

# Fino Matlab **Fikar** Not

Fino Payments Bank | Annual Report 2022-23



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## Performance at a glance

**₹1,229.9 Cr**

Total revenue, FY 2022-23,  
22% Y-o-Y growth

**₹2,55,011 Cr**

Total transaction throughput,  
FY 2022-23,  
36% Y-o-Y growth

**₹73.1 Cr**

Renewal income, FY 2022-23,  
167% Y-o-Y growth

**₹65.1 Cr**

PAT, FY 2022-23,  
52% Y-o-Y growth

**₹118.1 Cr**

Cash profit, FY 2022-23,  
38% Y-o-Y growth

**Disclaimer:** We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forward-looking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the above-mentioned circumstances, we can provide no warranty regarding the correctness, completeness, and up-to-date nature of information taken, and declared as being taken, from third parties, as well as for forward looking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

For reasons of brevity, Fino Payments Bank has been referred to as 'Fino Bank' or 'Fino' in this report.



## key messages of this report

Fino Bank is among the most attractive proxies of the new  
generation payments banks in India

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Fino Bank addresses a long-overlooked segment – the  
under-serviced and under-banked Indian

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Fino Bank is different because it addresses everyday spends  
being transacted by customers

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Fino Bank integrates banking with the lives of millions

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Fino Bank's digitally driven branchless approach is  
positioned to accelerate India's financial inclusivity

# Fino Payments Bank.

One of the most exciting proxies addressing the need for financial inclusion across India's millions.

Structured as a digital payments bank addressing the everyday needs of India's masses.

Positioned as a local banking partner that offers a friendly, simplified and proximate service.

Countering a conventional banking approach with an asset-light alternative that inspires speed, spread and sustainability.

Being increasingly recognised as India's truly local national bank.

### Our vision

To catalyse nation building by making every citizen financially secure.

### Mission

To become the preferred bank for our customers by providing the simplest and most accessible financial services to grow their wealth.

### Values

**Courage:** We believe, we challenge, and we act.

**Empathy:** We understand and care about people's needs.

**Frugal:** We do more with less.

**Reliability:** We keep the promises we make, and we are here to stay.

### About us

Established on April 4, 2017, Fino Payments Bank is an Indian bank specializing in payments and banking services. It addresses the growing needs of financially underserved segments comprising low-income and increasingly aspirational households. It is positioned to provide a range of comprehensive financial solutions.

### Our presence

Fino Bank's assisted-digital ecosystem (**phygital**) integrates physical and digital service.

By the end of FY 2022-23, Fino Bank comprised a network of over 77 branches, addressing customers who prefer conducting transactions in person. We also provide a digital presence through an easy-to-use mobile banking app (FinoPay) that allows customers transact on their own.

Our asset-light business model makes a prudent use of merchants acting as our representatives, fulfilling the banking and financial needs of local communities. This network is growing rapidly and comprised 13.7 Lakh merchants at the close of FY 2022-23 across all States in India.

### Our employees

The Bank had 2,868 employees as on March 31, 2023; 9% of the Bank comprised women; the average age of employees was 31 years as on March 31, 2023.

### Our promoters

Fino PayTech Limited is our Bank's sole promoter, specializing in technology-based solutions and services for financial inclusion.

### Awards and accolades

**ASSOCHAM (17<sup>th</sup> Annual Summit & Awards):** Overall Champion

**Krypton BFSI Awards:** Best Use of AI & ML

**Videa Video Awards:** Best Digital Campaign  
'Fino Matlab Fikar Not!'

**IBS Cred Avenue:** Best Payments Bank

**BFSI Technology Excellence Awards:** Best Use of Technology in CX - Banking

**Governance Now BFSI Awards:** Digital Payments

**BFSI Tech Innovation Awards 2023:** Outstanding Contribution to Rural Community

**ET Best Brands 2022:** Financial Services

### Our products

Savings Account and Current Account (CASA)

Cash Management Services (CMS)

Micro ATM / Aadhaar enabled payment system (AePS)

Referral loans with partners

Remittance

Open banking platform

Digital Savings Account

Mobile banking (FinoPay mobile app)

Fixed Deposit services with a partner bank

Life, Health, Motor and Shop keeper insurance with partners

## Our milestones

**2006**

Set up as a payments technology company

**2008**

Launched various Direct Benefit Transfer (DBT) services

**2014**

Launched domestic money transfer services

**2017**

Launched Fino Payments Bank

**2021**

First payments bank in India to be listed on the stock exchanges

**2023**

PaySprint investment and Own UPI Switch

**2007**

Financial inclusion became the core of our business

**2011**

Initiated lending business

**2015**

Forayed into retail through Fino Money Mart initiative

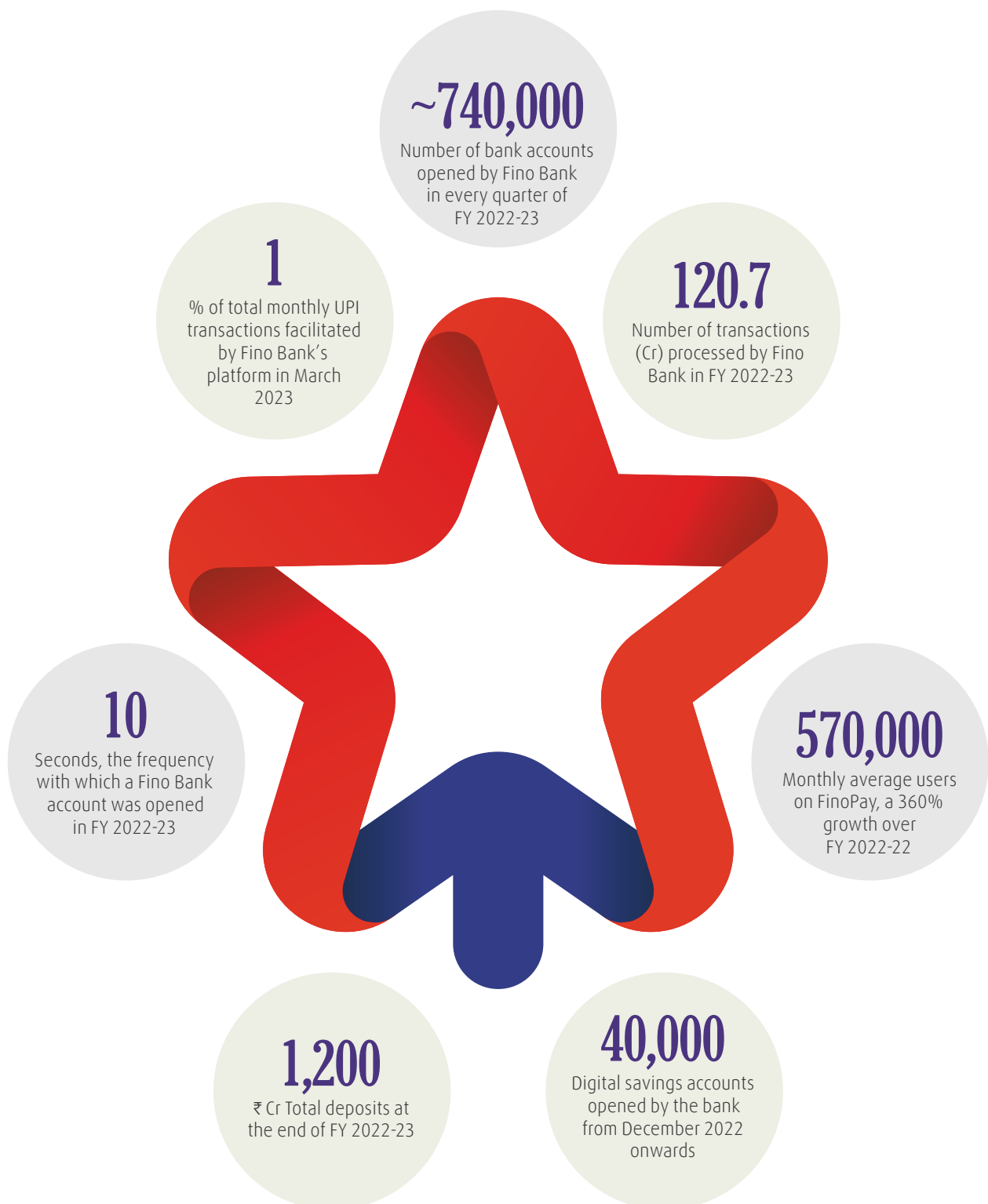
**2020**

Turned profitable in Q4 2019-20

**2022**

Crossed ₹1,000 Cr in revenues; introduced digital account opening service through FinoPay mobile app.

# Some remarkable things Fino Bank has achieved in FY 2022-23





# How Fino Bank performed in each quarter in FY 2022-23

## The financial health of our business

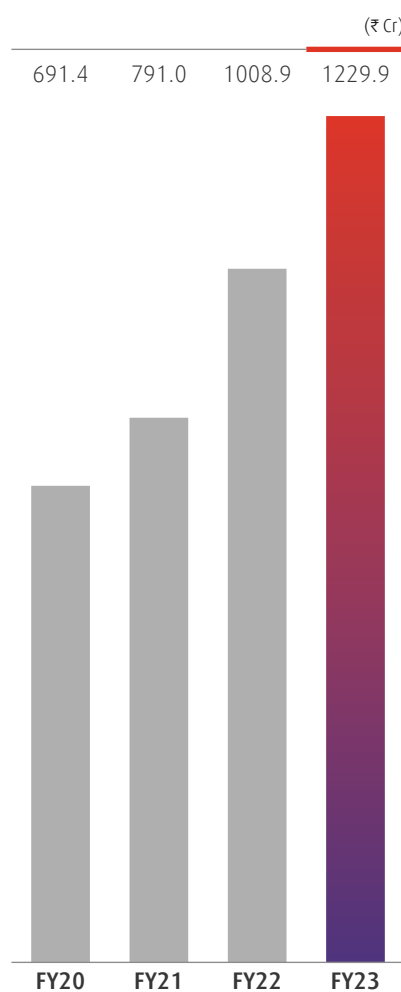
	Q1 FY 2022-23	Q2 FY 2022-23	Q3 FY 2022-23	Q4 FY 2022-23
<b>Revenues</b> (₹ Cr) (Y-o-Y Growth)	<b>289.1</b> 40.2%	<b>303.3</b> 25.3%	<b>314.1</b> 14.2%	<b>323.4</b> 13.4%
<b>EBITDA</b> (₹ Cr) (Y-o-Y Growth)	<b>23.6</b> 110.6%	<b>30.5</b> 71.1%	<b>38.9</b> 50.2%	<b>43.0</b> 46.3%
<b>Profit after tax</b> (₹ Cr) (Y-o-Y Growth)	<b>10.1</b> 222.7%	<b>13.8</b> 74.9%	<b>19.1</b> 35.5%	<b>22.1</b> 25.4%

## The financial hygiene of our business

<b>EBITDA* margin</b> (%) (Y-oY increased by)	<b>8.2</b> 277 bps	<b>10.1</b> 270 bps	<b>12.4</b> 298 bps	<b>13.3</b> 300 bps
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\*EBITDA Margin = Earnings Before Interest, Tax, Depreciation & Amortisation/Total Revenue, expressed as a percentage

# Our financial track record



## Revenues

### Definition

Growth in sales net of taxes.

### Why this is measured

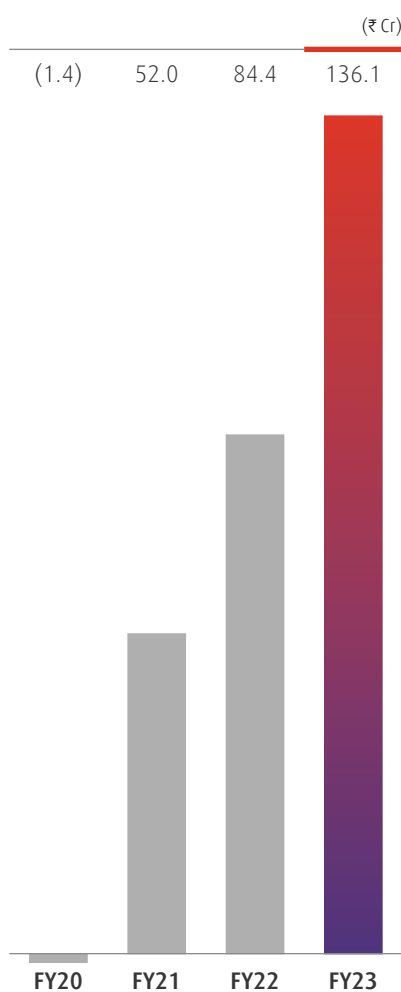
It is an index that showcases the Bank's ability to maximise revenues, which provided a basis against which the Bank's success can be compared with sectoral peers.

### What this means

The Bank reported a 22% growth in sales revenue to ₹1,230 Cr. This growth was mainly on account of an increase in throughput from ₹1,87,311 Cr to ₹2,55,011 Cr. The key drivers for growth being CASA and CMS. The Bank has a total customer base of 75.2 Lakh, which is an increase of 64% on a Y-o-Y basis. CMS revenue has grown by 79% in FY 2022-23 with diversified clientele.

### Value impact

The growth in revenues provides the Bank with the critical mass to amortise fixed costs, service customers with on-time and in-full deliveries and enhance profitability.



## EBITDA

### Definition

Earnings before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

### Why this is measured

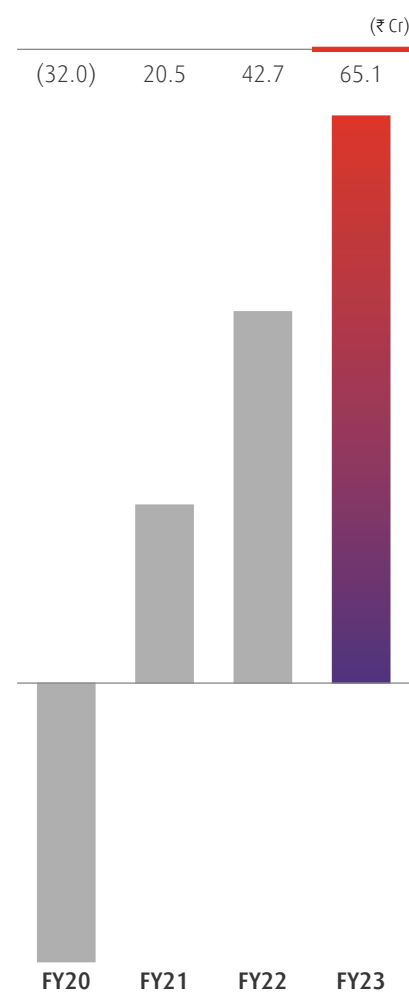
It is an index that showcases the Bank's ability to generate a surplus after optimising operating costs, providing a base for comparison with sectoral peers.

### What this means

Helps create a robust surplus-generating growth engine that enhances reinvestment.

### Value impact

The Bank reported an EBITDA growth of 61.3% in FY 2022-23, the outcome of our asset-light model and strong focus on high-margin products.



## Net profit

### Definition

Profit earned during the year after deducting all expenses and provisions.

### Why this is measured

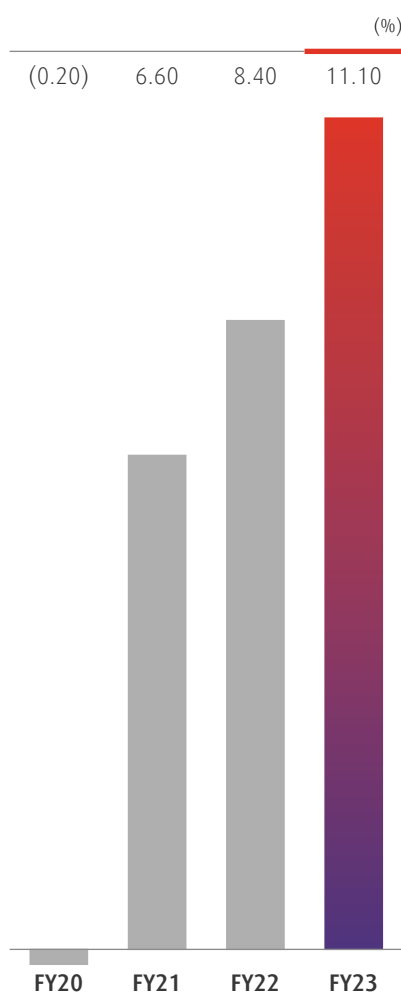
It highlights the strength of the business model in enhancing value for shareholders.

### What this means

This ensures that adequate cash is available for reinvestment, strengthening the virtuous cycle of business sustainability.

### Value impact

Net profit improved by 52.3% as a result of a focus on high margin product mix and a shift in focus from Off Us to On Us transactions. This entails converting walk-in clients into CASA account holders.



### EBITDA margin

#### Definition

EBITDA margin is a profitability measure to ascertain a company's operating efficiency.

#### Why this is measured

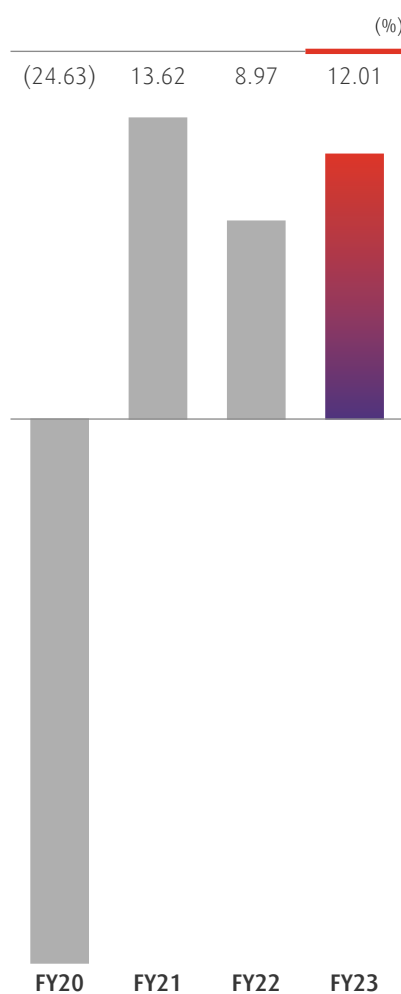
The EBITDA margin provides an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

#### What this means

This measure demonstrates the buffer in the business, which, when multiplied by scale, can potentially enhance the surplus.

#### Value impact

The Bank reported a 270 bps increase in its EBITDA margin in FY 2022-23, resulting from a better operating leverage. Our cost-income ratio has come down by 11% over a three-year period.



### RoCE

#### Definition

This is a financial ratio that measures efficiency with which capital is employed in the Bank's business.

#### Why this is measured

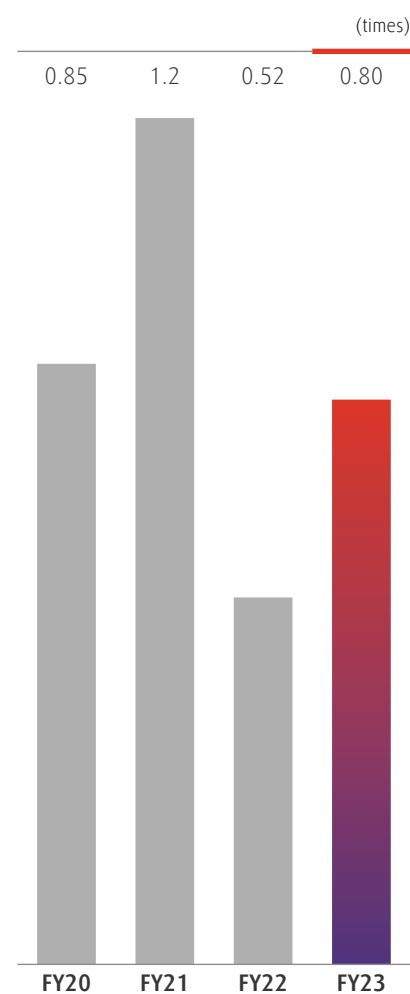
RoCE is an insightful metric to compare profitability across companies based on their capital efficiency.

#### What this means

Enhanced RoCE can potentially drive valuations and market perception.

#### Value impact

Improved RoCE was mainly on account of a better operating leverage and a growth in revenue leading to a higher profitability.



### Gearing

#### Definition

This is the ratio of debt to net worth.

#### Why this is measured

This is one of the defining measures of a company's financial health. This indicates the ability of the Bank to remunerate shareholders over debt providers (the lower the gearing the better).

#### What this means

This indicates whether the Bank enhances shareholder value by keeping the equity side constant while moderating debt.

#### Value impact

The Bank's gearing stood an under-borrowed 0.8 times in FY 2022-23.

PART ONE

# UNDERSTANDING PAYMENTS BANKS

BEFORE WE PROCEED WITH THIS REPORT, WE WOULD LIKE TO TELL YOU WHY  
A PAYMENTS BANK IS DIFFERENT AND HOW FINO BANK IS A DIFFERENTIATED  
PAYMENTS BANK IN THE WORLD'S FASTEST GROWING MAJOR ECONOMY

## Understanding Payments Banks

Payments banks are structured to make one of the most decisive transformation outcomes in India.

Payments banks address the growing banking needs of businesses, underserved, but increasingly aspirational, households, unfettered by geography and socio-economic backgrounds.

Payments banks promote digital paperless banking, graduating customers to a modern banking engagement, leapfrogging the limitations of conventional banking.

This initiative is aimed at redefining the Indian economy by providing a secure payment ecosystem for all transactions.

In a crowded world where payment aggregators, payment gateways and fintechs seek to boost transaction volumes to stay relevant, payments banks enjoy an edge by owning customer accounts and relationships.

### Relevance of Payments Banks

Digital payments, enhancing speed of payment

Expansion of rural banking and financial inclusion

Expansion of the formal financial system

Driving the adoption of digital banking

Efficiently dealing with low-value, high-volume transactions

Access to diversified services

Better understanding of this consumer segment

1

Most banks in India focus on the urban clusters and thereafter on the rural (almost as an afterthought).

*Fino Bank is focused on a rural and growing India.*

2

Most banks in India focus on high income customers engaging in large value transactions.

*Fino Bank is focussed on hard working Indians and their everyday transactions.*

3

Most conventional banks rely on branches to penetrate the last Indian banking frontier – Bharat.

*Fino Bank is completely branchless across locations, a sustainable way of doing business.*

# Fino Bank specializes in providing banking services for everyday essential spends.

## #HarDinFino

Tony Verghese in Kochi paid for his bike's petrol using Fino Bank's ATM card

Sachin Kumar in Lucknow pays for his everyday *chai* at the street corner shop using FinoPay's UPI

Gopichand in Adilabad pays his electricity bill using FinoPay mobile app

Shanta in Amravati buys her daily grocery using FinoPay's UPI

Prakash in Rewa buys clothes for the family using Fino Bank's Debit Card

Mrinal in Siliguri finished his meal at a roadside dhaba and paid using FinoPay's UPI

Rajesh Kachchawa in Alwar paid for government services at Fino Bank's merchant point

Rajani in Mumbai paid for the local mass taxi service using FinoPay's UPI

Raj Barua in Guwahati paid the tailor using FinoPay's UPI











**THE WORD 'BANKING' CAN BE INTIMIDATING FOR MOST INDIANS. AT FINO BANK, WE HAVE ADDRESSED THIS REALITY BY BUILDING AN ENTIRE ORGANIZATION AROUND JUST TWO WORDS.**

# 'Fikar Not.'

The term 'banking' is considered intimidating for millions of the under-banked in India.

The banking sector comprises a range of terms that most Indians find difficult to comprehend.

Most banks have formally dressed executives working out of large offices that makes the handworking common Indian uneasy.

Most banks comprise multiple paper-based processes that require basic literacy and confidence.

At Fino Bank, we created a business that would achieve three things – make customers welcome, enhance their confidence in engaging directly with us and reduce process complexity. This made the word 'banking' commonplace in their everyday lives.

We put 'Fikar Not' to work.



# Fino Bank. *Different.*

At Fino Bank, we think differently.

**One**, the under-banked and the under-served – the largest such population cluster in the world – deserved a different approach.

**Two**, the customised needs of this space warranted specialised attention as opposed to a conventional approach.

**Three**, this customer segment required a complement of core service, products and sensitised handholding, and all this was needed digitally and physically.

**Four**, the under-banked and under-served customer needed a bank wired around his or her mindset, lifestyle and needs.

**Five**, this customer needed a bank that would understand the power of small amounts and the convenience of facilitating these payments.

This is how Fino Bank came to be conceived and created.

For everyday spends.



# The 'everyday small' is not really as small as most people think.

These are some reasons why we believe that India is one of the largest global markets of the under-banked – that has remained vastly overlooked.

**It represents** possibly the largest such opportunity anywhere in the world.

**It addresses** a total addressable market of over 500 mn, the equivalent of the populations of all European countries combined and much more.

**It addresses** a segment whose incomes are enhancing, concurrently growing the opportunity in a non-linear way and widening it laterally as well.

**It represents** a market that is adding more people annually in quantum terms than anywhere in the world.

# At Fino Bank, we could have serviced this large addressable opportunity through conventional means.

BUT WE RESPONDED WITH A DIFFERENTIATED MINDSET.

**We created** a bank that would not be urban or metro city-driven; we selected to address the needs of consumers everywhere.

**We created** a bank principally for the 'Other India', enhancing our focus around the targeted customer.

**We created** a bank that would address the everyday spends of the hardworking Indian.

**We created** a bank positioned around a peace of mind ('Fikar Not') that translated into a range of service interventions addressing unmet and unfelt needs.

**We created** a bank that would replace physical branches with 'human ATMs', one of the first instances of this being attempted at scale for the targeted customer segment in India.

**We created** a bank that would be local, friendly and personalised, enhancing the customer's confidence to engage independently whenever she or he desired.

**We created** a bank that was completely paperless, providing assisted digital services while enhancing smartphone accessibility.

# Fikar Not.



## How we transformed this two-word commitment into confidence-enhancing initiatives.

We ask customers to pay a modest annual subscription fee; we charge no fee thereafter.

**What our customers periodically tell us:** 'Payment ek baar. No fikar baar-baar.'

We have made it easy for customers to use our services – as simple as most things they do without thinking twice.

**What our customers have told us:** 'Isme koi dimaag lagaane waali baat to nahi dekhi.'

We provide an ATM card 'haatho hath' – instantly.

**What our customers told our representatives:** 'Bas? Ho bhi gaya?'

We levy no hidden charges; all communication is done in big print.

**What our customers said:** 'Aaste-aaste vishwaas hone laga hai aapke bank me.'

We ensure that our representatives initially help our customers transact with us until they become confident.

**What our customers said:** 'Fino Bank ke sadasya ke saath rehne se kaafi fark padaa.'

We make the complex simple.

**What our customers said:** 'Bank ne itna sab saral kar diya ke hum ab aur sabko samjhaane lage hain.'

We have positioned ourselves as a neighbourhood bank.

**What our customers said:** 'Aap to ab apne hain. Ghabraana kis baat ka?'

We speak the language of our customers.

**What our customers have said:** 'Jab babu log hamaare hi zubaan me bolne lage to lagaa hum sahi jagah pe aa gaye hain.'

## How we have enhanced the confidence of our customers through terms and phrases they understand

### ‘Hamesha Fino’

Sends out a message that we have a service and solution for every need and we are always available.

### ‘Fikar Not’

Sends out a message that when the customer engages with our bank, he/she need not worry.

### ‘Haath-haath debit card’

Sends out a message that we respect the precious time of our customers, and provide them with quality service.

### ‘Har Din Fino’

Sends out a message that our services are designed to address everyday needs, making us integral to our customers.

### ‘Haazir Har Kahi. Aaiyye to Sahi!’

Sends out a welcoming pitch to customers that we are present everywhere.

### ‘Banker babu’

Sends out a message that our merchant is a familiar and respected member of the local ecosystem.

## Fino Bank possesses a competitive moat that promises rapid growth and leadership

- Our distribution network of merchants matured to 13.7 Lakh, a scale of operations that is challenging for most banks to replicate through the conventional route
- Our management is singularly focused on this business, resulting in an aggregate hands-on experience for this nascent payments bank sector that constitutes a competitive advantage
- Our model is scalable across anywhere in India at one of the lowest distribution expansion costs
- Our model offers a proposition that a common man finds it easy to understand – a fixed payment for an unlimited use of services; the subscription segment accounted for a 60% renewal in FY 2022-23, strengthening annuity incomes

PART TWO

PERSPECTIVE OF OUR MANAGEMENT AND  
STAKEHOLDERS ON FINO BANK'S  
**PERFORMANCE  
AND PROSPECTS**



# The big picture



## Phase I: Transaction

1

### BUILD THE DISTRIBUTION NETWORK

Our merchant base increased to 13.7 Lakh in FY 2022-23; we provided simple and convenient banking solutions

2

### INNOVATED NEW PRODUCTS TO MEET EVOLVING NEEDS

Crossed total throughput of ₹2.5 Lakh Cr



## Phase II: Acquisition

1

### BUILD CASA ACCOUNTS

2.5+ Lakh new CASA accounts were added every month in Q4 2023  
We reported 167% renewal growth in FY 2022-23, widening the base for annuity incomes

2

### BUILD OUR DIGITAL PRESENCE

Transacting 'Off us' to CASA customer 'On us'  
Capture prospective growth



## Phase III: Monetization

1

### BUILD SIGNIFICANT TRUST EQUITY

Strong opportunity for cross-sell  
Optimal analytical tools to identify target customers, drive renewal  
Build CASA liability; set base for future products

**Fino 2.0+:** Simplified digital solutions for customer-friendly experiences



**Rishi Gupta**  
Managing Director and  
Chief Executive Officer

## STRATEGIC DIRECTION

# At Fino Bank, we see ourselves engaged in the nationally critical business of financial inclusion and driving prosperity

## Overview

I am pleased to address shareholders with a review of our performance during the last financial year.

I will take this opportunity to not only explain how we performed but also the larger picture of the country, sector and our place in it.

At the outset, I must communicate the overarching nature of what we are engaged in doing. From a limited perspective, it may appear that we are engaged in the banking business, where we address our services to India's common man. From a wider perspective, Fino Payments Bank is engaged in enhancing the self-worth of its targeted audience, strengthening their confidence, empowering them to play their rightful role as national partners and helping transform their destiny.

By this measure, our business model is socially inclusive, directed at transforming the lives of the largest number of people in the world, comprising India's hard working and aspiring under-banked population cluster. If this cluster were

a country, it would have been the second largest in the world. That we are engaged in financial inclusion across as large a population set is an index of the seriousness of our business and the vastness of our intent.

At Fino, I am under no illusion of the importance of what we are engaged in. We are engaged in an exercise that most urban Indians had accessed decades ago. We are engaged in not just widening the net of financial inclusion, but doing so with speed, scale and sustainability. This is influencing not only the 'how' of our engagement with millions of Indians but also the 'what' and the 'when'. We believe that a complement of these realities should contribute – with other factors – towards one of the largest social structural shifts in the history of the country, and possibly the world.

As the momentum of our business accelerates and we deliver a progressively digital service, we will be liberating our customers from the routine of the manual transaction and the drudgery of the commute. This will empower our customers in doing more with their time,

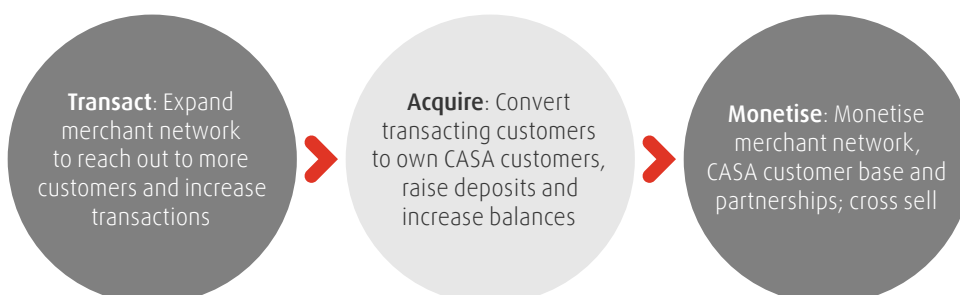
effort and money. When you aggregate this across over 120 Cr transactions processed during FY 2022-23, you get millions of person-hours saved and reallocated into building livelihoods and the country bottom-up. In doing so, we believe we are engaged in enhancing national incomes, productivity and prosperity.

## Background

To appreciate where we are today and where we are headed, it would be pertinent to map where we have come from.

In 2006, the Reserve Bank of India first articulated a national priority in enhancing financial inclusion. India's regulatory bank emphasised that with two-thirds of India's population unable to contribute meaningfully to the economy, national growth was restricted and likely to stay so unless a different approach was attempted. This placed an overarching priority to bring the unbanked into the banking network, creating a foundation

## TAM approach



that would progressively mainstream them towards prosperity.

Fino was created in 2006 to facilitate this mainstreaming and extend its services to the last citizen standing. The one change permitted by Reserve Bank of India was the appointment of business correspondents to act on behalf of banks, which provided a growth window to Fino, making it possible to extend its service into uncharted territories without the overhang of fixed costs.

Interestingly, the Fino of the first decade of this millennium was essentially a technology company that specialised in setting up the back-end technology framework for microfinance institutions. Thereafter the Bank empowered commercial banks to reach the last mile through technology-enabled services. In doing so, Fino developed an extensive understanding of rural markets and the technology means to access them. Fino was developing a precious understanding of how to make the decisive leap – what had been forbidding for most large players – to the last mile.

This is an important point: Fino Bank (as the Bank eventually became) was not born out of a banking womb; it was conceived out of a technology DNA. The Bank was born out of an understanding of the various ways of accessing customers, engaging with them, simplifying engagement and enhancing technology-based service convenience to retain them.

In retrospect, most banks seeking to penetrate rural India had stumbled on the technology leg of their presence; on the other hand, Fino was emerging as a contrarian specializing on the most difficult leg of the customer engagement first that would need to be complemented with the banking part of the business thereafter. This competence was deepened when Fino participated with the Indian government in creating the

Electronic Benefits Transfer platform for India's rural millions.

