Annexure I
Report on Corporate Governance

Corporate Governance in the banking sector

Corporate Governance encompasses a set of systems and practices to ensure that the Bank's affairs are conducted in a manner that ensures ethical conduct of business, accountability, independence, transparency and fairness in all transactions in the widest sense. 'Governance' in general terms, means the application of best management practices, compliance of law in letter and spirit, adherence to ethical standards, distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

Banking and financial institutions are the backbone of any economy. The functioning of banking and financial Institutions differs from that of other corporate entities in many ways, which makes good Corporate Governance of banks both critical and important. With the increasing trust of the public in the banking system, banks have been entrusted with a greater responsibility so that they conduct their operations in a way that enhances long-term value for stakeholders, protects the interest of depositors, strengthens accountability, credibility, trust, transparency and integrity of the bank.

The Bank's philosophy on Corporate Governance

AU Small Finance Bank Limited ("the Bank") is committed to achieving the highest standards of Corporate Governance by maintaining the right balance between values of fair and timely disclosures, ethical conduct of business, credibility, accountability, independence, sustainability, and transparency. The Bank's efforts are aimed at maximising the value addition for all stakeholders while carrying out its operations in a well-governed manner.

The Bank's business practices are aimed at imbibing and embodying the above-mentioned values in the business operations of the Bank. Its efforts are focused on creating and enlarging value for its stakeholders, maintaining a transparent relation with customers, ensuring sustainable development for all stakeholders and deploying resources effectively and efficiently. The Bank's Code of Conduct for its Directors, Senior Management personnel, employees and other stakeholders is also aligned to its philosophy on Corporate Governance.

The Bank's Corporate Governance philosophy, inter alia, follows below key norms:

- Adhering to the core values of transparency, accountability, independence, and integrity in all its business practices and management
- Timely and accurate communication with all stakeholders
- Focus on upgrading governance practices and compliance measures to effectively address the challenges that are faced by the Bank under an ever-evolving regulatory and business environment
- Adequate risk management and internal controls
- Balanced and diversified Board for effective discharge of responsibilities and duties

AU Bank governance structure

The Bank believes that good Corporate Governance is an essential foundation for strong performance. Its Board, Executive Management, and employees being the flagbearers of its vision and mission, collectively act to maintain the highest level of Corporate Governance with accountability to strengthen its engagement with its key stakeholders.

The Bank has three layers of defense for strong internal controls, wherein control groups and business units are the first layer of defense, supplemented by the Risk and Compliance function as the second layer of defense and Internal Audit and Vigilance function acting as the third line of defense, which is independent from the first and second lines of defense, which provides independent review and objective assurance on the quality and effectiveness of the Bank's internal control system.

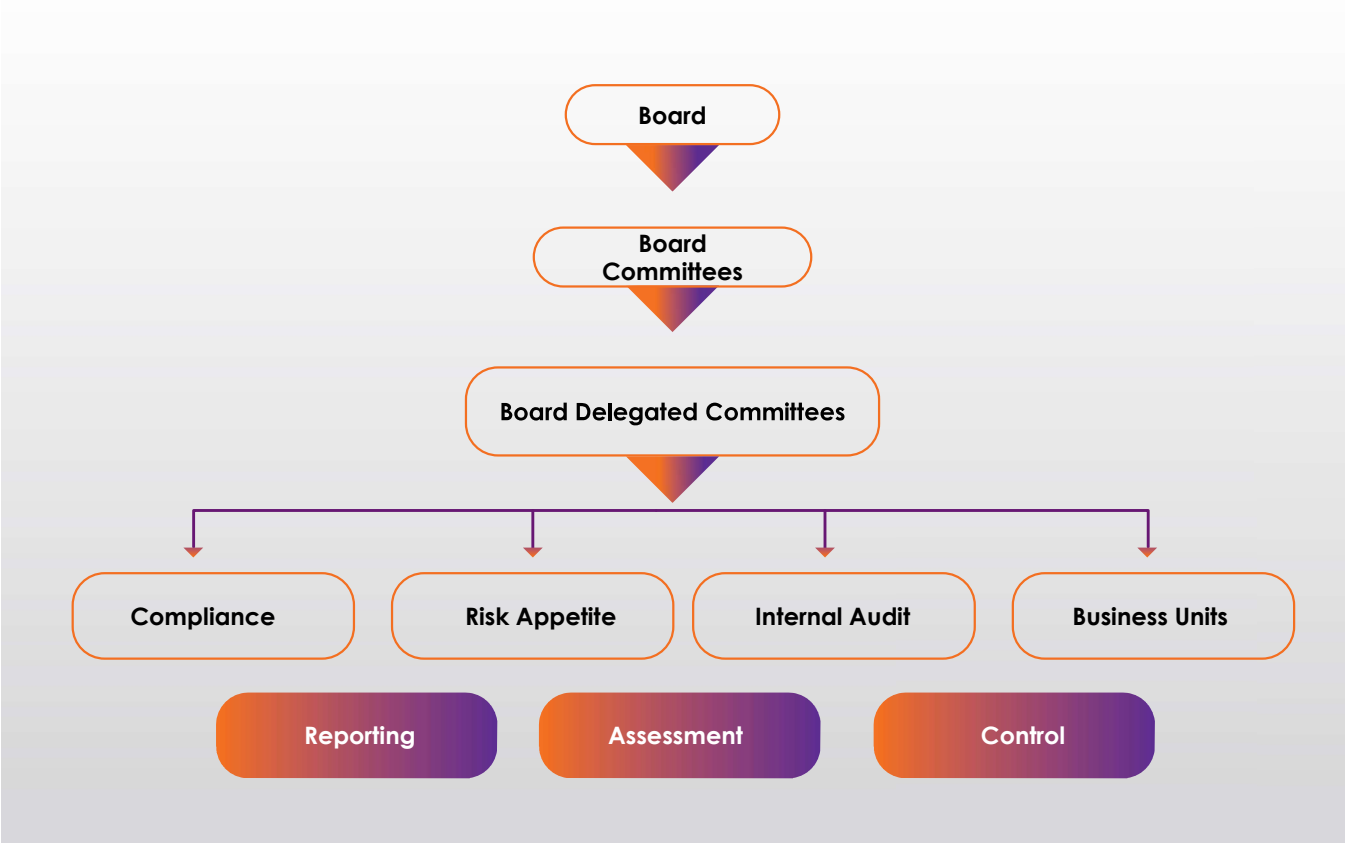
The Board has constituted a number of Board Committees to facilitate the discharge of its responsibilities for monitoring key strategic and operational activities. The Board-delegated committees are administered by the MD & CEO/Whole-Time Director and/or Senior Management personnel of the Bank. These committees are involved in monitoring the operationalisation of the Bank's policies, processes, systems, controls, risk

mitigation measures and provide guidance to the Executive Management w.r.t. business operations and other key matters.

The Bank's Governance practices are consistent with the OECD (Organization for Economic Cooperation and Development) principles is as follows:

OECD principles	Bank's Corporate Governance practices
Effective corporate governance framework	• Well-structured Board and Committees for independent and objective decisioning • Ensuring compliance with all applicable laws and regulations • Integrity and business ethics at all levels
Responsibilities of the Board	• Reviewing and guiding corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans etc. • Monitoring and advising on the effectiveness of the Bank's governance practices • Planning and guidance on succession planning
Rights and equitable treatment of shareholders	• Avoidance of conflict of interest • The Bank has various policies to protect the interest of shareholders and for the redressal of their grievances • All related party transactions are identified and approved by the Audit Committee and the Board, wherever required • Audit Committee reviews all related party transactions for which it has granted omnibus approval.
Disclosure and transparency	• Timely and adequate disclosure of material information to all stakeholders • The Bank's website contains a separate 'Investor' Section wherein financial results, corporate announcement, reports and presentations, Annual Reports, and other disclosures are prominently available; additionally, other press releases, Corporate Governance coverage, CSR, policies and procedures and other details are also displayed on the Bank's website

Governance Structure



Board of Directors ("the Board")

The Bank's diversified and well-balanced Board, consisting of nine (9) Directors with seven (7) Independent Directors, including a woman Independent Director, and two (2) Executive Directors, enhances the quality of discussions and enables effective decision-making. The majority of the Board members, comprising Independent Directors, helps in maintaining its independence.

The composition of the Board conforms to the Banking Regulation Act 1949, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("SEBI Listing Regulations")**, the Companies Act, 2013 and the relevant rules made thereunder.

The changes in the composition of the Board of Directors that took place during the year under review was carried out in compliance of the provisions of the the Companies Act, 2013/RBI guidelines and details of appointment/ re-appointment during the year under review is covered in the Board's Report.

All non-executive directors on the Board of the Bank are Independent Directors in terms of Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Companies Act, 2013 read with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Independent Directors of the Bank have submitted their annual disclosures/declarations with respect to the criteria of independence as stipulated under the provisions of the Companies Act, 2013, SEBI Listing Regulations, the Banking Regulation Act, 1949, and the guidelines issued by the RBI from time to time and in the opinion of the Board, the Independent Directors meet the criteria of independence laid down thereunder and are independent of the Management.

Key skills/expertise/competence of the Board

The Board of the Bank is diversified in terms of qualification, professional background, knowledge, skills, and experience, thereby enabling long-term sustainable value creation for all the stakeholders. The Board of the Bank comprises qualified members who possess the required skills, expertise and competencies for effective participation in the functioning of the Board and its committees.

The Bank, in compliance with Section 10A(2) of the Banking Regulation Act 1949, read with RBI Notification dated 24th November 2016, has identified the following skills/expertise/ competencies required to be possessed by the Board of Director(s) in the context of its business(es) and the sector(s), for it to function effectively:

Area of expertise	Mr. Raj Vikash Verma	Mr. Harun Rasid Khan	Ms. Jyoti Narang	Mr. Krishan Kant Rathi	Mr. Mankal Shankar Sriram	Mr. Pushpinder Singh	Mr. Kannan Gopalaraghavan Vellur	Mr. Sanjay Agarwal	Mr. Uttam Tibrewal
Accountancy	√	X	X	√	√	X	X	√	√
Agriculture and rural economy	X	X	X	X	√	X	X	√	√
Banking	√	√	√	√	√	√	√	√	√
Co-operation	X	X	X	X	√	X	X	X	X
Economics	√	√	√	√	√	X	√	√	√
Finance	√	√	X	√	√	X	√	√	√

Area of expertise	Mr. Raj Vikash Verma	Mr. Harun Rasid Khan	Ms. Jyoti Narang	Mr. Krishan Kant Rathi	Mr. Mankal Shankar Sriram	Mr. Pushpinder Singh	Mr. Kannan Gopalaraghavan Vellur	Mr. Sanjay Agarwal	Mr. Uttam Tibrewal
Law	X	X	X	√	X	X	X	X	X
Small-scale industry	X	X	X	√	X	X	√	√	√
Information technology	X	√	X	X	X	√	X	X	X
Payment and settlement systems	X	√	X	X	X	√	X	X	X
Human Resources	√	√	√	X	X	X	X	√	X
Risk Management	√	X	X	√	X	X	√	√	√
Business Management	√	√	√	√	√	√	√	√	√
Other expertise	NA	Banking Regulation & Supervision & Financial Inclusion	Hospitality & Customer Service	NA	Financial Inclusion	NA	Treasury	NA	NA

Note: The areas of expertise mentioned in the above table includes skills/expertise/competencies as required to be possessed by the Board members in the context of its business(es) and the sector(s), for it to function effectively.

