligible at solo/group/group & solo	Solo
7	Instrument type	Common Equity Shares
8	Amount recognized in regulatory capital (Rs. in Million, as of most reporting date)	16110
9	Par value of instrument	Rs. 10 per share
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable
	Coupons/ dividends	
17	Fixed or floating dividend/coupon	Not Applicable
18	Coupon rate and any related index	Not Applicable
19	Existence of a dividend stopper	Not Applicable
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary
21	Existence of step-up or other incentive to redeem	NO
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Not Applicable
24	If convertible, conversion trigger(s)	Not Applicable
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable

Sl. No	Particulars	Equity Share
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not Applicable
34	If write-down, description of write-up mechanism	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Perpetual Debt Instrument
36	Non-compliant transitioned features	Not Applicable
37	If yes, specify non-compliant features	Not Applicable

DF-14: Full Terms and Conditions of Regulatory Capital Instruments

Terms and Conditions of Equity Shares of Bandhan Bank

Sl. No.	Particulars	Terms
1	Voting shares	Equity shares of Bandhan Bank are voting shares.
2	Limit on voting rights	Limits on voting rights are applicable as per provisions of the Banking Regulation Act, 1949.
3	Position in subordination hierarchy	Represent the most subordinated claim in liquidation of the Bank. The paid up amount is neither secured/covered by a guarantee of the issuer or related entity nor subject to any other arrangement that legally or economically enhances the seniority of the claim.
4	Claim on residual assets	Entitled to a claim on the residual assets, which is proportional to its share of paid up capital; after all senior claims have been repaid in liquidation.
5	Perpetuity	Principal is perpetual and never repaid outside of liquidation (except discretionary repurchases/ buy backs or other means of effectively reducing capital in a discretionary manner that is allowable under relevant law as well as guidelines, if any, issued by RBI in the matter).

6	Distributions	Distributions are paid out of distributable items (retained earnings included). The level of distributions is not in any way linked to the amount paid up at issuance and is not subject to a contractual cap (except to the extent that a bank is unable to pay distributions that exceed the level of distributable items).
7	Loss Absorption	It is the paid up capital that takes the first and proportionately greatest share of any losses as they occur. Within the highest quality capital, each instrument absorbs losses on a going concern basis, proportionately and <i>pari- passu</i> with all others.
8	Accounting classification	The paid up amount is classified as equity capital. It is classified as equity in the Bank's Balance sheet.
9	Directly issued and paid – up	Share are directly issued and paid up. The Bank cannot directly or indirectly fund the purchase of its own equity shares. The Bank also does not extend loans against its own shares.
10	Approval for issuance	Paid up capital is only issued with the approval of the Shareholders of the Bank, either given directly by the Shareholders or, if permitted by applicable law, given by the Board of Directors or by other persons duly authorized by the Shareholders.

DF-15: Disclosure Requirements for Remuneration.

Qualitative Disclosures

a) Information relating to the bodies that oversee remuneration:

- **Name, composition and mandate of the main body overseeing remuneration.**

The Bank's Nomination and Remuneration Committee(NRC) oversees the framing, review and implementation of the Compensation policy on behalf of the Board of Directors. The NRC has a minimum of three members and includes at least one member from the Risk Management Committee of the Board. All members of the NRC are non-Executive Directors and the majority of members are independent. The chairperson of the NRC is an independent director, provided that the chairperson of the Board of Directors, whether executive or non-executive, may be appointed as a member of the NRC, but cannot be appointed as the chairperson of the NRC.

The Compensation Policy guidelines are reviewed by the NRC at least once a year to ensure that the reward design is aligned to industry best practices and is consistent with effective risk management and long term business interests. The NRC works in close coordination

with the Risk Management Committee of the Bank, to achieve the effective alignment between remuneration and risks.

The composition of the Nomination & Remuneration Committee of the Bank as on March 31, 2026 is as under:

Sl. No.	Name of the Members	Designation	Category
1	Mr. Vijay Nautamlal Bhatt	Chairman	Independent Director
2	Mr. NVP Tendulkar	Member	Independent Director
3	Mr. Subrata Dutta Gupta	Member	Independent Director

- **External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.**

No external consultants were engaged

- **Scope of the bank’s remuneration policy, including the extent to which it is applicable to foreign subsidiaries and branches.**

The Compensation Policy of the Bank, which has been approved by the Board of the Bank, and is reviewed at least once a year, covers all employees of the Bank. The Bank does not have any foreign subsidiaries and branches.