Fino leveraged its decade-long experience of working as a banking correspondent when it applied for a payments bank license. The irony emerged when a number of initial license allottees gave away their licenses as they became increasingly unsure of whether the model was at all viable. Our challenges were no different or less; however, we understood the business from technology outwards that helped in providing a stronger lever with which to moderate costs, accelerate service and enhance customer convenience.

Fino overcame funding challenges by seeking Bharat Petroleum (BPCL) as one of its early investors, partly on account of its large cash resource and extensive rural presence (that provided our Bank with a trust base on which to build our business). The result was that Fino combined the power of the physical and technology infrastructure, one of the first instances in India of a '**phygital**' model.

Fino Bank introduced a complement of products with a presence closer to the residence of its rural customers, implying that they would not need to travel to transact. Fino's approach was built around a differentiated '**CSR**' approach – the '**C**' stood for convenience whereby a customer could be serviced within the neighbourhood, would not need to commute and where the bank's representative would be a merchant from within the village. The '**S**' stood for a simplicity of engagement that required a customer to spend only a few minutes to decode and get comfortable with. The '**R**' stood for respect for the customer as well as the merchant, who is graduating from a local resident into a bank's partner.

As a bank, Fino leveraged this foundation with the '**DTP**' complement. The '**D**' in our approach stood for distribution and was

marked by a commitment to be spread pan-India and be accessible at every nukkad, giving rise to our aspiration of '**Haazir Har Kahi**.' The '**T**' in our engagement stood for technology, which represented the lifeline of our business. Because the core of this customer-facing backbone was developed in-house empowered the Bank to respond with speed and technology changes to market shifts – quicker than alternative forms of rural banking engagement. The '**P**' stood for partnerships, which empowered our Bank to grow branchlessly quicker through representatives as well as offer a range of partner products to customers.

Gradually, the benefits of this branchless approach began to manifest. The Bank moderated its physical branches by half when the benefits of its merchant-led representation became acceptable. The result is that the Bank focused on aggressive merchant expansion, rising from 1.0 Lakh in Mar 2019 to 2.8 Lakh in Mar 2020 to 6.4 Lakh in Mar 2021 to 10.2 Lakh in Mar 2022 and 13.7 Lakh in Mar 2023, the year under review.

Some realities transformed the face of our business. A branchless expansion accelerated, our distribution cost declined. As our distribution footprint widened, we began to reach out to a wider range of customers who began to engage in basic transaction services (transfer or receipt of money). As transactions increased, enhancing convenience for our customers, a number ventured to open accounts with us, providing us a cash pool. Besides, these customers provided us with an annual subscription, which made it possible for them to engage in any number of transactions without increasing their processing fee expense while it provided us with annuity revenues. This third leg of our evolution (which we call our '**ownership model**') represents a platform on which we are attractively

placed to drive growth in a sustainable way.

The advantages of the ownership model are considerable. The model provides the Bank with a platform on which to offer more products to our customer, the common man. The model enhances balances kept with our bank, improving liquidity. The model assures our branch of annuity subscriptions and revenue visibility. The model is sustained through a call centre and directly through the smartphones; it facilitates cross-sale.

The complement of these various initiatives during the last few years helped Fino achieve what most industry observers said was impossible. Fino turned PAT-positive in the fourth quarter of FY 2019-20. Fino generated a surplus that was reinvested, accelerating its growth. In FY 2020-21, Fino became the first Indian payments bank to complete a successful IPO and be listed on the country's stock exchanges.

As on March 31, 2023, Fino Bank possessed 75 Lakh customers, 13.7 Lakh distribution points, ₹1,230 Cr in topline (FY 2022-23) with 22% revenue growth, ₹118.1 Cr in cash profit, ₹541.7 Cr of net worth and ₹4.6 Cr in cash on its books. We believe that this represents a platform for sustainable growth on account of asset lightness, cash lightness (commissions per transaction to merchants as opposed to a monthly salary), evolution from transactions to customer ownership and increased customer engagements through the digital app.

### Our approach

Our approach is three-pronged and we follow a **TAM (Transact, Acquire, Monetise)** strategy.

**Transact:** As a transactions-led bank providing customers of any bank access to banking services, we created a

strong pan-India network of over 13.7 Lakh tech-enabled merchant points. In FY 2022-23, increased customer footfalls at merchant points facilitated around 121 Cr transactions, registering a growth of 79.2% Y-o-Y. Value-wise these transactions were worth ₹2.55 Lakh Cr, up 36% over FY 2021-22 throughput.

To expand the network further, we aim to penetrate deeper into existing as well as new geographies through our '**Gully Gully Fino**' initiative. Our focus will be on South, East and North East states.

**Acquire:** Our next phase in the strategy is to convince customers visiting our outlets for transactions to open Fino Bank accounts. Ownership allows enhanced engagement with customers driving OFF US transactions to ON US. The Bank opened 29.7 Lakh Fino Bank accounts in FY 2022-23, a healthy 45% Y-o-Y growth. The fiscal also witnessed 167% Y-o-Y growth in renewal income, setting the base for annuity incomes. Adding further thrust to the acquisition strategy was the introduction of FinoPay savings account that helped us build our digital presence.

**Monetise:** Over the years, we have built assets - extensive merchant network, product and fintech partnerships, and a CASA customer base. Our growth approach will be to monetise these assets by cross-sale of credit and other relevant products. Here the key will be data analytics-driven target customer identification and strengthening our digital ecosystem for an enhanced customer experience.

FINO LEVERAGED ITS DECADE-LONG EXPERIENCE OF WORKING AS A BANKING CORRESPONDENT WHEN IT APPLIED FOR A PAYMENTS BANK LICENSE. THE IRONY EMERGED WHEN A NUMBER OF INITIAL LICENSE ALLOTTERS GAVE AWAY THEIR LICENSES AS THEY BECAME INCREASINGLY UNSURE OF WHETHER THE MODEL WAS AT ALL VIABLE. OUR CHALLENGES WERE NO DIFFERENT OR LESS; HOWEVER, WE UNDERSTOOD THE BUSINESS FROM TECHNOLOGY OUTWARDS THAT HELPED IN PROVIDING A STRONGER LEVER WITH WHICH TO MODERATE COSTS, ACCELERATE SERVICE AND ENHANCE CUSTOMER CONVENIENCE.

## Going forward

Our six-year journey as a payments bank has been nothing short of a roller-coaster ride. Following uncharted terrain, challenges and opportunities and amidst all the lows and highs, we came out on top with consistent performance marked by growth and profitability.

Our aim going forward is to continue growing at 20% Y-o-Y. For that we will strengthen our asset-light network, enhance our customer base, capitalise on growth opportunities emerging from the ecosystem, especially on the digital side and B2B partnerships.

In this context, our foray into digital banking with our **Fino 2.0** initiative gives impetus to our acquisition and engagement with digitally savvy customers and collaborating with innovative fintechs.

We are already witnessing the impact of digital on our business. From a scenario where our physical network contributed 100% to Fino Bank's throughput, digital transactions grew 166% in FY 2022-23, contributing 19% to the overall throughput. As smartphone users among our customers rise we are positioned for that target segment as the 'Fikar Not' bank!

Interestingly, young customers from Bharat are adopting digital faster than anyone could have imagined. As we aim to be our customers' everyday transaction partner, our priority is in providing a superior multi-platform banking experience for increased stickiness and loyalty.

## Perspective

As we continue our journey, there are some thoughts that one would like to leave with shareholders.

**One**, India is passing through an unprecedented convergence of its digital infrastructure comprising the National Payments Corporation of India (NPCI), Unified Payments Interface (UPI) and JAM (Jan Dhan, Aadhaar and Mobile). This indicates that an entire generation of the unbanked will make the leap to payments banks like ours, bypassing the large presence of commercial banks, kick-starting a structural shift across millions.

**Two**, 1% of India's bank issuing UPI business in March 2023 was routed through our platform; besides, the bank accounts with us were a mere 1% of the number of rural individuals in India, indicating vast headroom. We believe that as India grows larger, we will be able to graduate customers from transaction to ownership to cross-sell to a presence across the entire life cycle of the customer's needs.

**Three**, there will be a greater premium on time management in rural India due to increasing connectivity leading to enhanced economic activity on the one hand and wider entertainment options. The paucity of time will encourage rural Indians to seek the digital banking option from proximate service providers like Fino Bank.

**Four**, we are delivering a superior service to the masses that is sending out a positive message on enhanced convenience and responsiveness. For

instance, at our Bank a new account takes only 4 minutes to create and a debit card is issued instantly.

At Fino Bank, we see ourselves at the bottom end of a long growth curve. As India grows faster than any major economy and aspirations translate into a stronger grassroots momentum, there will be a priority in not only catching up with the vast market potential that already exists but in growing faster to catch with new opportunities created by market growth.

As a bank we are attractively positioned to play a larger role. We are positioned as the National Local Bank of India; we have also been described as a national brand with superior value-for-money and trust propositions, implying a focused range of offerings, cost-effectiveness, service speed and a brand that customers trust.

In view of this reason, Fino Bank is attractively placed to build on its existing foundation, grow sustainably and, in the process, enhance value for all its stakeholders.

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### Rishi Gupta

Managing Director and  
Chief Executive Officer



## FINANCIAL REVIEW

# An insight into our financial performance in FY 2022-23

## Overview

At Fino Bank, we have been structured around profitability, derived from an intrinsic viability of our business, coupled with the ability to rapidly scale operations and customer accretion. The combination of the two - spread and scale - represents an attractive foundation on which to build our business.

This promise was evident in our performance of the last financial year. Revenues increased 22% to ₹1,230 Cr, EBITDA increased 61% to ₹136 Cr and profit after tax strengthened 52% over FY 2021-22 to ₹65 Cr.

The outperformance was the result of various initiatives implemented by the Bank during the last financial year.

## What we achieved in FY 2022-23

The Bank deepened its maturing, graduating from a focus on generating transaction-based incomes to the subscription model, showcasing customer ownership and annuity revenue implications. The latter indicated that the Bank was even more integrated into the lives of its customers, playing a more active role in servicing their small spends, enhancing the balance retained with the Bank and enhancing use of the Bank's digital platform.

The Bank widened its distribution footprint, revalidating that a wider presence would translate into enhanced access, engagement and customer retention possibilities.

The Bank is focused on enhancing the proportion of revenues derived from subscription accounts renewal. The Bank increased the percentage proportion of subscription accounts within the overall revenue mix during the last financial year, even as overall revenues increased 22%.

The increase in the subscription percentage by 33% Y-o-Y and increase in the quantum of revenues derived from this segment by 167% to ₹73 Cr represents a maturing of the customer value proposition and indicates the possibilities of revenue visibility across the foreseeable future. The improvement was also an index of an evolving customer mix towards a slightly higher income level than in the previous year.

The Bank strengthened its cash management business, providing it with a foundation to build long-term relationships with corporate customers. This segment of the business empowers the Bank to graduate to more predictable revenues, strengthening its business model.

The Bank strengthened its service credentials through the introduction of the straight-through digital account (which was through the physical gateway earlier), facilitated by the downloading of the FinoPay app, digital filling of details and engaging in a confirmatory video call before getting the account to be commissioned. This facility represents a decisive service leap for the Bank, making it possible to commission an account within minutes – one of the shortest

tenures by any financial intermediary in facilitating financial inclusion in India.

Fino Bank is one of the few banks in India that enables in-house UPI switches on its system. This achievement showcases the Bank's advanced technology capabilities, which is expected to reduce costs and accelerate payback.

The Bank strengthened its data aggregation and analysis (with a deeper insight into terrain potential, handset used by prospective customers and income patterns), facilitating a deeper understanding of market realities and customer acquisition possibilities. The result is that even as customer accretion accelerated during the last financial year, corresponding costs declined, strengthening profitability. Going ahead, the Bank is deepening its focus on which customers to target, arising out of the value generated from data science.

The Bank deepened its long-term direction of associating the Fino Bank brand with sports. During the year under review, the Bank associated with the Rajasthan Royals cricket team as its Digital Banking Partner. The Bank believes that its selection of the cricket team partner is compatible with its long-term positioning around a value-for-money proposition, sincerity of purpose and competence.

## Big numbers

### 13.7 Lakh

Total number of merchants as on March 31, 2023

### 75.2 Lakh

Total number of accounts as on March 31, 2023

## Network investment

Unlike most banks with disproportionate investments made in physical infrastructure, Fino Bank's principal investment has been made in network and technology, making it a modern and different bank. By the close of the year under review, the bank was present in around 97% pin codes of India.

## Income flow

As opposed to most commercial banks where the acquisition of the merchant or customers entails a cost, the same activity translates into an income at Fino Bank (through a one-time registration fee and the annual subscription), creating a cash float. The larger the number of accounts, the higher the cash float available.

## Rate of growth

The number of merchants added during the last financial year was 3.5 Lakh; growing at a FY 2020-21 to FY 2022-23 CAGR of 46%, it is a validation of an asset-light merchant accretion approach. The number of accounts increased as a result, validating the success of the model – the number of new accounts opened increased from 20 Lakh at the close of FY 2021-22 to 29 Lakh at the close of FY 2022-23, growing at CAGR of 61% for FY 2020-21 to FY 2022-23.



## Our financial strengths

### Cost-to-income percentage

The Bank progressively moderated costs as a percentage of revenue, indicating the intrinsic profitability of the business and cost sensitivity to increased revenues. The cost to income percentage declined every single year from 37% in FY 2019-20 to 26% in FY 2022-23. Around 75% of the Bank's overheads comprised people and technology costs, indicating a lean operating structure and the objective to generate a progressively higher income from the existing cost base.

## New product

The Bank introduced a Digi Savings Account in December 2022 through the FinoPay app and opened 40,000 such accounts by the end of FY 2022-23. This proved to be a good starting point for customers who may not be digital natives.

## Transaction volumes

These increased 79% in FY 2022-23 over FY 2021-22 and reported a CAGR of 67% for FY 2020-21 to FY 2022-23, indicating the vastness of the market and the uniqueness of the bank's offering. The percentage growth delivered was considerably higher than the growth of the country's banking sector. The bank encountered a throughput of an average 25 Mn walk-in customers every month during the last financial year.

## Increasing digitization

The customer transaction throughput comprised 19% completely digital engagement and this trend is rising (23% by the last quarter, FY 2022-23), enhancing convenience for the customer and strengthening the profitability of the Bank. Today, Fino accounts for 1% of the country's UPI transaction volume.

### Our value-enhancement strategy

Increase the number of active merchants

Increase the number of customers

Increase the percentage of UPI customers

Encourage customers in keeping larger balances with us

Enhance the percentage of digital revenues

Encourage an enhanced engagement throughput of customers

Introduce relevant financial products



# The operating hygiene of our business

## Total transactions throughput (₹ Cr)

FY20	FY21	FY22	FY23
94,453	1,32,931	1,87,311	2,55,011

Even though the bank is still relatively young in terms of tenure, it reported a sizable 2.7x growth in transactions throughput in the last years, growing every single year with incremental quantum.

## Digital throughput (₹ Cr)

FY20	FY21	FY22	FY23
1,966	4,327	18,393	48,965

The growing digital transactions throughput indicates the increasing adoption of new age payment platforms, especially UPI, among the bank's customer base. Rising smartphone penetration and increasing data consumption are resulting in more Bharat customers taking to digital. From Fino Bank's perspective, more than 30% of its 75 Lakh customer base is active on UPI, instrumental in clocking around 1% of the total monthly UPI ecosystem transactions in March 2023. Most importantly, it signals a shift in a segment of the bank's customers from seeking assisted services to adopting self-service banking. With a digitally empowered customer, Fino Bank intends to do much more as a part of its Fino 2.0 journey!

## Digital throughput as a % of total throughput

FY20	FY21	FY22	FY23
-	3	10	19

The proportion of digital transactions is increasing within our overall annual throughput, validating the government's commitment to digitalise the rural economy. This increased to 20% and 23% in the last two quarters of the year under review.

## Count of digital transactions (₹ Cr)

FY20	FY21	FY22	FY23
-	4.7	22.8	70.0

The increase in digital transactions indicates the transformation of India at the grassroots level – indicating a preference for digital transactions on account of convenience, security and immediacy – with a consistent increase in the number of unique users.

## Total deposits (₹ Cr)

FY20	FY21	FY22	FY23
226	453	724	1,200

The robustness of our business model is reflected in a sharp increase in deposits, an index of the growing confidence of our customers. Not only did deposits increase every single year across four years but the

increase in deposits in FY 2022-23 was higher than the deposits achieved until the beginning of FY 2022-23, indicating an inflection point in the bank's growth.

## Cost to income (%)

FY20	FY21	FY22	FY23
37	31	28	26

The faster the bank grows, the stronger the amortisation of its fixed costs (largely people and technology), and the lower its cost-to-income percentage, unless the Bank made add-on technology investments that provided for the next round of growth.

## CASA accounts (in Lakh)

FY20	FY21	FY22	FY23
14.3	25.7	45.9	75.2

The objective of the bank is customer ownership, a safe indicator of prospective transactions and growing deposits. When seen from a three-year perspective, the number of CASA accounts five-folded; the growth in accounts during the last financial year was the sharpest in the Bank's existence.

## Average accounts opened per day

FY20	FY21	FY22	FY23
1,617	3,096	5,545	8,131

The index of the Bank's competence in winning the confidence of customers lies in the number of accounts it opens in a day on average. The number of average daily accounts opened five-folded in three years, exceeding 8,000 during the year under review.

## Renewal income (₹ Cr)

FY20	FY21	FY22	FY23
-	7.6	27.5	73.1

The success of the business is derived from CASA subscription renewal income, translating into an annuity revenue visibility. This income nearly ten-folded in the space of just two years; the quantum of growth during the last financial year was higher than what had been achieved in the two years until the beginning of FY 2022-23. This reflects a reaffirmation of customers' confidence in the brand.

## CASA average balance (₹)

FY20	FY21	FY22	FY23
825	946	1,093	1,216

An active customer engagement indicates a willingness to keep a larger amount in the bank as a ready balance. This growing trust was validated by a growth in balance in the savings account in every single year across

the last three years – across a considerably larger CASA accounts base.

## Debit card spends (₹ Cr)

FY20	FY21	FY22	FY23
1,534	2,156	3,954	7,023

In a market not familiar with financial products, the introduction of debit cards has enhanced confidence and convenience, especially for everyday amounts. The quantum spent through these debt cards increased every year during the last three years; the increase during the last financial year was the highest across any of the previous years by quantum.

## Debit card spends per transaction (₹)

FY20	FY21	FY22	FY23
2,515	2,528	2,710	2,984

Debit card spends per transaction have been consistently rising, indicating a growing propensity to spend using the non-cash route, a validation of the convenience offered by Fino Bank and enhanced acceptability within the rural digital payments ecosystem.

## CMS clients

FY20	FY21	FY22	FY23
39	85	131	186

The bank's cash management services (CMS) customers increased, comprising e-commerce, retail, supply chain/ logistic partners. The increase during the last financial year was the highest in quantum terms in any financial year.

## CMS throughput (₹ Cr)

FY20	FY21	FY22	FY23
4,301	11,828	23,885	46,144

The bank reported the second successive year when its throughput almost doubled, indicating a robust relevance and traction of its services in rural India.

## Average revenue per CMS transaction (₹)

FY20	FY21	FY22	FY23
-	72.6	94.0	125.3

Average revenue per transaction progressively increased, the basis of the Bank's enhanced profitability.



## What our employees have to say about working at Fino Bank

**'S**tarting from scratch, our digital team has explored open banking, untapped sectors and product offerings. We now focus on digital enhancement of our offerings and branding our products. Each step has been a valuable learning experience, contributing to our professional growth in a nascent sector.'

**Nishad Sunil Chhaya,**  
Deputy Vice President

**'H**aving been with Fino since inception, I can state that we act as a bridge between our rural customer's dreams and aspirations, serving as a vital support system.'

**Sachin Lalya,**  
Assistant Manager in Training

**'W**orking at Fino Bank has been a transformative experience. I joined as a senior manager in 2016, exposed to projects and automation initiatives. The bank's approach to challenges and situations transformed my perspective. Recognition and rewards for my contributions, along with the successful outcomes of automation, proved motivating.'

**Kanchan R Shukla,**  
Assistant Vice President

**'I**n 2017, I joined Fino Bank as a Cluster Head and was later promoted as Regional Head, Nagpur. As a Merchandising and Distribution banking professional, I managed 9,500 merchants and onboarded around 600 distributors. Over the past six years, my achievements have been recognised through nominations for three prestigious contests held in Bangkok, Nepal, and Singapore.'

**Sachin Suresh Ghatge,**  
Regional Head



Bank's AePS and micro-ATM services are so customer-friendly and act as 'virtual branches', taking care of the most important services of deposit and withdrawal with ease. In Bihar, these services emerged as the best in the rural market, enhancing my pride and respect in the community as a Fino merchant and distributor.'

**Naveen, Bihar**

## What our merchants have to say about working with Fino Bank



Fino Bank empowered me to become a banker and offered the flexibility to set my own working hours. As a distributor and retailer, I guide customers in opening accounts, facilitate online transactions and utility bill payments. The bank's ability to provide instant account openings and activated debit cards is remarkable, including for children above the age of 10 with their guardian's consent. Daily transactions worth ₹2-3 Lakh and a performance-based payout structure have ensured a respectable livelihood for my family. Fino Bank has deepened financial inclusion in rural Bihar, enhancing awareness of banking services, due to features like zero balance accounts and instant physical debit cards.'

**Irshad Ahmed,**  
Bihar



I have been working with Fino Payments Bank for five years. Through my tenure, the Bank has been proactive in addressing my concerns and providing support, particularly in cash management services. On occasions when we faced issues making payments to some other bank due to an incorrect phone number input, the Bank's cluster head resolved the problem within 15 minutes. Fino Bank's account opening system is commendable, marked by a low fee, instant payment transfers, and improved usability.'

**Gaurav Grover,**  
Haryana



I have been associated with Fino Payments Bank since 2018. My commission income has grown from ₹230 to ₹45,000 per month, which prompted me to leave my job and become a full-time merchant with Fino Bank.'

**Abhimanyu Kumar Rai,**  
Bihar

PART THREE

# DEEPENING A CULTURE OF EXCELLENCE

## OPERATIONAL REVIEW

# Enhancing efficiency and performance at Fino Bank

## Overview

Payments banks have emerged as key players in driving financial inclusion and revolutionizing the way banking services are delivered.

At Fino Bank, we play a vital role in addressing the banking needs of the under-banked and under-served. By leveraging technology and innovation, the Bank offers accessible and affordable financial services, empowering individuals and livelihoods long excluded from the country's formal banking sector. Fino Bank provides seamless digital experiences through its extensive physical network, ensuring that customers enjoy access to banking services anytime, anywhere and through preferred channels.

## Challenges and mitigation

There is a restriction in offering the full range of banking services such as credit and investment products.

**The Bank focuses on widening offerings within the permissible regulatory framework.**

Targeted customers belong to under-served or under-banked with limited awareness or understanding of banking.

**The Bank invested in user-friendly interfaces to facilitate service adoption.**

Building trust and ensuring the security of transactions and customer data are crucial to business growth.

**The Bank implemented robust security measures (secure encryption protocols, multi-factor authentication and regular security audits) that mitigated security risks.**

The Bank depends on a network of agents to provide banking services in remote areas. Managing and training this agent network can be challenging.

**The Bank implemented effective agent onboarding, training, performance monitoring and incentives to retain agents.**

## Our strategic priorities >

**Transact:** Expand the merchant network to reach more customers and increase transactions

**Acquire:** Convert transacting customers to own CASA customers, raise deposits and increase balances

**Monetise:** Asset monetisation - merchant network, CASA customer base and partnerships, cross-sell credit and other offerings

## Our strengths

### Customer demographics

By understanding customer needs and preferences, Fino Bank customises products and services.

### DTP (distribution, technology, partnership) model

The Bank's DTP model distributes a range of products; the model encompasses strategic distribution channels, innovative technologies and partnerships.

### Seamless mobile banking

Fino Bank prioritizes mobile banking capabilities, providing intuitive and user-friendly apps that align with the digital preferences of tech-savvy customers.

## Financial highlights, FY 2022-23

Revenues increased 22% to ₹1,230 Cr, EBITDA increased 61% to ₹136 Cr and PAT grew 52% to ₹65 Cr – profitable growth

PAT margin increased from 4.2% in FY 2021-22 to 5.3% in FY 2022-23

EBITDA margin increased from 8.4% in FY 2021-22 to 11.1% in FY 2022-23

## Operational highlights

**Distribution network:** The number of registered merchants climbed 33.8% Y-o-Y to 13.7 Lakh, deepening penetration.

**Customer ownership:** Around 29.7 Lakh new accounts were opened, a significant 45% increase, taking the total accounts to 75.2 Lakh, a strong foundation for prospective cross-sell and up-sell.

**Product mix:** The product mix improved in favour of high margin products like CASA and CMS with revenues of ₹217 Cr and ₹104 Cr respectively.

**Total deposits:** These grew 66%, increasing from ₹724 Cr as of March 31, 2022, to ₹1,200 Cr as of March 31, 2023.

**Cash management services:** This throughput almost doubled to ₹46,144 Cr, attributed to an expanded client base that stood at 186 as of March 31, 2023.

**Digital throughput:** Fino Bank's platform facilitated over 8 Cr UPI transactions in March 2023, which translated to 1% of the total national UPI ecosystem transactions in that month.

## Outlook

The Bank will enhance cross-sell and utilize advanced analytical tools to identify target customers. The Bank will also prioritize the development of user-friendly digital solutions to provide customers with a simplified and seamless experience.

## Big numbers

120.7

Cr transactions in  
FY 2022-23

2.55

₹ Lakh Cr, worth  
of transactions in  
FY 2022-23



## BUSINESS DRIVER

# Sales and distribution excellence at Fino Bank

## Overview

Fino Bank's market penetration comprises the identification and targeting of key customer segments, making it possible to address their needs. The bank's extensive market research and customer insights facilitate a customization of sales and distribution initiatives for impact.

Recognizing the importance of multiple touch points, the bank established diverse sales channels:

**One**, our skilled and knowledgeable sales team is equipped to engage with potential customers face-to-face.

**Two**, with increasing digitalization of financial services, we developed intuitive online platforms that enable seamless onboarding, information dissemination and customer support.

**Three**, by working with partners like merchants allows us to extend our reach and leverage their customer base.

## Challenges and mitigation

Most customers are unaware of the benefits and convenience offered, leading to limited awareness and slower adoption.

Fino Bank's marketing campaigns comprise digital and traditional channels, enhancing awareness of banking.

The payments sector is competitive, marked by various players seeking market share and customer traction.

Fino Bank offers innovative features, customised offerings and competitive pricing, representing a distinctive advantage.

An extensive and remote distribution network can be logistically challenging and costly.

Fino Bank leverages an extensive network of technology enabled on-the-ground presence in areas with limited physical infrastructure.

The agents are provided with Micro ATM and AePS devices that are integrated with the bank's CBS, allowing hassle-free, secure and safe transactions.

## Our strengths

### Our strategy

Acquire, activate and accelerate strategic initiatives to onboard as many merchants as possible, helping accelerate customer acquisition.

### Understanding customer needs

To address target customers (individuals with monthly incomes from ₹15,000 to ₹60,000), Fino Bank introduced a range of ownership products (current and savings accounts).

### Partnerships

Partnering merchants and e-commerce platforms allows Fino Bank to leverage their customer base and reach a wider audience.

### Paperless banking

By providing convenience, efficiency, enhanced security, environmental sustainability and cost savings, Fino Bank offers a modern and seamless banking experience to customers, while contributing to a greener and paperless future.

### Access points

Fino Bank takes pride in its positioning as a next-door banking service provider, ensuring that customers have easy access to banking services. Enhancing everyday engagement ('Har Din Fino').

### Digitalisation

The bank's mobile app 'FinoPay' serves as a platform through which it delivers efficient and reliable digital banking and customer service.



## Our initiatives

- We strive to comprehend the requirements of our customers and customize our products, ensuring a precise fit with their needs.
- We introduced ownership products designed for target customers with a monthly income ranging from approximately ₹15,000 to ₹60,000 across current and savings accounts.
- We actively engaged in government tie-ups, leveraged disbursement of subsidies and identified product gaps; we introduced passbooks to fulfil customer needs.
- We cater to the specific requirements of customers; we established a strategic partnership with Suryoday Small Finance Bank to introduce a fixed deposit product.
- We streamlined the onboarding of merchants and through the V-KYC process, remotely on-boarded customers online.

## Highlights, FY 2022-23

Our focus is the mass market segment, characterised by an annual income range of around ₹700,000 that needs quick onboarding and hassle-free transactions.

Our mobile app FinoPay is a convenient way for customers to access our services.

Our merchant distribution services enable businesses to distribute products or services to a wide network of merchants and through them to customers.

Our ecosystem allows users to withdraw money from our Micro ATM using any bank's debit card, offering convenient cash access across the largest network of Micro ATMs in India.



### Branchless banking through our 'Gully Gully Fino' initiative

More than 80% of the bank's network is rural, some areas being largely inaccessible

- Hilly North-Eastern India
- Brahmaputra and Barak plains
- Imphal plain in Manipur; western Tripura
- Hilly Darjeeling terrain
- Densely forested and remote Chattisgarh, Andhra Pradesh and Odisha
- Himgiri in Himachal Pradesh (over 5,000 feet)
- Sunderbans islands
- Bagdah, Jonai and Sabroom villages near the Bangladesh border (Bengal, Assam and Tripura)
- Pasi Ghat in Arunachal Pradesh



## BUSINESS DRIVER

# Data science revolution: Transforming Fino Bank's landscape

## Overview

Fino Bank is among those leading the transformation in India by leveraging the power of data science to decode markets better and deliver innovative solutions that redefine India's banking experience. By harnessing the power of data and advanced analytics, the Bank is revolutionizing banking practices and empowering customers with personalised, efficient and secure financial services.

## Challenges and mitigation

The Bank initially recognised that its understanding of customer behaviour needed to be enhanced for informed decision making.

Following the implementation of data science practices, the role of data-driven decision-making increased, widening the role of upselling /

cross-selling, merchant and customer retention, fraud identification and subscription account renewals.

## Our strengths

The Bank's SAS Viya platform tracks important business metrics, empowering the Bank to publish visualization dashboards that are auto refreshed.

The in-house team of data analysts and data scientists specialize in customer behaviour analytics.

The Hadoop platform for big data analytics is hosted on a dedicated technology infrastructure set up for analytics practices.

The deployment of machine learning algorithms revealed insights facilitating customer segmentation.

## Our initiatives

- The data integration team manages the data pipelines for analytics; it implemented quality check mechanisms to monitor records being ingested from each data source.

- Before publishing any analysis, a meticulous maker-checker process ensures accuracy, validity and quality.

- Access to personal identifiable information (PII) data is restricted and not available to all resources, ensuring that only authorised individuals or teams enjoy access to sensitive personal information, ensuring data privacy and security.

- Our data science team analyses unstructured communication by customers to identify their requirements related to new accounts opening, insurance policies, loan requirements and more.

- The bank developed an Ensemble Learning model to analyse UPI transaction patterns, resulting in a 75% reduction in the false identification of fraudulent customers, strengthening the customer experience.

- The bank leveraged a 'Test vs Control' campaign management framework that can accurately measure the impact of our merchant relationship management programme on merchant productivity, specifically in terms of revenue contribution.

## Outlook

To gain insights into channel-level attribution of conversions from different marketing campaigns, the bank is integrating marketing analytics tools into its existing stack. This addition will enable the bank to accurately track and analyse the contribution of each marketing channel towards conversions, empowering it to make data-driven decisions and optimize marketing strategies. The bank is developing a Customer Data Platform to consolidate data from transactions and marketing channels, facilitating personalised cross-sell offers based on individual preferences.

## Our predictive analytics capability

- Through data analysis and predictive modeling, we can predict which customers would be most likely to renew their subscription.

- We can identify Current Account and Savings Account customers likely to purchase partner products (insurance, loans and others).

- We utilize a forecasting model that predicts projected bank balance levels of customers over 12 months.

# Accelerating change at Fino Bank through a culture of innovation

## Overview

A robust IT infrastructure in the banking sector is crucial for controlled environments, secure access, data protection and seamless user experiences. It involves designed systems, banking applications and network architecture, various hardware, software, data centers, services and network components. Building a robust architecture warrants legacy systems, modernization needs, cost management and meeting business expectations. The architecture evolves to meet market requirements such as scalability, partner access, API integrations and standardised partner on-boarding. By undergoing security audits and certifications such as ISO 27001 and PCI-DSS, the Bank strengthens its data security controls and processes.

## Strategies

At Fino Bank, our innovation strategy comprised enhanced customer service, curation, the introduction of new products, and enhancing

brand recall. This was achieved through innovative responsiveness, process improvements and aligning technology strategy with

business goals. These initiatives drove purposeful operations, technology advancements, cost advantages, improved products and risk mitigation.

## Our strengths

### Integration of digital technology:

The bank integrated digital technology into its operations, enhancing efficiency and streamlining.

### Enhanced customer experience:

The bank's personalised user experience comprises online banking services, mobile applications and personalised financial recommendations.

### Operational efficiency:

The bank automated manual processes, moderated errors and enhanced operational efficiency.

### Expanded market reach:

The bank serves remote customers, offering services to a wider audience and addressing new markets.

### Informed decision making:

The bank focuses on informed decision making, leading to the timely introduction of customised products and services.

### Enhanced security:

The Bank protected customer data and financial transactions through robust encryption protocols, multi-factor authentication and continuous monitoring systems.

## Our initiatives

- The bank modernised its IT infrastructure to focus on flexibility, reliability and security to deliver a unified customer experience.

- The bank leveraged technologies and processes to streamline workflows and enhance resource utilization.

- The bank implemented comprehensive evaluations and testing which enhanced dependability.

- The bank's flexible and scalable infrastructure helped adaptation to evolving business landscapes.

## Highlights, FY 2022-23

- Created a digital roadmap to identify areas for improvement and transformation (timelines, milestones and measurable KPIs) to track progress.

- Replaced legacy systems, leveraged artificial intelligence and implemented data analytics tools to optimize processes, enhance decision-making, and drive cost efficiencies.