Apart from the above, the Bank has also identified Customer Service, Treasury, Financial Inclusion and Rural Banking, and Auditing as areas of specialised knowledge and practical experience which, in the opinion of the Board, would be useful for the Bank.

Board's role and functioning

The role of the Board is to provide effective guidance, build trust with all stakeholders and have oversight on the Executive Management of the Bank so that it delivers enduring sustainable value, is fully compliant with extant laws and functions in an ethical and efficient manner.

The Board is responsible for strategic direction, setting of plans and priorities, monitoring corporate performance against strategic business plan, review and approval of the Bank's financial and operating results on a periodic basis, overseeing major capital expenditures, overseeing the Bank's Corporate Governance framework including the functioning of the Board committees, and supervising the succession planning process for Directors and its Senior Management.

The Bank has a three-layer governance structure, wherein the Board is provided with key recommendations and operational updates by the Board committees as per the terms of reference of the respective committees, which is further supported by Board-delegated committees which deal with executive functions and decisioning on key operational matters.

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 the RBI and such other matters as prescribed under the relevant provisions of the Companies Act, 2013, the relevant rules made thereunder, the SEBI Listing Regulations relating to Corporate Governance and circulars/guidelines issued by the RBI from time to time.

The brief description of the Board of Directors of the Bank, including key qualifications and domain expertise, are given below:

	Mr. Raj Vikash Verma Part-time Chairman Independent Director	**Mr. Harun Rasid Khan** Independent Director	**Ms. Jyoti Narang** Independent Director
Nationality	Indian	Indian	Indian
Age	67	67	64
Qualification	MA Economics, MBA (Finance) & CAIIB	MA, M.Phil., Diploma in Business Management, CAIIB	BA in Economics, MBA (Finance), Advanced Management Programme - Harvard Business School
Date of appointment in current term	30th January, 2021	28th December 2021	30th March 2020
Term of Directorship	For a term of three years	For a term of three years	For a term of three years
No. of equity shares held	Nil	Nil	5,887
Directorship in other companies	5	Indian	7
Committee position in other public companies			
Chairman	Nil	2	1
Member	Nil	2	3
Directorship in other listed entities including names and category of Directorship)	Nil	Nil	1 Heidelberg Cement India Limited, Independent Director
Profile link	https://www.aubank.in/about-us/Board-of-directors	https://www.aubank.in/about-us/Board-of-directors	https://www.aubank.in/about-us/Board-of-directors

	Mr. Krishan Kant Rathi Independent Director	**Mr. Mankal Shankar Sriram** Independent Director	**Mr. Pushpinder Singh** Independent Director
Nationality	Indian	Indian	Indian
Age	60	59	68
Qualification	CA, CS, B.Com (Hons)	Graduate from IRMA, Fellow-IIMB	B.Sc., CAIIB
Date of appointment in current term	30th March 2020	21st October 2019	21st October 2019
Term of Directorship	For a term of three years	For a term of three years	For a term of three years
No. of equity shares held	68,289	Nil	200
Directorship in other companies	4	4	Nil
Committee position in other public companies			
Chairman	Nil	Nil	Nil
Member	1	1	Nil
Directorship in other listed entities including names and category of Directorship)	1 Future Consumer Limited - Non-Executive – Non-Independent Director	Nil	Nil
Profile link	https://www.aubank.in/about-us/Board-of-directors	https://www.aubank.in/about-us/Board-of-directors	https://www.aubank.in/about-us/Board-of-directors

	Mr. Kannan Gopalaraghavan Vellur Independent Director	**Mr. Sanjay Agarwal** Promoter- Managing Director & CEO (Executive)	**Mr. Uttam Tibrewal** Whole-Time Director (Executive)
Nationality	Indian	Indian	Indian
Age	65	51	51
Qualification	MBA, CAIIB, Organizational Leadership Executive program, Wharton Business School	B. Com, CA	B. Com
Date of appointment in current term	22nd January, 2020	19th April 2020	19th April 2020
Term of Directorship	For a term of three years	For a term of three years	For a term of three years
No. of equity shares held	275	5,67,66,359	63,65,595
Directorship in other companies	2	Nil	Nil
Committee position in other public companies			
Chairman	Nil	Nil	Nil
Member	1	Nil	Nil
Directorship in other listed entities including names and category of Directorship)	1 APTUS Value Housing Finance India Limited - Independent Director	Nil	Nil
Profile link	https://www.aubank.in/about-us/Board-of-directors	https://www.aubank.in/about-us/Board-of-directors	https://www.aubank.in/about-us/Board-of-directors

Note: Above table excludes the Membership & Chairmanship of Committees of the Bank.

Notes:

I. Mr. Raj Vikash Verma has been re-appointed as Part-Time Chairman (Independent Director) of the Bank w.e.f. 8th April 2021 for another period of 2 years, and the same has been duly approved by the RBI and shareholders.

II. Mr. Harun Rasid Khan was appointed as an Additional Director (Non-Executive Independent) w.e.f. 28th December 2021 pursuant to the resolution passed by our Board on 27th December 2021, and his appointment was approved by the shareholders as Independent Director pursuant to the resolution passed through postal ballot on 9th March 2022.

III. Re-appointment of Mr. Sanjay Agarwal – MD & CEO and Mr. Uttam Tibrewal – WTD, for second term was approved by the shareholders via postal ballot on 9th March 2022 for a period of 4 years from 19th April 2022 till 18th April 2026 and RBI approval will be sought on or before 18th April 2023, in accordance with applicable provisions. RBI has earlier approved their tenure till 18th April 2023.

IV. None of the Directors on the Board hold directorship in more than 10 Public Limited Companies and not exceeding 20 companies in compliance with the requirement of Companies Act, 2013.

V. None of the Independent Directors serves as an Independent Director on more than Seven Listed Companies.

VI. None of the Directors of the Bank are member of more than 10 committees or acted as a Chairman of more than 5 committees across Public Limited Companies in which they hold directorship.

VII. Audit Committee and Stakeholders Relationship Committee have been considered above for Committee Chairmanship and membership.

VIII. None of the Independent Directors of the Bank have resigned before the expiry of their tenure and during FY2021-22.

IX. No inter-se relationship exists between the Directors of the Bank.

X. Necessary disclosures regarding Committee positions in other public companies as on 31st March 2022 have been made by the Directors.

XI. None of the Director belong to promoter and promoter group except Mr. Sanjay Agarwal.

XII. None of the Non-Executive Directors hold any convertible instruments of the Bank.

Board and Committee meetings

The Board meets at regular intervals to discuss and decide on Bank/business policy, strategy and the matters referred under Regulation 17 of the SEBI Listing Regulations read with Part A of Schedule II and matters covered under the Calendar of Reviews. In order to facilitate effective discussions at the meetings, the agenda is bifurcated into items requiring approval and items which are to be taken for noting of/review by the Board. This facilitates better time management, informed decision-making and effective participation at meetings, leading to higher Board effectiveness.

Board/Committee meetings and procedures

Parameters	Details
Terms of reference for committees	• Calendar of Reviews • Committee(s) charters in line with the regulatory requirements (Terms of reference of Board Committee(s) given below)
Committee constitution	• An independent Director is the chairperson of all Board committees • Board committees are constituted after considering the applicable regulatory requirements and other aspects like specialised knowledge, experience, and expertise of respective members.
Details of meetings held during the year	In FY 2021-22, there has been increase in the numbers of meetings of Board Committee(s) for discussion on specific agenda/issues requiring attention and time of Board/Committees.
	Meetings — **Nos.**
	Board meetings — 14
	Committee meetings — 68
	Independent Directors' meeting — 1
	Total Board and committee (s) meetings — 83
Seamless access to Agenda papers and notes	With a view to ensure high standards of confidentiality of agenda, ease of access to Board papers, reduction in paper consumption, agenda papers of Board and Committee meetings are circulated through a web-based application for access by the Directors on iPads and hand-held devices which provide seamless access to Directors such that any agenda of any meeting (basis eligibility) can be accessed at any time by a Director.

The Board / committee meetings are pre-scheduled, and the notice is circulated to the Directors well in advance for better participation & discussion at the meetings. However, in case of a special and urgent business need, the Bank exceptionally convene meetings physically or through electronic means on shorter notice or place the matter for consideration through circular resolution. The Senior Management including Head of various departments are invited to attend the Board/Committee meetings to present specific details/data as desired by the Board members for their deliberation and decision.

The Bank adheres to the provisions of the Companies Act, 2013 read with the rules issued thereunder, Secretarial Standards and SEBI Listing Regulations with respect to convening and holding the meetings of the Board of Directors, its committees, and the general meetings of the shareholders of the Bank.

Board meeting attendance

During the period under review, the Board of the Directors of the Bank met Fourteen (14) times on 01st April 2021, 29th April 2021, 10th May 2021, 24th June 2021, 8th July 2021, 6th August 2021, 28th August 2021, 21st September 2021, 5th October 2021, 28th and 29th October 2021, 27th December 2021, 28th January 2022, 15th and 16th March 2022 and 30th March 2022.

The requisite quorum was present for all the meetings of the Board held during FY 2021-22.

Board Meeting & AGM Attendance

Name of Director	No. of Board meetings: 14														AGM
	1st April 2021	29th April 2021	10th May 2021	24th June 2021	8th July 2021	6th August 2021	28th August 2021	21st September 2021	5th October 2021	28th & 29th October 2021	27th December 2021	28th January 2022	15th & 16th March 2022	30th March 2022	17th August 2021
Mr. Raj Vikash Verma	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Mr. Harun Rasid Khan	NA[1]	NA[1]	NA[1]	NA[1]	NA[1]	NA[1]	NA[1]	NA[1]	NA[1]	NA[1]	NA[1]	●	●	●	NA[2]
Ms. Jyoti Narang	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Mr. Krishan Kant Rathi	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Mr. Mankal Shankar Sriram	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Mr. Pushpinder Singh	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Mr. Kannan Gopalaraghavan Vellur	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Mr. Sanjay Agarwal	●	●	●	●	●	●	●	●	Leave of absence	●	●	●	●	●	●
Mr. Uttam Tibrewal	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

NA[1]: Mr. Harun Rasid Khan was appointed as an Additional Director (Non-Executive Independent) w.e.f. 28th December 2021 pursuant to the resolution passed by the Board on 27th December 2021, and his appointment was confirmed by the shareholders pursuant to the resolution passed through postal ballot on 9th March 2022.

NA[2]: Joined on Board post the Annual General Meeting, hence not applicable.

The role and the composition of Board committees as of 31st March 2022 is as follows:

1. Audit Committee

Regulatory reference	Date of meetings	Composition of the Committee as on 31st March 2022
• Section 177 of the Companies Act 2013 • Regulation 18 of SEBI Listing Regulations • Board approved charter of the Audit Committee • RBI circular on Corporate Governance in Banks - Appointment of Directors and Constitution of committees of the Board	The Committee met 14 times during the year under review on: • 8th April 2021 • 29th April 2021 • 24th June 2021 • 8th July 2021 • 4th August 2021 • 6th August 2021 • 28th August 2021 • 21st September 2021 • 5th October 2021 • 14th October 2021 • 28th October 2021 • 19th January 2022 • 28th January 2022 • 16th March 2022 The time gap between any two meetings were less than 120 days.	Mr. Krishan Kant Rathi (Chairman) Ms. Jyoti Narang Mr. Mankal Shankar Sriram Mr. Kannan Gopalaraghavan Vellur The Chairman of the Audit Committee was present in Annual General Meeting to answer the queries to the shareholders.