- **Type of employees covered and number of such employees.**

All employees of the Bank are governed by the Compensation Policy of the Bank. The number of employees on the Bank’s payroll was 75397 as on 31st March, 2026.

b) Information relating to the design and structure of remuneration processes:

- **An overview of the key features and objectives of remuneration policy.**

Compensation Policy reflects the Bank’s objectives for good corporate governance as well as sustained and long-term value creation for stakeholders. The aims of the Bank’s remuneration framework are to:

- Attract, motivate and retain people with requisite skill, experience and ability to deliver the Bank’s strategy;
- Create an alignment and balance between the rewards and risk exposure of shareholders and interests of employees;

- c) Link rewards to creation of long term sustainable shareholder value consistent with strategic goals and appropriate risk management; and
- d) Encourage behavior consistent with the Bank's values and principles.

To achieve the above objectives, the philosophy adopted by the Bank is as follows:

- Market referenced: offer employees competitive salary, achieved through benchmarking with peer groups.
- Making fixed salary the main remuneration component.
- Internal Equity: by ensuring that jobs of similar internal value are grouped and pegged within a range guided by market benchmarked jobs
- Risk factoring: A significant portion of the senior and top management compensation will be variable, of which, for some key roles, part of the variable compensation may be deferred.
- Focus on 'Total rewards', all aspects of compensation, rewards and well defined benefits, including rewarding work environment and personal development.

- **Review of the Bank's remuneration policy during the past year, and an overview of changes that were made.**

In light of the RBI guidelines no. RBI/2019-20/89 DOR, Appt.BC.No.23/29.67.001/2019 dated November 04, 2019, the revised Compensation Policy of the Bank has been amended which was approved by the Board on October 28, 2025 with effect from October 28, 2025.

- **How the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.**

Employees engaged in all control functions including Compliance, Risk, do not carry business profit targets in their goal sheets and are compensated based on their achievement of their own key result areas.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes.

- **An overview of the key risks that the bank takes into account when implementing remuneration measures.**

The Board approves the risk framework of the Bank and all the business activities are carried out within the approved framework. The framework covers various risks including operational, financial and reputational etc. A member of the Risk Management Committee

of the Board (“RMCB”) is also a member of the NRC which ensures that the risk framework is taken into account while implementing remuneration measures.

- **An overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure (values need not be disclosed).**

To take account of these risks and ensuring that all business activities happen with the risk management framework, various aspects of risk are built into the Key Result Areas (KRAs) for different level of employees. E.g. the KRAs of the employees in asset verticals also include their performance on quality, process and compliance aspects.

- **The ways in which these measures affect remuneration.**

The measures as part of the KRAs have a direct bearing on the performance evaluation which in turn impacts the remuneration. Further, the NRC measures Bank’s and Individual performance not only on financial aspects but also on various qualitative aspects including adherence to the risk management framework. As per the compensation policy, poorly rated risk management, internal controls, regulatory and procedural compliance and loan reviews can reduce or wipe out the bonus pool and the value of deferred remuneration.

- **How the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration**

No major changes have been observed in the nature and type of these measures. Hence, there has not been any significant impact on the changes in remuneration.

d) Description of the ways in which current and future risks are taken into account in the remuneration processes.

- **An overview of main performance metrics for bank, top level business lines and individuals.**

To take into account, current and future risks, the performance on risk management and internal controls is built into the performance evaluation of the MD & CEO which is evaluated by the NRC and the Board.

- **How amounts of individual remuneration are linked to the bank-wide and individual performance.**

The performance of the Bank impacts the cumulative performance linked bonus payouts and also the corpus available for salary increments. Within these limits, the individual remuneration is a function of individuals’ performance rating amongst other factors.

Therefore, the amount of individual remuneration is impacted by both the Bank-wide performance vis-à-vis individual performance.

- **The measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.**

The NRC approves the organizational performance threshold for bonus to be paid. If the Bank's performance is below the NRC approved threshold performance level the bonus will be nil or the Bank take deviation approval from NRC.

e) Description of the ways in which the bank seeks to adjust remuneration to take account of the longer term performance:

- **Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, along with a description of the factors that determine the fraction and their relative importance.**

The Bank's Compensation Policy defines guidelines on deferral and vesting of variable remuneration specifically for a certain set of employees being paid a variable remuneration over a certain threshold. Various principles are applied for grant and deferral of performance-based variable remuneration in accordance with the RBI guidelines and the Bank's Compensation Policy. The factors for deferring the variable remuneration are based on the negative contributions of the bank as defined in the compensation policy.