- Leveraged robotic process automation and light applications to reduce the total cost of ownership, improve systemic efficiencies and minimize errors.

- Worked on building in-house Unified Payments Interface (UPI) switches and controls to facilitate secure and efficient digital payment transactions.

- Created application programming interface (API) that facilitated faster and seamless integration of systems and services.

- Automated routine functions that warranted sizable human deployment; artificial intelligence (AI) and machine learning (ML)-based technologies were used in fraud detection and for cyber security.

## Outlook

- The bank will leverage AI and ML-based tools and solutions to automate processes like workflow automation, data extraction and data warehouse integration.

- The bank will address hollowing the core (HTC) projects to reduce transaction load on the core banking system and build faster solutions to support business goals.

- The bank embraced the implementation of latest technologies and platforms like Kubernetes, Openshift technologies and the latest hardware on storage and servers.

## BUSINESS DRIVER

# Fino 2.0: The superior digital service proposition

## Open banking

The bank embraced open banking capability to accelerate fintech innovations. It offered services like account opening, non-financial transactions and financial transactions through the app, among a few banks to do so. The bank's first open banking partner Hubble will go live in Q1 FY 2023-24 with the entire stack. The bank will continue building the stack and develop a plug-and-play solution, empowering partners to integrate and go live with their solutions. The bank will develop the debit card-related issuance and management stack for partners so that they can issue debit cards to their customers.

## Product development

The bank introduced FinoPay mobile app-based digital savings account. Customers will benefit from a seamless, paperless process with personalised debit card and instant upgrade option through Video KYC. The subscription model eliminates AMB maintenance charges; almost 40,000 customers opened their savings accounts within four months of launch. The bank will continue to launch customised product variants for segments like students and women etc. It will keep adding bells and whistles to its existing offerings through UI/UX enhancements, and the addition of features like rewards and referrals.

## App enhancements

The update aims to enhance the user experience by adopting a similar look and navigation style as popular PSP apps. The changes include a scrollable interface with all options conveniently available on the landing page. A significant security improvement was made through the introduction of SIM binding, which not only verifies the device through OTP but also checks if the same SIM card is inserted, reducing the risk of vishing and phishing frauds. It added UPI collect feature, allowing customers to initiate and approve payment collect requests within the app; this benefits customers in receiving funds and the bank in collecting subscriptions when due.

The bank expanded its service by introducing an investment stack that includes options like fixed deposits. It will enter the insurance space through partnerships with providers and aggregators that empower it to offer a range of insurance products. Another significant development includes the launch of the iPhone app shortly, comprising a comprehensive service offering, including customer acquisition.

## UPI stack

The bank facilitates fast and seamless transactions; UPI has played a significant role in achieving this goal. To enhance user experience and reduce technical declines, the bank developed an in-house switch, eliminating a dependence on external partners for routing and handling UPI transactions. This strategic move opened doors for partnerships with merchants, enabling the bank to offer a UPI solution for issuing and acquiring purposes. Merchants now have the option to utilize the bank's UPI module for collecting payments or making payments to their external partners. The bank implemented this solution with three partners on the collections front, widening UPI capabilities.

The bank will enhance its UPI stack for partners; it will expand services, offerings and optimize transaction speeds while striving for nearly 100% uptime and minimizing technical declines. The bank will enhance UPI offerings for customers, including the introduction of UPI Lite, UPI on credit card and one-click payments. These developments aim to provide faster and more diverse options for UPI transactions, further improving convenience and efficiency for our customers.

## Our transformative product launches

### 2023

LITE portal for BC Merchant, e-Mandate Services, Cash out module in CMS, FD services with partner, Digital Savings Account, Payout product, UPI acquiring, PAN services through merchant points.

### 2022

Aadhaar-Pay, Go Digit shopkeeper's policy, Physical Passbook, Credit card bill payment.

### 2021

Minor Savings Account, Diversified CMS partners, referral merchant and gold loans.

### 2019

Subscription Savings Account, CASA Sweep Facility, General Insurance.

### 2018

Micro ATMs, AEPS, Debit Card, Life Insurance, Mobile Banking, UPI (P2P).

### 2017

BC Banking, Remittance, Bill Payments, Wallets, Recharge.

# Maximizing the potential of the people at Fino Bank

## Overview

Fino Bank prioritizes the role of informed and specialised talent in a complex business; it updates skills and benchmarks them to the highest standards; in doing so, it seeks to establish a reputation among prominent sectorial employers.

At the bank, the focus is on improving competitiveness. In a business environment that requires timely investments, widening presence and a diverse portfolio, there is a consistent emphasis on fostering a culture based on meritocracy, diversity, and overall efficiency. The bank prioritizes the role of knowledge and experience, strengthening team effectiveness, learning-orientation and enhanced productivity.

## Challenges and mitigation

<b>Challenge:</b> The great resignation, also known as the Big Quit, caused significant disruption in the job market. People were drawn towards better remuneration, work-life balance, and control over their work style,	leading to increased job switches and freelance opportunities.	energetic workforce and create a pipeline within the Bank. Fino Bank retained its best talent among field employees through incentive plans, comprehensive training and empathetic interventions.
	<b>Mitigation:</b> The Bank launched a trainee scheme to counter attrition and foster innovation. This initiative aimed to build a young and	

## HR policy - POWER

Fino Bank's overarching policy is based on a distinctive Employee Value Proposition, facilitated by POWER:

**People (P):** Good people with collaborative team culture.

**Organization (O):** Great Place to Work, good governance, brand image, higher purpose of the organization.

**Work (W):** Process excellence focus and prompt internal service.

**Employee centricity (E):** Development opportunities.

**Reward (R):** Meritocracy-driven rewarding culture.

The effectiveness of this Employee Value Proposition was manifested through low attrition compared to industry standards, superior productivity from new hires and successful organizational milestones. The bank is dedicated to build an institution

that prioritizes learning and development, enhancing the employee experience, career advancement and build capabilities. It fosters a performance-driven culture; its Performance Management System (PMS) is designed to create a focused and supportive environment that directs individual energy towards achieving organizational objectives.

## HR goal

The HR goal of the Bank is to create an environment that promotes the realization of the organizational vision by attracting and nurturing top talent in the industry.

## Our strengths

**Hiring right talent:** Fino Bank introduced a trainee scheme to address attrition and foster innovation. Through its trainee schemes, such as Post Graduate Trainees and Apprentices, it aims to build a talented and energetic workforce, and create a pipeline for future roles.

**Performance management system:** The Bank's meritocratic PMS involves quarterly, half-yearly and annual evaluations. Incentive programs are implemented for the sales force, while internal job postings and role transfers across locations and positions facilitate an efficient workforce.

**Learning and development:** In an organization dedicated to institution building, a strong emphasis on learning is crucial. Training plays a vital role as it helps build a skilled workforce and provides development opportunities. The training and HR team implemented offline and online initiatives.

**Boosting a high-performance culture:** The bank established a framework for acknowledging and rewarding the contributions of individuals and teams, coupled with a culture of openness, transparency and meritocracy.

## HR initiatives

**Trainee programme:** The bank's successful trainee program aims to build a talented and energetic workforce, creating a pipeline within the Bank. It addressed attrition and aligned trainees with organizational goals. Through mentorship and cultural accommodation, it facilitated trainee integration into the organization during the formative years. The program consisted of the Management Trainee and Apprentice (NAPS) schemes.

**Enhanced employee experience:** The bank started **Anubhav**, an interactive

session between HR and new joiners, resulting in reduced attrition and timely induction completion.

**Brand recognition:** The bank was rated as a Great Place To Work for two consecutive years, marked by an upward movement in the Trust Index Score.

**LMS on HRMS:** The bank provides departmental training modules like AML (Anti-Money Laundering), AFU (Anti-Fraud Unit), Tech trainings and POSH annually.

**Fino ki pathshala:** The bank provided continuous training to field employees on products, services and refresher courses.

**Institutional training:** The bank collaborated with banking institutes like IIBF (Indian Institute of Banking and Finance), CAB (College of Agricultural Banking), IDRBT (Institute for Development & Research in Banking Technology) to conduct mandatory training as mandated by RBI. It partnered with training institutions to provide employees in key roles with behavioral, specialised, technical and functional training, delivered through a combination of online and classroom modes, based on the program facilitated by the institutes and classified as junior level, mid-level and senior level trainings/certifications.

## Career enhancement programs

**Succession planning:** Succession planning for senior management leadership roles is being implemented.

**Stepping Stones programme:** A programme was launched for middle

management employees transitioning to senior management roles; comprised performance management, experience sharing by senior managers, external facilitation on leadership lessons and developing leadership potential.

## UDAAN (management trainee program)

A nurturing environment for fresh graduates from esteemed management institutes, served as a stepping stone into the industry.

## Our employee policy

Fino Bank upholds equal opportunity and non-discrimination practices. Our policy ensures that no employee or job applicant is discriminated against based on various factors, including caste, creed, race, religion, gender, age, LGBT status, national origin, pregnancy, marital status, family status, disability, HIV status, veteran status, or any other protected class. Employment decisions promote the principle of equal employment opportunity.

All decisions and actions, including compensation, benefits, transfers, layoffs, return from layoffs, organization-sponsored training, growth opportunities, and social and recreation programs, are administered without any discrimination based on race, colour, religion, gender, age, national origin, pregnancy, marital status, family status, disability, veteran status, or any other protected class as per local laws.

Our Equal Employment and Non-Discrimination Policy is a part of our Code of Conduct. Employees are encouraged to report any incidents of inconsistent treatment or behavior through our Employee Complaint Resolution Policy or Vigil Mechanism Policy. We have a zero-tolerance policy for victimization or harassment against employees who report issues or cooperate with investigations.

The Bank has a dedicated field training team and an online platform called 'i learn' for HR initiatives. We provide E-Induction on our HRMS for new joiners, covering topics such as information security, cyber security, AML, AFU and POSH. We also arrange professional trainings in IT and Cyber Security, Secure Coding Guidelines, Quality Control Selenium Testing, and JAVA Kubernetes Program.

## Outlook

The HR goals and priorities in FY 2023-24 will comprise enhanced capacity building beyond statutory training, ensuring enhanced performance, increased efficiency and personal cum professional progress.

## Our dashboard

### Employees

FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
3,014	2,802	2,683	2,893	2,868

### Employees by age group

Age	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
18-35	2,559	2,311	2,137	2,405	2,198
36-45	415	440	480	548	588
46-60	40	51	66	75	82
Total	3,014	2,802	2,683	3,028	2,868

### Employee cost as a percentage of revenue

FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
34.3	17.9	14.5	13.2	12.7

Fino Payments Bank has been in existence for only five years





# How we enhanced visibility and recall for Brand Fino Bank



Agar banking suvidha ho aisi, to shubh kaam mein deri kaisi  
“Fino Shubh Savings Account”



Download app and get exciting offers!



# A responsible ESG commitment lies at the core of Fino Bank

## Overview

A responsible ESG commitment is integral to modern businesses, a critical measure by which companies and their strategic direction are evaluated by an increasingly discerning global stakeholder audience.

At Fino Bank, we prioritize a formal and structured Environment-Social-Governance (ESG) approach that caters to the diverse needs of all stakeholders.

By integrating ESG principles into our business, the bank has enhanced sustainability while emphasising robust systems and processes. This approach enhances operational stability, systemic predictability and fosters trust among stakeholders.

## Our environment commitment

The bank adopted a paperless approach, eliminating the need for conventional documentation in accounts opening and digital receipts. All operations are digitised, reducing the environmental impact.

### Our philosophy

The bank's overarching philosophy is to remain proximate to customers, helping enhance the digital footprint.

## Our approach

- Environment management helps align the Bank with being a responsible corporate citizen.
- Digitization reduces environmental footprint, cost and improving the customer journey efficiency.

## Our initiatives

The Bank's operations are paperless, except for insurance policy issuance, which is regulated and requires physical documentation.



## Our social commitment

At Fino Bank, we recognize that effectively managing the 'social' aspect of our business is crucial in building strong relationships with stakeholders. By fostering stability in the employee profile, we promote knowledge retention and continuity. Building stable partnerships with merchants, we access resources around a favourable price-value proposition, particularly during challenging periods. Our focus on maintaining stable customer relationships enables us to provide customised solutions beyond transactional needs. Engaging with the community in a stable and consistent manner allows us to establish a supportive role within the beneficiary community. The bank utilizes formal tools like NPS surveys, social media listening, and Facebook live sessions to understand customer needs. The **Fino Saathi** program facilitates direct interactions between business leaders and stakeholders, enabling us to gain deeper insights.

### Initiatives

**Promoting diversity and inclusion:** We are committed to foster diversity and inclusion within our workforce and leadership positions. One example is our collaboration with the 'Sakhis' program, where we train and empower over 12,000 women bankers to work in their respective micro markets. We also run campaigns to encourage women to participate as distribution partners and customers.

**Inclusive work environment:** We do not practice any discrimination based on age, gender, or ethnicity. Our policies promote an inclusive work environment that embraces diversity across different dimensions.

**Health facilities:** We acknowledge that excessive workload and adverse weather conditions can compromise health. To address this, we offer comprehensive health insurance coverage to our employees and also ensure that our employees are educated about maintaining good health practices.

**Health policies:** We provide an attractive health insurance plan to support the well-being of our employees. All eligible and permanent employees are covered under the medical insurance policy.

**Community:** The Bank engaged with communities around its branches with the objective to widen its prosperity circle through relevant interventions in line with Sustainable Development Goals.

**Vendors:** The Bank deepened relationships with vendors and customers.

## Our governance commitment

At Fino Bank, our governance platform is built on the principle of conducting business with utmost clarity and integrity. Our commitment to ethical governance ensures that our business practices align with the highest standards of integrity, transparency and accountability.

One of our key priorities that strongly influence our governance architecture is the goal of reducing inequality, as outlined in Sustainable Development Goal 10 (SDG 10). We are committed to address and mitigate inequalities in various forms.

### Initiatives

**Board of Directors:** Our Board of Directors includes one woman member. We value diversity and are actively working towards achieving a more balanced representation on our Board. The bank placed a premium on Board composition, comprising professionals of standing. These individuals enriched the bank's values, experience, multi-sectoral understanding and strategic quality.

**Trust:** We believe that trust is the underlying element why customers engage with us, why employees work with us, why investors provide us risk capital and why communities support us. We enhance this trust through initiatives described in this document.

**Think long-term:** We have selected to build the business around long-term viability. This approach has influenced our investments in assets, technologies, people, locations, products and trade partners.

**Data-driven:** We are an analytics-driven organisation that generates data-driven ground realities resulting in informed decision-making. In turn, the management provides this data and information to executives and distribution partners. This has helped mature the organisation to one driven largely by technology-aided information sharing.

**Contiguous growth:** We believe in incremental geographic expansion: from one district to the contiguous other, leveraging distribution presence and managerial bandwidth.

**Integrity:** At Fino, we profess the highest standards of ethical commitment, whether it is through the way we engage with stakeholders, the conservatism with which we interpret accounting treatments, the transparency with which we communicate our story to stakeholders and the empathy with which we engage with the marginalised.

**Digitalisation:** At Fino, we invested in state-of-the-art data analytics platform to strengthen processes and systems.

# Empowering communities at Fino Bank

## Overview

Fino Bank is dedicated to nation-building through enhanced financial security for all its citizens. The bank serves rural communities, showcasing its commitment to corporate social responsibility (CSR).

The bank operates with a strong double-bottom-line approach, conducting routine business operations and sponsoring programs that positively impact customers, employees and the community. Aligning

with the Companies Act, 2013, the bank aims to integrate CSR guidelines into its operations and invest CSR funds in socially and environmentally beneficial outcomes.

The Bank aims to create a balance between economic, environmental and social imperatives by promoting education, skill training, healthcare, financial literacy and inclusion. Through these efforts, we strive to make a positive impact on communities.

## Our partnerships

The Bank partnered several NGOs, including Royals Rajasthan Foundation, Jan Vikas Society - Bal Ashram, Krupa Ghar Trust, Roti Foundation, Ramakrishna Mission Ashram - Swami Vivekananda, Gvriksh (a Winfluent Technology partner) and Sanjeevani, Life Beyond Cancer.

## Key programmes

**Eradicating hunger:** Our efforts focus on eradicating hunger, poverty and malnutrition, promoting healthcare (including preventive measures) and sanitation, while contributing to the Swachh Bharat Campaign for improved sanitation and access to safe drinking water.

**Primary education and financial literacy:** We actively promote education, including special education and enhance vocational skills among children, women and the elderly and differently abled individuals.

**Healthcare:** Sanjeevani, Life Beyond Cancer is a leading organization dedicated to comprehensive cancer care. They focus on health, skill development and awareness to support cancer patients and train cancer survivors to become skilled professional caregivers.

**Protection of environment:** Gvriksh is dedicated to ensure environmental sustainability, protecting flora and fauna, promoting animal welfare, agroforestry, conserving natural resources and maintaining the quality of soil, air and water.

## Big numbers

25

₹ Lakh spent on CSR activities in FY 2022-23

## Case study

### Rejuvenation and restoration of Ashoka Park Jheel

**Reality:** The Gvriksh NGO, in collaboration with Rise and Grow Foundation and Winfluent Technology, rejuvenated and restored Ashoka Park Jheel in New Delhi within one month.

**Challenges:** Accumulation of sludge and vegetation; presence of bad odour; algae bloom covering the entire waterbody, marked by mosquitoes and insects; mosquito breeding due to large shrubs along the waterbody boundaries.

**Activities:** Ecological and physical removal of excess algae and vegetation, leading to a replenished waterbody;

elimination of bad odour within a few weeks; transformation of a dark green to a lighter shade; improvement in water transparency and non-sticky nature; utilization of the water for horticulture purposes; plantation drive and shrub pruning around the waterbody, along with beautification of the surrounding area; increase in oxygen levels resulting in a proliferation in aquatic life.

**Outcome:** Enhanced aesthetics through plantation and beautification and increased awareness among employees about environmental responsibility.

# Our Board members



**Rajat Kumar Jain**  
Independent Director



**Suresh Kumar Jain**  
Independent Director



**Deena Asit Mehta**  
Independent Director



**Rakesh Bhartia**  
Independent Director



**Pankaj Kumar**  
Nominee Director



**Prateek Roongta**  
Nominee Director



**Rishi Gupta**  
Managing Director &  
Chief Executive Officer



**Mahendra Kumar Chouhan**  
Part-time Chairman  
and Independent  
Director (Ceased from  
01.05.2022)



**Punita Kumar-Sinha**  
Independent Director  
(Ceased from  
01.05.2022)



**Prakash Iyer**  
Independent Director

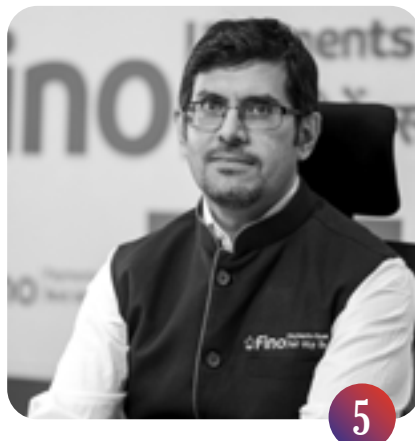


**Avijit Saha**  
Nominee Director



**P S Ravi**  
Nominee Director

# Our leadership team



1

**Rishi Gupta****Managing Director  
and Chief Executive Officer**

Rishi Gupta is the Managing Director and CEO of Fino Payments Bank. He led the bank to profitability within three years of its launch. He played a pivotal role in Fino becoming the first payments bank to be listed on the Indian stock exchanges in November 2021.

He is actively involved in the industry and currently serves as the Co-Chairman of the National Council on Banking and Financial Services at ASSOCHAM, one of the premier industry associations in India. As a founding member of Fino Paytech, the parent company of Fino Payments Bank, Rishi brings valuable experience to his role.

2

**Ketan Merchant****Chief Financial Officer**

Ketan Merchant assumed the position of Chief Financial Officer (CFO) at Fino Payments Bank in February 2019. With over 23 years of experience in banking, he oversees the Finance, Strategy, Balance Sheet Management, and Internal Control functions within the bank.

As CFO, Ketan focuses on developing a growth-oriented business model to enhance shareholder value and optimize balance sheet management. He has played a key role in establishing a differentiated and cost-efficient model that has facilitated the bank's significant growth over the past five years.

3

**Major Ashish Ahuja****Chief Operating Officer**

Major Ashish Ahuja has been associated with Fino Payments Bank since its inception and took on the role of Chief Operating Officer (COO) in June 2020. He is responsible for developing and implementing innovative solutions for the bank, managing corporate partnerships and alliances, and strengthening the bank's product and service portfolio.

Major Ashish ensures smooth service delivery to customers, clients and merchants by overseeing the cohesive functioning of Products, Central

operations, and other related functions. With a background spanning over 28 years, including military service, banking, channel management, and retail, he excels in successfully executing complex projects.

4

**Shailesh Pandey****Chief Sales Officer**

Shailesh Pandey has been a part of Fino Payments Bank since its inception in 2017 and has held the position of Chief Sales Officer (CSO) since June 2020. As CSO, he has successfully established the largest financial services distribution network in the country, comprising over half a million own banking points across India. This extensive network has facilitated the inclusion of under-banked and under-served customers into the formal financial services fold, contributing to a profitable business model.

5

**Anand Bhatia****Chief Marketing Officer**

Anand Bhatia joined Fino Payments Bank as the Chief Marketing Officer (CMO) in February 2018. He plays a crucial role in the bank's brand journey, utilizing innovative new-age media platforms. Under his leadership, the bank became the first payments bank to sign brand assets like cricket league associations and the resultant social media reach has helped acquire quality customers. His team of data scientists plays a key role in monetization of data, driving subscription renewal income. He is the person behind the *Fino Matlab Fikar Not* campaign.

6

**Vinod Kumar****Chief Information Officer**

Vinod Kumar holds the position of Chief Information Officer (CIO) at Fino Payments Bank. He played a vital role in establishing a robust IT infrastructure system and is currently leading digital transformation initiatives to create a bank that is prepared for the future.

7

**Tejas Maniar****Chief Digital Officer**

Tejas Maniar joined Fino Payments Bank in April 2022 as Chief Digital Officer (CDO) to build and scale up its Fino 2.0 strategy. He has over 20+ years of experience in the digital domain. He started out when digital was at a nascent stage in the early 2000s with considerable stints in HDFC Bank, IDFC FIRST Bank setting and scaling up digital domains including products, applications, business and sales before joining Fino Bank.

8

**Major Pratima Pinto Thomas****Head, Human Resources**

Major Pratima Pinto Thomas heads the Human Resource function at the Bank.

She has been instrumental in leading the organisation with people initiatives creating a vibrant workplace. Major Pratima led major efforts that contributed towards the employee experience/enthusiasm in trying times during the pandemic ensuring business continuity and bringing in new age practises in the organization.

She is a certified Gallup coach and holds a bachelor's degree in Commerce, Masters in Human Resource Development Management from Jamnalal Bajaj, University of Mumbai and Post Graduate Certificate in Business Administration (Customised Programme for Defense Officers) from Narsee Monjee Institute of Management Studies.

She has served in the Indian Army for 10 years and prior to joining the Bank she worked with Vijay Sales, Essar Group and BDO India LLP.

9

**Basavraj Loni****Company Secretary  
and Compliance Officer-Head Legal**

Basavraj Loni joined Fino Group in 2017. He currently holds the positions of Company Secretary and Head of Legal at Fino Bank. With expertise in secretarial, legal, corporate governance, and compliance matters, Basavraj has previously worked at Priya Limited, Raj Oils Mills Limited, GOL Offshore Limited, and Mahindra & Mahindra Financial Services Limited.

# BOARD'S REPORT

Dear Members,

Your Board of Directors are pleased to present the Seventh (7<sup>th</sup>) Annual Report of Fino Payments Bank Limited ("Bank") together with the Audited Financial Statements for the Financial Year ended March 31, 2023.

## FINANCIAL HIGHLIGHTS

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

	(₹ in Lakh)	
Particulars	2022-23	2021-22
<b>Balance Sheet:</b>		
Savings Bank Deposits	91,158	49,762
Current Account Deposits	556	505
<b>Total Assets/ Liabilities</b>	<b>2,46,640</b>	<b>1,68,000</b>
Total Income	1,22,991	1,00,885
Less: Expenses	1,09,383	92,447
<b>Profit /(Loss) before Interest, Depreciation and Tax</b>	<b>13,608</b>	<b>8,438</b>
Less: Depreciation	4,185	3,545
Less: Finance Charges	2,915	619
<b>Profit /(Loss) before Tax and prior period items</b>	<b>6,508</b>	<b>4,274</b>
<b>Profit /(Loss) before Tax</b>	<b>6,508</b>	<b>4,274</b>
Taxes	-	-
<b>Net Profit /(Loss) after Tax</b>	<b>6,508</b>	<b>4,274</b>
Other Comprehensive Income	-	-
<b>Balance of Profit /(Loss) carried forward to next year</b>	<b>6,508</b>	<b>4,274</b>
<b>Appropriations</b>		
Transfer to Statutory Reserve	1,627	1,069
Transfer to Investment Reserve	2,390	11

## BUSINESS OPERATIONS AND STATE OF AFFAIRS OF THE BANK

The brief details on the business operation and state of affairs of the Bank during financial year ended March 31, 2023 are given below:

- Throughput grew by a whopping 36% year-on-year basis in FY23.
- The Bank processed 120cr+ transactions in FY23, a 79% growth compared to the previous year (Almost 1% of those who walk-in to transact, eventually commenced a relationship with the Bank).
- Digital throughput grew exponentially by 166% to touch nearly 19% of overall throughput in FY23 at ₹48,965 Cr.
- The Bank opened approx. 29.7 Lakh current and savings accounts of customers in FY23, of which 82% were subscription based accounts.
- The Bank delivered a robust ROE of 12.8% in FY23.
- Distribution activity on critical KPIs was pivotal in delivering sales performance. The Business Enablement Teams played a big role in driving these KPIs, namely:

- Active Merchant ratio up by 31% on AEPS.
  - Active Merchant ratio up by 20% on CMS and Micro ATMs.
  - Active Merchant ratio up by 9% on DMT.
- Merchant network went up by 34%, the Bank's physical outreach reached to 13 Lakh + banking points in FY 23.

Further, the net revenue of the Bank was ₹1,229.9 Cr for the financial year ended March 31, 2023 as compared to ₹1,008.9 Cr in previous financial year. The Bank's Profit after tax stood at ₹65.1 Cr for the financial year ended March 31, 2023 as compared to ₹42.7 Cr in previous financial year.

Your Bank is a public limited company and is registered with Reserve Bank of India ("RBI") to carry on the business of Payments Bank in India. A detailed Operational performance of the Bank during the year has been comprehensively discussed in the Management Discussion and Analysis Report which forms an integral part of this Annual Report.

## CHANGE IN NATURE OF BUSINESS

During the year under review, there has been no change in nature of business of the Bank.



## SCHEDULED BANK LICENSE

The Bank became the Scheduled Bank with effect from January 01, 2021 vide Notification DoR.NBD.No.2138/16.03.005/2020-21 dated January 01, 2021 and published in the Gazette of India (Part III - Section 4) dated February 13 - February 19, 2021 and continues to comply with all the applicable regulations prescribed by the RBI, from time to time.

## CREDIT RATING

The details of credit rating as on March 31, 2023 along with its outlook are given here under:

Rating	Outlook	Rating Agency	Comments
Long Term: [ICRA] BBB+	Stable	ICRA Limited	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations.
Short Term: [ICRA] A2+	Stable	ICRA Limited	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations.

## DIVIDEND

The Bank is in a growing stage and keeping in view of required funds to support its future growth, your Directors do not recommend any dividend for the financial year ended March 31, 2023.

In accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), the Bank has formulated a Dividend Distribution Policy, which ensures a fair balance between rewarding its Members and retaining enough capital for the Bank's future growth and expansion plan. The Dividend Distribution Policy is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661757567\\_dividenddistributionpolicy.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661757567_dividenddistributionpolicy.pdf)

## TRANSFER TO RESERVES

During the year under review, the Bank has appropriated ₹16.27 Cr towards Statutory Reserves for the financial year ended March 31, 2023.

## CAPITAL STRUCTURE & FUND RAISING

During the year under review, there has been no change in the authorised share capital of the Bank. During the year under review, the Bank has not raised any capital, therefore the issued, subscribed and paid up share capital of the Bank as on March 31, 2023 was ₹83,21,43,020 (Rupees Eighty Three Crores Twenty One Lakh Forty Three Thousand Twenty Only) comprising of 8,32,14,302 (Eight Crores Thirty Two Lakh Fourteen Thousand Three Hundred and Two) Equity Shares of face value of ₹10/- (Rupees Ten Only) each.

## STRATEGIC INITIATIVES DURING THE YEAR UNDER REVIEW AND TILL THE DATE OF THIS REPORT

### i. ACQUISITION OF 7.98% STAKE IN PAYSPRINT PRIVATE LIMITED

Your Board at its meeting held on April 10, 2022 which continued till April 11, 2022 had approved the proposal to invest upto 12.19% i.e. ₹4 Cr by way of subscription to equity shares of PaySprint Private Limited ("**PaySprint**") in two tranches.

The Bank executed Share Subscription and Shareholders' Agreement with PaySprint on September 20, 2022 to acquire upto 12.19% equity shares of PaySprint in two tranches i.e. first tranche of the proposed investment upto ₹2.5 Cr representing 7.98% of paid up capital of PaySprint and remaining investment upto ₹1.5 Cr representing 4.21% of paid up capital of PaySprint, subject to RBI approval, as applicable, at the sole discretion of the Bank.

Consequently, the Board of Directors of PaySprint has approved the allotment of 867 equity shares for total consideration of ₹2,49,79,137, representing 7.98% of paid up share capital of PaySprint.

The investment is in continuation to several in-house initiatives by the Bank that are already underway towards building a digital ecosystem for its customers as part of its Fino 2.0 journey. This investment will further strengthen your Bank's product portfolio into Application Programming Interface (API) for business-to-business integration (B2B). The Bank has and intends to develop API stacks in the following sectors: 1) Financial 2) Banking 3) Payment 4) Collection 5) Insurance 6) Lending 7) Investment 8) Travel 9) Verification and 10) Health Care API stacks.

### UTILIZATION OF NET PROCEEDS FROM THE FRESH ISSUE IN IPO

The net proceeds from the fresh issue in the IPO were utilised towards the objects stated in the Red Herring Prospectus dated October 22, 2021 i.e. towards augmenting its Tier - 1 capital base to meet its future capital requirements. Further, the proceeds from the Fresh Issue was also used towards meeting the expenses in relation to the Offer. The Bank on quarterly basis affirming no deviation in utilisation of the issue proceeds from the object stated in offer documents and submits to Stock Exchanges in compliance with the SEBI Listing Regulations.

The Bank would require additional Tier-I capital for penetration of business/ services in uncovered/ sparsely covered areas, modernization to technology (banking) platform to handle business in line with large volumes on account of growing business development of customer oriented banking/ financial products, activities to generate awareness of bank's products and services among targeted population and country, keeping sufficient capital meeting the regulatory/ compliance requirements to operate as a Payments Bank. This future need for capital will be met through internal accruals as well as proceeds of the issue.

## EMPLOYEES STOCK OPTION SCHEMES ("ESOS")

The Bank has formulated and implemented Fino Payments Bank Limited - Employees Stock Option Policy, 2020 ("ESOP 2020") with a view to attract, retain, incentivize and motivate employees of the Bank by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability. The ESOP 2020 has been amended from time to time in view of regulatory changes/ business requirements. None of these amendments were prejudicial to the interest of the employees.

The Nomination and Remuneration Committee which also acts as a Compensation Committee ("NRC") of the Board is entrusted with the responsibility of implementation and administration of the ESOP 2020.

The details and disclosures as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI (SBEB and SE)") and circulars issued thereunder, have been uploaded on the Bank's website at [www.finobank.com](http://www.finobank.com) under the 'Investors' section. The Equity Shares issued under ESOP 2020 shall rank pari passu with the existing equity shares of the Bank.

Further, disclosure as per the 'Guidance Note on Accounting for Employee Share-based Payments' issued by the Institute of Chartered Accountants of India, are disclosed in the Notes to the Financial Statements of the Bank for the financial year ended March 31, 2023, which forms integral part of this Annual Report.

The ESOP 2020 is in compliance with the SEBI (SBEB and SE) Regulations, 2021. A certificate from the Secretarial Auditor of the Bank that the ESOP 2020 has been implemented in accordance with SEBI (SBEB and SE) Regulations 2021 and in accordance with the resolutions passed by the members of the Bank, shall be placed at the 7<sup>th</sup> AGM of the Bank.

## CAPITAL ADEQUACY RATIO

Your Bank has strong capital adequacy ratio. As on March 31, 2023, the Capital to Risk Assets Ratio (CRAR) of your Bank was 86.05% which is well above the minimum requirement of 15% CRAR prescribed by the Reserve Bank of India.

Out of the above, Tier I capital adequacy ratio stood at 82.12% and Tier II capital adequacy ratio stood at 3.93%.

## MATERIAL CHANGES AND COMMITMENTS

Apart from the details given in this Report, there were no material changes or commitments affecting the financial position of the Bank which have occurred between the end of the financial year i.e. March 31, 2023 and up to the date of this Report.

## TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND

During the year under review, the Bank was not required to transfer any fund or Equity shares to the Investor Education and Protection Fund as per the provisions of Section 125 of the Act read with applicable rules framed thereunder, as amended from time to time.

## DEPOSITS

Being a banking company, the disclosures relating to deposits as required in accordance to Sections 73 and 74 of the Companies Act, 2013 ("Act") read with Companies (Accounts) Rules, 2014 and other applicable provisions of the Act are not applicable to the Bank.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on March 31, 2023, the composition of the Board was in compliance with the provisions of the Act, the SEBI Listing Regulations and the Guidelines for Licensing of "Payments Banks" dated November 27, 2014 issued by the Reserve Bank of India and the Articles of Association of the Bank.