Terms of reference

The terms of reference of the Audit Committee, inter-alia, include:

- Review and approve the nature and scope of the internal audit function and ensure it has adequate resources, skills, qualifications, and appropriate access to information to enable it to perform its function effectively
- Consider major findings of quarterly, semi-annual, and annual internal audit reviews, LFAR and the Management's response; and review Management letter(s) and Management response to the findings, recommendations of the external auditor(s)
- Oversee relationship with external auditors with respect to their remuneration for services, terms of engagement, assessment of their independence, rotation of auditors, resignation and dismissal of auditors, approval of audit plan in line with the scope of engagement
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of the Management's investigation and follow-up (including disciplinary action) of any instance of non-compliance, including their policies, procedures, techniques, and other regulatory requirements

- Obtain regular updates from the Management and the Bank's legal counsel regarding compliance matters
- Review and monitor implementation and effectiveness of the policies laid down by the Risk Management Committee and highlight gaps or deviations, if any, to the Board
- Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank including approval of payment to statutory auditors for any other services rendered
- Appointment of Chief Financial Officer, Head of Internal Audit, Chief Compliance Officer after assessing the qualifications, experience, and background, etc. of the candidate and changes in their terms, if any
- Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter
- Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by the Management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with the listing and other legal requirements relating to financial statements;
  - Disclosure and approval of any related party transactions; and
  - Modified opinion(s) in the draft audit report
- Reviewing and overseeing the functioning of the whistle blower mechanism/vigil mechanism established by the Bank and the Chairperson of the Audit Committee shall directly hear grievances of victimisation of employees and Directors who use vigil mechanism to report genuine concerns
- Approval or any subsequent modification of transactions of the Bank with related parties
- Reviewing, with the Management, the quarterly financial results before submission to the Board for approval

2. Risk Management Committee

Regulatory reference	Date of meetings	Composition of the Committee as on 31st March 2022
• RBI Guidelines on Risk Management System • Regulation 21 of SEBI Listing Regulations • Board-approved charter of the Risk Management Committee • RBI circular on Corporate Governance in banks - Appointment of Directors and constitution of the committees of the Board	The Committee met 9 times during the year under review on: • 9th April 2021* • 21st April 2021 • 24th June 2021 • 5th August 2021 • 28th August 2021 • 16th October 2021 • 28th October 2021 • 18th January 2022 • 28th January 2022	Mr. Kannan Gopalaraghavan Vellur (Chairman) Mr. Krishan Kant Rathi Ms. Jyoti Narang Mr. Mankal Shankar Sriram The Chief Risk Officer has unfettered access to the Risk Management Committee

**The meeting was adjourned to 17th April 2021*

Terms of reference

The terms of reference of the Risk Management Committee, inter-alia, include:

- To formulate, monitor and oversee implementation of a detailed risk management policy
- Review, approve/recommend, periodically update internal/ external policies, regulatory guidelines, strategies, and risk management framework, and seek the Board's approval for the same
- To ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Bank
- To ensure that the procedures for identifying, measuring, monitoring, and controlling risks are in place

- Ensure appropriate risk organisation structure, with authority and responsibility clearly defined, adequate staffing and the independence of the Risk Management function
- Review reports from the Management concerning:
  - Risk management framework (i.e. principles, policies, strategies, process, and controls) and to ensure that the same is being communicated throughout the Bank
  - Changes in the factors relevant to the projected strategy, business performance and capital adequacy
  - Implications of new and emerging risks, legislative or regulatory initiatives and changes, organisational change and all other major initiatives
- The appointment, removal and terms of remuneration including performance review of the Chief Risk Officer (CRO) and set objectives for the CRO and ensure the CRO has unfettered access to the RMCB
- Oversee statutory/regulatory reporting requirements related to risk management and capital adequacy computation with an understanding of the methodology
- Approve the stress testing results/analysis and periodically monitor the action plans and corrective measures in line with internal guidelines
- Monitor and review non-compliance, limit breaches, audit/regulatory findings and policy exception of risk management as well as fraud and potential losses
- Oversee the working of the Credit Risk & NPA Management Committee (CRNPAC), Operational Risk Management Committee, Information Security Risk Management Committee and Asset & Liability Management Committee (ALCO)
- Provide appropriate and prompt reporting to the Board of Directors in order to fulfil the oversight responsibilities of the Board of Directors

3. Nomination and Remuneration Committee (NRC)

Regulatory reference	Date of meetings		Composition of the Committee as on 31st March 2022
• Section 178 of the Companies Act, 2013 • Regulation 19 of SEBI Listing Regulations • Board Approved Charter of the NRC. • RBI circular on Corporate Governance in Banks - Appointment of Directors and constitution of committees of the Board	The Committee met 14 times during the year under review on: • 9th April 2021 • 19th May 2021 • 24th June 2021 • 3rd August 2021 • 28th August 2021 • 11th September 2021 • 21st September 2021	• 5th October 2021 • 24th November 2021 • 18th December 2021 • 27th December 2021 • 12th January 2022 • 10th February 2022 • 16th March 2022	Mr. Mankal Shankar Sriram (Chairman) Mr. Krishan Kant Rathi Ms. Jyoti Narang The Chairman of the NRC was present in Annual General Meeting to answer the queries to the shareholders.

Terms of reference

The terms of reference of the NRC, inter-alia, include:

- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal
- Formulate comprehensive criteria for the appointment of Directors in terms of qualifications, positive attributes, independence, professional experience, track record and integrity of the person
- Devise a policy on Board diversity based on diversity of thought, experience, knowledge, perspective, and gender
- Conduct appropriate due diligence and scrutinise the declarations made by probable candidates at the time of appointment /re-appointment of the Directors of the Board
- Ensure that the Bank has a detailed succession and Management continuity plan for key positions
- Assist in defining the performance evaluation criteria for Directors and other Key Management Personnel (KMPs), Senior Managerial Personnel (SMPs), Material Risk Takers (MRTs) and Control Function Staff and ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- Ensure that the Bank's compensation policy provides a fair and consistent basis for motivating and rewarding

employees appropriately according to their performance, job profile/role size, contribution, skill, and competence and review compensation levels of the Bank's employees vis-à-vis other banks and the banking industry in general

- Ensure that the compensation for Directors, KMPs, SMPs, MRTs) and Control Function Staff is in accordance with the RBI guidelines and other applicable regulatory requirements
- Review and oversee the Employee Benefits Programme of the Bank, including deferred benefit plans and retirement plans
- Perform such functions as are required to be performed by the Compensation Committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:
  - Administering the ESOP plans;
  - Determining the eligibility of employees to participate under the ESOP plans;
  - Granting options to eligible employees and determining the date of grant;
  - Determining the number of options to be granted to an employee;
  - Determining the exercise price under the ESOP plans; and
  - Construing and interpreting the ESOP plans and any agreements defining the rights and obligations of the Bank and eligible employees under the ESOP plans, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP plans

Performance evaluation

Pursuant to Section 149(8) read with Schedule IV, Section 178(2), Section 134(3)(p) of Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations read with relevant schedule and guidance note issued by the Securities and Exchange Board of India, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and the committees.

The Bank has a structured assessment process for evaluation of the performance of the Board, Committees of the Board and individual performance of each Director including the Chairman.

The Independent Directors at their separate meeting reviewed the performance of Executive Directors, Chairman of the Bank and of the Board as a whole. Further, Independent Directors were evaluated by the entire Board with respect to the fulfillment of the independence criteria as specified in SEBI Listing Regulations and the Companies Act,2013 and their independence from the Management.

The performance evaluation process for Directors, inter alia, includes,

Evaluation of	Performance evaluation process		
	Evaluation at		
	Independent Directors	Nomination & Remuneration Committee	*Board (All Directors)
Independent Directors		√	√
Non-Independent Directors	√	√	√
Chairperson*	√		
Board Committees			√
Board as a whole	√		√

Chairperson of the Bank is an Independent Director and his evaluation as Independent Director is carried out by NRC & Board of Directors of the Bank.

Performance of Independent Directors was evaluated based on knowledge, competency, commitment, contribution, governance, impartial approach, quality of discussions availability and attendance at the meeting. Independent Directors were also evaluated on the criteria of independence, independent views and judgments.

A questionnaire for the evaluation of the Board, its committees and the individual members of the Board including for the Chairperson has been designed covering various aspects of the performance of the Board and its committees.

The parameters and evaluation framework were discussed by the Independent Directors, Nomination and Remuneration Committee and the Board at their respective meetings. The Board noted the actions taken in improving Board effectiveness based on the feedback given by the Independent Directors. Further, the Board also noted areas requiring more focus in the future, which includes further progress on Board diversity, strategy, especially post COVID-19, discussion on succession planning, and risk management etc. The Directors expressed their satisfaction over the evaluation process.

Compensation Policy

The Bank has an approved Compensation Policy which deals with the compensation and benefits of the employees, MRTs, Whole-Time Directors including Managing Director & CEO, Executive and Non-Executive Directors of the Bank. This policy is in line with the RBI's circular/guideline dated 4th November 2019 bearing number DOR.Appt.BC.No.23/29.67.001/2019-20 on Guidelines on Compensation of Whole-Time Directors/ Chief Executive Officers/Other Risk Takers and Control Function Staff, etc. and guidelines issued by the RBI from time to time, Section 178 of the Companies Act, 2013, the relevant rules made thereunder, and the SEBI Listing Regulations, amended from time to time.

The objective of the Compensation Policy is to ensure effective governance of the compensation of Directors (including Independent Directors), KMPs, MRTs, Control Function Staff, Senior Management Personnel and other employees as per the criteria formulated by the Nomination and Remuneration Committee under the requirement of laws, rules and regulations and other applicable guidelines.

The abovesaid policy covers all aspects of the compensation structure such as fixed pay, variable pay, perquisites, performance bonus, guaranteed bonus, share-linked instruments i.e. employee stock options etc.

The policy is annually reviewed by the Board of Directors, in addition to the other amendments that may be required in the policy. During the year, no changes were made in the policy. The policy is hosted by the Bank on its website and can be accessed through the link at https://www.aubank.in/investors/secretarial-policies.

Director's remuneration criteria

Remuneration of Executive Directors

On recommendation of the Nomination and Remuneration Committee, the Board of the Bank approves remuneration to Executive Directors subject to shareholders' and the RBI's approvals as applicable. The said remuneration is also governed by the employment agreement executed between the Bank and Executive Directors.