- **The bank's policy and criteria for adjusting deferred remuneration before vesting and after**

The Bank's Compensation policy states that the proportion of variable pay and any decision pertaining to deferral has to be specifically approved by the NRC

f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.

- **An overview of the forms of variable remuneration offered.**
- Performance-based variable remuneration comprises:
 - Cash bonus
 - Stock linked instruments

The Annual Bonus Plan is based on financial and non-financial performance;

- Pre-tax profit drives the funding of the bonus pool.

- Poorly rated risk management, internal controls, regulatory and procedural compliance and loan reviews can reduce or wipe out the bonus pool and the value of deferred bonus.
- **The use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, along with a description of the factors that determine the mix and their relative importance.**

The Cash Bonus is aimed at rewarding the employees for their performance in the year of evaluation and to increase the retention of employees particularly the high performers. The Employee Stock Option Scheme aims at achieving the twin objectives of aligning senior and middle management compensation to long term shareholders' interests and retention of employees. The pay mix is a function of performance ratings, grade hierarchy and function.

Quantitative disclosures

(The quantitative disclosures covers Whole Time Directors / Chief Executive Officer / Other Risk Takers- MD & CEO, SVP & Above)

- a) **Number of meetings held by the main body overseeing remuneration during the FY 2025-26 and remuneration paid to its members.**

Number of Meeting – 6. Remuneration paid – 10.80 lakh
- b) **Number of employees having received a variable remuneration award during the FY 2025-26.**

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- c) **Number and total amount of sign-on awards made during the FY 2025-26.**

Amount – Nil
Options – Nil
- d) **Number and total amount of guaranteed bonuses awarded during the FY 2025-26.**

Nil
- e) **Details of severance pay, in addition to accrued benefits, if any.**

Nil
- f) **Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.**

Performance based Deferred Variable Cash: ₹ 3.81 Crore
Deferred Variable Non Cash: 79,19,152 Options
Cash Settled Stock Appreciation Rights(CSARs) – 1,43,635

g) Total amount of deferred remuneration paid out in the FY 2025-26.

Cash: ₹ 14,60,632

Non Cash (ESOPs): 28,89,299 Options

h) Breakdown of amount of remuneration awards for the FY 2025-26 to show fixed and variable, deferred and non-deferred, different forms used

Fixed - ₹ 124.13 Crore

Variable – Cash – ₹ 16.63 Crore

Variable Deferred – ₹ 14,60,632

Sign on Non cash Deferred – 24,95,926 options

i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.

Nil

j) Total amount of reductions during the FY 2025-26 due to ex- post explicit adjustments.

Nil

k) Total amount of reductions during the FY 2025-26 due to ex- post implicit adjustments.

Nil

DF-16: Equities – Disclosure for Banking Book Positions.

As per RBI's Master Direction- Classification, Valuation and Operation of investment portfolio of commercial Banks, equity investments are classified as Available for Sale ('AFS') or Fair value through Profit and Loss (FVTPL) at the time of purchase. Within FVTPL, equities can be categorised under Held for Trading (HFT) as well as non-HFT categories.

As per RBI guidelines, equity investments carried out for short term gains are to be categorised under FVTPL (HFT) while others are categorised under FVTPL (non-HFT) category.

As per RBI guidelines, Equity shares do not meet the SPPI criterion and cannot be included in HTM. However, as provided in RBI guidelines, they may be included under AFS subject to certain conditions. The initial recognition, a bank may make an irrevocable election to classify an equity instrument that is not held with the objective of trading under AFS. MTM and booked gains in FVTPL category impact P&L statement.

As per RBI guidelines, In the case of equity instruments designated under AFS at the time of initial recognition, any gain or loss on sale of such investments shall not be transferred from AFS-Reserve to the Profit and Loss Account. Instead, such gain or loss shall be transferred from AFS-Reserve to the Capital Reserve.

As on March 31, 2026, Bank had an equity exposure of Rs.159.04 crores (book value) & Rs.117.40 crores (market value). Under Banking Book (AFS portfolio) Rs. 159.04 crores (book value) & Rs.117.40 crores (market value) and under Trading Book (FVTPL-HFT portfolio) Rs. NIL (book value & market value). Bank further had an exposure of Rs.11.60 crores (book value) & Rs. 12.33 crores (market value) in Alternative Investment Fund (AIF) under the Banking Book (FVTPL-NON-HFT portfolio).

DF-17 and DF-18: Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure Measure and Leverage Ratio Disclosure.

The requisite disclosures are available on the Bank's website under link titled Regulatory Disclosure - > Leverage Ratio Disclosure