During the year under review, the Bank as a matter of good governance practice has reconstituted its Board Committees to align with the Reserve Bank of India ("RBI") Circular No. RBI/2021-22/24DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board though, the aforesaid circular is not yet applicable on Payments Bank.

The Board of the Bank is duly constituted with an optimum combination of Executive Director, Non-Executive Directors including Independent Directors and Women Director. The changes in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act, SEBI Listing Regulations and RBI Regulations.

In terms of the requirement of the Listing Regulations, the Board has identified core skills, expertise and competencies of the Directors in the context of the Company's businesses for effective functioning. The list of key skills, expertise and core competencies of the Board of Directors is detailed in the Corporate Governance Report.

In the opinion of the Board, all the directors, as well as the directors appointed / re-appointed during the year possess the requisite qualifications, experience and expertise and hold high standards of integrity.

In terms of SEBI Listing Regulations, the Bank has received Certificate from M/s. DM & Associates Company Secretaries LLP, Practicing Company Secretaries, the Secretarial Auditor of the Bank that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as a Director of any Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such other statutory authority.

## Appointment/re-appointment of Directors made during FY 2022-23 and till the date of this report.

Based on the recommendation of the Nomination and Remuneration Committee ("NRC"), the Board approved the appointment/re-appointment of the following Directors, during FY 2022-23 and till the date of this report:

1. Mr. Prakash Kulathu Iyer (DIN:00529591) was appointed by the Board as an Additional Director in the capacity of Independent Director with effect from June 01, 2022. The



Members also approved the appointment of Mr. Prakash Kulathu Iyer as an Independent Director of the Bank for a term of five consecutive years commencing from June 01, 2022 up to May 31, 2027 (both days inclusive) through postal ballot by passing a special resolution.

2. Mr. Rakesh Bhartia (DIN:00877865) was appointed by the Board as an Additional Director in the capacity of Independent Director with effect from July 27, 2022. The Members at the 6<sup>th</sup> AGM approved the appointment of Mr. Rakesh Bhartia as an Independent Director of the Bank for a term of five consecutive years commencing from July 27, 2022 up to July 26, 2027 (both days inclusive) by passing a special resolution.
3. Mr. Rishi Gupta (DIN:01433190), Managing Director & CEO of the Bank was re-appointed by the Members at the 6<sup>th</sup> AGM for a period of three consecutive years with effect from May 02, 2023 up to May 01, 2026 (both days inclusive), subject to approval of the RBI, by passing an ordinary resolution. The RBI vide its letter dated April 28, 2023 approved the re-appointment of Mr. Rishi Gupta as the Managing Director & CEO of the Bank for the period of three consecutive years w.e.f. May 02, 2023.
4. Mr. Prateek Roongta (DIN: 00622797) was appointed by the Board as a Non-Executive Nominee Director with effect from October 31, 2022, not liable to retire by rotation, subject to approval of Members. The Members also approved the appointment of Mr. Prateek Roongta as a Non-Executive Nominee Director of the Bank commencing from October 31, 2022, not liable to retire by rotation, through postal ballot by passing an ordinary resolution.
5. Mr. Pankaj Kumar (DIN: 07245781) was appointed by the Board as a Non-Executive Nominee Director with effect from April 11, 2023, not liable to retire by rotation, subject to approval of Members of the Bank. The Bank shall initiate the process for seeking approval for Members on his appointment.

#### Re-appointment of Directors retiring by rotation

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Bank, Mr. Rishi Gupta (DIN:01433190), Managing Director & CEO of the Bank retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. The resolution seeking the re-appointment of Mr. Rishi Gupta forms part of the Notice convening the ensuing 7<sup>th</sup> Annual General Meeting.

The profile and particulars of experience, attributes, skills of Mr. Rishi Gupta together with his other directorships and committee memberships in terms of regulation 36 of SEBI Listing Regulations and Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India have been disclosed in the annexure to the Notice of the Annual General Meeting.

#### Cessation of Directors during the FY 2022-23

Mr. Mahendra Kumar Chouhan was appointed as an Independent Director of the Bank for a period of five years with effect from May 02, 2017 and as a Part-time Chairman of the Bank for a period of three years with effect from May 18, 2020. Mr. Mahendra Kumar Chouhan ceased to be Independent Director and Part-time

Chairman of the Bank w.e.f. May 01, 2022 upon completion of his tenure.

Dr. Punita Kumar-Sinha was appointed as an Independent Director of the Bank for a period of five years with effect from May 02, 2017. Dr. Punita Kumar-Sinha ceased to be Independent Director of the Bank w.e.f. May 01, 2022 upon completion of her tenure.

Mr. Ravi Subbaiah Pagadala and Mr. Avijit Saha tendered their respective resignations and ceased to be Non-Executive Nominee Directors of the Bank with effect from November 02, 2022 and March 02, 2023, respectively.

The Board placed on record its appreciation for the valuable services and support provided by Mr. Mahendra Kumar Chouhan, Dr. Punita Kumar-Sinha, Mr. Ravi Subbaiah Pagadala and Mr. Avijit Saha during their tenure as Directors of the Bank.

During the year under review, there has been no change in the Directors and Key Managerial Personnel of the Bank other than those disclosed above.

#### DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the Act, it is hereby confirmed that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2023 and of the profit of the Bank for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the annual accounts on a going concern basis;
- e. the Directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors ("IDs") of the Bank have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as IDs of the Bank. In the opinion of the Board, the IDs possess the requisite integrity, experience, expertise and proficiency required under all applicable laws and the policies of the Bank.

All the IDs of the Bank have complied and affirmed to abide by Rule 6 (Creation and Maintenance of Databank of Persons Offering to become Independent Directors) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, and have also declared their enrollment in the databank of Independent Directors maintained by Indian Institute of Corporate Affairs ("IICA").

## **CODE OF CONDUCT FOR DIRECTORS INCLUDING INDEPENDENT DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

The Board of the Bank has adopted a Code of Conduct for the Directors and Senior Management Personnel ("SMPs") of the Bank in compliance of Regulation 17(5) of the SEBI Listing Regulations which sets forth the guiding principles for orderly and fair conduct by Board and SMPs.

For the financial year 2022-23, all the Board members and SMPs have affirmed the compliance with the Code and a declaration to this effect signed by the Managing Director & CEO forms part of Corporate Governance Report annexed to the Board's Report forming part of this Annual Report. The Bank's Code of Conduct for Directors and SMPs is disclosed on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661755215\\_9cocbodsrmangementn.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661755215_9cocbodsrmangementn.pdf)

## **NUMBER OF MEETINGS OF THE BOARD, ATTENDANCE, MEETINGS AND CONSTITUTION OF VARIOUS COMMITTEES**

During the year under review, eight Board meetings were held. The intervening gap between the said meetings were in compliance with the provisions of Act, relevant rules made thereunder, Secretarial Standard-I issued by Institute of Company Secretaries of India and provisions of SEBI Listing Regulations. The dates of Board meetings and details of attendance of each Director and constitution of various Committees of the Board are disclosed separately in the Corporate Governance Report annexed to the Board's Report forming part of this Annual Report.

## **POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of Section 178(3) of the Act read with rules made thereunder and RBI guidelines, the Board of Directors has formulated and adopted a comprehensive Compensation Policy which inter-alia covers criteria for appointment and remuneration of its Directors, Key Managerial Personnel, Senior Management Personnel and other Employees of the Bank.

The proposals for appointment of Directors are submitted to the Nomination and Remuneration Committee ("NRC") along with requisite documents/disclosures received in the prescribed format from proposed candidates as Director. The NRC carries out the fit and proper assessment after ascertaining the veracity of documents submitted, experience and qualifications required for the post and if deems fit, recommend the profile of proposed candidate for appointment to Board for its approval. The NRC and the Board ensures that the remuneration to be paid to the proposed appointee is in accordance with the compensation policy of the Bank and RBI guidelines issued in this regard. During the financial

year 2022-23, the Board reviewed the Compensation Policy, which regulates the appointment and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees of the Bank. The terms of reference of the NRC, objectives of Compensation Policy including other details have been detailed in Corporate Governance Report annexed to the Board's Report.

The Compensation Policy of the Bank is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661755335\\_18nrccompensationpolicye.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661755335_18nrccompensationpolicye.pdf).

## **BOARD PERFORMANCE EVALUATION**

In accordance with the provision of the Act, SEBI Listing Regulations and RBI guidelines, the Annual Performance Evaluation of the Board, its Committees and each Director has been carried out for the year under review. The details of evaluation process of the Board, its Committees and individual Directors have been disclosed in the Corporate Governance Report forming part of this Annual Report.

The policy on the Board's Evaluation framework is made available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1662443304\\_BoardPerformanceEvaluationPolicy.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1662443304_BoardPerformanceEvaluationPolicy.pdf)

## **SUCCESSION PLANNING**

Pursuant to the recommendation of Nomination and Remuneration Committee ("NRC") the Board has framed a Policy on Succession Planning at the Board and Senior Management levels. The Policy is periodically reviewed by the NRC and the Board. The Board composition and the desired skill sets/ areas of expertise at the Board level are continuously reviewed and vacancies, if any, are reviewed in advance through a systematic due diligence process.

Succession planning at Senior Management levels, including business and assurance functions, is continuously reviewed to ensure continuity and depth of leadership at two levels below the Managing Director & CEO. Successors are identified prior to the Senior Management positions falling vacant, to ensure a smooth and seamless transition. The Policy on Succession Planning is made available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661869150\\_SuccessionPlanningPolicyN.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661869150_SuccessionPlanningPolicyN.pdf).

## **FAMILIARISATION PROGRAMME**

The details about Familiarisation Programme carried out by the Bank have been disclosed in the Corporate Governance Report forming part of this Annual Report

## **STATUTORY CENTRAL AUDITORS AND THEIR REPORT**

M/s. A P Sanzgiri & Co, Chartered Accountants (ICAI Firm Registration Number: 116293W) the Statutory Central Auditors of the Bank have conducted Statutory Audit of the Financial Statements of the Bank for financial year ended March 31, 2023. The Notes referred in the Auditors' Report are self-explanatory.

There are no qualifications or reservations or adverse remark or disclaimers given by Statutory Central Auditors. The Auditors' Report forms an integral part of this Annual Report. The total fees

paid to the Statutory Central Auditors of the Bank for the financial year ended March 31, 2023 is disclosed in the Note No. 60 to Financial Statements for the financial year ended March 31, 2023 forming part of this Annual Report.

M/s. A P Sanzgiri & Co, Chartered Accountants were appointed as the Statutory Central Auditors in the 6<sup>th</sup> Annual General Meeting (“AGM”) for a period of one year, until the conclusion of the 7<sup>th</sup> AGM of the Bank. It is proposed to re-appoint M/s A P Sanzgiri & Co, Chartered Accountants as Statutory Auditors of the Bank for the period of 2 years commencing from the conclusion of the 7<sup>th</sup> AGM until the conclusion of the 9<sup>th</sup> AGM that would be held in 2025, subject to the approval of the RBI on annual basis.

The Statutory Auditors have confirmed that they satisfy the independence criteria required under the Act and the Code of Ethics issued by the Institute of Chartered Accountants of India.

Approval of the Members is being sought for the re-appointment of M/s. A P Sanzgiri & Co, as Statutory Central Auditors of the Bank at the ensuing 7<sup>th</sup> AGM.

### SECRETARIAL AUDITORS AND THEIR REPORT

In compliance with the provisions of Section 204 of the Act and the rules framed thereunder, M/s. DM & Associates Company Secretaries LLP, the Secretarial Auditors (“Secretarial Auditors”) of the Bank undertook the Secretarial Audit for the financial year ended March 31, 2023. There were no observations, qualifications or adverse remark made by the Secretarial Auditors in their Report.

The Secretarial Audit Report for financial year 2022-23 is annexed as **Annexure-I** to the Board’s Report.

### COST AUDITORS

During the year under review, the provisions for maintenance of cost records as specified by the Central Government under section 148(1) of the Act are not applicable to the Bank and the Bank was not required to appoint Cost Auditor.

### LOANS, GUARANTEES AND INVESTMENTS

The particulars of investments made by the Bank are disclosed in Note no. 2.5 of notes to account.

There was no loan made, guarantee given or security provided or and hence, no disclosure was required to be made in this regard.

### RELATED PARTY TRANSACTIONS

All the Related Party Transactions (“RPTs”) that were entered into during the financial year were on an arm’s length basis and were in ordinary course of business. Transactions entered into by the Bank with related parties in the normal course of its business were placed before the Audit Committee of the Board (“ACB”). Prior omnibus/specific approval for normal banking transactions were also obtained from the ACB for the RPTs which are repetitive in nature as well as for the normal banking transactions which cannot be foreseen. A statement giving details of all RPTs, entered pursuant to the omnibus approval so granted, was placed before the ACB for their review on a quarterly basis.

The Bank has not entered into any material financial or commercial transactions with any related parties as per AS-18 and the SEBI Listing Regulations that may have potential conflict with the interest of the Bank at large.

In terms of Regulation 23(9) of the SEBI Listing Regulations, the Bank submits the disclosure of RPTs in a prescribed format, as specified under relevant Accounting Standards, on half yearly basis to the Stock Exchanges and update its website accordingly.

There were no transactions entered into individually or taken together with the previous transactions during the financial year with related parties, which were not in the normal / ordinary course of the business of the Bank, nor were there any transactions with related parties or others, which were not on an arm’s length basis. Hence, pursuant to Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no RPTs to be reported under Section 188(1) of the Act. Hence, Form AOC-2 is not applicable to the Bank.

Pursuant to the provisions of the Act and the Rules made thereunder, SEBI Listing Regulations, the Bank has in place a Board approved policy on related party transactions.

The said policy is also uploaded on the Bank’s website at [https://www.finobank.com/uploads/pages/corporate-governance/1661757749\\_RPTPolicyRevised.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661757749_RPTPolicyRevised.pdf).

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Bank is committed for maintaining a balance between growth and optimal utilisation of resources. Your Bank is also focused towards undertaking initiatives for absorption of technology with conservation of energy.

#### A. Research & Development

During the year under review, the Bank had conducted various in-house development activities in the following areas. Focus was mainly on creating generic plug & play interfaces for various transactions so that these can not only be consumed by Bank, but also can be extended to its Partners and Merchants.

##### i. Payments Bank

###### a. Teller / Merchant Application

Added value to existing applications by adding new products and enhancing existing products on Web Teller and Feet on Street. Also enabled the same for Merchant on Web and Mobile.

###### b. API Banking & Integrations

Considering large flow of payment services clients, the Bank has developed white label approach for on-boarding payment services clients. With this approach, plugging-in new payment services client has been easy and faster now. The Bank has also created Application Programming Interface and Software Development Kit for Aadhar Enabled Payment Services (“AEPS”)/Micro ATM/Domestic

Money Transfer/Cash Management Services transactions. These API's are used by Banks different Partners to integrate and initiate transactions from their own platform.

**c. Extending Current Account Saving Account**

- i. Implementation of subscription base products
- ii. The Bank is implementing VKYC base merchant/customer on-boarding.
- iii. CASA+, this is an auto sweep extended account in Partner bank.

**d. Analytics**

After rollout of SAS, the Bank has now extended the same to profiling customer as well as merchants. This will enhance product offering to customer and performance of merchants. The Bank endeavors to enhance it further for cross sell.

**e. Other systems implemented**

The Bank is implementing Gyankosh (Knowledge Management System), Chatbot, Inventory system & Customer Relationship Management.

The Bank's system has integrated with CleverTap to extend its communication with merchant and customer.

Rewards points and re-admission system for merchant.

RPA-Automation implemented for Cash-In and account Data Verification Unit activity.

**ii. Self-Channels**

With digital focus the Bank is working on implementing self-channels to enhance user experience and convenience.

**a. Cash Bazar**

Considering a cash demand and shortage in the field, the Bank has implemented "On-Demand" cash platform for rural area.

**b. Multilingual**

To increase usability, the Bank has upgraded Fino-Pay platform with "Hindi" support. Going ahead it can be extended to other regional languages.

**iii. Application Security**

The Bank has further enhanced security for applications so as to reduce frauds. Implemented below security patches to applications.

- Strengthening security of applications.
- Implementing EMV certification on all acquiring devices so as to support chip based transactions.
- Dynamic key implementation.
- Secured Socket Layer pinning.

**B. Future Readiness**

Considering future load of transactions, the Bank is continuously taking steps to improve scaling capacity of its applications. Below approach is followed to achieve the same:

- Benchmarking existing application capacity by doing load testing.
- Reducing transaction hops to implement straight through transaction processing for HIGH throughput transactions.
- Segregating critical transactions from non-financial ones so as to create a control based on priority of transactions.
- Enhancing process so as to reduce TAT on transactions like 15-minute account activation.

**1. Security**

- Implementation of a 24X7 Security Operations Center (SOC).
- DLP (Data Leak Prevention) system deployed.
- MDM (Mobile Device Management) systems deployed for Mobile devices security.

**2. Production systems**

Periodic reviews of Servers, Storage and Networks and implement the required augmentation of capacities (CPU, Memory, Storage).

Network optimizations were carried out to strengthen security and performance.

Server consolidation was done for optimization and better management. Half yearly IT DR Drills completed successfully.

**C. Technology absorption**

- a. All Payments Bank applications are primarily using CBS (Core Banking system) provided by "FIS" (FIS Payments and Solutions India Private Limited).
- b. For digital signing of documents, the Bank is using digital signing system.
- c. DMS (Document Management Server) workflows are implemented using robotic process automation.

The aforesaid Technologies have been absorbed by the Bank to the extent possible.

**D. Foreign Exchange Earnings and Outgo**

During the year under review, there was no foreign exchange earnings, however, there was foreign exchange outgo of ₹47.37 Lakhs.

**RISK MANAGEMENT**

Your Bank being a Payments Bank is required to largely follow/implement directives issued by RBI for scheduled commercial banks in addition to those forming part of the operating guidelines meant for Payments Banks. Accordingly, the Bank has adopted risk management process to identify, assess, monitor and manage risks

in its day to day activities/functions through the effective use of processes, information and technology.

The Risk Management Process is monitored under Risk Management Policies and the delegation matrix as approved by the Board. The Board is supported by management team, Board Committees and Board Delegated Executive Level Committees as part of the Risk Governance Framework. The Board has an oversight of the management's efforts to balance growth and prudent risk management, while creating value for stakeholders.

Pursuant to RBI Regulations, the Bank has constituted a Risk and Asset Liability Management Committee of the Board ("RALM") and as mandated by the regulatory provisions, the Bank has appointed Chief Risk Officer, who administers the risk associated key verticals through dedicated divisions i.e., Market Risk, Operational Risk, Fraud Risk and other Risks under the aegis of the Board approved risk management policies and in accordance with the approval and responsibility delegation matrix.

The details of the RALM Committee and its terms of reference are disclosed in the Corporate Governance Report annexed to the Board's Report.

The risk management framework within the Bank is a layered structure and broadly consists of the following aspects for effective risk management across the Bank:

#### (a) Operational Risk Management

Your Bank is exposed to significant operational risk (for instance, risks arising due to use of technology, introduction of new products/services, processes, channels like mobile, internet banking, cash handling, etc.). Bank's operational risk management policies provide guidance on operational risk management issues and serves as a one-point reference and creates awareness among all employees within the Bank. The policies set out the broad parameters for identification of various operational risks that the Bank is exposed to, on an ongoing basis and also to put in place systems and procedures to mitigate such risks.

For the effective management of operational risk, the Bank has constituted Operational Risk Management Committee ("ORMC") an Executive Committee that supports the RALM. The main functions of the ORMC are to monitor and ensure appropriateness of operational risk management and recommend suitable control measures for mitigating the same besides monitoring thereof.

Your Bank also outsources certain functions / activities to third-parties subject to compliance with RBI guidelines. These functions/activities and associated issues are being overseen by the Outsourcing Committee, an Executive Committee that supports the RALM.

#### (b) Market Risk, Liquidity and Asset Liability Management

Your Bank is significantly exposed to Market risk, i.e. possibility of loss caused by changes in the market variables in addition to liquidity and mismatches in asset liability. Your Bank has put in place a Board approved Market Risk Management, ALCO & Investment policies aligned with RBI regulations and operating guidelines governing Payments Banks and

Executive level Committees, viz. Investment and Market Risk Committee and ALCO, that supports the RALM in dealing with the day to day affairs, associated issues/concerns, if any, in a comprehensive manner.

#### (c) IT Risk Management

The Bank has put adequate perimeter level security protection devices, internal data protection solutions, 24X7 monitored Security Operations Centre (SOC). Various security solutions such as threat monitoring and subscription to other global solutions are put in place to monitor and act on any critical alerts. However the cyber threats are evolving and various types of attacks are executed such as 'Zero Day' and many new variants of malware attacks. Any of the new variant attack may impact the network or data protection. To mitigate such risks on the technology stack, adequate security crisis management processes are in place as per regulatory requirements and internal processes. Further, the Bank has pool of technical resources, which is prone to attrition. To mitigate that the Bank has set of hiring and training process with multiple technology streams.

#### (d) Reputation Risk Management

Your Bank, as part of Internal Capital Adequacy Assessment Process under Pillar 2 of Basel-1 has identified Reputation Risk as one of the Pillar 2 risks and evaluated it in terms of its sources, risk level and mitigation in place.

#### (e) Compliance Risk Management

The compliance risk is the risk of failure (or perceived failure) by the Bank to comply with applicable laws, regulations, guidelines and standards, leading to damage to the reputation of the Bank, legal or regulatory sanctions, or financial loss. Your Bank has a Compliance Policy to ensure the highest standards of compliance. A dedicated team of subject matter experts works to ensure active compliance risk management and monitoring. The team also provides advisory services on regulatory matters. The focus is on identifying and reducing risk by rigorously testing products and also putting in place robust internal policies. Internal policies are reviewed and updated periodically as per agreed frequency or based on market actions or regulatory guidelines/actions.

### CORPORATE SOCIAL RESPONSIBILITY

The Bank has in place a Corporate Social Responsibility ("CSR") policy and constituted CSR Committee in accordance with the provisions of Section 135 of the Act read with rules framed thereunder and Schedule VII to the Act. The CSR policy outlines the Bank's philosophy to play a positive role in the community at large and consider the environmental and social impact of business decisions in which it operates.

The key areas identified by the Bank includes eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water, promoting education, including special education and employment enhancing vocation skills especially among children, women,



elderly, the differently abled, and livelihood enhancement projects and ensuring environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources and maintaining quality of soil, air and water.

In terms of the provisions of the Act, for FY 2022-23, the Bank has spent ₹25.2 Lakhs based on its commitment to CSR programs.

The Annual Report on CSR activities as prescribed under the Act and rules framed thereunder is annexed as **Annexure – II** to the Board's Report.

The details of the CSR Committee and its terms of reference are disclosed in the Corporate Governance Report annexed to the Board's Report forming part of this Annual Report.

The CSR Policy is made available on Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661756940\\_csrpolicy.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661756940_csrpolicy.pdf)

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Bank has formulated and adopted a Policy on Prevention of Sexual Harassment of Women at workplace. The Bank has complied with the provisions relating to the constitution of Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The information relating to complaints received and redressed during Financial Year 2022-23 is provided in the Report on Corporate Governance, forming part of this Annual Report.

## SUBSIDIARY & ASSOCIATE COMPANIES

The Bank does not have any subsidiary, joint venture or associate Company. The details of Holding Company are given below:

Sr. No.	Name of the Company	Whether incorporated/ acquired/ converted	Year of incorporation	Status
1.	Fino PayTech Limited	Incorporated	2006	Public Limited Company

## ANNUAL RETURN

In accordance with the provision of Section 92 (3) of the Act, the Annual Return in the prescribed form MGT-7 is uploaded on Bank's website [www.finobank.com](http://www.finobank.com).

## CORPORATE GOVERNANCE

The Bank's activities are carried out in accordance with good Corporate Governance practices and the Bank is constantly striving to make them better with time. The Bank believes that Governance framework and good practices helps in creating right culture and in turn enhances long-term sustainable value for all its stakeholders. Bank adheres to the Corporate Governance requirements set out by the SEBI/MCA/RBI. The Corporate Governance Report for financial year 2022-23 along with a certificate issued by M/s. DM & Associates Company Secretaries LLP, confirming the compliance to applicable requirements related to Corporate Governance as

stipulated under the SEBI Listing Regulations is annexed to the Board's Report.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In terms of Regulation 34(2)(f) of the SEBI Listing Regulations, as amended the Business Responsibility and Sustainability Report describing the initiatives taken by the Bank from an Environmental, Social and Governance is presented in a separate section which forms an integral part of this Report.

## COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, the Bank has complied with the applicable Secretarial Standard on meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

## STATUS OF IND AS IMPLEMENTATION

As per RBI circular RBI/2015-16/315 DBR.BP.BC. No.76/21.07.001/2015-16 dated February 11, 2016, Implementation of Indian Accounting Standards (Ind AS), Banks are advised that scheduled commercial banks (excluding RRBs) shall follow the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the Reserve Bank in this regard. Banks in India currently prepare their financial statements as per the guidelines issued by RBI, the Accounting Standards notified under section 133 of the Act and generally accepted accounting principles in India (Indian GAAP). In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), which were based on convergence with the International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). In March 2019, RBI deferred the implementation of Ind AS for banks till further notice as the recommended legislative amendments were under consideration of Government of India. The Bank had undertaken preliminary diagnostic analysis of the GAAP differences between Indian GAAP vis à vis Ind AS and shall proceed for ensuring the compliance as per applicable requirements and directions in this regard.

## PARTICULARS OF EMPLOYEES

The information in terms of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure – III** to the Board's Report.

Further, the statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, forms part of this Annual Report and will be made available to any Member on request as prescribed therein. The aforesaid statement is available for inspection and any Member interested in obtaining a copy of the statement may write to the Company Secretary of the Bank at [cs@finobank.com](mailto:cs@finobank.com).

## KEY MANAGERIAL PERSONNEL

As on the date of this report, the following officials of the Bank are the 'Key Managerial Personnel' pursuant to the provisions of Section 203 of the Act:

### Mr. Rishi Gupta

Managing Director & CEO

### Mr. Ketan Merchant

Chief Financial Officer

### Mr. Basavraj Loni

Company Secretary and Compliance Officer - Head Legal

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the SEBI Listing Regulations is presented in a separate section which forms an integral part of this Report.

## VIGIL MECHANISM/WHISTLE BLOWER

The Bank has implemented a Whistle Blower Policy in compliance with the provisions of the Act and SEBI Listing Regulations. Pursuant to this policy, the Whistle Blowers can raise concerns relating to reportable matters (as defined in the policy) such as breach of Fino Payments Bank's Code of Conduct, employee misconduct, fraud, illegal unethical imprudent behaviour, leakage of Unpublished Price Sensitive Information, corruption, safety and misappropriation or misuse of Bank funds/ assets etc.

Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower to those who avail such mechanism and also provides for direct access to the Chairman of the Audit Committee.

The Audit Committee reviews the functioning of the Vigil Mechanism from time to time. None of the Whistle Blowers has been denied access to the Audit Committee. The Whistle Blower Policy is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661755269\\_10vigilanceandwhistleblowerpolicye.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661755269_10vigilanceandwhistleblowerpolicye.pdf)

## REPORTING OF FRAUDS

During year under review, pursuant to Section 143(12) of the Act, neither the Statutory Central Auditors nor the Secretarial Auditor of the Bank has reported any instances of frauds committed in the Bank by its officers or its employees.

## INTERNAL AUDITOR

As per the provisions of Section 138 of the Act read with Rule 13 of the Companies (Accounts) Rules, 2014, the Internal Auditors presented their report to the Audit Committee on a quarterly basis. The scope, functioning, periodicity and methodology for conducting the Internal Audit have been formulated in consultation with the Audit Committee.

## INTERNAL CONTROLS AND THEIR ADEQUACY

The Bank has an Internal Control System commensurate with the size, scale and complexity of its operations. Internal Audit Control System ensures that the regular internal audits are conducted at both the branches and other functional areas. The findings are then taken up by Audit Committee along with management response for suitable action. The Bank has an adequate and effective Internal Audit System, covering on a continuous basis, the entire gamut of operations and services spanning all locations, business and functions. The Audit Committee monitors the Internal Audit System on regular intervals and directs necessary steps to further improve the Internal Control system.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

During the year under review, no material orders have been passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Bank and its future operations.

The Bank has not made any application under the Insolvency and Bankruptcy Code, 2016 and no proceeding is pending under the said Code.

Further, no one time settlement was done with any Bank/ Financial Institution with respect to loans taken by the Bank, hence disclosure on the difference between amount of the valuation done at the time of one time settlement and the valuation done while taking such loans is not applicable.

## ACKNOWLEDGEMENT AND APPRECIATION

The Board of Directors of your Bank would like to place on record its sincere gratitude for the guidance and co-operation received from the Reserve Bank of India, Ministry of Corporate Affairs, Securities Exchange Board of India, Stock Exchanges, Depositories and other statutory and regulatory authorities and thank all the stakeholders of the Bank including its investors, customers, merchants, partners, bankers, shareholders, vendors, Registrars and all other valued partners for their continued support. The Board would like to express its appreciation for the sincere and dedicated efforts put in by all the employees of the Bank at all levels during the year and look forward to their continued contribution in building this Bank into a great institution.

For and on behalf of the Board of Directors

Deena Asit Mehta  
Independent Director  
DIN: 00168992

Rishi Gupta  
Managing Director & CEO  
DIN: 01433190

Date : May 02, 2023

Place : Navi Mumbai

## Annexure - I

### Form No. MR-3 Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**For the Financial Year Ended March 31, 2023**

To,  
The Members,  
**FINO PAYMENTS BANK LIMITED**  
Mindspace Juinagar, 8<sup>th</sup> Floor, Plot No. Gen 2/1/F,  
Tower 1, TTC Industrial Area,  
MIDC Shirwane, Juinagar, Navi Mumbai  
Thane 400706

Dear Members,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Fino Payments Bank Limited** (hereinafter called "the Bank"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended March 31, 2023, complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on March 31, 2023 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
4. The provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - c. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; and
  - d. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
6. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI') **were not applicable** to the Bank under the financial year under report: -
- a. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
  - b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  - c. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client.

We have relied on the compliance certificates placed before the Board of Directors by the Bank and its Officers for systems and mechanism formed by the Bank and for compliances under other applicable Acts, Laws and Regulations to the Bank. For tax laws we have relied on the Audit report issued by the Statutory Auditors.

**We further report that**, having regard to the compliance system prevailing in the Bank and on examination of the relevant documents and records in pursuance thereof, on test check basis, the Bank has complied with the following laws applicable specifically to the Bank:

1. The Banking Regulations Act, 1949 and the rules made thereunder and the Reserve Bank of India Act, 1934, Master Circulars, Notifications and Guidelines and other directions pertaining to scheduled commercial payments bank issued by the Reserve Bank of India (RBI) from time to time;



2. The Payment and Settlement Act, 2007 read with all the Master Directions issued by the RBI in this regard;
3. Prevention of Money-Laundering Act, 2002; and
4. Deposit Insurance and Credit Guarantee Corporation Act, 1961.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Bank with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

#### **We further report that**

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and for meetings convened under shorter

notice were in compliance with section 173(3) of the Companies Act, 2013 and system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions were carried out unanimously. None of the members of the Board have expressed dissenting views on any of the agenda items during the Audit period.

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

**We further report** that during the audit period following specific events took place:

In terms of the special resolution passed through Postal Ballot on April 30, 2022 the Members of the Bank ratified / approved the following:

- a. The 'Fino Payments Bank Limited - Employees Stock Option Policy, 2020.'
- b. Reinstatement of right to nominate directors pursuant to Article 104 of the Articles of Association of the Bank.

#### **For DM & Associates Company Secretaries LLP**

*Company Secretaries*

ICSI Unique Code L2017MH003500

#### **Dinesh Kumar Deora**

*Senior Partner*

FCS NO 5683

C P NO 4119

UDIN: F005683E000248772

Place: Mumbai

Date: May 02, 2023

**Note: This report is to be read with our letter of even date that is annexed as Annexure - I and forms an integral part of this report.**

## ANNEXURE -I [MR - 3]

To  
The Members,  
**FINO PAYMENTS BANK LIMITED**  
Mindspace Juinagar, 8<sup>th</sup> Floor, Plot No. Gen 2/1/F,  
Tower 1, TTC Industrial Area,  
MIDC Shirwane,  
Juinagar, Navi Mumbai  
Thane 400706

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provides a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Bank.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

### **For DM & Associates Company Secretaries LLP**

*Company Secretaries*  
ICSI Unique Code L2017MH003500

### **Dinesh Kumar Deora**

*Senior Partner*  
FCS NO 5683  
C P NO 4119  
UDIN: F005683E000248772

Place: Mumbai  
Date: May 02, 2023

## Annexure-II

**Annual Report on Corporate Social Responsibility 2022-23**

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended]

**1. Brief outline on CSR Policy of the Bank**

The Bank is vigilant about its Corporate Social Responsibility (“CSR”) obligations. In compliance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Bank has constituted a CSR Committee and Board approved CSR policy to provide guidelines for carrying out CSR activities. The objective of the Bank’s CSR initiatives is given below:

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water,
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects and
- (iii) ensuring environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources and maintaining quality of soil, air and water.

**2. Composition of CSR Committee**

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Rishi Gupta <sup>1</sup>	Chairperson, Managing Director & CEO	2	2
2.	Mrs. Deena Asit Mehta <sup>1</sup>	Member, Independent Director	2	2
3.	Mr. Rakesh Bhartia <sup>1</sup>	Member, Independent Director	-	-
4.	Mr. Prakash Kulathu Iyer <sup>1</sup>	Member, Independent Director	-	-
5.	Dr. Punita Kumar Sinha <sup>2</sup>	Member, Independent Director	-	-
6.	Mr. Avijit Saha <sup>3</sup>	Member, Nominee Director	2	2

<sup>1</sup>Pursuant to the reconstitution of the CSR Committee (i) Mr. Rishi Gupta has been re-designated as Chairperson of the Committee (2) Mrs. Deena Mehta has been re-designated as Member of the Committee and (3) Mr. Rakesh Bhartia and Mr. Prakash Kulathu Iyer have been inducted as a member of the Committee w.e.f. December 09, 2022.