The remuneration details of Executive Directors i.e. Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, Whole-Time Director of the Bank is as per the terms of approval of the RBI and are given below:

(₹ in lakh)

Name	Fixed pay for FY 2021-22 (including perquisites) *	Variable pay**
Mr. Sanjay Agarwal	186	42.39
Mr. Uttam Tibrewal	168 (Refer Note)	36.85

**The revision in fixed pay of FY 2021-22 of ₹ 244 lakh and ₹ 211 lakh of Mr. Sanjay Agarwal and Mr. Uttam Tibrewal respectively is approved by the Nomination & Remuneration Committee, the Board and shareholders of the Bank and the proposal is pending with the RBI for its approval.*

***On receipt of RBI approval, ₹ 42.39 lakh and ₹ 36.85 lakh were released to Mr. Sanjay Agarwal and Mr. Uttam Tibrewal as Performance Bonus of FY 2019-20.*

Note: 8585 ESOPs was granted to Mr. Uttam Tibrewal with fair valuation of ₹ 51,75,000 as per the approval of RBI and remuneration details mentioned above is excluding of perquisite amount of ₹ 119.59 Crores for ESOPs exercised during FY 2021-22.

During the year, 38,702 ESOPs under ESOP Scheme 2015 – Plan A, 10,18,758 ESOPs Under ESOP Scheme 2015 – Plan B and 4,00,000 ESOPs Under ESOP Scheme 2018 at exercise price of ₹ 10.11, ₹ 33.37, and ₹ 664.00 each, respectively were exercised by Mr. Uttam Tibrewal.

A proper balance between fixed pay and variable pay is ensured for remuneration of the Executive Directors, the variable pay is a mix of cash and non-cash instrument, which is paid under deferral arrangement. The Executive Directors are duly bound with Malus and claw back clause, which activates in the event of subdued or negative financial performance of the Bank.

The tenure of the office of the Managing Director & CEO and Whole-Time Director is three years from 19th April 2020 and can be terminated by either party by giving one month's notice in writing. There is no provision for payment of severance fees.

Remuneration of Non-Executive Directors

The Non−Executive Directors are paid sitting fees for attending each meeting of the Board of Directors or any committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, and other regulatory guidelines, as amended from time to time.

The RBI vide its Circular no. RBI/2021-22/24DOR.GOV.REC.8/29.67.001/2021-22 on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board dated 26th April 2021, allowed payment of compensation to Non-Executive Directors

[other than Part-time Chairman (Independent Director)] in the form of a fixed remuneration not exceeding ₹ 20,00,000 (Rupees Twenty Lakhs Only) per annum, in addition to sitting fees and expenses related to attending meetings of the Board and its committees.

In the changing scenario around Corporate Governance, norms brought in by the Companies Act, 2013 as well as SEBI Listing Regulations and the Bank's sustainable growth in past five years in terms of Nos. of products, gain in scale and size, operations of the Bank and increased in time required of Non-Executive Directors, Board of Directors in their meeting dated 27th December 2021 have approved the sitting fees of ₹ 80,000 and ₹ 40,000 to Non-Executive Directors for every Board and Committee meeting attended, respectively and fixed remuneration was revised to ₹ 15,00,000 for each Non-Executive Director of the Bank [other than Part Time Chairman (Independent Director)]. The sitting fees and commission are within the limits prescribed under the provisions of Companies Act, 2013.

The details of sitting fees for attending the Board and committee meetings and compensation paid to Non-Executive Directors for the financial year ended 31st March 2022 are provided below:

(₹ in lakh)

Name of Director	Sitting fees	Compensation / Honorarium	Total
Mr. Raj Vikash Verma	15. 55	20.00	35.55
Mr. Kannan Gopalaraghavan Vellur	23.55	15.00	38.55
Mr. Krishan Kant Rathi	27.05	15.00	42.05
Ms. Jyoti Narang	26.45	15.00	41.45
Mr. Mankal Shankar Sriram	28.05	15.00	43.05
Mr. Pushpinder Singh	18.15	15.00	33.15
Mr. Harun Rasid Khan	2.40	3.91	6.31
Total			**240.11**

Note: None of the Non-executive Directors have any pecuniary relationship or transaction with the Bank apart from receiving sitting fee and compensation/ profit related commission/honorarium as applicable.

4. Stakeholders Relationship Committee (SRC)

Regulatory reference	Date of meetings	Composition of the Committee as on 31st March 2022
• Section 178(5) of the Companies Act, 2013 • Regulation 20 of SEBI Listing Regulations • Board-approved charter of the SRC	The committee met 4 times during the year under review on: • 17th April 2021 • 4th August 2021 • 14th October 2021 • 12th January 2022	Mr. Raj Vikash Verma (Chairman) Mr. Krishan Kant Rathi Mr. Uttam Tibrewal The Chairman of the SRC was present in the Annual General Meeting to answer the queries from the shareholders

Terms of reference

The terms of reference of the SRC, inter-alia, include:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent ("RTA")
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank
- Review and address matters pertaining to the RTA, including appointment of new RTA in place of the existing
- Review status of investor complaints on a periodic basis and issue necessary instructions to expedite resolution of pending complaints
- Oversee the performance of RTAs and to recommend measures for overall improvement in the quality of investor services

Investor grievance redressal

The Bank has appointed 'Link Intime India Private Limited' as the RTA of the Bank to carry out the share transfer and other work associated thereto. Link Intime India Private Limited has appropriate systems to ensure that requisite service is provided to investors of the Bank in accordance with the corporate, securities and other applicable laws and within the adopted service standards. The Stakeholder Relationship Committee review/evaluate the performance of RTA on quarterly basis.

For any assistance, request or instruction regarding transfer or transmission of securities, dematerialisation of securities, change of address, non-receipt of annual report, dividend warrant and any other query relating to the securities of the Bank, investors may contact the RTA, Link Intime India Private Limited at rnt.helpdesk@linkintime.co.in. For any escalations, shareholders may write to the Bank at investorrelations@auBank.in The addresses and contact details of the RTA are provided in the General Shareholder Information section of the Corporate Governance Report.

During the year, the Bank had not received any complaint from the shareholder/debenture holder. There were no investor complaints pending as at 31st March 2022 which were not solved to the satisfaction of shareholders in compliance with SEBI Listing Regulations. The same has been reported to the stock exchange on a quarterly basis.

Name and designation of Compliance Officer

Pursuant to Regulation 6(1) of SEBI Listing Regulations, Mr. Manmohan Parnami, Company Secretary is designated as Compliance Officer of the Bank.

5. Corporate Social Responsibility (CSR) Committee

Regulatory reference	Date of meetings	Composition of the Committee as on 31st March 2022
• Section 135 of the Companies Act, 2013 • Companies (Corporate Social Responsibility Policy) Rules, 2014 • Board-approved Charter of the CSR Committee	The Committee met 6 times during the year under review on: • 17th April 2021 • 4th August 2021 • 8th September 2021 • 25th October 2021 • 18th December 2021 • 30th March 2022	Mr. Mankal Shankar Sriram (Chairman) Mr. Krishan Kant Rathi Ms. Jyoti Narang Mr. Pushpinder Singh Mr. Sanjay Agarwal The Report on Corporate Social Responsibility is annexed with this Annual Report

Terms of reference

The terms of reference of the CSR Committee, inter-alia, include:

- To formulate and recommend to the Board, a CSR policy which will indicate the activities to be undertaken by the Bank in accordance with Schedule VII of the Companies Act;
- To consider, review and recommend to the Board the amount of expenditure to be incurred on CSR projects and CSR activities to be undertaken by the Bank in compliance of provisions of Companies' Act, 2013 and rules made thereunder
- To review the Annual Action Plan for CSR of the Bank and recommend the same to the Board
- Ensure the effective implementation of the CSR Policy and evaluate the performance of the CSR projects against the CSR Annual Action Plan
- To review the Impact Assessment Report of an independent agency as applicable
- The CSR Committee shall also report annually:
  - Annual report on the CSR activities covering significant CSR activities and achievements
  - The impact assessment reports which shall be placed before the Board and shall be annexed to the annual report on CSR

6. IT Strategy and Information Systems Security Committee

Regulatory reference	Date of meetings	Composition of the Committee as on 31st March 2022
• RBI guidelines on information security, electronic banking, technology risk management and cyber frauds • Board-approved charter of the IT Strategy and Information Systems Security Committee	The Committee met 4 times during the year under review on: • 8th April 2021 • 4th August 2021 • 12th October 2021 • 13th January 2022	Mr. Pushpinder Singh (Chairman) Mr. Raj Vikash Verma Mr. Kannan Gopalaraghavan Vellur Mr. Sanjay Agarwal

Terms of reference

The terms of reference of the IT Strategy and Information Systems Security Committee, inter-alia, include:

- Review of the IT and Digital related strategy and policy
- Evaluate the investments made into IT infrastructure to sustain the Bank's growth
- Implement IT governance infrastructure covering basic principles of value delivery, IT risk management, IT resource management, and performance management
- Ensure that a governance structure is in place for IT systems of the Bank, which include technology, its development, IT operations, IT assurance, supplier and resource management
- Review the IT operational model and ensure it is effective and working as per set policies and processes
- Review IT performance measurement and contribution of IT to the Bank's business
- Ensure that the IT risks and controls are documented and covered, and risk mitigation and monitoring initiatives are taken
- Review IT security incidents and corrective action plans

7. Customer Service Committee (CSC)

Regulatory reference	Date of meetings	Composition of the Committee as on 31st March 2022
• Master circular of the RBI on customer service in Banks • Board-approved charter of the CSC	The Committee met 4 times during the year under review on: • 9th April 2021 • 4th August 2021 • 13th October 2021 • 13th January 2022	Ms. Jyoti Narang (Chairperson) Mr. Mankal Shankar Sriram Mr. Kannan Gopalaraghavan Vellur Mr. Pushpinder Singh Mr. Uttam Tibrewal

Terms of reference

The terms of reference of the CSC, inter-alia, include:

- To review and monitor the effective implementation of customer service related policies, procedures, systems and processes
- Review the statement of complaints along with an analysis of the complaints received with an objective to address the following:
  - To identify customer service areas in which the complaints are frequently received;
  - To identify frequent sources of complaint
  - To identify systemic deficiencies; and
  - For initiating appropriate action to make the grievance redressal mechanism more effective
- Review the effectiveness of grievance redressal mechanism within the Bank for redressing complaints received about services rendered by Business Correspondents (BCs)
- Evaluate the trend analysis of customer complaints by product categories/channels/BCs and monitor improvement plans
- Ensure that the products and services are appropriate to the needs of the customers by analysing products and services and associated customer complaints for betterment in customer service quality, and adhere to extant regulations

- Assess Banking Ombudsman awards on a periodic basis, address systemic deficiencies brought out by these awards and report cases with delayed implementation of more than 3 months to the Board with reasons for delay to facilitate necessary remedial action on priority
- Review the details of the number of claims received pertaining to deceased depositors/locker-hirers/depositors of safe custody article accounts and those pending beyond the stipulated period giving reasons
- Review the performance of Standing Committee for Customer Services and other sub-committees, if any
- Benchmark review of turnaround time for key product offerings and monitoring improvement plans put in place

8. Review of Classification of Wilful Defaulters Committee

Regulatory reference	Date of meetings	Composition of the Committee as on 31st March 2022
• Master circular of the RBI on 'Wilful Defaulters' • Board-approved charter of the Review of Classification of Wilful Defaulters Committee	The Committee met 4 times during the year under review on: • 17th April 2021 • 4th August 2021 • 14th October 2021 • 12th January 2022	Mr. Raj Vikash Verma (Chairman) Mr. Krishan Kant Rathi Mr. Kannan Gopalaraghavan Vellur Mr. Sanjay Agarwal