<sup>2</sup>Dr. Punita Kumar Sinha ceased to be member of the CSR Committee w.e.f. May 01, 2022 upon completion of her tenure as an Independent Director of the Bank.

<sup>3</sup>Mr. Avijit Saha ceased to be member of the CSR Committee w.e.f. March 02, 2023 pursuant to his resignation as Nominee Director of the Bank.

**3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company:**

The required disclosures are available on the Bank’s website at [www.finobank.com](http://www.finobank.com) under ‘Investors’ section.

**4. Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable****5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sl. NO.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
i.	2022-23	NA	NA

**6. Average net profit of the company as per section 135(5): ₹12.31 Crore.****7. (a) Two percent of average net profit of the company as per section 135(5): ₹24.61 Lakh**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹24.61 Lakh

8. (a) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year (in ₹ Lakh)		Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount unspent	
		Amount	Date of transfer	Name of the fund	Amount
₹25.20 Lakh		0	0	0	0

(b) Details of CSR amount spent against ongoing projects for the financial year: Nil

1	2	3	4	5	6	7	8
Sr. No.	Name of the project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ Cr).	Mode of Implementation -Direct (Yes/No)
				State	District		
1	NA	NA	NA	NA	NA	NA	NA

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
Sr. No.	Name of the project	Item from the list of activities In schedule VII to the Act.	Local area (Yes/No)	Location of the project		Project duration	Amount Allocated for the Project (₹ Lakh)	Amount spent in the current financial Year (₹ Lakh)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Lakh)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1.	Financial Literacy and Inclusion Program	Primary Education and Financial Literacy	No	Rajasthan	Jodhpur	Nov 22- Jan 23	2.00	1.98	0	No	Royals Rajasthan Foundation	CSR00002017
2.	Food Meals provided to poor and underprivileged people	Eradicating Hunger	Yes	Maharashtra	Mumbai	Jan 23- Mar 23	1.00	1.00	0	No	Roti Foundation Mumbai	CSR00006332
3.	Rehabilitation of Street Children, abandoned afflicted, destitute and Orphaned Children	Primary Education and Financial Literacy	Yes	Maharashtra	Raigarh	Dec 22- Mar 23	2.00	2.00	0	No	Jan Vikas Society	CSR00012865
4.	Empowerment of Street Children, abandoned, afflicted, destitute, Orphaned Children	Primary Education and Financial Literacy	Yes	Maharashtra	Mumbai	Dec 22- Mar 23	2.00	2.00	0	No	Krupa Ghar Trust	E-0035074
5.	Financial Support for underprivileged Students	Primary Education and Financial Literacy	No	Tamil Nadu	Chennai	Feb 23- Mar 23	1.00	1.00	0	No	Ramakrishna Mission Headquarters	CSR00006101

1	2	3	4	5		6	7	8	9	10	11	
Sr. No.	Name of the project	Item from the list of activities In schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Project duration	Amount Allocated for the project (₹ Lakh)	Amount spent in the current financial Year (₹ Lakh)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Lakh)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
6.	Rejuvenation of Ashoka Park Jheel, New Delhi	Protection of Environment	No	New Delhi	New Delhi	Feb 23-Mar 23	1.00	1.00	0	No	Gvriksh Partner of Winfluent Technology	CSR000000201
7.	Awareness on Cancer Prevention and Adopting Healthy Lifestyle	Healthcare	Yes	Maharashtra	Mumbai	Apr 22-Mar 23	4.00	4.00	0	No	Sanjeevani... Life Beyond Cancer	CSR000004972
8.	Employment Enhancing Vocation Skills	Apprentice Trainee	Yes	Maharashtra	Mumbai	Apr 22-Mar 23	12.00	12.22	0	Yes	Apprentice Trainee	NA

(d) Amount spent on Impact Assessment, if applicable: Not applicable

(e) Total amount spent for the Financial Year (8b+8c+8d): ₹25.20 Lakh

(f) Excess amount for set off, if any

Sr. No.	Particulars	Amount (₹ in Lakh)
i.	Two per cent of average net profit of the company as per section 135(5)	24.61
ii.	Total amount spent for the Financial Year	25.20
iii.	Excess amount spent for the financial year [(ii)-(i)]	0.59
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.59

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

1	2	3	4	5		7	
Sr. NO.	Preceding Financial Year	Amount transfer to Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any		Amount remaining to be spent in succeeding financial years. (in ₹)	
				Name of the fund	Date of transfer		
1	NA	NA	NA	NA	NA	NA	

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA

1	2	3	4	5	6	7	8	9
Sr. NO.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the Project (₹ Cr)	Amount spent on the project in the reporting financial Year (₹ Cr)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the project - Completed / Ongoing
1	NA	NA	NA	NA	NA	NA	NA	NA

- 10.** In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).
- a) Date of creation or acquisition of the capital asset(s): None
  - b) Amount of CSR spent for creation or acquisition of capital asset: NIL
  - c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable
  - d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable
- 11.** Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

**For and on behalf of the Board of Directors**

**Date :** May 02, 2023  
**Place :** Navi Mumbai

**Deena Asit Mehta**  
*Independent Director*  
DIN: 00168992

**Rishi Gupta**  
*Managing Director & CEO*  
DIN: 01433190

## Annexure – III

## DISCLOSURES ON REMUNERATION

[Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]:

### I. Ratio of the remuneration of each Director to the median remuneration of the employees of the Bank for the Financial Year 2022-23

Sr. No.	Name of Director/KMP	Designation	Ratio
1	Mr. Mahendra Kumar Chouhan <sup>1</sup>	Independent Director	1.02:1
2	Mr. Suresh Kumar Jain	Independent Director	8.85:1
3	Dr. Punita Kumar Sinha <sup>2</sup>	Independent Director	0.75:1
4	Mrs. Deena Asit Mehta	Independent Director	7.92:1
5	Mr. Rajat Kumar Jain	Independent Director	8.29:1
6	Mr. Prakash Iyer <sup>3</sup>	Independent Director	4.56:1
7	Mr. Rakesh Bhartia <sup>4</sup>	Independent Director	2.61:1
8	Mr. Avijit Saha <sup>5</sup>	Nominee Director	NA
9	Mr. P. S. Ravi <sup>6</sup>	Nominee Director	NA
10	Mr. Prateek Roongta <sup>7</sup>	Nominee Director	NA
11	Mr. Rishi Gupta <sup>8</sup>	Managing Director & CEO	56.35:1

1. Ceased to be Part-time Chairman and Independent Director of the Bank w.e.f. May 01, 2022 upon completion of his tenure.
2. Ceased to be Independent Director of the Bank w.e.f. May 01, 2022 upon completion of her tenure.
3. Appointed as w.e.f. June 01, 2022
4. Appointed as w.e.f. July 27, 2022
5. Resigned w.e.f. March 02, 2023
6. Resigned w.e.f. November 02, 2022
7. Appointed w.e.f. October 31, 2022
8. In case of the Managing Director & CEO, the Bank has considered the annualised fixed pay for the computation of ratios. Fixed pay includes - salary, allowances, retiral benefits as well as value of perquisites and Variable Pay as approved by the Reserve Bank of India. For the Directors other than the Managing Director & CEO, the actual remuneration paid by way of sitting fees during the year 2022-23 has been considered while calculating the ratio of remuneration to the median employees' remuneration.

The Bank didn't pay any remuneration to Non-Executive Non-Independent Directors.

### II. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the FY 2022-23

Sr. No.	Name of Director/KMP	Designation	Ratio
1	Mr. Rishi Gupta*	Managing Director & CEO	Nil
2	Mr. Ketan Merchant	Chief Financial Officer	21%
3	Mr. Basavraj Loni	Company Secretary	61.50%

\*As per the salary review approval process of the Reserve Bank of India, the salary increment proposal to be effected from April 01 in a given financial year can only be made in the subsequent financial year post assessment of performance for the reference financial year. For e.g. salary increment proposal to be made to the RBI effective April 01, 2022 can only be made post assessment of performance for the financial year 2022-2023. The approval received from the RBI will therefore be retrospectively applied from April 01, 2022. Therefore, due to this process, the salary increase given in the particular year will always be reported as zero.

### III. Percentage increase in the median Remuneration of employees in the Financial Year 2022-23

The median remuneration of the employees of the Bank increased by 9.83% in the financial year.

### IV. Number of Permanent employees on the rolls of the Bank as on March 31, 2023

There were 2,868 permanent employees on the rolls of Bank as on March 31, 2023.

### V. Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2022-23 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Average percentage increase for employees including Managerial Personnel for the financial year is 8.46%.

Average percentage increase for employees other than the Managerial Personnel for the financial year is 8.44%.

The average increase in the remuneration of employees compared to increase in remuneration of managerial personnel is in line with the market bench mark study.

### VI. Affirmation that the remuneration is as per the Remuneration Policy of the Bank

The Bank affirms that the remuneration is as per the remuneration policy of the Bank, as applicable.

**For and on behalf of the Board of Directors**

**Date :** May 02, 2023

**Place :** Navi Mumbai

**Deena Asit Mehta**  
*Independent Director*  
DIN: 00168992

**Rishi Gupta**  
*Managing Director & CEO*  
DIN: 01433190



# Management Discussion and Analysis

## Indian economy

**Overview:** Even as the global conflict remained geographically distant from India, ripples comprised increased oil import bills, inflation, a cautious government and a sluggish equity market. India's economic growth is estimated at 6.8% in FY 2022-23. India emerged as the second fastest-growing G20 economy in FY 2022-23. India overtook UK to become the fifth-largest global economy. India surpassed China to become the world's most populous nation (Source: IMF, World Bank)

### Growth of the Indian economy

	FY 20	FY 21	FY 22	FY23E
Real GDP growth (%)	3.7	-6.6	8.7	6.8

### Growth of the Indian economy quarter by quarter, FY 2022-23

	FY 20	FY 21	FY 22	FY23E
Real GDP growth (%)	13.1	6.3	4.4	4.9

(Source: Budget FY24; Economy Projections, RBI projections)

Till the end of Q3 FY23 total gross non-performing assets (NPAs) of the banking system fell to 4.5% from 6.5% a year ago (covid era). Gross NPA for FY23 was expected to be 4.2% and a further drop is predicted to 3.8% in FY2023-24.

As India's domestic demand remained steady amidst a global slowdown, import growth in FY23 was estimated at 16.5% to USD 714 billion as against USD 613 billion in FY22. India's merchandise exports were up 6% to USD 447 billion in FY23. India's total exports (merchandise and services) in FY23 grew 14% to a record USD 775 billion and are expected to touch USD 900 billion in FY24. Till Q3 FY23, India's current account deficit, a crucial indicator of the country's balance of payments position, decreased to USD 18.2 billion, or 2.2% of GDP. India's fiscal deficit was estimated in nominal terms at ~ ₹17.55 Lakh Cr and 6.4% of GDP for the year ending March 31, 2023. (Source: Ministry of Trade & Commerce)

India's headline foreign direct investment (FDI) numbers rose from USD 74.01 billion in 2021 to a record USD 84.8 billion in 2021-22, a 14% Y-o-Y increase, till Q3 FY23. India recorded a robust USD 36.75 billion of FDI. In 2022-23, the government was estimated to have addressed 77% of its disinvestment target (₹50,000 Cr against a target of ₹65,000 Cr).

India's foreign exchange reserves, which had witnessed three consecutive years of growth, experienced a decline of approximately USD 28 billion in FY22, primarily influenced by rising inflation and interest rates. Starting from USD 606.47 billion on April 1, 2022, reserves decreased to USD 578.44 billion by March 31, 2023. The Indian currency also weakened during this period, with the exchange rate weakening from ₹75.91 to a US dollar to ₹82.34 by March 31, 2023, driven by a stronger dollar and an

increasing current account deficit. **Despite these factors, India continued to attract investible capital.**

The country's retail inflation, measured by the consumer price index (CPI), eased to 5.66% in March 2023. Inflation data on the Wholesale Price Index, WPI (calculates the overall price of goods before retail) eased to 1.3% during the period. In 2022, CPI hit its highest of 7.79% in April; WPI reached its highest of 15.88% in May 2022. By the close of the year under review, inflation had begun trending down and in April 2023 declined below 5%, its lowest in months.

In 2022-23, total receipts (other than borrowings) were estimated at 6.5% higher than the Budget estimates. Tax-GDP ratio was estimated to have improved by 11.1% Y-o-Y in RE 2022-23.

The total gross collection for FY23 was ₹18.10 Lakh Cr, an average of ₹1.51 Lakh Cr a month and up 22% from FY22, India's monthly goods and services tax (GST) collections hit the second highest ever in March 2023 to ₹1.6 Lakh Cr. For 2022-23, the government collected ₹16.61 Lakh Cr in direct taxes, according to data from the Finance Ministry. This amount was 17.6% more than what was collected in the previous fiscal.

Per capita income almost doubled in nine years to ₹172,000 during the year under review, a rise of 15.8% over the previous year.

**India's GDP per capita was USD 2,320 (March 2023), close to the magic figure of USD 2,500 when consumption spikes across countries.** Despite headline inflation, private consumption in India witnessed continued momentum and was estimated to have grown 7.3% in 2022-23.

The rural economy in India plays a crucial role, accounting for more than 50% of the national income. It serves as a primary driver of overall growth and development in the country. The government aims to achieve significant contributions of 1 trillion dollars from agriculture, 3 trillion dollars from services, and 1 trillion dollars from the manufacturing sector, striving to make the Indian economy a 5 trillion dollar economy. Recognizing its potential, the rural economy offers opportunities for creating productive jobs and contributing to sustainable development and economic growth. This importance is further emphasized in the 2030 Agenda for Sustainable Development, which places increased focus on rural development, agriculture, and food security.

India's rural per capita GDP has consistently grown at 6.2% over the past two decades. With the majority of the population residing in rural areas, the growth, income, and consumption patterns in rural India play a vital role. They have the potential to drive demand, stimulate economic revival, and sustain overall economic growth. Notably, the rural economy has shown resilience even during periods of economic slowdowns.

**This is a tailwind for brands that are focussed on this market. Importantly it translates into growth in consumption which benefits the banking sector. In particular, Fino gained disproportionately.**

## Industry overview

India remains a global leader in the digital payments landscape, accounting for 46% of global real-time payments. In 2022, India recorded ₹89.5 million real-time payment transactions. India's dominance in digital payments is evident as its transactions surpass the combined total of the next four leading countries.

India's digital payments market is poised to expand more than threefold from USD3 trillion to USD10 trillion by 2026. This unprecedented surge will lead to a significant shift, with digital payments (non-cash) accounting for two-thirds of all payment transactions by 2026.

India's fintech market is experiencing attractive growth, positioning itself as one of the world's fastest-growing sectors and is projected to reach a market size of approximately USD150 billion by 2025. The Indian fintech industry encompasses sub-sectors such as Payments, Lending, Wealth Technology WealthTech, Personal Finance Management, Insurance Technology (InsurTech), Regulation Technology (RegTech), and others. By 2023, the fintech sector in India is expected to reach USD1 trillion in Assets Under Management (AUM) and generate USD200 billion in revenue.

The equity funding for Indian FinTech companies has witnessed a notable growth rate of 26% CAGR over the past four years. However, this growth has gained even greater momentum since 2020, catalysed by the accelerated adoption of digital services due to the pandemic. Despite the challenges posed by the pandemic, the Indian FinTech industry continues to showcase a robust growth trajectory.

The use of UPI transactions in semi-urban and rural areas in India has also increased significantly, with nearly 25% and 14% growth in value and volume respectively largely through assisted financial transactions. Interestingly this growth is despite limited governmental outlay as support for digital payments.

Financial year	Digital transactions (₹ cr)
2017-18	2,071
2018-19	3,134
2019-20	4,572
2020-21	5,554
2021-22	8,840
2022-23	9,192

(Source: Invest India, Digital Transactions in India Press release dated 8<sup>th</sup> Feb 2023, ddnews.gov.in)

## Government initiatives

The fintech revolution in India is the outcome of sustained efforts made over the years to establish crucial facilitators through significant initiatives:

**Jan Dhan Yojana:** One of the most expansive financial inclusion initiatives globally, enabling more than 450 million beneficiaries to obtain new bank accounts. Through this program, individuals

have gained access to an array of financial services, such as direct benefit transfers, remittances, credit, insurance and pensions. This substantial increase in the number of financially included individuals has created a sizable consumer base for fintech companies to develop and deliver technology-driven products and services tailored to serve the needs of this population.

**This coupled with access to consumption courtesy easier access to media, e-commerce, has led to adoption of financial services and more importantly digital banking**

**Financial literacy:** In 2020, the Reserve Bank of India initiated the Centre for Financial Literacy project with the objective of promoting financial awareness and education among the general public, particularly in rural and semi-urban regions. This project seeks to enhance knowledge and understanding of financial planning and management by offering guidance on diverse financial products and services, including bank accounts, insurance, pension schemes, and digital payments. To facilitate this, the project trains local volunteers as financial literacy counsellors, empowering them to educate and assist their communities in matters of financial literacy.

**India Stack:** India Stack is a set of APIs that allows for easy and secure access to digital infrastructure and has played a significant role in driving innovation and growth in India's fintech sector. It has enabled the development of various digital services, including digital payments, digital identity verification and eKYC, among others. The use of India Stack has also contributed to the growth of financial inclusion by allowing easier access to financial services for millions of under-banked individuals. (Source: Invest India)

The India Stack is a great example of government and private participation.

## Payments Bank Industry structure and developments

Payments Banks are regulated entities operating in the larger fintech and payments space. Their main objective is to widen access of payments and deposit facilities to emerging businesses, low-income but increasingly aspirational households, peripatetic workers and other unorganized entities by enabling high volume low value transactions. Thus covering segments not adequately covered by conventional banking. In order to confine its activities within the gamut of objectives for which it was incepted, payments banks are allowed to set up their own branches, ATMs and business correspondents.

These entities are allowed to accept non-NRI demand deposits, issue ATM/ debit cards/ PPIs, offer remittance services and internet banking services, act as a business correspondent to other banks, facilitate utility bill payments and undertake non-risk sharing simple financial services.

Given that the primary role is to offer payments, remittance and harmonize bank account access, the maximum account balance of customers was initially restricted to ₹100,000 at the end of the day. This was subsequently raised to ₹200,000 by the regulator.

In addition, these banks have not been allowed to lend and in order to earn yields to pay interest to savings account holders,

75% of the demand deposit balances can be invested in Government securities/treasury bills with maturity up to one year and the remaining 25% of the demand deposit balances should be current and time/fixed deposit instruments with other scheduled commercial banks for operational and liquidity purposes. The investments in Government securities or treasury bills with one year maturity will be recognized by RBI as eligible securities for maintaining the Statutory Liquidity Ratio (SLR).

Within the regulatory contours, payments banks have been able to set up a vast network of banking points either through an own business correspondent channel or by leveraging any existing branch infrastructure of parent or core business, if any. Fino Payments Bank, for instance, has more than 13.7 Lakh banking points pan-India (including open banking channel).

### Opportunities and Threats

According to the Global Findex report published by World Bank, nearly 78% of India's population above 15 years of age has a bank account. But the findings of the report highlight some interesting insights on the usage trends of bank accounts in India:

- Of the population above 15 years of age that had deposited money in a bank account, only 41% deposited twice or more than that in a month
- Only 27% above the age of 15 years owned a debit card and out of that, only 12% used the card
- Only 16% of the population above the age of 15 years used a mobile phone or internet banking to check account balance
- In the credit card segment, only 5% above the age of 15 years owned a credit card

The biggest opportunity for Fino Bank is not just in extending widespread access of bank accounts. It is already evident that penetration of bank accounts in India is fairly ubiquitous. But the larger opportunity is to promote everyday banking in these customer segments, **HarDinFino!**. The above data point suggests

that merely opening a bank account doesn't necessarily promote a 'banking behaviour' among the masses.

Financial institutions need to tailor products and services for this segment of customers. Fino Bank has taken a lead by making financial services not only accessible but affordable as well. The Bank has been capitalizing on the surge in smoother internet connectivity and deeper smartphone penetration across the country. With more customized products and better access, it is easier to reach out to the last mile customers through more efficient channels and with a larger suite of products.

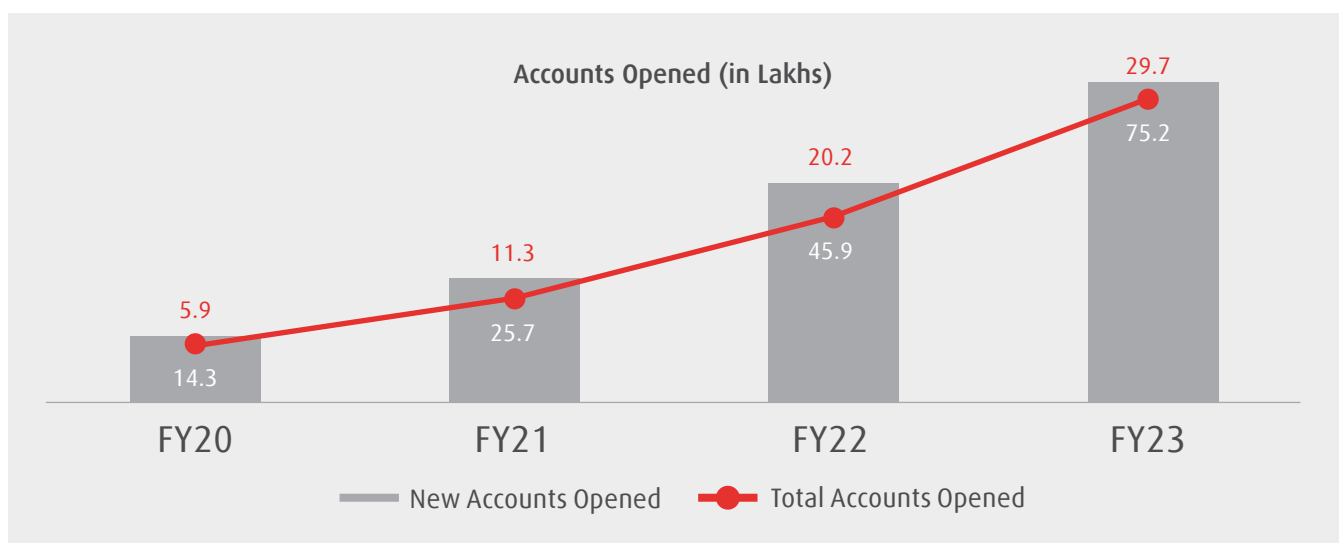
Fino Bank operates in a fairly commoditized environment. The products and services are standardized (largely payment services) or have limited attributes (simple, no frill banking). Importantly not being allowed to lend due to regulatory reasons does constitute a threat to the organization.

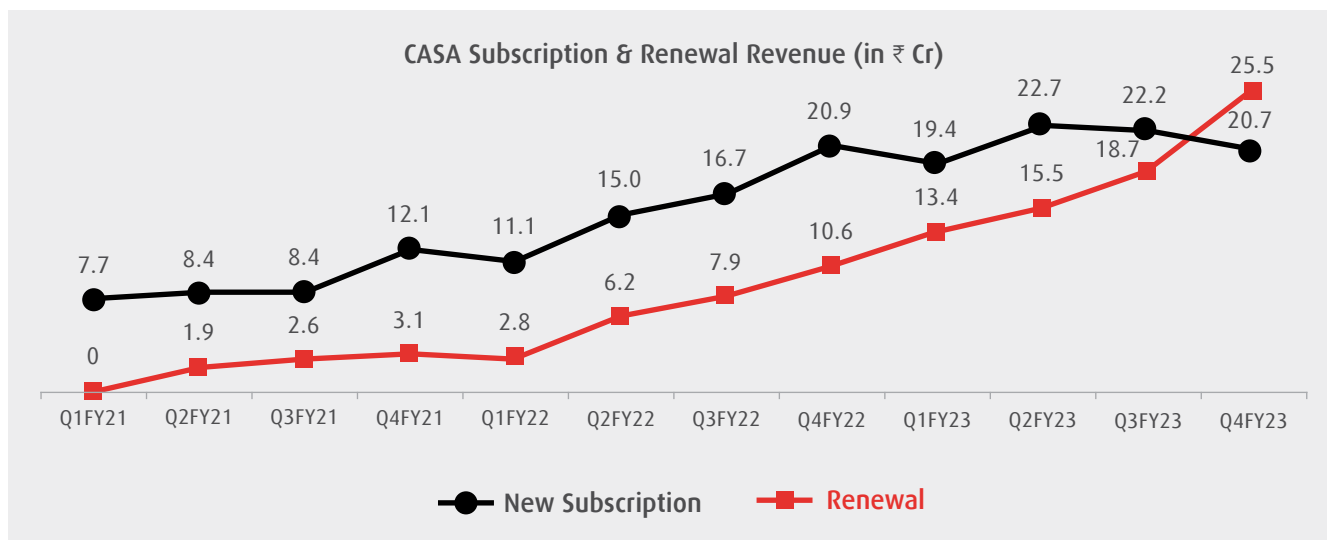
The orientation of the business model with its emphasis on Distribution-Technology-Partnerships plays a big role in mitigating business risk. Over the last few years Fino Bank has been building brand name for itself. The strength of the brand makes it easier for the ecosystem to recall and hence prefer Fino. By reinforcing the merchant's status as a banker to the local ecosystem and establishing that Fino is **#FikarNot** we are driving preference for the brand. **#Hamesha**

### Segment-wise or Product-wise performance

Sharing insights on how our key products have performed over the last few quarters. This will give you an insight into the progress made by the bank and how predictable the business has started to become

**CASA:** This is a focused business for us as it lays the foundation for customer ownership. The product proposition of a **"Hatho Hath Debit Card"** at the nearby Fino merchant point plays a key role here. Importantly the visibility of Fino Bank on government schemes (MNREGA etc.) creates a sustainable hook.

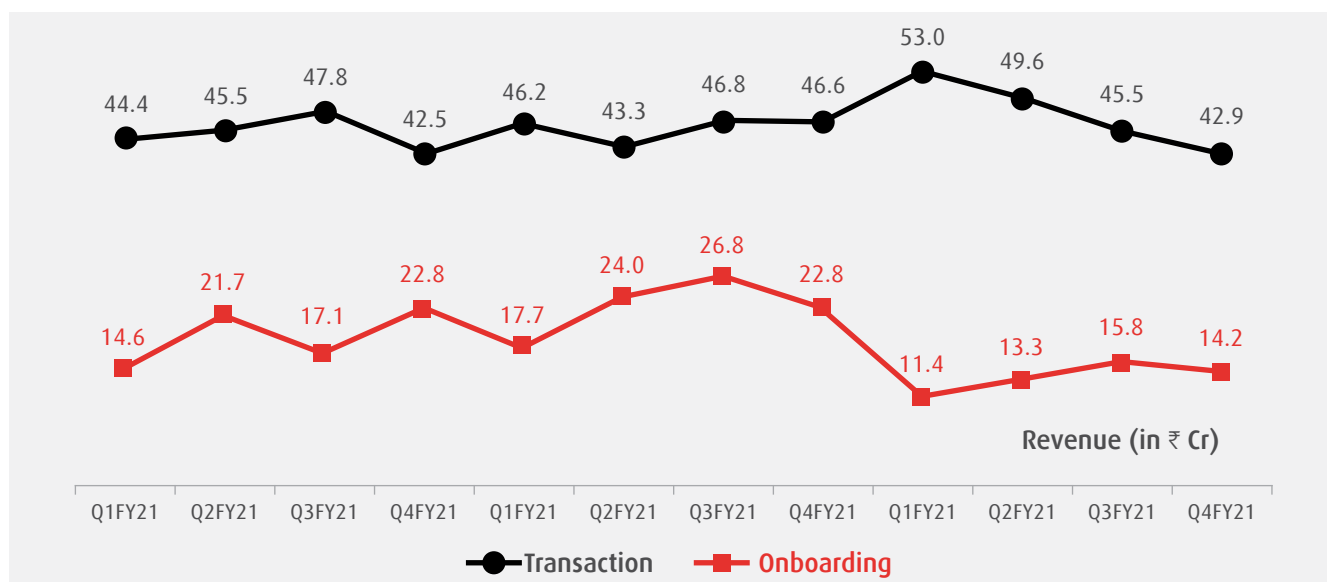
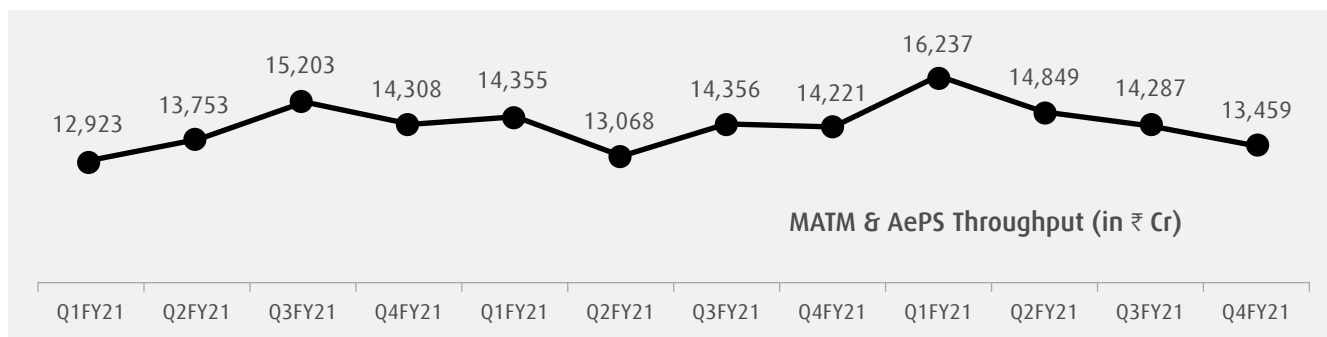




Consistent CASA sourcing and focus on getting better profile consumers (significantly large numbers transact using UPI) also drives our Subscription Revenues (renewal of the bank account and hence relationship with Fino). The use of ensemble AI ML models has played a pivotal role in driving renewals. Most importantly investment in acquiring better quality customers has paid dividends.

Fino Bank launched Digital Savings Account in December 2022, opened ~ 40 K accounts in FY23. This will be an important growth area for the bank in the year 23-24 and beyond. It points to the ever changing profile of the Fino Bank customer.

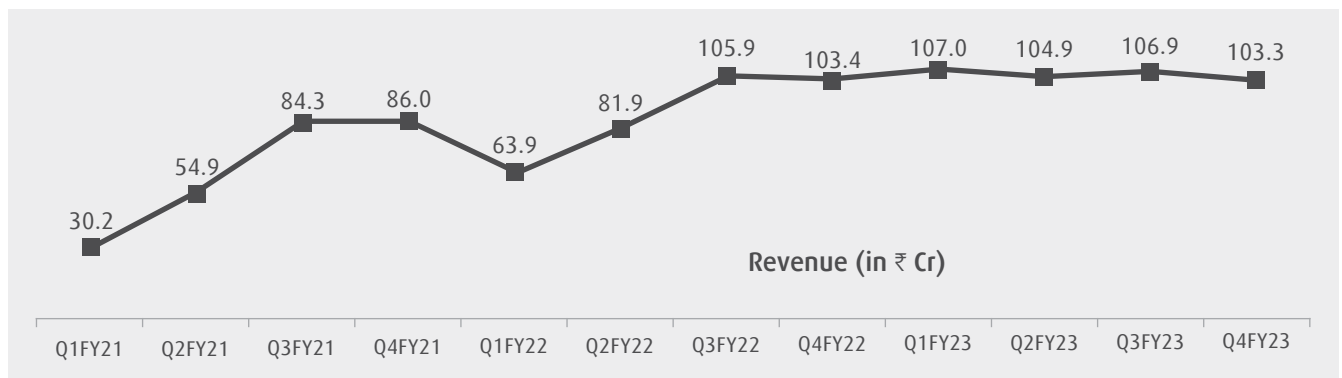
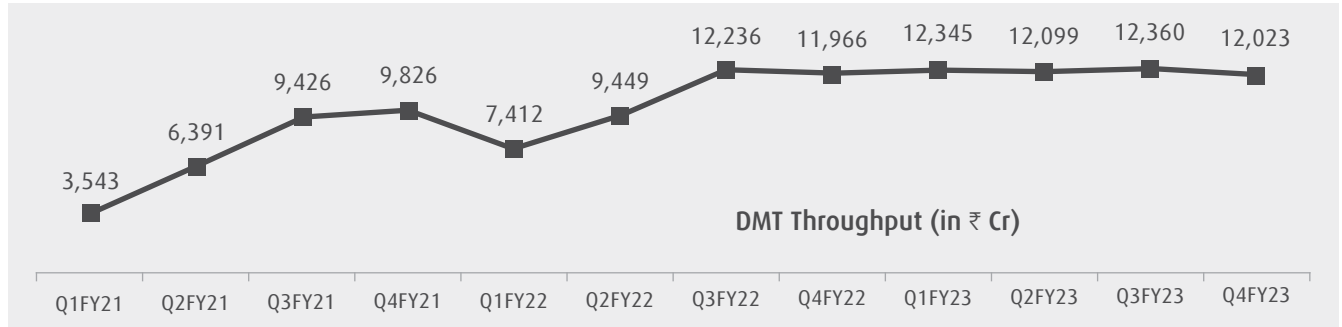
**MATM & AePS** – A part of our transactional business. Access to cash for withdrawal is a key banking need and we have been addressing it across 90%+ districts across the country. This is often a consumer's first interaction with us.



Importantly the merchant pays an on-boarding fee, which improves the stickiness of the relationship and has a very positive impact on the P&L.

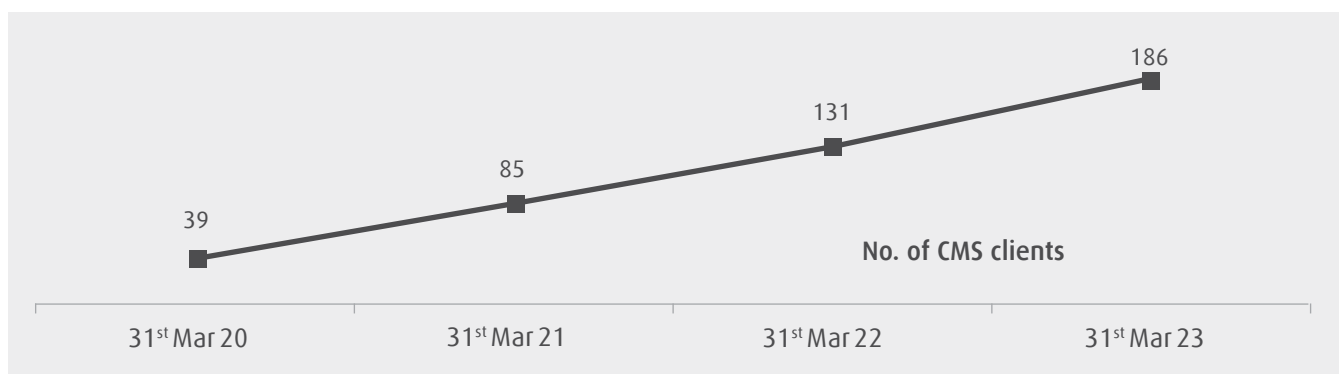
We see ~1% of all footfalls for MATM, AePS convert to CASA.

**Domestic Money Transfer (DMT):** This was a fundamental product when the bank launched in 2017. And it laid the foundation for the initial distribution (focused on remittance corridors e.g. South, Gujarat to Bihar).



Covid lockdowns severely impacted the DMT business. But we have since recovered.

**Cash Management Services (CMS):** This is the partnership business which makes cash available across the Fino Bank ecosystem for consumers to walk in and withdraw.



We now work with 186 of India's leading corporates across NBFC, E-com, and Logistics etc. and help them manage their cash risk. This is ecosystem play at its best – it benefits the partners, the merchant ecosystem and the end consumers, thus creating win-win outcomes



A growing throughput plays a big role in driving profitability for the bank. Most critically it keeps the ecosystem going! We also offer banking services on behalf of other banks. It contributes to ~10% of the bank's total revenue.

## Outlook

The Bank's revenue grew by 22% Y-o-Y to ₹1,229.9 Cr aided by a 36% Y-o-Y growth in overall transaction throughput value to ₹2,55,011 Cr in FY23. Significantly, the digital throughput value surged substantially by 166% Y-o-Y to be at nearly 19% of the overall throughput value in FY23.

The Bank processed ~121 Cr transactions in FY23, higher by 79% as compared to FY22. It also opened ~30 Lakh Fino Bank current and savings accounts during the year, which is nearly 45% more than the accounts opened in the previous year. The merchant enabled banking points crossed 13.7 Lakh as on 31<sup>st</sup> March 2023, a jump by 34% Y-o-Y.

The highest growing businesses in FY23 were CASA and CMS that constituted 26% of overall revenue in FY23. Within CASA, revenue in the subscription and renewal business combined grew by 73%

Y-o-Y in FY23 while the renewal business grew exponentially by 167%. Throughput in CMS business grew by 93% Y-o-Y in FY23.

We expect the growth run rate to continue for CASA and CMS in FY24 as well. The other mature businesses like DMT, Micro-ATM and AEPS will continue to grow in the range of 10-15%. At a blended portfolio level, we expect to grow at ~ 20 - 25%. Net Revenue Margins are expected to remain range bound.

## Financial overview

### Key ratios

Particulars	2022-23	2021-22
EBITDA/Turnover (%) (before exceptional items)	11.1%	8.4%
Return on net worth (%)	12.0%	9.0%
Book value/share (₹)	65.1	57.3
Earnings per share (₹)	7.8	5.3
Operating profit margin (%)	5.3%	4.2%
Net profit margin (%)	5.3%	4.2%

## Risk and Mitigation

Risks	Description	Mitigation
Technology risk	Technology is inherently dynamic, and what may be a significant advantage today can easily be redundant tomorrow. This is because the technology relies on multiple integrations, and the success of a transaction depends on various moving parts. As a result, risks to technology pose a significant threat to the Company's day-to-day operations.	The Company has implemented a Financial Risk Management (FRM) system and is closely monitoring transactions to identify any irregularities. This enables the Company to take corrective action as needed, such as modifying our applications or setting limits on transactions.
Cyber security risk	The Company's digital division is susceptible to viruses and other threats, which can leave the company vulnerable to attacks.	To avoid such vulnerabilities, the Company has implemented multiple layers of protection. Additionally, the Company has established protocols for the transmission of data and has security measures in place to maintain confidentiality and prevent any data leakage.

Risks	Description	Mitigation
Regulatory risk	As a payments bank, the Company is required to comply with numerous regulations, laws, and standards. Failing to comply with these requirements could result in a loss of customers.	The Company has established a specialized compliance team that continually monitors all relevant regulatory requirements and periodically presents its findings to the board.
Competition risk	The Company operates in a fiercely competitive environment where customers and merchants have numerous options to choose from.	To maintain its market leadership, the Company is continuously striving to enhance its platform and offer tailored services that cater to the needs of its customers and merchants.
Operational risk	The Company being a payments bank is primarily responsible for managing cash within its branches and Customer Service Points (CSPs), while the responsibility of managing cash outside the bank (such as Merchant BCs, Distributors, CMS, etc.) lies with the merchants and distributors.	This risk is mitigated by the prepaid model which Fino offers to its merchants. The Company has incorporated sufficient internal checks and balances in its policies and processes to prevent fraudulent activities, misappropriation, theft, embezzlement, and other financial crimes. In cases of exceptions, prompt action is taken to recover any losses, and the bank ensures timely regulatory reporting as well as updates to the Operational Risk Management Committee and RALM.

### Internal Control Systems

The Company adheres to all applicable local regulatory standards to ensure the effective and efficient management of its business. It places great importance on establishing a strong internal control system as a cornerstone of effective corporate governance. The Company has implemented internal controls that are appropriate for the size and nature of its operations. These controls are continuously monitored and updated as necessary to safeguard against loss or unauthorized use of assets. The Company has also established an audit committee, which considers all internal factors and recommends corrective action when needed.

### Human Resource

Fino Bank recognizes that its employees are fundamental to the company's success and represent its most valuable asset. The Company's ability to ensure smooth operations and secure its future is dependent on its human capital. With this in mind, the Bank's HR philosophy prioritizes attracting and retaining highly skilled talent by fostering a fulfilling and supportive work environment that emphasizes professional development. To achieve this goal, the Company provides competitive remuneration packages and implements best-in-class hiring, training, motivation, and performance assessment procedures to attract and retain top talent. As a result of these practices, Fino Bank has been able to maintain an attrition rate that remains well below the industry average. As of March 31<sup>st</sup>, 2023, the total number of employees in the Company was 2,868.

### Cautionary Statement

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, expectations and estimates regarding future performance may be "forward-looking statements" and are based on the currently available information. The management believes these to be true to the best of its knowledge at the time of preparation of this report. However, these statements are subject to certain future events and uncertainties, which could cause actual results to differ materially from those, which may be indicated in such statements.



# Report On Corporate Governance

## Philosophy on Corporate Governance

The Bank believes that Corporate Governance provides a framework for attaining the Bank's objectives and encompasses practically every sphere of Management from action plans, internal controls, performance measurement, ethics and corporate disclosures. Good Corporate Governance helps build trust with the investors, community at large and also helps in creating and enhancing long term sustainable value for all its stakeholders.

The Bank is committed to achieving and adhering to the highest standards of Corporate Governance and ethical practices and constantly benchmarks itself with best practices in the industry. The Bank's philosophy on Corporate Governance is, therefore, based on the core principles of Accountability and Responsibility, Integrity, Independence, Transparency, Fair and timely disclosures, Equality and Social Responsibility. The Bank places high emphasis on empowerment, integrity and diversity to generate long-term value for its stakeholders and to retain investor's trust. The governance processes and practices ensure that the interest of all stakeholders are taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organisation.

The Bank's Corporate Governance philosophy has been strengthened through various policies and codes, which are regularly reviewed and updated on a regular basis to keep aligned with the applicable Regulations.

The Bank's Board consists of eminent professionals having wide industry experience, diversified skills, experience and expertise. The Board plays a crucial role in overseeing how the Management serves the short-term and long-term interests of various stakeholders and creates lasting value for all stakeholders.

The Bank is in compliance with the Corporate Governance requirements mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable. A report on compliance with the Corporate Governance as stipulated in SEBI Listing Regulations, for the year ended March 31, 2023 (year under review) and developments up to the date of this report are given below.

## BOARD OF DIRECTORS

The composition of the Board of Directors of the Bank ("Board") is governed by the provisions of the Companies Act, 2013 ("Act"), The Banking Regulation Act, 1949 and rules and regulations made by Reserve Bank of India ("RBI Regulations"), the SEBI Listing Regulations and other applicable laws, as amended from time to time and the articles of association of the Bank (extant laws). During the year under review, the Board of the Bank had an optimum combination of Executive and Non-Executive Directors including Independent Directors and Women Director with excellent knowledge and experience in various fields relating to the business activities of the Bank. The Board oversees the standards of Corporate Governance at the Bank.

All directors of the Bank have submitted forms/declarations/undertakings/consent as required under the extant laws. Pursuant to review of the said forms/declarations/undertakings/consent as submitted by the directors of the Bank, the NRC and the Board have confirmed that all the directors are in compliance with the applicable norms and are fit and proper to continue as directors of the Bank.

## BOARD DIVERSITY

The Bank recognizes and embraces the importance of a diverse Board and is endowed with appropriate balance of skills, expertise, experience and perspectives thereby ensuring effective board governance. The Board has reviewed and adopted the Policy on Board Diversity, which sets out its approach to ensure diversity and to enhance its effectiveness while discharging its fiduciary obligations towards the stakeholders of the Bank. The Policy on Board Diversity is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1662443059\\_PolicyonBoardDiversity.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1662443059_PolicyonBoardDiversity.pdf).

The composition of Board as on March 31, 2023 including updates as on the date of the report are as follow:

Sr. No.	Category	Name of Director
1.	Independent Directors	<ul style="list-style-type: none"><li>Mr. Rakesh Bhartia*</li><li>Mr. Suresh Kumar Jain</li><li>Mrs. Deena Asit Mehta</li><li>Mr. Rajat Kumar Jain</li><li>Mr. Prakash Kulathu Iyer**</li></ul>
2.	Non-Executive Directors	<ul style="list-style-type: none"><li>Mr. Prateek Roongta (Nominee Director)#</li><li>Mr. Pankaj Kumar (Nominee Director) ^</li></ul>
3.	Executive Director	<ul style="list-style-type: none"><li>Mr. Rishi Gupta (MD &amp; CEO)</li></ul>

\*Appointed as an Independent Director of the Bank w.e.f. July 27, 2022 and also appointed as a Part-Time Chairman of the Bank w.e.f. November 02, 2022, subject to approval of RBI.

\*\*Appointed as an Independent Director of the Bank w.e.f. June 01, 2022.

#Appointed as Nominee Director of the Bank w.e.f. October 31, 2022.

^ Appointed as Nominee Director of the Bank w.e.f. April 11, 2023 subject to approval of members.

## CHANGES IN THE BOARD

Mr. Mahendra Kumar Chouhan was appointed as an Independent Director of the Bank for a period of five consecutive years with effect from May 02, 2017 and as a Part-time Chairman of the Bank for a period of three consecutive years with effect from May 18, 2020. Mr. Mahendra Kumar Chouhan ceased to be Independent Director and Part-time Chairman of the Bank w.e.f. May 01, 2022 upon completion of his tenure.

Dr. Punita Kumar-Sinha was appointed as an Independent Director of the Bank for a period of five consecutive years with effect from

May 02, 2017. Dr. Punita Kumar-Sinha ceased to be Independent Director of the Bank w.e.f. May 01, 2022 upon completion of her tenure.

In accordance with the provisions of the Act, SEBI Listing Regulations and RBI Regulations, as amended, from time to time and the articles of association of the Bank (extant laws), the Board appointed Mr. Prakash Kulathu Iyer as an Additional Director in the capacity of Independent Director of the Bank for a period of five consecutive years with effect from June 01, 2022 up to May 31, 2027 (both days inclusive), subject to approval of the Members. The Members approved his appointment by passing the special resolution through postal ballot on Friday, August 26, 2022.

Further, in accordance with the provisions of the Act, SEBI Listing Regulations and RBI Regulations, as amended from time to time and the articles of association of the Bank (extant laws), the Board appointed Mr. Rakesh Bhartia as an Additional Director in the capacity of Independent Director of the Bank for a period of five consecutive years with effect from July 27, 2022 up to July 26, 2027 (both days inclusive), subject to approval of the Members. The Members at their 6<sup>th</sup> AGM held on Thursday, September 29, 2022 approved the appointment of Mr. Rakesh Bhartia by passing the special resolution with requisite majority.

Further, in accordance with the provisions of the Act, SEBI Listing Regulations and RBI Regulations, as amended from time to time and the articles of association of the Bank (extant laws), the Board at its meeting held on July 27, 2022 approved the re-appointment of Mr. Rishi Gupta as Managing Director & CEO of the Bank for a period of three consecutive years with effect from May 02, 2023 up to May 01, 2026 (both days inclusive), subject to approval of the Members and RBI. The Members at their 6<sup>th</sup> AGM held on Thursday, September 29, 2022 approved the re-appointment of Mr. Rishi Gupta by passing the ordinary resolution with requisite majority. The RBI approved the same on April 28, 2023.

In accordance with the provisions of Section 161 and other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), The Banking Regulation Act, 1949 and other applicable laws, guidelines applicable to Payments Bank and in accordance with the provisions of Articles of Association of the Bank, the Board at its meeting held on October 31, 2022 approved the appointment of Mr. Prateek Roongta as a Non-Executive Nominee Director of Fino PayTech Limited ("FPL") on the Board of the Bank, subject to approval of Members. The Members approved his appointment by passing an ordinary resolution with requisite majority through postal ballot on Sunday, January 29, 2023.

Mr. Ravi Subbaiah Pagadala and Mr. Avijit Saha ceased to be Nominee Directors of the Bank w.e.f. November 02, 2022 and March 02, 2023, respectively.

Further in accordance with the provisions of Section 161 and other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), The Banking Regulation

Act, 1949 and other applicable laws, guidelines applicable to Payments Bank and in accordance with the provisions of Articles of Association of the Bank, the Board vide circular resolution passed on April 11, 2023 approved the appointment of Mr. Pankaj Kumar as a Non-Executive Nominee Director of FPL on the Board of the Bank, subject to approval of Members. The Bank shall initiate the process of seeking approval of Members on his aforesaid appointment as a Non-Executive Nominee Director through postal ballot.

Details of Directorships, Memberships and Chairpersonships of the Committees of other Companies of the Directors of the Bank are as follows:

Name of Director	Directorship on the Board of other Companies	Membership/ (Chairpersonship) of committees of other Companies®
Mr. Rakesh Bhartia <sup>1</sup> (DIN:00877865)	6	2(2)
Mr. Suresh Kumar Jain (DIN: 05103064)	3	2(1)
Mrs. Deena Asit Mehta (DIN: 00168992)	5	3(2)
Mr. Rajat Kumar Jain (DIN: 00046053)	6	1
Mr. Prakash Kulathu Iyer <sup>2</sup> (DIN: 00529591)	0	0
Mr. Prateek Roongta <sup>3</sup> (DIN: 00622797)	2	0
Mr. Pankaj Kumar <sup>4</sup> (DIN: 07245781)	1	0
Mr. Mahendra Kumar Chouhan <sup>5</sup> (DIN: 00187253)	5	1(1)
Dr. Punita Kumar Sinha <sup>5</sup> (DIN: 05229262)	8	9(3)
Mr. Avijit Saha <sup>6</sup> (DIN: 05102009)	1	0
Mr. Ravi Subbaiah Pagadala <sup>7</sup> (DIN: 08183038)	0	0
Mr. Rishi Gupta (DIN: 01433190)	0	0

@The figures in brackets indicate chairpersonships.

1. Appointed as an Independent Director of the Bank w.e.f. July 27, 2022
2. Appointed as an Independent Director of the Bank w.e.f. June 01, 2022.
3. Appointed as a Non-Executive Nominee Director of FPL on the Board of the Bank w.e.f. October 31, 2022.
4. Appointed as a Non-Executive Nominee Director of FPL on the Board of the Bank w.e.f. April 11, 2023, subject to approval of Members.
5. Ceased to be Independent Directors of the Bank w.e.f. May 01, 2022 due to completion of their respective tenures. Further,

their disclosures have been captured till the date of their association with the Bank.

6. Resigned as Nominee Director w.e.f. March 02, 2023. Further his disclosures have been captured till the date of his association with the Bank.
7. Resigned as Nominee Director w.e.f. November 02, 2022. Further his disclosures have been captured till the date of his association with the Bank.

Note: For the purpose of considering the limit of the directorships all public limited companies (whether listed or not), private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 have been included. Further, chairpersonships / memberships of only Audit Committee and Stakeholders Relationship Committee of public companies have been considered.

Pursuant to the SEBI Listing Regulations, none of the Directors on the Board is a member of more than ten (10) committees and chairperson of more than five (5) committees across all public companies in which he/she is a director. All the directors have made necessary disclosures regarding committee positions occupied by them in other companies.

None of the Directors are related to each other.

## DATABANK OF INDEPENDENT DIRECTORS

In terms of the Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors of the Bank are enrolled in the online databank of Independent Directors maintained by the Government.

## PROFILE OF BOARD OF DIRECTORS

The profile of the present Directors of the Bank as on date of this report are as under:

### Mr. Rakesh Bhartia

Mr. Rakesh Bhartia is an Independent Director of the Bank. He is presently Senior Advisor in the family office of Mr. Karan Thapar. He is also on the board of multiple companies in diverse industries ranging from Digital Fintech to Clinical Research. Mr. Rakesh Bhartia also advises a few leading chemical companies in India on their strategic initiatives.

Mr. Rakesh Bhartia was the CEO of India Glycols Limited (IGL) for 11 years until August, 2020. Prior to joining IGL, Mr. Rakesh Bhartia was CEO of Bajaj Hindustan Ltd., India's largest manufacturer of sugar and ethanol.

He started his career in 1992 with ICICI Securities & Finance Company Ltd (a JV between ICICI and JP Morgan). He has worked in various Banks including Standard Chartered Grindlays Bank, Bank of America and Rabobank. He has wide exposure to investment banking, corporate finance and commercial banking related activities.

Mr. Rakesh Bhartia is also the Past President of Indian Chemical Council (ICC), the apex national body representing all branches of

the Chemical Industry in India. Mr. Rakesh Bhartia, by qualification is a Chartered Accountant, Company Secretary and Cost Accountant.

Mr. Rakesh Bhartia is on the Board of the following public limited company(ies):

Other Listed Public Limited Companies	Other Public Limited Companies
Aravali Securities and Finance Limited (Independent Director)	Veeda Clinical Research Limited (Independent Director)

Mr. Rakesh Bhartia does not hold any shares in the Bank as on March 31, 2023.

### Mr. Suresh Kumar Jain

Mr. Suresh Kumar Jain is an Independent Director of the Bank. He holds a bachelor's degree in Science (Honors), Master's in Economics, and Diploma in Personnel Management & Labour Welfare and certified associate of the Indian Institute of Bankers. He has been a banker for over 36 years and was a General Manager at Bank of India. He was selected by Government of India as Executive Director of Union Bank of India and retired in May 2014. Besides his experience in domestic market he has experience in dealing in credit and foreign exchange, with stints in London and Hong Kong.

Mr. Suresh Kumar Jain is on the Board of the following public limited company(ies):

Other Listed Public Limited Companies	Other Public Limited Companies
PC Jeweller Limited (Independent Director)	Anand Rathi Global Finance Limited (Independent Director)
	IFCI Factors Limited (Independent Director)

Mr. Suresh Kumar Jain does not hold any shares in the Bank as on March 31, 2023.

### Mrs. Deena Asit Mehta

Mrs. Deena Asit Mehta is an Independent Director of the Bank. She holds a Bachelor's Degree in Commerce and a Master's Degree in Management Studies. She is also a qualified Chartered Accountant and a member of ICAI. She has also completed a Post Graduate Diploma Course in Securities Law from Government Law College, Mumbai. She was a director and also served as acting president of BSE Limited. She was also a director of Central Depository Services Limited. At present she holds the position of director of Asit C. Mehta Investment Intermediates Limited. She is also a fellow at Securities and Investment Institute.

Mrs. Deena Asit Mehta is on the Board of the following public limited company(ies):

Other Listed Public Limited Companies	Other Public Limited Companies
Asit C Mehta Financial Services Limited (Non-Executive Non-Independent Director)	Reliance Asset Reconstruction Company Limited (Independent Director)
	Asit C Mehta Investment Intermediates Limited (Managing Director)
	Gandhar Oil Refinery (India) Limited (Independent Director)

Mrs. Deena Asit Mehta does not hold any shares in the Bank as on March 31, 2023.

#### Mr. Rajat Kumar Jain

Mr. Rajat Kumar Jain is an Independent Director of the Bank. He is an alumnus of IIT Delhi and IIM Ahmedabad. He has several years of experience in helming various leadership roles in sectors across Consumer, Telecom, Media & Technology in India. He is the Founder Director of PadUp Ventures. He also serves as non-executive director on several boards and advisory boards.

Mr. Rajat Kumar Jain is on the Board of the following public limited company(ies):

Other Listed Public Limited Companies	Other Public Limited Companies
Mahindra Holidays & Resorts India Limited (Independent Director)	Droom Technology Limited (Director) Aditya Birla Finance Limited (Independent Director)

Mr. Rajat Kumar Jain does not hold any shares in the Bank as on March 31, 2023.

#### Mr. Prakash Kulathu Iyer

Mr. Prakash Kulathu Iyer is an Independent Director of the Bank. He is an independent business advisor with solid, hands-on experience in building brands, growing businesses and developing people. After spending nearly three decades in the corporate world, Mr. Prakash Kulathu Iyer chose to step out and pursue his passion for helping other people unleash the leader within them. Apart from coaching CEOs, advising leadership teams and speaking to - and inspiring - large teams, Mr. Prakash Kulathu Iyer also serves as an advisor to Multiples – a billion dollar PE fund. He has served as an Independent Director on the board of Krsnaa Diagnostics Limited, had joined the board before the company went public. He is also on the board of Livpure Private Limited and was earlier a director on the board of Milltec Machinery (both Multiples investee companies). Mr. Prakash Kulathu Iyer has played an active role in helping these companies strengthen their sales and distribution footprint, and in devising advertising and marketing strategies. He has also served as a director on the board of Xerox India Limited. In his last role in the corporate world, Mr. Prakash Kulathu Iyer was the Managing Director of Kimberly-Clark Lever. Earlier roles include Managing Director and CEO of Infomedia India Limited (formerly Tata Press) and prior to that, Executive Director at PepsiCo responsible for the company's operations in South India and Sri Lanka. An MBA from IIM Ahmedabad, he started his career with Hindustan Lever Limited (now Hindustan Unilever Limited). Mr. Prakash Kulathu Iyer's expertise includes a deep understanding of sales and distribution systems and consumer brand marketing, having spent several years managing large sales teams, growing urban and rural distribution, understanding consumer needs and building brand marketing campaigns, and activating marketing strategies in the marketplace.

At PepsiCo, Mr. Prakash Kulathu Iyer won the international 'President's Ring of Honor' – an award that recognizes sales excellence globally, and also led his team to the award of the international "Market Unit of the Year". Another recurring theme in his career has been a sharp focus on profitable growth. He was

part of a core team that was instrumental in building a separate organization and low-cost business system for Unilever. At Kimberly Clark, he implemented a third party manufacturing strategy that helped significantly improve profitability, and was recognised as a best practice for developing markets globally. As CEO of Infomedia, Mr. Prakash Kulathu Iyer spearheaded one of India's first leveraged buyouts by a PE fund, and transformed an inward-looking printing business into a publishing and outsourcing powerhouse.

During his watch, Infomedia divested less profitable businesses, built the Yellow Pages brand, made acquisitions in the US and UK and forged partnerships with global leaders including Alibaba and Reed Elsevier. The PE investor had a return of 2.6x when they exited after four years. A trained, CFI-certified leadership coach, Mr. Prakash Kulathu Iyer has throughout his career combined strong strategic and execution skills with excellent people management capabilities to consistently build passionate, high performance, winning teams. Mr. Prakash Kulathu Iyer speaks and writes extensively on leadership, teamwork, execution, storytelling and winning. LinkedIn recognized Mr. Prakash Kulathu Iyer as a 'Top Voice' – their list of 15 creators to follow in India. He is the author of four best-selling books and his latest book – How Come No One Told Me That? – was published by Penguin in 2021.

Mr. Prakash Kulathu Iyer is not a Director in any other public limited company and he does not hold any shares in the Bank as on March 31, 2023.

#### Mr. Prateek Roongta

Mr. Prateek Roongta is a Nominee Director of the Bank. He is a Managing Director in the Corporate Private Equity Group of Blackstone. He is primarily responsible for managing the performance and transformation of Blackstone portfolio companies in India.

Before joining Blackstone, Mr. Roongta was a MD and Partner at Boston Consulting Group and has extensive experience of advising clients in the financial services industry across a wide range of topics including strategy, operations and digital transformation.

Prior to that, Mr. Roongta worked at True North Advisors, a USD3 Bn Indian private equity fund. Mr. Roongta received a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad and is a qualified Chartered Accountant and Company Secretary.

Mr. Prateek Roongta is on the Board of the following public limited company(ies):

Other Listed Public Limited Companies	Other Public Limited Companies
-	Fino Paytech Limited (Nominee Director) Aadhar Housing Finance Limited (Nominee Director)

Mr. Prateek Roongta does not hold any shares in the Bank as on March 31, 2023.

#### Mr. Pankaj Kumar

Mr. Pankaj Kumar is a Nominee Director of the Bank. He is a Chartered Accountant and a Cost Accountant. He has a rich experience of working in various facets of finance like Business

Finance, International Trade, Treasury Management, Risk Management, Taxation, Global Upstream Oil & Gas etc. During his tenure spanning over more than 30 years, he has held various leadership positions including heading the finance for Bharat Petroleum Corporation Limited's ("BPCL") key business units like Retail and Lubricants. Mr. Pankaj Kumar has also been on the Board of various group companies of BPCL and made significant contributions in respect of International Project Financing and International Joint Venture Operations etc. Currently Mr. Pankaj Kumar is the Head of Corporate Treasury and Corporate Affairs at BPCL.

Currently, Mr. Pankaj Kumar is not a Director in any other public limited company and he does not hold any shares in the Bank as on March 31, 2023.

#### Mr. Rishi Gupta

Mr. Rishi Gupta is the Managing Director and CEO of the Bank. He holds a bachelor's degree in commerce from University of Delhi. He is also a qualified chartered accountant and cost and works accountant and member of ICAI and ICWAI respectively.

He is a founding member of Fino PayTech Limited. He leads a team focused on bringing to fruition Fino's vision of being the universally preferred choice of customers, by fulfilling all their financial service needs.

In his previous role as COO and CFO, Mr. Rishi Gupta successfully built and managed cutting-edge operational and financial capabilities at Fino. Prior to joining Fino PayTech Limited, he worked with International Finance Corporation, ICICI Bank Limited and Maruti Udyog Limited.

He is also the founding member of Business Correspondent Federation of India (BCFI) and has served as the Chairman of its Economic Affairs Committee. He was awarded "CFO 100 Roll of Honour" in 2011, 2012 and 2013.

He was also awarded "The India CFO Award for Excellence in Finance in a Start-up" by IMA in 2013, "CA Entrepreneur – Path Breaker – Financial Services" by Committee for Professional Accountants in Business and Industry in 2018 and "100 Top Most Influential BFSI Leaders" in February 2019.

Mr. Rishi Gupta is not a Director in any other public limited company. As on March 31, 2023, he holds 5,325 Equity Shares of the Bank in his personal capacity and 2 Equity Shares as a registered owner without having beneficial interest in the same.

### ATTENDANCE AT BOARD MEETINGS & LAST ANNUAL GENERAL MEETING (AGM)

The Board meets at least once a quarter to review the financial and business performance along with other agenda items and additional meetings are conducted from time to time to consider significant matters, whenever required. The date of Board meetings for the next calendar year are decided well in advance and are informed to the Directors so as to enable them to manage their schedule effectively and prepare for the meetings well in advance.

Video-conferencing facility is also provided at the Board/Committee meetings in case any director is unable to attend the meeting physically but wishes to participate through electronic mode in the meetings.

In consultation with the Board Members and the Management team, the Company Secretary prepares the agenda along with the detailed notes thereon. Directors can recommend inclusion of any additional matter in the agenda for discussion whenever required. Senior Managerial Personnel are also invited to attend the Board meetings, make presentations and provide additional inputs to the agenda items under discussion, whenever required.

During the year under review, eight (08) Board Meetings were held. The Meetings were held on April 10, 2022, April 30, 2022, May 16, 2022, July 27, 2022, October 31, 2022, November 02, 2022, February 02, 2023 and March 04, 2023.

The maximum gap between any two consecutive meetings was less than 120 days. The necessary quorum was present for all the meetings.

Periodic presentations are made at the Board/Committee meetings on business strategy, performance updates, financial statements, IT, Risk, Compliance, and Governance etc. Information as required to be placed before the Board of Directors as mentioned in Schedule II Part A of the SEBI Listing Regulations was also placed before the Board for its consideration, as and when required.

Details of attendance at the Board Meetings held during the year under review and attendance at the last AGM are as follows:

Name of the Director	Board Meetings Attended During the Year	Attendance at Last AGM held on (September 29, 2022)
<b>Independent Director</b>		
Mr. Rakesh Bhartia*	4/4	Present
Mr. Suresh Kumar Jain	8/8	Present
Mrs. Deena Asit Mehta	7/8	Present
Mr. Rajat Kumar Jain	8/8	Present
Mr. Prakash Kulathu Iyer#	4/5	Present
Mr. Mahendra Kumar Chouhan**	2/2	NA
Dr. Punita Kumar-Sinha**	2/2	NA
<b>Non-Executive (Nominee Director)</b>		
Mr. Ravi Subbaiah Pagadala <sup>§</sup>	3/5	Absent
Mr. Avijit Saha <sup>^</sup>	7/7	Present
Mr. Prateek Roongta <sup>@</sup>	3/3	NA
<b>Executive Director</b>		
Mr. Rishi Gupta	8/8	Present

\*Appointed w.e.f. July 27, 2022

#Appointed w.e.f. June 01, 2022

\*\*Ceased to be Independent Director of the Bank w.e.f. May 01, 2022 due to completion of their respective tenures

<sup>§</sup>Resigned as Nominee Director of the Bank w.e.f. November 02, 2022

<sup>^</sup>Resigned as Nominee Director of the Bank w.e.f. March 02, 2023

<sup>@</sup>Appointed w.e.f. October 31, 2022



## PERFORMANCE EVALUATION

The Bank has carried out the performance evaluation of the Board, Committees of the Board and individual Directors for FY 2022-23 internally. A questionnaire for the evaluation of the Board, its Committees and individual Directors covering various aspects of the performance of the Board and its Committees, including composition, roles and responsibilities, Board processes, Boardroom culture, adherence to Code of Conduct and Ethics, quality and flow of information, as well as measurement of performance in the areas of strength and areas of focus was sent out to the Directors. The Committees were evaluated inter alia on parameters such as composition, terms of reference, quality of discussions, contribution to Board decisions and balance of agenda between the Committee and the Board. The responses received to the questionnaires on evaluation of the Board, its Committees and Individual Directors were placed before the Nomination & Remuneration Committee ("NRC") for its consideration. The Independent Directors at their separate meeting also assessed the performance of Non-Independent Directors. Further, the Independent Directors were evaluated based upon the key personal and professional attributes. The assessment of performance of the Independent Directors on the Board was subsequently discussed by the NRC and Board. In addition to the above parameters, the Board also evaluated fulfilment of the independence criteria as specified in the Act and SEBI Listing Regulations and their independence from the management.

The evaluation brought out the cohesiveness of the Board, a Boardroom culture of trust and cooperation, and Boardroom discussions which are open, transparent and encourage diverse viewpoints. Other areas of strength included effective discharge of Board's roles and responsibilities. Some of the areas of focus for the Board on going forward included increasing time dedicated

to strategic improvement in Board processes. The appropriate feedback was conveyed to the Board members and other concerned stakeholders, for suitable action.

## A CHART OR A MATRIX SETTING OUT THE SKILLS/ EXPERTISE/COMPETENCE OF THE BOARD OF DIRECTORS:

The Board of Directors have identified the following core skills/expertise/competencies/special knowledge or practical experience, as required in the context of the Bank's business and sector(s) for it to function effectively.

The same are in line with the relevant provisions of the Banking Regulation Act, 1949 and relevant circulars issued by the Reserve Bank of India from time to time:

- (i) Accountancy
- (ii) Agriculture and Rural Economy
- (iii) Banking
- (iv) Co-operation
- (v) Economics
- (vi) Finance
- (vii) Law
- (viii) Small-Scale Industry
- (ix) Information Technology
- (x) Payment & Settlement Systems
- (xi) Human Resources
- (xii) Risk Management
- (xiii) Business Management
- (xiv) Any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the Bank's business / sectors.