Terms of reference

The terms of reference of the Review of Classification of Wilful Defaulters Committee, inter-alia, include:

- To review and confirm the order of Wilful Defaulters Identification Committee
- Monitor that the borrower is given necessary opportunity to put forth their cases before classifying them under wilful defaulters
- Review the status of wilful defaulter's cases on periodic basis and highlight unfavourable trends, if any
- Monitor the progress of the agreed action plans in coordination with the Collection department and suggest remedial actions for unresolved issues

9. Special Committee on Fraud Monitoring (SFMC)

Regulatory reference	Date of meetings	Composition of the Committee as on 31st March 2022
• Master circular of the RBI on Frauds - Classification and Reporting • Board-approved Charter of the SFMC	As the Committee is required to meet for fraud case monitoring of ₹ 1 crore and above only, the Committee met once during the year under review on: • 24th June 2021	Mr. Raj Vikash Verma (Chairman) Mr. Pushpinder Singh Mr. Kannan Gopalaraghavan Vellur Mr. Mankal Shankar Sriram Mr. Sanjay Agarwal

Terms of reference

The terms of reference of the SFMC, inter-alia, include:

- Monitor and review all frauds of ₹ 1 crore and above
- Identify the system lacunae if any that facilitates perpetration of the fraud and put in place measures to plug the same
- Evaluation of existing systems and procedures for fraud detection and prevention and reasons for delay in detection, if any, in reporting to the top Management of the Bank and the RBI
- Review the efficacy of the remedial action undertaken to prevent recurrence of frauds, such as strengthening of internal controls
- Monitoring progress of police investigation and recovery position and ensure that staff accountability is examined at all levels in all fraud cases and staff side action, if required, put in place together with other measures to strengthen preventive measures against frauds

10. Disciplinary Committee (DC)

Regulatory reference	Date of meetings	Composition of the Committee as on 31st March 2022
• RBI circular on Sexual Harassment at Workplace • RBI circular(s) issued on Whistle-Blower policy from time to time • The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 • Board Approved Charter of the DC	The Committee met 2 times during the year under review on: • 9th April 2021 • 12th January 2022	Ms. Jyoti Narang (Chairperson) Mr. Mankal Shankar Sriram Mr. Pushpinder Singh Mr. Uttam Tibrewal

Terms of reference

The terms of reference of the Disciplinary Committee, inter-alia, include:

- To review the policy on Code of Conduct for employees, Whistle Blower policy and Vigil Mechanism and Prevention and Redressal with regard to Sexual Harassment Policy, recommend the same to the Board and appropriately review as and when required
- Setting up of a transparent mechanism to decide and resolve complaints from employees and take appropriate corrective action plan
- Resolution of complaints received by the Bank including sexual harassment and enforce disciplinary action in the matter
- Taking appropriate remedial measures to respond to any substantiated allegations of a complaint (sexual harassment or disciplinary) against any employee
- Promote appropriate working conditions and a safe environment for all employees

11. Committee for Financial Inclusion

Regulatory reference	Date of meetings	Composition of the Committee as on 31st March 2022
• Board-approved charter of the Committee for Financial Inclusion and RBI circular(s) issued from time to time	The Committee met 4 times during the year under review on: • 17th April 2021 • 2nd August 2021 • 16th October 2021 • 18th January 2022	Mr. Mankal Shankar Sriram (Chairman) Mr. Pushpinder Singh Mr. Kannan Gopalaraghavan Vellur Mr. Uttam Tibrewal

Terms of reference

The terms of reference of the Committee for Financial Inclusion, inter-alia, include:

- To review the channelisation of deposits (including BSBDA) in unserved and underserved sections of the society and to ensure the supply of credit to small business units, small and marginal farmers, micro and small industries, and other unorganised sector entities through low-cost operations
- Review of the financial inclusion initiatives and review the plan in this regard. To set targets and monitor achievements in priority sector lending including sub-targets covering lending under agriculture, small & marginal farmers, micro enterprises and to weaker sections of society
- To review and monitor the progress of enrolments under the pro-poor insurance and pension programmes and other government schemes
- To look at effective ways of partnership (including government and non- government network) that provides the power of aggregation and bulk outreach without significant overheads for the Bank
- To review and advise on financial literacy initiatives carried out by banks
- To oversee the functioning of channels of financial inclusion including banking outlets, business correspondents and unbanked branch locations, and to analyse the operational efficiency and sustainability

12. Management Committee

Regulatory reference	Date of meetings	Composition of the Committee as on 31st March 2022
• Board-approved Charter of the Management Committee	The Committee met 2 times during the year under review on: • 17th April 2021 • 18th January 2022	Mr. Raj Vikash Verma (Chairman) Mr. Pushpinder Singh Mr. Sanjay Agarwal Mr. Uttam Tibrewal

Terms of reference

The terms of reference of the Management Committee, inter-alia, include:

- To approve credit facilities and investment exposure above certain threshold to new exposure/loan to existing customers along with existing facility
- Reporting to the Board about no officer or any Committee comprising, inter alia, an officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to his/her relative
- Reporting to the Board about proposals for credit facilities to the relatives of senior officers of the Bank sanctioned by the appropriate authority through the Management Committee
- Reporting to the Board about any company in which any of the relatives of any senior officer of the Bank holds substantial interest or is interested as a Director or as a guarantor
- To sanction proposals of loans and advances aggregating Rupees twenty-five lakh (₹ 25 lakh) and above to -

  a) Directors (including the Chairman / Managing Director) of other banks

  b) Any firm in which any of the Directors of other banks is interested as a partner or guarantor; and

  c) Any company in which any of the Directors of other banks holds substantial interest or is interested as a Director or as a guarantor

However, for personal loans granted to any Director of other banks, the threshold of ₹ 25 lakh, as mentioned above, has been revised to Rupees five crore (₹ 5 crore)

- To sanction proposals of loans and advances aggregating Rupees five crore (₹ 5 crore) and above to:
  - Any relative other than spouse and minor/dependent children of their own Chairmen/Managing Directors or other Directors;
  - Any relative other than spouse and minor/dependent children of the Chairman/Managing Director or other Directors of other banks;
  - Any firm in which any of the relatives other than spouse and minor/dependent children as mentioned in (a) & (b) above is interested as a partner or guarantor and;
  - Any company in which any of the relatives other than spouse and minor/dependent children as mentioned in (a) & (b) above is interested as a major shareholder or as a Director or as a guarantor or is in control;

Provided that a relative of a Director shall also be deemed to be interested in a company, being the subsidiary or holding company, if he/she is a major shareholder or is in control of the respective holding or subsidiary company.

- Approval of waiver in POS amount for the above amount of ₹ 1 crore

13. Capital Raising Committee

Regulatory reference	Date of meetings	Composition of the Committee as on 31st March 2022
• Board-approved charter of the Capital Raising Committee	As the Committee is required to meet for capital raising related matters, during the year no meeting was held	Ms. Jyoti Narang (Chairperson) Mr. Kannan Gopalaraghavan Vellur Mr. Krishan Kant Rathi Mr. Sanjay Agarwal

Terms of reference

- To analyse various options for infusion of capital and funds by offering various securities including equity shares, preference shares, debentures, bonds, BASEL compliant Tier I and Tier II Instruments and other debt securities, etc.
- To approve the issue of securities in one or more tranches to various potential Investors within the

overall limit as approved by the Board/ shareholders and determine price/price range for the securities

- To approve and incur the necessary expenditure relating to capital and fund-raising exercise
- To issue receipts/ allotment letters/ confirmations of allotment notes either in physical or electronic mode representing the underlying equity shares
- To perform all activities with regard to fundraising by various methods/ means/options under the authority of the Board and shareholders

Meeting of Independent Directors

Pursuant to Section 149(8) read with Schedule IV of Companies Act, 2013, and Regulation 25 of SEBI Listing Regulations a meeting of the Independent Directors of the Bank is required to be held once a year in absence of Non-Independent Directors.

During the year under review, a meeting of Independent Directors was held on 28th April 2021 chaired by Mr. Raj Vikash Verma and attended by all the Independent Directors of the Bank.

No sitting fees was paid to the Independent Directors of the Bank for attending the said meeting.

Familiarisation programme for Independent Directors

The Bank's Independent Directors are eminent professionals with several decades of experience in the banking and financial services industry, technology, finance, governance and management areas and are fully conversant and familiar with the business of the Bank. In compliance with Regulation 25(7) of SEBI Listing Regulations, the Board Familiarisation Programme covers an induction programme for the new Independent Directors, familiarisation sessions on business and functional issues, external training programmes with IDRBT, CAFRAL and other programmes, knowledge session with subject matter experts and update on recent regulatory changes at regular intervals.

All new Independent Directors are taken through a detailed induction and Familiarisation Programme at the time of their joining the Board. The Managing Director & CEO and Functional Heads explain business strategies, Management structure, past growth trajectory, People Function initiatives, compliance framework, business performance, finance plan, digital strategy, customer experience, review of internal audit, risk management framework, internal financial controls, regulatory updates, etc.

As part of the induction sessions, the Managing Director & CEO presents a brief overview about the organisation, and Senior Management Personnel and Functional Heads are introduced. The Independent Directors are also briefed about the constitution, Board procedures, matters reserved for the Board, and made aware of their roles and responsibilities at the time of their appointment in view of applicable regulatory requirements. Apart from this, the Bank also facilitates continual educational requirements of Directors by updating them about the educational programmes organised by renowned educational institutes and regulatory bodies from time to time and support is provided if they choose to attend the programmes.

The Familiarisation Programme along with details of the same, imparted to the Independent Directors during the year are available on the website of the Bank at https://www.aubank.in/investors/secretarial-policies

Director & Officer's Liability Insurance Policy

Pursuant to the Regulation 25(10) of SEBI Listing Regulations, the Bank had undertaken Directors' and Officers' insurance ('D & O insurance') for all its Directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Bank from time to time.

Board Diversity Policy

The Board has framed a policy for Board diversity which lays down the criteria for appointment of Directors on the Board of Bank and guides the organisation's approach to Board diversity.

The Bank believes that Board diversity basis gender, race, age will help build diversity of thought and will set the tone at the top. A mix of individuals representing different geographies, culture, industry experience, qualification and skill set will bring in different perspectives and help the organisation grow. The Board of Directors is responsible for review of the policy from time to time. The Board Diversity Policy is available at the Bank's website at https://www.aubank.in/investors/secretarial-policies

Succession Planning

The Bank believes that a sound succession plan for the Directors and Senior Management executives is important to sustain seamless operations and future growth. Succession planning at the Bank ensures that the Bank is prepared with a plan to support operations and business continuity. The Nomination and Remuneration Committee works with the Board on the leadership succession plan to ensure an orderly succession in appointments to the Board and of Senior Management.

Accordingly, the Bank has put in place the policy for orderly succession for appointment to the Board and Senior Management and the same can be accessed through the link at https://www.aubank.in/investors/secretarial-policies.

Table- I – Details of number of Committee meetings and participation of Board Members at the meetings during FY 2021-22

Name of The Committees	Audit Committee	Risk Management Committee	Nomination & Remuneration Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee	IT Strategy and Information Systems Security Committee	Customer Service Committee	Review of Classification of Wilful Defaulter Committee	Special Committee for Fraud Monitoring	Disciplinary Committee	Committee for Financial Inclusion	Management Committee	Capital Raising Committee
No. of meetings held	14	9	14	4	6	4	4	4	1	2	4	2	0
Name of Member										No. of Meeting Attended by Members			
Mr. Raj Vikash Verma	-	-	-	4/4	-	4/4	-	4/4	1/1	-	-	2/2	-
Mr. Harun Rasid Khan	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Jyoti Narang	14/14	9/9	14/14	-	6/6	-	4/4	-	-	2/2	-	-	0/0
Mr. Krishan Kant Rathi	14/14	9/9	14/14	4/4	6/6	-	-	4/4	-	-	-	-	0/0
Mr. M S Sriram	14/14	9/9	14/14	-	6/6	-	4/4	-	1/1	2/2	4/4	-	-
Mr. Pushpinder Singh	-	-	-	-	6/6	4/4	4/4	-	1/1	2/2	4/4	2/2	-
Mr. Kannan Gopalaraghavan Vellur	14/14	9/9	-	-	-	4/4	4/4	4/4	1/1	-	4/4	-	0/0
Mr. Sanjay Agarwal	-	-	-	-	5/6	3/4	-	3/4	1/1	-	-	2/2	0/0
Mr. Uttam Tibrewal	-	-	-	3/4	-	-	3/4	-	-	1/2	3/4	1/2	-

Corporate Social Responsibility Committee

i) Mr. M S Sriram was appointed as the Chairman of the Committee with effect from 6th August 2021.

ii) Mr. Krishan Kant Rathi ceased to be the Chairman of the Committee with effect from 6th August 2021, however, he continued as a member of the Committee.

Capital Raising Committee

i) Ms. Jyoti Narang was appointed as the Chairperson of the Committee with effect from 6th August 2021.

ii) Mr. Kannan Gopalaraghavan Vellur ceased to be the Chairman of the Committee with effect from 6th August 2021, however, he continued as member of the Committee.

General Body Meetings

A. Location and time of the last three Annual General Meetings (AGMs) and number of special resolutions passed thereat:

S. No.	Year	Particular of Meeting	Date & Time	Location	Special Resolution passed if any
1	2020-21	26th AGM	17th August 2021 at 10:30 a.m.	Through Video Conferencing ("VC") and other audio visual means ("OAVM")	1. To issue debt securities/bonds/other permissible instruments in one or more tranches. 2. To raise funds through issue of equity shares and/or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares including through Qualified Institutions Placement or such other permissible mode or combinations thereof.
2	2019-20	25th AGM	21st July 2020 at 3.30 p.m.	Through VC and other OAVM	1. To issue debt securities/bonds/other permissible instruments in one or more tranches. 2. To approve the amendments in Employee Stock Option Scheme 2015 Plan A & B ("ESOP Scheme 2015"). 3. To approve the amendments in Employee Stock Option Scheme 2016 ("ESOP Scheme 2016"). 4. To approve the amendments in Employee Stock Option Scheme 2018 ("ESOP Scheme 2018"). 5. Raising of funds through issue of equity shares and/or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares including through Qualified Institutions Placement/preferential allotment or such other permissible mode or combinations thereof.

S. No.	Year	Particular of Meeting	Date & Time	Location	Special Resolution passed if any
3	2018-19	24th AGM	26th July 2019 at 04:00 p.m.	Suryavanshi Mahal – Ground Floor, ITC Rajputana, Palace Road, Jaipur-302006 (Rajasthan)	1. To authorise the Board of Directors to borrow money in excess of paid-up capital, free reserves and securities premium of the Bank u/s 180 (1) (c) of the Companies Act, 2013. 2. To issue securities/bonds/other permissible instruments in one or more tranches. 3. To alter Article of Association of the Bank. 4. To approve amendments in Employee Stock Option Scheme 2016.

B. Postal Ballot during FY 2021-22

Pursuant to provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, ("Act") read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Secretarial Standard on General Meetings ("SS-2") issued by Institute of Company Secretaries of India, General Circulars No.14/2020 dated 8th April 2020, No. 17/2020 dated 13th April 2020, No. 22/2020 dated 15th June 2020, No. 33/2020 dated 28th September 2020, No. 39/2020 dated 31st December 2020, No. 10/2021 dated 23rd June 2021 and No. 20/2021 dated 8th December 2021 issued by the Ministry of Corporate Affairs ("MCA Circulars") and other applicable rules/regulations/guidelines/circulars/notifications, the Bank has sought shareholders' approval on 9th March 2022 through postal ballot by e-Voting. Special Resolution on agenda was sought as below:

Sr. no	Nature of resolution	Agenda heading	Nos. of votes		Percentage (%) of votes	
			In favour	Against	In favour	Against
1	Special resolution	To approve the appointment of Mr. Harun Rasid Khan (H. R. Khan) (DIN: 07456806) as an Independent Director of the Bank	25,71,31,536	3,035	99 .999%	0.001%

CS Manoj Maheshwari, Partner of M/s V.M. & Associates, Companies Secretaries was appointed as the scrutiniser for monitoring and scrutinising remote e-Voting and for conducting the postal ballot process in a fair and transparent manner.

None of the special business proposed to be transacted in the AGM requires to be conducted through postal ballot.

Procedure of the postal ballot

The postal ballot procedure followed by the Bank is as stipulated under the provisions of Section 108 and Section 110 of the Companies Act, 2013 read with applicable Rules and SEBI Listing Regulations and the Secretarial Standards issued by Institute of Company Secretaries of India.

Members are provided with the facility to cast their votes through e-Voting. The Board of Directors of the Bank has appointed a scrutiniser for conducting the postal ballot voting process fairly and transparently. The scrutiniser submits his report to the Company Secretary and Compliance Officer as authorised by the Chairman of the Board after the completion of the scrutiny of the e-Voting results.

Considering the results, along with the report of the scrutiniser of the postal ballot, the resolution is considered and approved.

The necessary intimations as required under the applicable SEBI Listing Regulations are submitted to the Stock Exchanges and post declaration of the results, the same are displayed on the website of the Bank and that of National Securities Depositories Limited.

General shareholder information

1	Date of Incorporation	10th January 1996
2	Corporate Identification No.	L36911RJ1996PLC011381
3	Registered office address	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001, Rajasthan, India.
4	Address of correspondence and contact detail	The Company Secretary & Compliance Officer, AU Small Finance Bank Limited Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001 Tel: +91-141-4110060/6660666 | Fax: +91-141-4110090 Email: investorrelations@aubank.in
5	Name of depositories	National Securities Depository Limited (NSDL) Central Depository Services (India) Limited (CDSL)
6	Listing on Stock Exchange	**BSE Limited (BSE)** Phiroze Jeejeebhoy Towers - 2, Dalal Street, Fort, Mumbai – 400001 **National Stock Exchange of India Limited (NSE)** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 Bank has deposited the annual listing fees to the stock exchange(s) where the securities of the Bank are listed. No securities are suspended for trading on any of the exchange viz. BSE and NSE.
7	Stock Code	BSE: 540611 NSE: AUBANK
8	ISIN	INE949L01017
9	Dematerialisation of shares & connectivity	All shares of the Bank were held in dematerialised form and are available for trading in the dematerialised form under both the depositories viz. NSDL and CDSL during the FY 2021-22. The requisite fees were duly paid to the depositories. The Bank has also appointed Link Intime India Pvt. Ltd. as the connectivity agent to provide electronic connectivity interface with NSDL and CDSL for securities of the Bank. No shares were held by Bank in the demat suspense account or unclaimed suspense account.
10	Share Transfer System	The Bank's shares are traded under compulsory dematerialised mode and freely tradable and the share transfer process is monitored by the Registrar and Share Transfer Agent of the Bank. An Annual Certificate of Compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI Listing Regulations is obtained from a Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges within the prescribed time.
11	Registrar and Share Transfer Agent	Link Intime India Private Limited C-101, 1st floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400083 Maharashtra, India Tel: +91 22 4918 6200, FAX: +91 22 49186195 Website: www.linkintime.co.in Email ID: rnt.helpdesk@linkintime.co.in
12	Debenture Trustees	**Catalyst Trusteeship Limited** Regd. Office: GDA House, First Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (Right), Kothrud, Pune 411038 IN Phone: +91 22-49220555 Email: compliancectl-mumbai@ctltrustee.com
13	27th Annual General Meeting	• Date & Time: 23rd August 2022 • Venue: Through VC or OAVM
14	Financial Year	The Bank follows the financial year starting from 1st April to 31st March every year.

Other disclosures

1. Code of Conduct

The Bank has adopted a Code of Conduct for Directors and Senior Management Personnel and for employees. The Bank through its Code of Conduct provides guiding principles of conduct to promote ethical conduct of business, confirms to equitable treatment of all stakeholders, and to avoid practices like bribery, corruption and anti-competitive practices. The Code is available on the website of the Bank https://www.aubank.in/investors/secretarial-policies

All members of the Board and Senior Management Personnel affirmed compliance with the Code of Conduct for Board and Senior Management for FY 2021-22. The declaration to this effect signed by the Managing Director & CEO of the Bank is annexed to this report.

2. Code of Conduct for Prohibition of Insider Trading

The Board has adopted a Code of Conduct - Prohibition of Insider Trading Policy to regulate, monitor and report trading by insiders/designated persons in securities of the Bank. The code, inter alia, requires pre-clearance for trading in the securities and prohibits the purchase or sale of securities while in possession of unpublished price-sensitive information and during the year when the trading window is closed.

Through external agencies, the Compliance Officer organised trainings for the designated person(s) to create and enhance awareness on various aspects of the Prohibition of Insider Trading Code and the SEBI (Prohibition of Insider Trading) Regulations, 2015 and to ensure that the internal controls are adequate and effective.

The Bank periodically reviews the efficacy of its systems, controls and processes to ensure that access to unpublished price-sensitive information relating to its financial results or that of its securities is on a need-to-know basis. The Code of Fair Disclosure and Conduct and policy for determination and sharing of information for legitimate purpose are available on the website https://www.aubank.in/investors/secretarial-policies

3. Related Party Transactions

All Related Party Transactions are placed before the Audit Committee for review and approval and annual omnibus approval is obtained for transactions which are of repetitive nature and/ or entered in the ordinary course of business. There are no materially significant related party transactions entered by the Bank.

Transactions entered into by the Bank with related parties, during FY 2021-22, were in ordinary course of business.

The Bank has policy on Related Party Transactions & Materiality to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Bank and Related Parties.

In line with the requirements of the Companies Act, 2013 and amendment to the SEBI Listing Regulations, the Bank has amended the Policy on Related Party Transactions & Materiality and this is available on the website https://www.aubank.in/investors/secretarial-policies

4. Whistle Blower Policy & Vigil Mechanism

The Bank is committed to the highest standards of ethical, moral and legal business conduct. Accordingly, the Bank has adopted a Whistle Blower Policy & Vigil Mechanism in compliance with the relevant provisions of Section 177(9) of the Companies Act, 2013, rules made thereunder and Regulation 4(2)(d) and Regulation 22 of the SEBI Listing Regulations to provide a formal mechanism to employees, customers and stakeholders of the Bank to voice concerns in a responsible and effective manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organisation and also provides for adequate safeguards against the victimisation of employees who avail the mechanism. Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy. No personnel was denied access to the Audit Committee of the Bank with regard to the above.