The details of the skill set, special knowledge or practical experience of the Directors are given below:

Name	Designation	Expertise
Mr. Rakesh Bhartia*	Independent Director	Investment & Corporate Banking, extensive exposure to Risk Mitigation & Management, Strategic & Corporate Restructuring.
Mr. Suresh Kumar Jain	Independent Director	Economics, Finance, Risk Management & Banking.
Mrs. Deena Asit Mehta	Independent Director	Accountancy, Economics, Finance Law & Risk Management.
Mr. Rajat Kumar Jain	Independent Director	Business Management, Consumer, Telecom, Media & Information Technology.
Mr. Prakash Kulathu Iyer <sup>#</sup>	Independent Director	Building Brands, Growing Businesses and Developing People, HR, Sales and Distribution systems, Consumer Brand Marketing & Marketing Strategies.
Mr. Prateek Roongta <sup>^</sup>	Nominee Director	Private Equity, Strategy, Operations, Digital Transformation, Accountancy, Economics and Finance Law.
Mr. Pankaj Kumar <sup>§</sup>	Nominee Director	Business Finance, International Trade, Treasury Management, Risk Management, Taxation, International Project Financing, International Joint Venture Operations and Global Upstream Oil & Gas etc.
Mr. Rishi Gupta	Managing Director and CEO	Business Management, Payment Settlement, Banking, Accountancy, Economics and Finance.

\*Appointed as an Independent Director of the Bank w.e.f. July 27, 2022

<sup>#</sup>Appointed as an Independent Director of the Bank w.e.f. June 01, 2022

<sup>^</sup>Appointed as Nominee Director of the Bank w.e.f. October 31, 2022

<sup>§</sup>Appointed as Nominee Director of the Bank w.e.f. April 11, 2023

The Board of the Bank is guided by the above provisions and the business requirements during appointment of any new Director on the Board.

The Board of the Bank is formed in compliance with the requirements of all applicable laws.

## REMUNERATION AND SELECTION CRITERIA FOR DIRECTORS

### Remuneration Policies

The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure that both internal and external equity are in line with the emerging market trends.

The Bank has formulated a Remuneration Policy for Directors and employees of the Bank in terms of the provisions of the Companies Act, 2013, SEBI Listing Regulations and Guidelines on Compensation of Whole-Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff, issued by the RBI on November 04, 2019. This Remuneration Policy inter alia contains guidelines relating to compensation structure consisting of sitting fees and payment of profit related commission for Independent Directors, Fixed pay, variable pay, employee stock options, compensation revision cycle and framework regarding malus/ clawback.

The Remuneration policy is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1681882815\\_COMPENSATIONPOLICY.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1681882815_COMPENSATIONPOLICY.pdf).

The remuneration paid to all the employees/MD & CEO/ Independent Directors of the Bank, for fiscal 2023, was in accordance with the aforesaid Remuneration Policy of the Bank.

### Remuneration of Managing Director and CEO:

The details of the remuneration of Mr. Rishi Gupta, Managing Director & CEO for the financial year 2021-22 are as under:

	(₹ in Cr)
<b>Break-up of the Remuneration</b>	<b>F.Y. 21-22</b>
Salary	1.14
Provident Fund	0.08
LTA	0.09
Free furnishing	0.16
Free use of Bank's car	0.21
Hard furnishing	0.15
Utilities	0.03
Education allowance	0.10
<b>Total Fixed Pay (including perquisites) (A)</b>	<b>1.96</b>
Variable Pay-Cash	0.15
Variable Pay-Non Cash Share Linked (deferred over the period of three years as per the vesting schedule of the options) – Yet to be granted	2.08
<b>Total Variable Pay (B)</b>	<b>2.23</b>
<b>Total (A+B)</b>	<b>4.19</b>

**Note:** As per the Bank's Policy, the Gratuity amount is being provisioned on a group basis through an actuarial valuation as per the Payment of Gratuity Act, 1972 and is payable only at the end of employment and hence is not included in the above.

During the financial year 2022-23, no employee stock options were granted to Mr. Rishi Gupta.

### Details of remuneration / sitting fees paid to Non-executive Directors:

The Independent Directors receive remuneration by way of sitting fees for attending each meeting of the Board and its Committees. Based upon the recommendation of NRC, the Board approved sitting fees of ₹1,00,000 per Board meeting and ₹75,000 per Committee meeting to Independent Directors. No stock options are granted to any of the Non-Executive Director.

The details of sitting fees paid to our Directors (excluding Nominee Directors, Managing Director) during the financial year 2022-23 are as follows:

Name of the Director	Sitting fees (in ₹)
Mr. Rakesh Bhartia <sup>^</sup>	7,00,000
Mr. Suresh Kumar Jain	23,75,000
Mrs. Deena Asit Mehta	21,25,000
Mr. Rajat Kumar Jain	22,25,000
Mr. Prakash Kulathu Iyer <sup>#</sup>	12,25,000
Mr. Mahendra Kumar Chouhan <sup>*</sup>	2,75,000
Dr. Punita Kumar-Sinha <sup>*</sup>	2,00,000

<sup>^</sup>Appointed as an Independent Director of the Bank w.e.f. July 27, 2022

<sup>#</sup>Appointed as an Independent Director of the Bank w.e.f. June 01, 2022

<sup>\*</sup>Ceased to be Independent Directors of the Bank w.e.f. May 1, 2022 due to completion of their respective tenures

The Bank does not pay any remuneration to Nominee Directors.

Note: The Board of Directors at its meeting held on February 02, 2023, subject to approval of Shareholders, approved the payment of compensation to each Non-Executive Independent Director of the Bank (except Part Time Chairperson) by way of profit related commission up to ₹10,00,000 (Rupees Ten Lakh Only) per annum and up to ₹ 15,00,000 (Rupees Fifteen Lakh Only) per annum to Part Time Chairperson, subject to the total compensation not exceeding 1% of the profit of the Bank for the relevant financial year, for a period of three years with effect from financial year 2022-23. This is in addition to the sitting fees and reimbursement of out of pocket expenses given to them for attending Committee and Board meetings. The Bank shall take appropriate steps to seek Shareholders approval.

Further, there were no other pecuniary relationships or transactions of Non-Executive Directors vis à vis the Bank (except banking transactions in the ordinary course of business and on arm's length basis) during FY 2022-23, if any.

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Board has framed a policy to familiarize the Independent Directors about the business and functioning of the Bank but limited to their roles, rights, responsibilities in the Bank, nature of the industry in which the Bank operates and business model of the Bank through various programmes.

The Board of Directors has access to the information within the Bank. Presentations are made regularly to the Board and Committees periodically to familiarize the Independent Directors,



where Directors get an opportunity to interact with senior management members of the Bank. Presentations at the Board and Committee Meetings, inter alia, cover competition and business strategies, operations, management structure, HR Policy, management development, quarterly and annual results, budgets, review of internal audit, risk management framework, compliance, environmental health & safety and regulatory updates etc. Such presentations help the Independent Directors to understand the company's strategy, business models, operations, market, competition, organization structure, risk analysis and any such other areas. The details pertaining to familiarization program of Independent Directors is available on the Bank's website at [www.finobank.com](http://www.finobank.com).

## COMPOSITION OF COMMITTEES OF BOARD, TERMS OF REFERENCE AND ATTENDANCE AT THE MEETINGS

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Bank. These Committees monitor the activities as per the scope defined in their Charter and terms of reference.

Majority of Members of the Board level Committees are Independent Directors and most of these Committees are chaired by them. There were no instances during FY 2022-23, wherein the Board had not accepted recommendations made by any Committees of the Boards.

**The details of the composition of the committees, terms of reference, date of meetings along with attendance thereat given below:**

### Audit Committee

Terms of Reference	<p>Audit Committee is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>1. Overseeing the Bank's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;</li> <li>2. To recommend to the Board of Directors of the Bank (the "Board") the appointment, re-appointment, remuneration, terms of reference and, if required, the replacement or removal of the statutory/concurrent auditor and the fixation of audit fees or any other services rendered by the Statutory Auditors;</li> <li>3. To review and monitor the statutory, concurrent and internal auditors' independence and performance and effectiveness of audit process;</li> <li>4. To review compliance with the inspection and audit reports of Reserve Bank of India, review of the findings of internal investigations;</li> <li>5. To review with the management, the quarterly and annual financial statements before submission to the Board for approval;</li> <li>6. Review of Compliance functions in the Bank;</li> <li>7. KYC/AML Guidelines - (i) Review of implementation (ii) Review of compliance of concurrent audit reports with respect to adherence to KYC/AML guidelines at branches;</li> <li>8. Review of housekeeping - particularly balancing and reconciliation of long outstanding entries Suspense/Sundries/Funds in Transit/Clearing/SGL accounts;</li> <li>9. Review of Audit plan and status of achievement thereof;</li> <li>10. Review of significant Audit Findings of the following audits along with the compliance thereof - (i) LFAR (ii) Concurrent Audit (iii) Internal Inspection (iv) I.S.Audit of Data Centre (v) Treasury and Derivatives (vi) Management Audit at Controlling Offices/Head Offices etc;</li> <li>11. Compliance report on directives issued by ACB/Board/RBI;</li> <li>12. Review of information on violations by various functionaries in the exercise of discretionary powers;</li> <li>13. Detailed report on fraudulent transactions relating to Internet Banking through phishing attacks pointing out in particular the deficiencies in the existing systems and steps taken by the IT department to prevent such cases.</li> <li>14. Change in accounting policy and practices which may have significant bearing on financial statements. A confirmation that accounting policies are in compliance with accounting standards and RBI guidelines;</li> <li>15. Review of IS Audit Policy;</li> <li>16. Review of accounting policies/systems of the bank with a view to ensuring greater transparency in the bank's accounts and adequacy of accounting standards;</li> <li>17. Review of the bank's financial management policies;</li> <li>18. Penalties imposed/penal action taken against bank under various laws and statutes and action taken for corrective measures;</li> <li>19. Review of report on Revenue leakage detected by Internal/External Auditors and status of recovery thereof - reasons for undercharges and steps taken to prevent revenue leakage;</li> <li>20. Examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to: <ol style="list-style-type: none"> <li>i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;</li> <li>ii. Changes, if any, in accounting policies and practices and reasons for the same;</li> </ol> </li> </ol>
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	<ul style="list-style-type: none"> <li>iii. Major accounting entries involving estimates based on the exercise of judgment by management;</li> <li>iv. Significant adjustments made in the financial statements arising out of audit findings;</li> <li>v. Compliance with listing and other legal requirements relating to financial statements;</li> <li>vi. Disclosure of any related party transactions; and</li> <li>vii. Modified opinion(s) in the draft audit report.</li> </ul> <p>21. To review with management the adequacy of the internal control systems including the structure of the internal audit department.</p> <p>22. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or a failure of internal control systems of a material nature.</p> <p>23. To approve any subsequent modification of transactions of the Bank with related parties and grant omnibus approval for related party transactions proposed to be entered into by the Bank, subject to the conditions as may be prescribed; Explanation: The term “related party transactions” shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards.</p> <p>24. To scrutinize inter-corporate loans and investments;</p> <p>25. To evaluate the undertakings or assets of the Bank, wherever it is necessary;</p> <p>26. To evaluate the internal financial controls and risk management systems;</p> <p>27. To monitor the end uses/application of funds raised through an issue (public issue, right 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. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Bank;</p> <p>28. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances and Reviewing the functioning of the whistle blower mechanism;</p> <p>29. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;</p> <p>30. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;</p> <p>31. Discussing with internal auditors on any significant findings and follow up thereon;</p> <p>32. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;</p> <p>33. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;</p> <p>34. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;</p> <p>35. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;</p> <p>36. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act (including Section 177), the Listing Regulations or by any other regulatory authority; and</p> <p>37. Reviewing adequacy of insurance policies taken by Management to cover risks/transfer risk exposures.</p>
Composition (including changes during the year and upto date of this report)	<p>Mrs. Deena Asit Mehta, Chairperson</p> <p>Mr. Suresh Kumar Jain</p> <p>Mr. Prakash Kulathu Iyer (inducted w.e.f. December 09, 2022)</p> <p>Mr. Mahendra Kumar Chouhan (ceased w.e.f. May 01, 2022)</p> <p>Dr. Punita Kumar-Sinha (ceased w.e.f. May 01, 2022)</p> <p>Mr. Avijit Saha (resigned w.e.f. March 02, 2023)</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>

Meetings	The Committee met four times during the financial year under review on May 16, 2022, July 27, 2022, October 31, 2022 and February 02, 2023.														
Attendance	<table border="1"> <thead> <tr> <th>Name</th><th>No. of meetings attended</th></tr> </thead> <tbody> <tr> <td>Mrs. Deena Asit Mehta (CP)</td><td>4/4</td></tr> <tr> <td>Mr. Suresh Kumar Jain</td><td>4/4</td></tr> <tr> <td>Mr. Prakash Kulathu Iyer</td><td>0/1</td></tr> <tr> <td>Mr. Mahendra Kumar Chouhan</td><td>NA</td></tr> <tr> <td>Dr. Punita Kumar-Sinha</td><td>NA</td></tr> <tr> <td>Mr. Avijit Saha</td><td>4/4</td></tr> </tbody> </table>	Name	No. of meetings attended	Mrs. Deena Asit Mehta (CP)	4/4	Mr. Suresh Kumar Jain	4/4	Mr. Prakash Kulathu Iyer	0/1	Mr. Mahendra Kumar Chouhan	NA	Dr. Punita Kumar-Sinha	NA	Mr. Avijit Saha	4/4
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Mr. Mahendra Kumar Chouhan	NA														
Dr. Punita Kumar-Sinha	NA														
Mr. Avijit Saha	4/4														

### Nomination & Remuneration Committee

Terms of Reference	<p>Nomination &amp; Remuneration Committee is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;</li> <li>To recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance and specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or and review its implementation and compliance;</li> <li>To formulate the criteria for determining qualifications, positive attributes and independence of a director.</li> <li>Formulating of criteria for evaluation of the performance of the independent directors and the Board;</li> <li>Devising a policy on Board diversity;</li> <li>Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;</li> <li>Analysing, monitoring and reviewing various human resource and compensation matters;</li> <li>To recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel, material risk takers and other employees;</li> <li>To monitor and review various HR related matters such as plans, policies reports etc. from time to time;</li> <li>To ensure that the Policy on remuneration to Directors, Whole-time Directors/Executive Directors, key managerial personnel, material risk takers and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals and is in compliance to RBI norms;</li> <li>Periodically review and suggest revision of the total remuneration package of the Whole-time Directors keeping in view performance of the Company, standards prevailing in the industry, norms specified by RBI, statutory guidelines, etc;</li> <li>To work in close coordination with Risk Management Committee of the bank, to achieve effective alignment between compensation and risks. The NRC should also ensure that the cost/income ratio of the bank supports the compensation package consistent with maintenance of sound capital adequacy ratio;</li> <li>To review and approve the content of the Director's Remuneration report in the annual report and accounts for approval by Board as a whole;</li> <li>Keep abreast of external remuneration trends and market conditions;</li> <li>To ensure that a Fit and Proper disclosure, Deed of Covenant and a declaration and undertaking in bank's favor, as may be specified by RBI is obtained from every Director;</li> <li>To scrutinize Deed of Covenant and declaration and undertaking submitted by each of its Directors and on a continuing basis perform due diligence in respect of each of its Directors and shall report to the Reserve Bank if any of its directors fails to fulfil the 'fit and proper' criteria as specified by Reserve Bank from time to time;</li> <li>Performing such functions as are required to be performed by the Nomination and Remuneration committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended, including the following:</li> </ol>
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	<p>(a) administering the Fino Payments Bank Limited - Employees Stock Option Policy, 2020 (the "ESOP Plan");</p> <p>(b) determining the eligibility of employees to participate under the ESOP Plan;</p> <p>(c) determining the number of options to be granted to employees;</p> <p>(d) determining the exercise price under the ESOP Plan; and</p> <p>(e) constructing and interpreting the ESOP Plan and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Plan.</p> <p>18. The Nomination and Remuneration Committee, while formulating the remuneration policy, should ensure that:</p> <p>(a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;</p> <p>(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and</p> <p>(c) remuneration to directors, key managerial personnel, material risk takers and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.</p> <p>19. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:</p> <p>(i) the Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations, 2015, as amended; or</p> <p>(ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.</p> <p>20. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act (including Section 178), the Listing Regulations or by any other regulatory authority.</p>																		
Composition (including changes during the year and upto date of this report)	<p>Mr. Prakash Kulathu Iyer, Chairperson (inducted as member w.e.f. July 25, 2022 and Chairperson w.e.f. December 09, 2022)</p> <p>Mr. Rajat Kumar Jain (inducted w.e.f. May 11, 2022)</p> <p>Mr. Rakesh Bhartia (inducted w.e.f. December 09, 2022)</p> <p>Mr. Prateek Roongta (inducted w.e.f. December 09, 2022)</p> <p>Mr. Suresh Kumar Jain (ceased w.e.f. December 09, 2022)</p> <p>Mr. Ravi Subbaiah Pagadala (ceased w.e.f. November 02, 2022)</p> <p>Mr. Mahendra Kumar Chouhan (ceased w.e.f. May 01, 2022)</p> <p>Dr. Punita Kumar-Sinha (ceased w.e.f. May 01, 2022)</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>																		
Meetings	The Committee met six times during the financial year under review on May 16, 2022, May 27, 2022, July 27, 2022, October 31, 2022, November 02, 2022 and February 01, 2023.																		
Attendance	<table border="1"> <thead> <tr> <th>Name</th><th>No. of meetings attended</th></tr> </thead> <tbody> <tr> <td>Mr. Prakash Kulathu Iyer (CP)</td><td>4/4</td></tr> <tr> <td>Mr. Rajat Kumar Jain</td><td>6/6</td></tr> <tr> <td>Mr. Rakesh Bhartia</td><td>1/1</td></tr> <tr> <td>Mr. Prateek Roongta</td><td>1/1</td></tr> <tr> <td>Mr. Suresh Kumar Jain</td><td>5/5</td></tr> <tr> <td>Mr. Ravi Subbaiah Pagadala</td><td>3/4</td></tr> <tr> <td>Mr. Mahendra Kumar Chouhan</td><td>NA</td></tr> <tr> <td>Dr. Punita Kumar-Sinha</td><td>NA</td></tr> </tbody> </table>	Name	No. of meetings attended	Mr. Prakash Kulathu Iyer (CP)	4/4	Mr. Rajat Kumar Jain	6/6	Mr. Rakesh Bhartia	1/1	Mr. Prateek Roongta	1/1	Mr. Suresh Kumar Jain	5/5	Mr. Ravi Subbaiah Pagadala	3/4	Mr. Mahendra Kumar Chouhan	NA	Dr. Punita Kumar-Sinha	NA
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Mr. Mahendra Kumar Chouhan	NA																		
Dr. Punita Kumar-Sinha	NA																		

## Stakeholders Relationship Committee

Terms of Reference	<p>Stakeholders Relationship Committee is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>1. To assist the Board and the Company to redress shareholders, debenture holders, security holders and investors complaints if any, but not limited to transfer/transmission of shares, non-receipt of annual report, non-receipt of interest on bonds/declared dividends, issue of new/duplicate certificates, general meetings etc.</li> <li>2. Review of measures taken for effective exercise of voting rights by shareholders.</li> <li>3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent.</li> <li>4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends as and when declared and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.</li> <li>5. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time.</li> <li>6. To approve, register, refuse to register transfer or transmission of shares and other securities.</li> <li>7. To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company.</li> <li>8. Allotment and listing of shares.</li> <li>9. To authorise affixation of common seal of the Company, if required.</li> <li>10. To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company.</li> <li>11. To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder.</li> <li>12. To dematerialize or rematerialize the issued shares.</li> <li>13. Ensure proper and timely attendance and redressal of investor queries and grievances.</li> <li>14. Carrying out any other functions contained in the Companies Act, 2013 (including Section 178) and/or equity listing agreements (if applicable), as and when amended from time to time; and</li> <li>15. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).</li> </ol>												
Composition (including changes during the year and upto date of this report)	<p>Mr. Rakesh Bhartia, Chairperson (inducted as Chairperson &amp; Member of the Committee w.e.f. December 09, 2022)</p> <p>Mr. Suresh Kumar Jain</p> <p>Mr. Rishi Gupta</p> <p>Mr. Rajat Kumar Jain (ceased w.e.f. December 09, 2022)</p> <p>Mrs. Deena Asit Mehta (ceased w.e.f. December 09, 2022)</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>												
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Name	No. of meetings attended												
Mr. Rakesh Bhartia (CP)	1/1												
Mr. Suresh Kumar Jain	2/2												
Mr. Rishi Gupta	2/2												
Mrs. Deena Asit Mehta	1/1												
Mr. Rajat Kumar Jain	1/1												

## Risk and Asset Liability Management Committee

Terms of Reference	<p>Risk and Asset Liability Management Committee is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>1) To assist the Board in its oversight of the Bank's management of key risks, including strategic, financial operational and compliance risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks;</li> <li>2) To evolve appropriate systems and procedures for ongoing identification and analysis of Balance Sheet risks and lay down parameters for efficient management of these risks through Asset Liability Management Policy of the Bank;</li> <li>3) To identify, monitor and measure the risk profile of the Bank (including market risk, operational risk and other residual risks);</li> <li>4) To oversee the policies connected with the risk management within the Bank for approval by the Board.</li> <li>5) To review adherence to various risk parameters and prudential limits for treasury operations and its risk monitoring system;</li> <li>6) Review of processes being introduced/ implemented by the Bank;</li> <li>7) Formulate and implement optimal ALM strategies at an enterprise level and meeting risk/reward objectives;</li> <li>8) To monitor risk exposures, funding &amp; development at periodic intervals and revise ALM strategies where required;</li> <li>9) To formulate policies connected with risk management which shall include: <ol style="list-style-type: none"> <li>a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any of the risk as may be determined by the Committee;</li> <li>b) Measures for risk mitigation including systems and processes for internal control of identified risks;</li> <li>c) Business continuity plan;</li> </ol> </li> <li>10) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank;</li> <li>11) To monitor and oversee implementation of the policies connected with risk management, including evaluating the adequacy of risk management systems;</li> <li>12) To periodically review the policies connected with risk management, at least once in two years, including by considering the changing industry dynamics and evolving complexity;</li> <li>13) To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;</li> <li>14) To review the appointment, removal and terms of remuneration of the Chief Risk Officer, if any;</li> <li>15) To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board; and</li> <li>16) To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.</li> </ol>
Composition (including changes during the year and upto date of this report)	<p>Mr. Suresh Kumar Jain, Chairperson</p> <p>Mrs. Deena Asit Mehta</p> <p>Mr. Prakash Kulathu Iyer (inducted w.e.f. July 25, 2022)</p> <p>Mr. Prateek Roongta (inducted w.e.f. December 09, 2022)</p> <p>Mr. Rishi Gupta</p> <p>Mr. Rajat Kumar Jain (ceased w.e.f. December 09, 2022)</p> <p>Mr. Mahendra Kumar Chouhan (ceased w.e.f. May 01, 2022)</p> <p>Dr. Punita Kumar-Sinha (ceased w.e.f. May 01, 2022)</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>

Meetings	The Committee met four times during the financial year under review on May 16, 2022, July 27, 2022, October 31, 2022 and February 01, 2023.																		
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Mr. Rajat Kumar Jain	3/3																		
Mr. Mahendra Kumar Chouhan	NA																		
Dr. Punita Kumar-Sinha	NA																		

### Customer Service Committee

Terms of Reference	<p>Customer Service Committee, is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>To formulate comprehensive deposit policy incorporating the issues arising out of the demise of a depositor for operation of his account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services;</li> <li>To monitor implementation of awards under the Banking Ombudsman Scheme;</li> <li>To ensure customer are treated fairly all the times and complaints raised by them is dealt with courtesy and in time;</li> <li>To evaluate feedback on quality of customer service and to oversee implementation of commitments towards customers as per the directions received from BCSBI;</li> <li>To ensure that all regulatory instructions regarding customer service are followed by the Bank;</li> <li>Review and approve customer service policies and customer communication strategies of the Bank; and</li> <li>Formulate and approve Fair Practices Code to customers</li> </ol>										
Composition (including changes during the year and upto date of this report)	<p>Mr. Rishi Gupta, Chairperson  Mr. Rajat Kumar Jain  Mr. Rakesh Bhartia (inducted w.e.f. December 09, 2022)  Mr. Ravi Subbaiah Pagadala (ceased w.e.f. November 02, 2022)  Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>										
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Name	No. of meetings attended										
Mr. Rishi Gupta (CP)	2/2										
Mr. Rajat Kumar Jain	2/2										
Mr. Rakesh Bhartia	0/0										
Mr. Ravi Subbaiah Pagadala	1/2										



## Corporate Social Responsibility Committee

Terms of Reference	<p>Corporate Social Responsibility Committee is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>1. To formulate and recommend to the board of directors, the CSR Policy, indicating the CSR activities to be undertaken as specified in Schedule VII of the Companies Act, 2013, as amended;</li> <li>2. The Committee shall annually review the CSR Policy and associated frameworks, processes and practices of the Company and make appropriate recommendations to the Board;</li> <li>3. The Committee shall ensure that the Company is taking the appropriate measures to undertake and implement CSR projects successfully and shall monitor the CSR Policy from time to time;</li> <li>4. The Committee shall identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities;</li> <li>5. The Committee will coordinate with such other agency for implementing programs and executing initiatives as per CSR policy and shall review the performance of such other agency periodically;</li> <li>6. The Committee may form and delegate authority to sub-committees when appropriate;</li> <li>7. The Committee shall regularly report to the Board;</li> <li>8. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval;</li> <li>9. To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013, as amended and the rules framed thereunder; and</li> <li>10. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.</li> </ol>														
Composition (including changes during the year and upto date of this report)	<p>Mr. Rishi Gupta, Chairperson (inducted as member w.e.f. May 12, 2022 and Chairperson w.e.f. December 09, 2022)</p> <p>Mrs. Deena Asit Mehta</p> <p>Mr. Prakash Kulathu Iyer (inducted w.e.f. December 09, 2022)</p> <p>Mr. Rakesh Bhartia (inducted w.e.f. December 09, 2022)</p> <p>Mr. Avijit Saha (ceased w.e.f. March 02, 2023)</p> <p>Dr. Punita Kumar-Sinha (ceased w.e.f. May 01, 2022)</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>														
Meetings	The Committee met two times during the financial year under review on May 16, 2022 and October 31, 2022.														
Attendance	<table border="1"> <thead> <tr> <th>Name</th><th>No. of meetings attended</th></tr> </thead> <tbody> <tr> <td>Mr. Rishi Gupta (CP)</td><td>2/2</td></tr> <tr> <td>Mrs. Deena Asit Mehta</td><td>2/2</td></tr> <tr> <td>Mr. Prakash Kulathu Iyer</td><td>0/0</td></tr> <tr> <td>Mr. Rakesh Bhartia</td><td>0/0</td></tr> <tr> <td>Mr. Avijit Saha</td><td>2/2</td></tr> <tr> <td>Dr. Punita Kumar-Sinha</td><td>NA</td></tr> </tbody> </table>	Name	No. of meetings attended	Mr. Rishi Gupta (CP)	2/2	Mrs. Deena Asit Mehta	2/2	Mr. Prakash Kulathu Iyer	0/0	Mr. Rakesh Bhartia	0/0	Mr. Avijit Saha	2/2	Dr. Punita Kumar-Sinha	NA
Name	No. of meetings attended														
Mr. Rishi Gupta (CP)	2/2														
Mrs. Deena Asit Mehta	2/2														
Mr. Prakash Kulathu Iyer	0/0														
Mr. Rakesh Bhartia	0/0														
Mr. Avijit Saha	2/2														
Dr. Punita Kumar-Sinha	NA														

## IT Strategy Committee

Terms of Reference	<p>IT Strategy Committee is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>1. Approving IT strategy and policy documents;</li> <li>2. Ensuring that the management has put an effective strategic planning process in place;</li> <li>3. Ratifying that the business strategy is indeed aligned with IT strategy;</li> <li>4. Ensuring that the IT Organizational structure complements the business model and its direction;</li> <li>5. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;</li> <li>6. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;</li> <li>7. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;</li> <li>8. Ensuring proper balance of IT investments for sustaining bank's growth.</li> <li>9. Becoming aware about exposure towards IT risks and controls. And evaluating effectiveness of management's monitoring of IT risks;</li> <li>10. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks);</li> <li>11. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT;</li> <li>12. Reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value);</li> <li>13. Approve and review the IT infrastructure sharing arrangements with other entities including the holding company/associates; and</li> <li>14. To review information security system in the Bank and the Status of implementation of regulatory instructions on Information Security.</li> <li>15. To monitor utilization of proceeds raised through IPO towards IT and Digital.</li> </ol>																				
Composition (including changes during the year and upto date of this report)	<p>Mr. Rajat Kumar Jain, Chairperson  Mrs. Deena Asit Mehta  Mr. Rakesh Bhartia (inducted w.e.f. December 09, 2022)  Mr. Prateek Roongta (inducted w.e.f. December 09, 2022)  Mr. Rishi Gupta  Mr. Prakash Kulathu Iyer (inducted w.e.f. July 25, 2022 and ceased w.e.f. December 09, 2022)  Mr. Mahendra Kumar Chouhan (ceased w.e.f. May 01, 2022)  Mr. Ravi Subbaiah Pagadala (ceased w.e.f. November 02, 2022)  Mr. Avijit Saha (ceased w.e.f. March 02, 2023)  Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>																				
Meetings	<p>The Committee met four times during the financial year under review on May 16, 2022, July 27, 2022, October 31, 2022 and February 01, 2023.</p>																				
Attendance	<table> <tr> <th>Name</th><th>No. of meetings attended</th></tr> <tr> <td>Mr. Rajat Kumar Jain (CP)</td><td>4/4</td></tr> <tr> <td>Mrs. Deena Asit Mehta</td><td>4/4</td></tr> <tr> <td>Mr. Rakesh Bhartia</td><td>1/1</td></tr> <tr> <td>Mr. Prateek Roongta</td><td>1/1</td></tr> <tr> <td>Mr. Avijit Saha</td><td>4/4</td></tr> <tr> <td>Mr. Rishi Gupta</td><td>4/4</td></tr> <tr> <td>Mr. Prakash Kulathu Iyer</td><td>2/2</td></tr> <tr> <td>Mr. Ravi Subbaiah Pagadala</td><td>1/3</td></tr> <tr> <td>Mr. Mahendra Kumar Chouhan</td><td>NA</td></tr> </table>	Name	No. of meetings attended	Mr. Rajat Kumar Jain (CP)	4/4	Mrs. Deena Asit Mehta	4/4	Mr. Rakesh Bhartia	1/1	Mr. Prateek Roongta	1/1	Mr. Avijit Saha	4/4	Mr. Rishi Gupta	4/4	Mr. Prakash Kulathu Iyer	2/2	Mr. Ravi Subbaiah Pagadala	1/3	Mr. Mahendra Kumar Chouhan	NA
Name	No. of meetings attended																				
Mr. Rajat Kumar Jain (CP)	4/4																				
Mrs. Deena Asit Mehta	4/4																				
Mr. Rakesh Bhartia	1/1																				
Mr. Prateek Roongta	1/1																				
Mr. Avijit Saha	4/4																				
Mr. Rishi Gupta	4/4																				
Mr. Prakash Kulathu Iyer	2/2																				
Mr. Ravi Subbaiah Pagadala	1/3																				
Mr. Mahendra Kumar Chouhan	NA																				

## Committee of Directors (Operations)

Terms of Reference	<p>Committee of Directors (Operations) is authorised to perform the following functions :</p> <ol style="list-style-type: none"> <li>1. To approve the resolutions for opening, modification and closure of Bank accounts of the Company from time to time;</li> <li>2. To approve to avail various facilities viz. internet banking facilities, overdraft facilities/cash credit facilities, non-fund based facilities such as Bank Guarantee/Performance Guarantee and Letter of credit and other banking arrangements with other Banks;</li> <li>3. To approve to make investments of the Bank within the limits prescribed under the Companies Act, 2013 (including statutory enactments from time to time);</li> <li>4. To approve to borrow funds within the limits prescribed under the Companies Act, 2013 (including statutory enactments from time to time);</li> <li>5. To approve the resolutions for filing applications, forms, documents, petitions, affidavits etc. with any statutory authorities and non-statutory authorities for obtaining registrations and licences required to be obtained and other ancillary matters;</li> <li>6. To approve the resolutions for authorizing any official to issue letter of authority and/or power of attorney;</li> <li>7. To approve Share allotment, transfers and transmissions, Issue of duplicate share certificates and other shares related matters; and</li> <li>8. To approve any other resolution which is required in the normal course of business which does not require the approval of the Board of Directors.</li> </ol>												
Composition (including changes during the year and upto date of this report)	<p>Mr. Rajat Kumar Jain, Chairperson (inducted as Chairperson w.e.f. December 09, 2022)</p> <p>Mr. Suresh Kumar Jain</p> <p>Mr. Rishi Gupta</p> <p>Mrs. Deena Asit Mehta (inducted w.e.f. May 12, 2022 and ceased w.e.f. December 09, 2022 )</p> <p>Mr. Mahendra Kumar Chouhan (ceased w.e.f May 01, 2022)</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>												
Meetings	<p>The Committee met four times during the financial year under review on April 26, 2022, July 21, 2022, October 18, 2022 and January 25, 2023.</p>												
Attendance	<table border="1"> <thead> <tr> <th>Name</th><th>No. of meetings attended</th></tr> </thead> <tbody> <tr> <td>Mr. Rajat Kumar Jain (CP)</td><td>1/1</td></tr> <tr> <td>Mr. Suresh Kumar Jain</td><td>4/4</td></tr> <tr> <td>Mr. Rishi Gupta</td><td>4/4</td></tr> <tr> <td>Mrs. Deena Asit Mehta</td><td>2/2</td></tr> <tr> <td>Mr. Mahendra Kumar Chouhan</td><td>1/1</td></tr> </tbody> </table>	Name	No. of meetings attended	Mr. Rajat Kumar Jain (CP)	1/1	Mr. Suresh Kumar Jain	4/4	Mr. Rishi Gupta	4/4	Mrs. Deena Asit Mehta	2/2	Mr. Mahendra Kumar Chouhan	1/1
Name	No. of meetings attended												
Mr. Rajat Kumar Jain (CP)	1/1												
Mr. Suresh Kumar Jain	4/4												
Mr. Rishi Gupta	4/4												
Mrs. Deena Asit Mehta	2/2												
Mr. Mahendra Kumar Chouhan	1/1												

The IPO Committee of the Bank was dissolved by the Board of Directors w.e.f. February 02, 2023.