The Whistle Blower Policy & Vigil Mechanism have been disclosed on the website https://www.aubank.in/investors/secretarial-policies

5. Credit rating

The details of credit rating obtained by the Bank for debt instruments issued by Bank and outstanding as on 31st March 2022 along with outlook is provided below, the same is also available on website of the Bank:

Nature of Debt Instrument	Nature of Term	CRISIL[1]	India Ratings[2]	CARE[3]
Fixed Deposits	Long Term	FAA+/Positive	-	-
Non- Convertible Debentures	Long Term	CRISIL AA-/Positive	IND AA-/Stable	-
Subordinated Debt	Long Term	CRISIL AA-/Positive	-	-
Tier II Bonds	Long Term	CRISIL AA-/Positive	IND AA-/Stable	CARE AA/Stable
Bank Loans/Facilities	Long Term	-	IND AA-/Stable	-
Certificate of Deposits	Short Term	CRISIL A1+	IND A1+	CARE A1+

Note:

[1]CRISIL rating revised its rating outlook to 'Positive' from 'Stable' and reaffirmed ratings on 23rd November 2021.

[2]India Ratings has withdrawn the ratings of Subordinated Debt as the Bank has repaid the term loan (Subordinated Debt) in full and affirmed rating of other instruments on 19th August 2021.

[3]CARE Ratings on 23rd March 2022 has assigned a rating of CARE AA/Stable for Tier-II Bonds and has Reaffirmed rating of Certificate of Deposits. Further, the CARE ratings withdrawn the ratings of term loan as the Bank has repaid the term loan in full.

ICRA Credit ratings have reaffirmed and withdrawn rating on Subordinated Debt and Non-Convertible Debentures on 6th July 2021 as instruments/ISINs were fully redeemed.

6. Penalties

No penalties, strictures have been imposed on the Bank by the Stock Exchange(s)/SEBI or any other statutory authorities on matters relating to capital market during the last three years.

7. CEO & CFO certification

In Compliance of Regulation 17(8) of the SEBI Listing Regulations, the Managing Director & CEO and CFO of the Bank have issued a certificate, certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Bank's affairs. The said certificate is annexed with the Corporate Governance Report.

8. Subsidiary company

During the year under review, the Bank does not have any Subsidiary Companies.

9. Declaration of independence

All Independent Directors have provided an annual confirmation that they meet the criteria of independence. Based on the confirmations/ disclosures received from the Directors as per the Section 149(7) of the Companies Act, 2013 read with Rule 6 (3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25(8) of SEBI Listing Regulations, the Board hereby affirms that the Independent Directors fulfil the conditions as specified under Schedule V of the Listing Regulations and are independent of the Management.

The terms and conditions of appointment of Independent Directors have been hosted on the Bank's website and can be accessed through link at https://www.aubank.in/about-us/Board-of-directors

10. Accounting treatment

The Bank has adopted accounting policies, which are in line with the Accounting Standards. The financial statements of the Bank have been prepared in accordance with the generally accepted accounting principles in India, including Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and Banking Regulation Act, Guidelines issued by RBI and SEBI Listing Regulations.

11. Means of communication

The Bank has provided adequate and timely information to its Members, inter-alia, through the following means:

i) **Publication of quarterly/half yearly/annual financial results:** The quarterly/half yearly and annual financial results of the Bank are published in the English newspaper viz. Business Standard and one leading newspaper in vernacular language viz. Nafanuksan. The same is also reported to the stock exchanges.

ii) **Update on official website:** The Bank's website www.aubank.in contains a separate 'Investor' section wherein financial results, corporate announcement, reports and presentations, Annual Reports, quarterly Corporate Governance Report, shareholding pattern and other disclosures are prominently available for the Bank's investors and other stakeholders. Additionally, other press releases, Corporate Governance coverage, CSR, policies and procedures and other details are also displayed on the Bank's website.

iii) **Presentation to institutional investors or analysts:** The presentations made to the institutional investors or analysts are uploaded on the website as well as informed to the Stock Exchanges for dissemination.

iv) **Management's Discussion and Analysis Report** is annexed with this Annual Report.

v) **Exclusive email ID for Investors:** The Bank has designated the email id investorrelations@auBank.in exclusively for investor-servicing and to resolve their grievances, the same is displayed on the Bank's website.

vi) **NSE Electronic Application Processing System (NEAPS):** All periodical and other event-based compliance filings of the Bank are filed electronically on this web-based application.

vii) **BSE Listing Centre (Listing Centre):** All periodical and other event-based compliance filings of the Bank are filed electronically on this web-based application.

viii) **SEBI Complaints Redress System (SCORES):** Investor complaints received by the Bank are processed at SEBI in a centralised web-based complaints redress system where investors can view online about actions taken on the complaints and their current status.

12. Utilisation of funds

During the year under review, there were no funds raised by the Bank through preferential allotment or qualified institutions placement as specified in Regulation 32(7A) of the SEBI Listing Regulations.

13. Dividend payment

The Board of Directors in its meeting held on 25th-26th April 2022 has recommended a final dividend for its shareholders of 10% i.e.₹1 per equity share on face value of ₹10/- each for the financial year 2021-22 and consequent to approval of the bonus issue by the shareholders, the dividend shall be adjusted proportionately i.e. ₹0.50 per equity share on post-bonus share capital and dividend shall be paid subject to the approval of the members at the 27th Annual General Meeting (AGM). There was no interim dividend declared during the reporting period. The record date for final Dividend will be 30th July 2022 (Saturday) for determining the names of the members who would be entitled to the dividend, for the financial year ended 31st March 2022. The dividend on equity shares, if approved by the shareholders, will be paid/dispatched within 30 days of the AGM of the Bank.

14. Details in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank has adopted the Prevention and Redressal of Sexual Harassment Policy in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Bank has zero tolerance towards sexual harassment at the workplace. The Bank believes that all employees, including other individuals who are dealing with the Bank, have the right to be treated with dignity. The Bank has constituted the Internal Complaints Committee to review, investigate and take suitable actions on complaints. The Board-level Disciplinary Committee reviews the decisions taken by Internal Complaints Committee.

The following is the summary of sexual harassment complaints received and disposed of by the Bank during FY 2021-22.

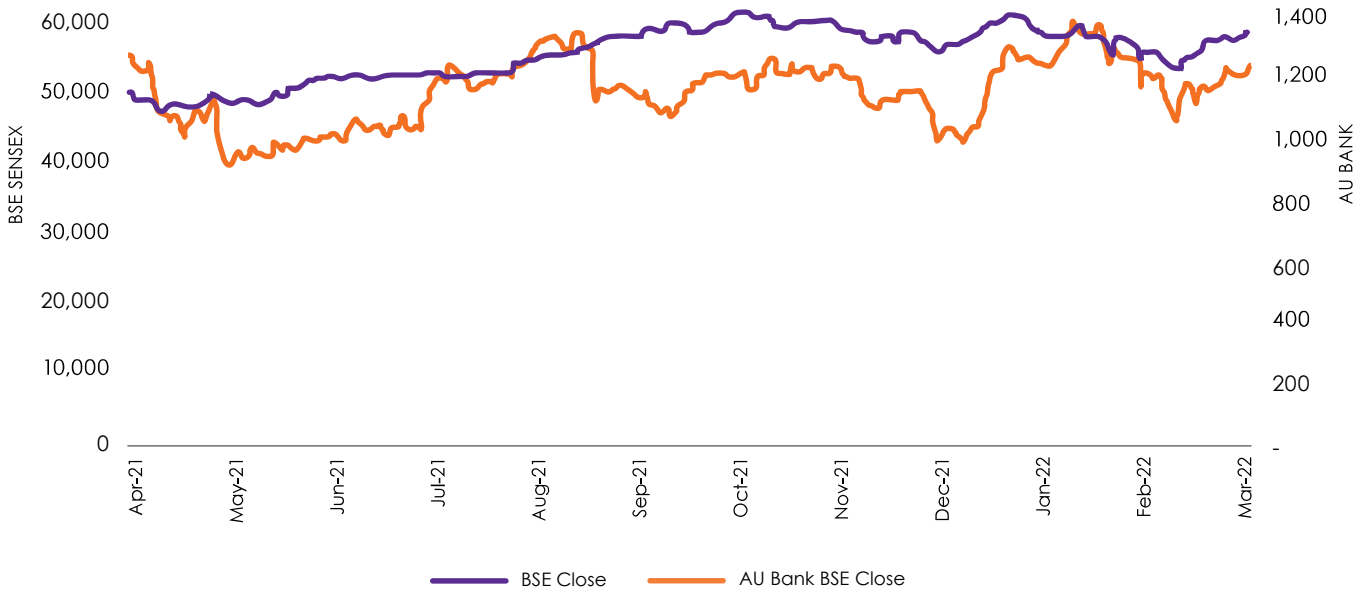
S. No	Particulars	Numbers
1.	Number of complaints filed during the financial year	1
2.	Number of complaints disposed of during the financial year	1
3.	Number of complaints pending as on the end of the financial year	0

15. Market price data

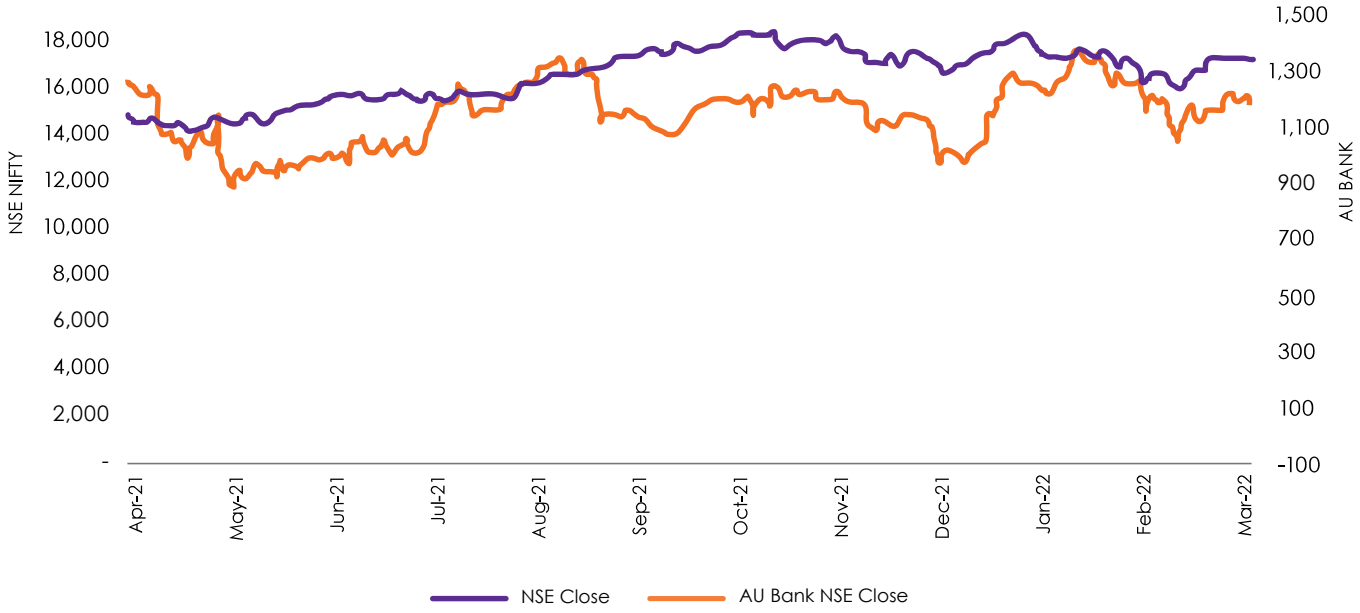
Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-21	1,278	973	3,77,47,123	1,280	975	20,88,819
May-21	1,008	910	3,91,30,484	1,008	910	17,09,372
Jun-21	1,088	976	2,47,55,478	1,088	977	11,71,647
Jul-21	1,260	1,020	3,35,49,089	1,267	1,020	24,58,136
Aug-21	1,390	1,051	4,54,36,207	1,389	1,056	31,35,574
Sep-21	1,213	1,061	4,50,71,289	1,213	1,061	22,06,101
Oct-21	1,300	1,120	2,31,94,812	1,299	1,123	10,10,108
Nov-21	1,262	1,080	1,39,25,604	1,260	1,080	7,04,939
Dec-21	1,195	925	2,57,66,954	1,195	935	11,17,022
Jan-22	1,338	1,040	4,16,74,452	1,338	1,041	13,73,722
Feb-22	1,421	1,165	1,98,07,919	1,421	1,165	7,67,329
Mar-22	1,259	1,050	2,83,54,420	1,259	1,050	10,37,684

Comparison to Broad-Based Indices

AUBANK relative to BSE SENSEX



AUBANK relative to NIFTY



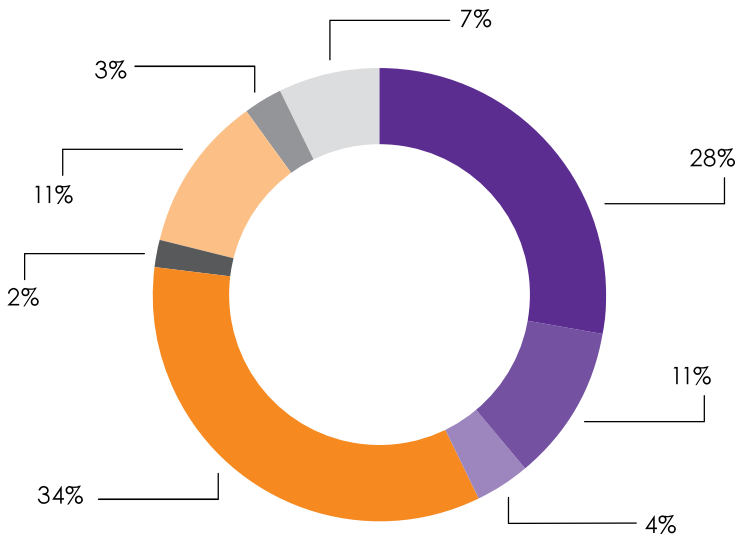
Distribution of shareholding based on nominal value (In ₹) as on 31st March 2022, including categories of shareholders as on 31st March 2022.

AU Small Finance Bank Limited						
Distribution of Shareholding (Rupees)						
Sr. No.	Shareholding of Nominal Shares			Shareholder	Percentage of Total	Total shares	Percentage of Total
1	1	to	5,000	1,45,659	94.47	8,86,54,920	2.82
2	5,001	to	10,000	4603	2.98	3,20,25,560	1.02
3	10,001	to	20,000	1874	1.21	2,59,43,170	0.82
4	20,001	to	30,000	597	0.39	1,45,48,890	0.46
5	30,001	to	40,000	282	0.18	97,09,860	0.31
6	40,001	to	50,000	193	0.13	88,44,310	0.28
7	50,001	to	1,00,000	349	0.23	2,50,09,280	0.79
8	1,00,001	&	above	630	0.41	2,94,42,64,320	93.50
Total				**1,54,187**	**100**	**3,14,90,00,310**	**100.00**

Categories of shareholders as on 31st March 2022

Particulars		No. of Shares	%
I	**Promoter & Promoter Group**		
	Sanjay Agarwal	5,67,66,359	18.03
	Shakuntala Agarwal	1,18,20,430	3.75
	Jyoti Agarwal	1,18,18,560	3.75
	Chiranji Lal Agarwal	18,29,321	0.58
	MYS Holding Private Limited	66,64,536	2.12
II	**Other Institution**		
	Mutual Fund	3,53,44,899	11.22
	Financial Institutions/Bank	107	0.00
	Alternative Investment Fund	1,20,98,424	3.84
	Insurance Companies	1,16,98,278	3.71
	Foreign Portfolio Investors	10,80,55,655	34.31
III	**Other Non-Institution**		
	Bodies Corporates	65,01,384	2.06
IV	**Individuals**		-
	(i) Individuals holding nominal share capital up to 2 lakh	1,83,35,796	5.82
	(ii) Individuals holding nominal share capital in excess of 2 lakh	1,50,76,760	4.79
V	**Non-Resident Indians (Non-Repat)**	14,96,761	0.48
	Non-Resident Indians (Repat)	10,76,504	0.34
VI	**Hindu Undivided Family**	3,76,112	0.12
VII	**Clearing Members**	7,22,440	0.23
VIII	**Foreign Company**	1,01,04,364	3.21
IX	**Trust**	33,31,287	1.06
X	**Limited Liability Partnership**	17,82,054	0.57
	Total	**31,49,00,031**	**100.00**

Shareholding pattern as on 31st March 2022



- Promoter & Promoter Group
- Foreign Portfolio Investors
- Foreign Company
- Mutual Fund
- Bodies Corporates
- Others
- Insurance Companies
- Individuals

List of shareholders holding more than 1% share in the Bank as on 31st March 2022

AU Small Finance Bank Limited

List of shareholders holding more than 1 % shares as on 31st March 2022

S. No.	Name of Shareholder	No. of Shares held	% of holding
1	Sanjay Agarwal	5,67,66,359	18.03
2	Wasatch Advisors	2,15,35,293	6.84
3	Kotak Flexicap Fund	1,47,49,916	4.68
4	Camas Investments Pte. Ltd.	1,44,34,805	4.58
5	Smallcap World Fund, Inc	1,29,33,400	4.11
6	Shakuntala Agarwal	1,18,20,430	3.75
7	Jyoti Agarwal	1,18,18,560	3.75
8	Westbridge Aif I	1,04,63,446	3.32
9	Nomura India Investment Fund Mother Fund	84,19,483	2.67
10	Nippon Life India Trustee Ltd-A/C Nippon India Growth Fund	66,32,005	2.11
11	MYS Holdings Private Limited	66,64,536	2.12
12	HDFC Life Insurance Company Limited	62,64,274	1.99
13	New World Fund Inc	63,08,752	2.00
14	Uttam Tibrewal	63,65,595	2.02
15	UTI Flexi Cap Fund	46,48,811	1.48
16	Amansa Holdings Private Limited	43,51,147	1.38
17	Motilal Oswal Flexi Cap Fund	43,07,204	1.37
18	Morgan Stanley Investment Funds Emerging Leaders Equity Fund	35,36,438	1.12
19	Motilal Oswal Financial Services Limited - Proprietary Account	32,87,371	1.04

Shareholding of the Directors of the Bank as on 31st March 2022

S. No.	Name of Directors	No. of Shares	% of Shares
1	Mr. Raj Vikash Verma	0	0.00
2	Mr. Krishan Kant Rathi	68,289	0.02
3	Ms. Jyoti Ishwar Chandra Narang	5,887	0.00
4	Mr. Mankal Shankar Sriram	0	0.00
5	Mr. Pushpinder Singh	200	0.00
6	Mr. Kannan Gopalaraghavan Vellur	275	0.00
7	Mr. Harun Rashid Khan	0	0.00
8	Mr. Sanjay Agarwal	5,67,66,359	18.03
9	Mr. Uttam Tibrewal	63,65,595	2.02

16. Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity:

During the year under review, the Bank does not have any outstanding GDRs/ADRs warrants that were due for conversion and does not have any other convertible instruments having an impact on the equity of the Bank.

17. Commodity price risk or foreign exchange risk and hedging activities

During the year under review, the Bank does not undertake trading in any commodity. However, the Bank may be exposed to commodity price risks of customers in its capacity as a lender. The Bank is operating in India and is not directly exposed to foreign exchange risk and hedging activities.

18. Plant location

As the Bank is engaged in the business of banking/ financial services, there is no plant location.

19. Recommendations of the Committees

No instances have been observed where the Board has not accepted recommendations of any of the Board committee(s).

20. Fees paid to Statutory Auditors

Total fees for services provided by the Joint Statutory Auditor is ₹ 2.55 crore, excluding taxes including all entities in the network firm of which the Statutory Auditor is a part.

21. Certificate from Company Secretary in Practice

The Bank has received a certificate from M/s V.M. & Associates, Company Secretaries, Jaipur that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/ Ministry of Corporate Affairs or any such authority.

Further, the Secretarial Auditor has also certified on compliance of conditions of Corporate Governance of the Bank for the period under review. The abovesaid certificate(s) are annexed with this Annual Report.

22. SEBI (LODR) Regulations:

During the year under review, the Bank has complied with all the mandatory requirements of Regulation 17 to 27 and 46 and has also complied with the requirement of Schedule V of the SEBI Listing Regulations except for Regulation 24, which is not applicable as the Bank does not have any subsidiary.

Further, among discretionary requirements, as specified in Part E of Schedule II of LODR Regulations and other acts, rules, regulations, and guidelines as applicable, the Bank has adopted the following:

a) Separate office of Non-Executive Part-Time Chairman

The Bank has separated the role of Chairman and the Managing Director & CEO, and the Chairman is not related to the Managing Director or the Chief Executive Officer as per the definition of the term 'relative' defined under the Companies Act, 2013.

Mr. Raj Vikash Verma is the Part-Time Chairman (Non-Executive) and Mr. Sanjay Agarwal is Managing Director & CEO of the Bank. The expenses pertaining to the office of the Non-Executive Chairman is maintained by the Bank along with the reimbursement of all the expenses incurred by the Chairman while performing his duties.

b) Shareholders' rights

The Bank publishes its financial results every quarter on its website at www.aubank.in, which is accessible to the public at large. The same is also available on the websites of the Stock Exchanges, i.e. BSE Limited (BSE) and National Stock Exchange of India Ltd. ('NSE').

Investors' presentations, call transcripts and press releases are also posted on the Bank's website. Further, information pertaining to important developments of the Bank was bought to the knowledge of the public at large and to the shareholders through communications sent to the Stock Exchanges where the shares of the Bank are listed.

c) Modified opinion(s) in audit report

During the year under review, there is no audit qualification on the Bank's financial statements.

d) Reporting of internal auditor

The internal auditor (Head of Internal Audit) of the Bank reports to and has direct access to the Audit Committee.

CERTIFICATE ON COMPLIANCE WITH THE CODE OF CONDUCT & ETHICS

I confirm that for the year under review, all Directors and Senior Management have affirmed adherence to the provisions of the Code of Conduct of Directors and Senior Management personnel.

Sd/-
Sanjay Agarwal
Managing Director & CEO

Place: Jaipur
Date: 26th April 2022