## MEETING OF THE INDEPENDENT DIRECTORS

The meeting of the Independent Directors (IDs) of the Bank were held on July 23, 2022 and November 16, 2022, without the attendance of Non-Independent Directors and members of the management. The Independent Directors, inter-alia, discussed and reviewed the performance of Non-Independent Director/ the Board as a whole, taking into account the views of Executive Directors and Non-Executive Directors; and assess the quality, quantity and timeliness of the flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. All Independent Directors were present in both meetings.

## DIRECTORS AND OFFICERS INSURANCE

The Bank has an appropriate Directors' and Officers Insurance policy in place which protects Directors and Officers of the Bank for any actual or alleged breach of fiduciary duty.

## CODE FOR PREVENTION OF INSIDER TRADING

The Bank has adopted a code of conduct for the prevention of insider trading in the securities of the Bank in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**SEBI Insider Trading Regulations**") as amended from time to time ("**PIT Code**"), with a view to regulate trading in securities by the Board and Employees of the Bank, their immediate relatives and other insiders as defined in the PIT Code. The Code, inter-alia, prohibits dealing in securities of the Bank by insiders while in possession of unpublished price sensitive information. The code is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661757596\\_insidertradingcoden.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661757596_insidertradingcoden.pdf).

## ANNUAL GENERAL MEETING

Following are the details of annual general meetings for previous three financial years:

Financial Year	Venue	Day, Date & Time	Number of Special Resolutions passed, if any	Nature of Special Resolutions
2019 - 2020	Mindspace Juinagar, Tower1, Board Room, 8 <sup>th</sup> Floor, TTC Industrial Area, MIDC Shirwane, Navi Mumbai-400 706	Wednesday, September, 30, 2020 at 11:00 a.m.	3 (Three)	<ol style="list-style-type: none"> <li>1. Approval of Re-appointment of Mr. Rishi Gupta (DIN: 01433190) as the Managing Director &amp; CEO of the Bank for the term of 3 years.</li> <li>2. Approval of Performance Bonus (Variable Pay) to Mr. Rishi Gupta (DIN: 01433190) for the Financial Year 2019-20.</li> <li>3. Approval of Remuneration of Mr. Rishi Gupta (DIN: 01433190) for the Financial Year 2020-21.</li> </ol>
2020- 2021*	Held through Video-Conferencing deemed to be conveyed at the Registered office of the Bank	Saturday, September, 25, 2021 at 5.30 p.m	1 (One)	Approval of Remuneration of Mr. Rishi Gupta (DIN: 01433190) for the Financial year 2020-21.
2021-2022*	Held through Video-Conferencing deemed to be conveyed at the Registered office of the Bank	Thursday, September 29, 2022 at 12:00 Noon	1 (One)	Approval of the appointment of Mr. Rakesh Bhartia (DIN: 00877865) as an Independent Director of the Bank.

\*In compliance with the provisions of the Ministry of Corporate Affairs ("**MCA**") General circular No. 2/2021 dated January 13, 2021 and MCA General Circular No. 20/2020 dated 5 May 2020 read together with MCA General Circular Nos. 14, 17, /2020 dated April 08, 2020 April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 8, 2021 and 3/2022 dated May 5, 2022 respectively, the Bank conducted the AGM through Video Conferencing ("**VC**").

## POSTAL BALLOT

### Procedure for Postal Ballot

Pursuant to Section 110 read with Section 108 and other applicable provisions, if any, of the Act read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, ("**Rules**") (including any statutory modification or re-enactment thereof for the time being in force), Regulation 44 of the SEBI Listing Regulations, Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ("**SS-2**"), each as amended, and in accordance with the guidelines prescribed by the Ministry of Corporate Affairs ("**MCA**") for holding general meetings/conducting Postal Ballot process through e-voting vide General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, Circular No. 20/2021 dated December 8, 2021, 3/2022 dated May 5, 2022 and 11/2022 dated December 28, 2022 respectively, in view of the said circulars (collectively the 'MCA Circulars'), the Bank had proposed to pass the necessary resolutions for the year under review through Postal Ballot as per the said guidelines, circulars and provisions of the Act. In terms of said Section of the Act and the Rules, a company may, and in case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by Postal Ballot, shall, get any resolution (other than Ordinary Business and any Business in respect of which Directors or Auditors have right to be heard at any meeting) passed by means of Postal Ballot, instead of transacting the business in general meeting of the Company.

Accordingly, the Postal Ballot procedure for Postal Ballots were carried out as per the above provisions and the Members were required to communicate their assent or dissent through the E-Voting system/physical Postal Ballot form, as applicable.

The Bank published a notice in the newspaper informing the details of completion of dispatch of the Postal Ballot Notice and other details.

The Bank had engaged the services of National Securities Depository Limited ("**NSDL**") for providing e-voting facility to its members. Voting rights were reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date mentioned in the

respective Postal Ballot Notice. The communication of the assent or dissent of the members took place through the process of remote e-voting only, in accordance with the SEBI Circular on e-voting facility provided by Listed Entities.

### Postal Ballot during FY 2022-23

The Bank sought approval of the Members of the Bank by way of remote electronic voting and/or physical Postal Ballot forms, as applicable for the following matters through Postal Ballot activity conducted in accordance with the provisions of Sections 108 and 110 and other applicable provisions of the Companies Act, 2013 along with the guidelines, notifications issued by the MCA, and in light of circulars issued by the MCA and SEBI:

Sr. No.	Resolution	Type of Resolution	Votes in favour of the resolution		Votes against the resolution	
			No. of votes	% of votes	No. of votes	% of votes
1.	Increase in Authorised Share Capital of the Bank and Alteration of Capital Clause of Memorandum of Association of the Bank.	Ordinary Resolution	14932617	19.3055	62416367	80.6945
2.	Re-appointment of Mr. Mahendra Kumar Chouhan (DIN: 00187253) as an Independent Director of the Bank	Special Resolution	14930684	19.3033	62417287	80.6967
3.	Re-appointment of Dr. Punita Kumar - Sinha (DIN: 05229262) as an Independent Director of the Bank	Special Resolution	14930213	19.3027	62417743	80.6973
4.	Ratification of the 'Fino Payments Bank Limited - Employees Stock Option Policy, 2020'	Special Resolution	68841593	89.0025	8506363	10.9975
5.	Approval of the amendment in the 'Fino Payments Bank Limited - Employees Stock Option Policy, 2020'	Special Resolution	6429295	8.3121	70918661	91.6878
6.	Approval/Reinstatement of right to nominate directors pursuant to Article 104 of the Articles of Association of the Bank	Special Resolution	72738134	94.0401	4609822	5.9599
7.	Appointment of Mr. Prakash Kulathu Iyer (DIN: 00529591) as an Independent Director of the Bank.	Special Resolution	75545577	99.652	263527	0.348
8.	Appointment of Mr. Prateek Roongta (DIN: 00622797) as Non-Executive Nominee Director on the Board of the Bank	Ordinary Resolution	16355114	96.79	542678	3.21
9.	To approve the remuneration of Mr. Rishi Gupta, Managing Director & CEO ( <b>"MD &amp; CEO"</b> ) of the Bank for the financial year 2021-22	Special Resolution	30270747	99.89	33222	0.11

The Board of Directors of the Bank had appointed Mr. Tribhuwneshwar Kaushik and in his absence, Mr. Savyasachi Joshi of M/s. Kaushik Joshi & Co., Practising Company Secretaries., as the Scrutinizer, for scrutinising all the Postal Ballot process in a fair and transparent manner. All votes received up to 5.00 p.m. of Postal Ballot e-voting process ending date were considered for scrutiny.

The Bank had initiated a Postal Ballot process vide Postal Ballot Notice dated March 23, 2022 for item nos. 1 to 6. The results of the Postal Ballot were announced on April 30, 2022 by declaring that ordinary resolution proposed at item no.1 and special resolutions proposed for item no. 2, 3 and 5 have not been passed with requisite majority. Item no. 4 and 6 has been passed with requisite majority.

Further, the Bank had initiated a Postal Ballot process vide Postal Ballot Notice dated July 20, 2022 for seeking approval of Members for item no. 7 i.e. appointment of Mr. Prakash Kulathu Iyer as an Independent Director of the Bank for a period of five (5) years with effect from June 1, 2022 up to May 31, 2027 (both days inclusive). The results of the Postal Ballot were announced on August 30, 2022 and the special resolution proposed at item no. 7 has been passed with requisite majority.

Further, the Bank had initiated a Postal Ballot process vide Postal Ballot Notice dated December 17, 2022 for seeking approval of Members for item no. 8 i.e. appointment of Mr. Prateek Roongta as Non-Executive Nominee Director of the Bank. The results of the Postal Ballot were announced on January 31, 2023 and the ordinary resolution proposed at item no. 8 has been passed with requisite majority.

Further, the Bank had also initiated a Postal Ballot process vide Postal Ballot Notice dated March 11, 2023 for seeking approval of Members for item no. 9 i.e. to approve the remuneration of Mr. Rishi Gupta, Managing Director & CEO (**"M.D. & CEO"**) of the Bank for the financial

year 2021-22. The results of the same were announced on April 25, 2023 and the special resolution proposed at item no. 9 has been passed with requisite majority.

## MEANS OF COMMUNICATION

- i. **Financial Results:** The Bank has submitted financial results to the stock exchanges within forty five days from the end of the quarter and the audited annual results are submitted within sixty days from the end of the financial year as required under the SEBI Listing Regulations. The financial results are published in (Financial Express/ Free Press Journal) English newspaper having country-wide circulation and in (Navshakti) Marathi newspaper where the registered office of the Bank is situated. The financial results and newspaper publication cuttings are available on the Bank's website at [www.finobank.com](http://www.finobank.com).
- ii. **Investors/analysts Meets:** Your Bank's officials interact on a regular basis with stakeholders through investor meetings, investor calls, earnings call etc. Intimation and outcome of such meets are uploaded on the website of stock exchanges and also available on the Bank's website at [www.finobank.com](http://www.finobank.com).
- iii. **Investor Presentation:** The investor presentations are uploaded on the website of stock exchanges and also available on the Bank's website at [www.finobank.com](http://www.finobank.com).
- iv. **Press/Media releases:** Official press/media releases are uploaded on the website of stock exchanges and also available on the Bank's website at [www.finobank.com](http://www.finobank.com).
- v. **Compliance reports, corporate announcements, material information and updates:** Your Bank disseminates the requisite compliance reports and corporate announcements/updates to the stock exchanges through their designated portal and also available on the Bank's website at [www.finobank.com](http://www.finobank.com).
- vi. The Bank's website contains a separate dedicated section **"Investor Relations"**. The Investor Relations section contains a comprehensive database of information of interest to the investors including the financial results and annual report of the Bank, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered/facilities extended by the Bank to its investors, in a user friendly manner. The basic information about the Bank in terms of Regulation 46 of the SEBI Listing Regulations is provided on Bank's website and the same is updated regularly.

## GENERAL SHAREHOLDER INFORMATION:

### Annual General Meeting

#### 7<sup>th</sup> Annual General Meeting

**Day and Date:** Monday, September 25, 2023

**Time:** 12:00 Noon

**Venue:** Through Video-Conferencing or Other Audio-Visual Means

**Financial Year:** The financial year of the Bank is from April 01 to March 31 of the following year.

### Financial Calendar

#### (April 1, 2023 to March 31, 2024)

Board Meeting for consideration of accounts for FY 2022-23	May 02, 2023
Dispatch of Annual Reports by electronic mode	September 02, 2023
Date, Time and Venue of the 7 <sup>th</sup> AGM	Monday, September 25, 2023, 12:00 Noon (IST), through Video Conferencing/Other Audio-Visual Means
Dividend Payment Date	NA
Board Meeting for considering unaudited results for the quarters of financial year 2023-24	Within 45 days from the end of each quarter

## DIVIDEND DISTRIBUTION POLICY

In accordance with Regulation 43A of the SEBI Listing Regulations, your Bank has formulated a Dividend Distribution Policy, which ensures a fair balance between rewarding its Shareholders and retaining enough capital for the Bank's future growth. The Policy is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661757567\\_dividenddistributionpolicy.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661757567_dividenddistributionpolicy.pdf)

## STOCK EXCHANGES WHERE SHARES OF THE BANK ARE LISTED

The equity shares of the Bank are listed at the following stock exchanges and the annual fees for financial year 2022-23 have been paid:

Sr. No.	NAME AND ADDRESS OF THE STOCK EXCHANGE	STOCK CODE
1	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 023.	543386
2	The National Stock Exchange of India Limited, Exchange Plaza, 5 <sup>th</sup> Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.	FINOPB

Names of Depositories for dematerialization of equity shares (ISIN: INE02NC01014)

- National Securities Depository limited (NSDL)
- Central Depository Services (India) Limited (CDSL)

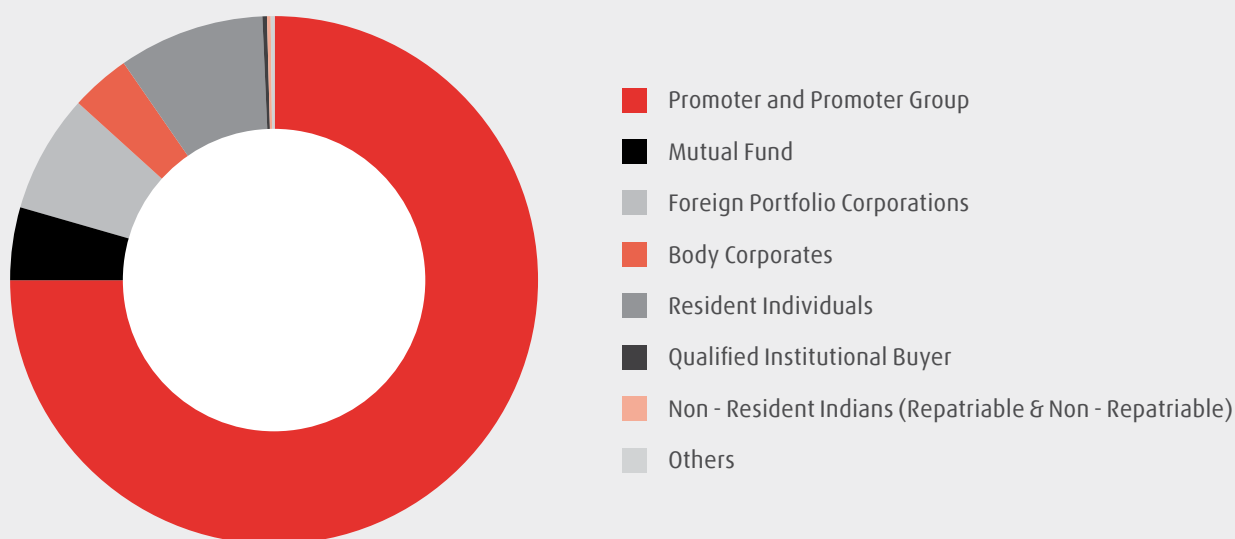
The Bank's share capital consists of only one class of equity shares having face value of ₹10 each, and the Bank has not issued any other class of shares.

## Distribution of Shareholding as on March 31, 2023 (By Ownership)

Sr. No.	Name of the shareholder	No. of shares held	% to share capital
1.	Promoter and Promoter Group	6,24,11,997*	75.00
2.	Mutual Fund	37,52,636	4.51
3.	Foreign Portfolio Corporations	59,92,404	7.20
5.	Body Corporates	30,67,314	3.69
6.	Resident Individuals	74,25,733	8.92
7.	Qualified Institutional Buyer	1,88,725	0.23
8.	Non-Resident Indians (Repatriable & Non-Repatriable)	1,93,992	0.23
9.	Others	1,81,501	0.22
	<b>Total</b>	<b>8,32,14,302</b>	<b>100.00</b>

\*This includes twelve equity shares held by six nominees of Fino Paytech Limited

## Distribution Of Shareholding





**Distribution of Shareholding as on March 31, 2023 (By Size)**

Sr.No.	Category (Shares)	No.of Holders	% To Holders	No.of Shares	% To Equity
1	1 - 5000	78495	99.82	5341808	6.42
2	5001 - 10000	54	0.07	398196	0.48
3	10001 - 20000	32	0.04	436223	0.52
4	20001 - 30000	9	0.01	242340	0.29
5	30001 - 40000	3	0.00	102000	0.12
6	40001 - 50000	2	0.00	92299	0.11
7	50001 - 100000	12	0.02	846529	1.02
8	100001 & Above	26	0.03	75754907	91.04
<b>TOTAL:</b>		<b>78633</b>	<b>100.00</b>	<b>83214302</b>	<b>100.00</b>

**Top Ten Equity Shareholders as on March 31, 2023**

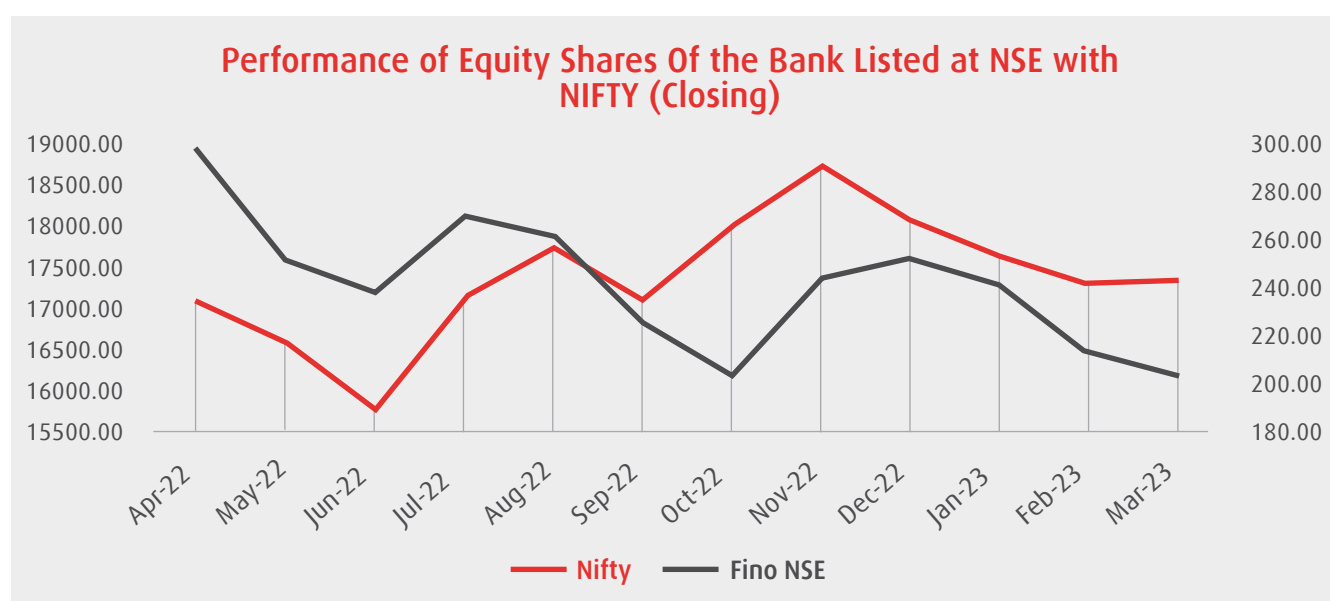
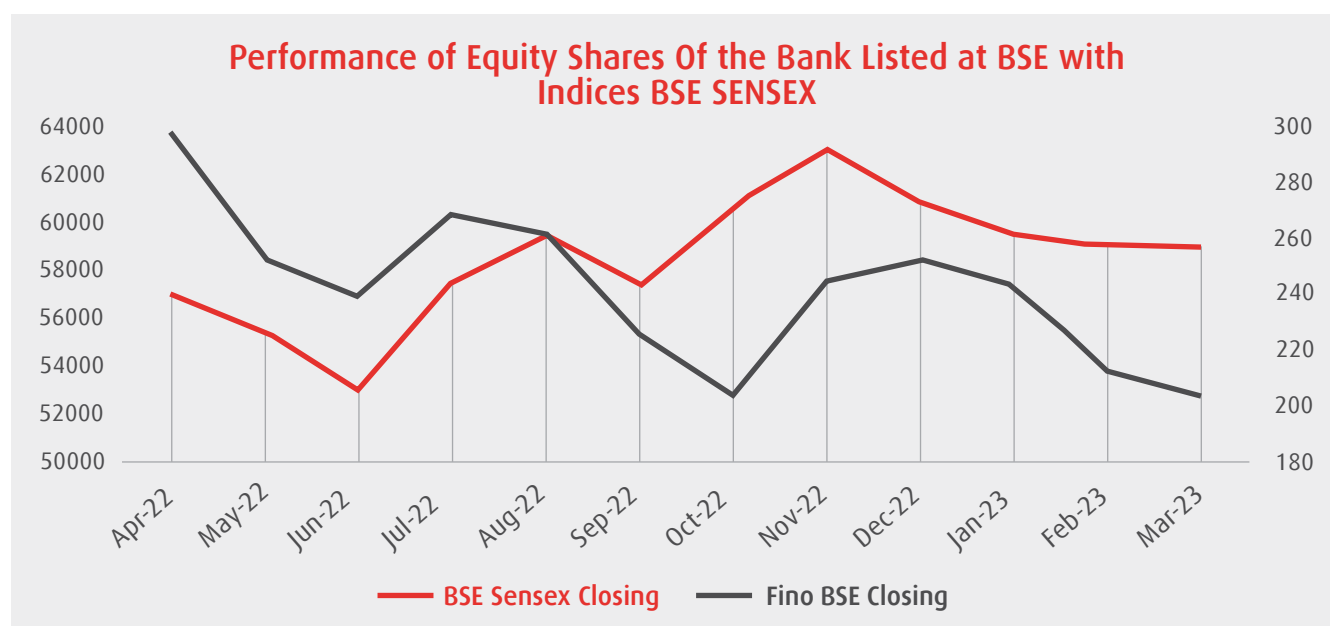
Name of the Shareholders	Holding	%to Equity
Fino PayTech Limited	6,24,11,997*	75.00
Motilal Oswal Dynamic Fund	27,49,490	3.30
Capri Global Holdings Private Limited	19,80,096	2.38
Fidelity Funds - India Focus Fund	17,50,273	2.10
Fidelity Funds - Pacific Fund	17,11,851	2.06
Steinberg India Emerging Opportunities Fund Limited	8,50,000	1.02
Societe Generale - ODI	7,00,374	0.84
Tata Banking & Financial Services Fund	3,92,000	0.47
NEF - Pacific Equity	3,82,431	0.46
Kotak Pioneer Fund	3,00,000	0.36
<b>Total</b>	<b>7,32,28,512</b>	<b>88</b>

\*This includes twelve equity shares held by six nominees of Fino Paytech Limited

**MARKET PRICE DATA**

The monthly high and low quotation of Bank's equity shares traded on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) during FY 2022-23 and its performance vis-à-vis BSE SENSEX and S&P CNX NIFTY, respectively is as under:

BSE Limited				National Stock Exchange of India Limited			
Month	High	Low	Monthly Volumes	Month	High	Low	Monthly Volumes
Apr-22	326	251.60	2,92,043	Apr-22	325.95	251.50	34,12,000
May-22	305.80	234.90	6,59,471	May-22	306	235	16,83,000
Jun-22	270	223.10	67,415	Jun-22	271.20	228.95	7,42,000
July-22	273.95	235.80	63,521	July-22	282.90	229.90	11,33,000
Aug-22	278	238.05	92,662	Aug-22	273.55	239.95	13,19,000
Sep-22	300.75	222	1,72,611	Sep-22	303	221.50	25,89,000
Oct-22	229.10	188	4,59,196	Oct-22	230	187.85	56,93,000
Nov-22	274.55	182.55	16,48,849	Nov-22	274.25	180.20	2,75,75,000
Dec-22	264.85	227	5,90,254	Dec-22	265	225.25	54,37,000
Jan-23	276.65	232.50	3,24,369	Jan-23	277.15	231.90	31,07,000
Feb-23	256	211.65	2,11,450	Feb-23	257.95	211.45	16,51,000
Mar-23	232.10	195.65	1,51,307	Mar-23	231.30	191.20	23,53,000



### STATEMENT OF DEMATERIALISATION

As on March 31, 2023, 100% of the paid-up equity share capital of the Bank was held in dematerialised form.

### OUTSTANDING GDRS/ ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Bank does not have any Outstanding GDRs/ADRs/Warrants or any other convertible instruments as on date.

### COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND COMMODITY HEDGING ACTIVITIES

The Bank has a Board approved Market Risk Management Policy, which define processes whereby the market risks inherent to activities being undertaken by the Bank can be identified,

quantified and managed within a market risk framework and is consistent with the Bank's mandate and risk tolerance limits. The Bank does not offer commodity hedging products, Foreign Exchange Rate (Forex) Risk and Equity Price Risk. The Bank did not exceed any of the Board approved risk limits during the period under review.

### PLANT LOCATION

As the Bank is engaged in the business of banking/financial services, the Bank does not have any plant location.

### SHARE TRANSFER PROCESS AND SYSTEM

During financial year 2022-23, KFin Technologies Limited, RTA of the Bank ensured compliance with all the procedural requirements with respect to transfer, transmission and transposition of shares and formalities with respect to name deletion, sub-division,

consolidation, renewal, exchange and endorsement of share certificates.

SEBI has mandated that securities of listed companies can be transferred only in dematerialised form. Accordingly, the Bank/ its RTA are not accepting any lodgement of transfer of shares in physical form. Transfers in electronic form are much simpler and quicker as the members have to approach their respective depository participants and the transfers are processed by NSDL/ CDSL, as the case may be, with no requirement of any separate communication to be made to the Bank.

The Bank has a Stakeholders' Relationship and Customer Service Committee for redressing complaints and queries raised by shareholders, investors and customers, from time to time.

The Bank's shares are compulsorily traded in dematerialised mode. A yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations is obtained from the Practising Company Secretary and a copy of same is filed with the Stock Exchanges. As required by SEBI, Reconciliation of Share Capital Audit is conducted by a Practising Company Secretary on a quarterly basis, for the purpose, inter-alia, reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/ paid-up equity capital of the Bank. Certificates issued in this regard are filed with Stock Exchanges on a quarterly basis.

## SHAREHOLDERS' HELPDESK/ ADDRESS FOR CORRESPONDENCE

Share transfers, dividend payments, if any, and all other investor related activities are attended to and processed at the office of Registrar and Transfer Agents.

For lodgement of transfer deeds, if any, and any other documents or for any grievances/complaints, shareholders/investors may contact at the following address:

### 1. Details of the Registrar and Share Transfer Agent

KFin Technologies Limited  
(Unit: Fino Payments Bank Limited)  
Selenium Tower B, Plot 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana, India.

Tel: +91 40 6716 2222/ 7961 1000

Toll Free: 1800 309 4001

E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

Website: [www.kfintech.com](http://www.kfintech.com)

#### Shareholders' Helpdesk Timings:

Between Monday to Friday (except on Bank holidays)

Tel: +91 40 6716 2222/ 7961 1000

Toll Free: 1800 309 4001

E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

### 2. Details of the Company Secretary and Compliance Officer of the Bank

Mr. Basavraj Loni

Address: Mindspace Juinagar, 8<sup>th</sup> Floor, Plot No. Gen 2/1/F, Tower 1, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai, Thane, Maharashtra-400706.

Tel: 022-7104 7000

Email: [cs@finobank.com](mailto:cs@finobank.com)

Website: [www.finobank.com](http://www.finobank.com)

## OTHER DISCLOSURES

### RELATED PARTY TRANSACTIONS

During the year under review, the Bank has entered into transactions with the related parties in the ordinary course of business. The Bank has not entered into any materially significant transactions with the related parties, which could lead to a potential conflict of interest between the Bank and these parties. Transactions with related parties were placed before the Audit Committee for approval. There were no material transactions with related parties, which were not in the ordinary course of business, nor were there any material transactions, which were not at an arm's length basis.

Details of related party transactions entered into during the year ended March 31, 2023 are given in 'Notes to Accounts' in accordance with Accounting Standard (AS) – 18.

The Bank has put in place a policy to deal with related party transactions and the same has been made available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661757749\\_RPTPolicyRevised.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661757749_RPTPolicyRevised.pdf)

### PENALTIES AND STRICTURES FOR LAST THREE FINANCIAL YEARS

During the last 3 years, there were no instances of non-compliance by the Bank or any penalties and/or strictures imposed on the Bank by RBI or Stock Exchanges or any other statutory authority on any matter relating to Capital Market.

### WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The details of establishment of whistle blower policy/vigil mechanism are furnished in the Boards' Report which may be referred to. None of the Bank's personnel have been denied access to the Audit Committee.

### TRANSACTIONS OF SENIOR MANAGEMENT

The members of the Senior Management of the Bank have affirmed that they have not entered into any material, financial or commercial transaction wherein they have personal interest and which may potentially conflict with the interest of the Bank at large.

### DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A) OF SEBI LISTING REGULATIONS

During the year under review, the Bank has not raised any funds through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI Listing Regulations.

## COMPLIANCE WITH MANDATORY REQUIREMENTS OF SEBI LISTING REGULATIONS

The Bank is in compliance with all the applicable mandatory requirements prescribed under the SEBI Listing Regulations:

Reg. No.	Particulars	Status of compliance
17	Requirements pertaining to the Board of Directors	Compliant
17A	Maximum number of Directorship	Compliant
18	Requirements pertaining to the Audit Committee	Compliant
19	Requirements pertaining to Nomination and Remuneration Committee	Compliant
20	Requirements pertaining to Stakeholders Relationship Committee	Compliant
21	Requirements pertaining to Risk Management Committee	Compliant
22	Requirements pertaining to Vigil Mechanism	Compliant
23	Requirements pertaining to Related Party Transactions	Compliant
24	Corporate governance requirements with respect to subsidiary of listed entity	NA
24A	Requirements pertaining to Secretarial Audit and Secretarial Compliance Report	Compliant
25	Obligations with respect to Independent Directors	Compliant
26	Obligations with respect to employees including senior management, key managerial personnel, directors and Promoters	Compliant
27	Requirements pertaining to other Corporate Governance requirements	Compliant
46	Requirements pertaining to the dissemination of certain information under a separate section on the website	Compliant

## COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

In addition, the Bank also adhere and comply with following discretionary requirements specified under regulations 27(1) and Part E of Schedule II of SEBI Listing Regulations to the extent applicable:

### a) Board of Directors

Pursuant to Section 10-A (2)(a) of the Banking Regulation Act, 1949, none of the Directors, other than the whole-time directors, is permitted to hold office continuously for a period exceeding eight years. All the Independent Directors of the Bank possess requisite qualifications and experience which enable them to contribute effectively to the Bank. The Board confirms that in its opinion, the Independent Directors fulfil conditions specified in these regulations and are independent of the management.

### b) Audit Qualifications

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

### c) Separate posts of Chairperson and Managing Director/CEO

Mr. Mahendra Kumar Chouhan has been the Part-time Chairman of the Bank and Mr. Rishi Gupta is the Managing Director & Chief Executive Officer of the Bank.

However, Mr. Mahendra Kumar Chouhan ceased to be the Part-time Chairman and Independent Director of the Bank w.e.f. May 01, 2022 due to completion of his tenure.

Further, the Bank appointed Mr. Rakesh Bhartia as an Independent Director of the Bank w.e.f. July 27, 2022 and also appointed him as Part-Time Chairman of the Bank w.e.f. the date of approval of RBI for a period of three years, subject to approval of RBI, the RBI approval is still in pending phase with regards to his Chairmanship.

### d) Reporting of Internal Auditor

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

## ACCOUNTING TREATMENT

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ("GAAP"), statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time (RBI guidelines), Accounting Standards ('AS') specified under Section 133 of the Act read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply to banks.

## CREDIT RATING

The details of all credit ratings obtained by the Bank are furnished in the Boards' Report which may be referred to.

## RECOMMENDATION OF COMMITTEE NOT ACCEPTED BY BOARD

During the year under review, the Board accepted all the recommendations of the Committees.

## DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Bank has zero tolerance towards sexual harassment at workplace and has in place Anti Sexual Harassment Policy in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Your Bank has constituted Internal Complaints Committee (IC) to review, investigate and take suitable actions on the complaints related to sexual harassment. The details of complaints received and resolved during the financial year under review by IC is given below:

Number of complaints filed during financial year 2022-23	1
Number of complaints disposed during financial year 2022-23	1
Number of cases pending as on March 31, 2023	Nil

## CERTIFICATE UNDER REGULATION 34 OF SEBI LISTING REGULATIONS

None of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as director of the Bank by the Securities and Exchange Board of India, the Ministry of Corporate Affairs, or any other statutory authority. A certificate to this effect has been provided by M/s. DM & Associates Company Secretaries LLP (FRN: L2017MH003500), Secretarial Auditor and the same is enclosed as an **Annexure A**.

## CODE OF CONDUCT

The Bank has framed and adopted a Code of Conduct, which is approved by the Board. The Code is applicable to all directors and senior management personnel of the Bank. The Code of Conduct is available on the Bank's website at [www.finobank.com](http://www.finobank.com). All

the Directors and senior management personnel have affirmed compliance with the Code of Conduct/Ethics as approved and adopted by the Board. The declaration to this effect is enclosed as an **Annexure B**.

## FEES FOR STATUTORY CENTRAL AUDITORS

The details of total fees for all services paid by the Bank to the Statutory Central Auditor and all entities in the network firm/network entity of which the Statutory Central Auditor is provided in the Boards' Report.

## SHARES LYING IN DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

The Bank does not have any share lying in the Demat Suspense Account/ Unclaimed Suspense Account.

## CEO AND CFO CERTIFICATION

A Certificate issued by Mr. Rishi Gupta, Managing Director & CEO and Mr. Ketan Merchant, Chief Financial Officer of the Bank, in terms of Regulation 17(8) of the SEBI Listing Regulations for the year under review was placed before the Board of Directors and is enclosed as an **Annexure C**.

## COMPLIANCE CERTIFICATE

Pursuant to Regulation 17(3) of SEBI Listing Regulations, a quarterly confirmation on laws applicable to the Bank confirming compliances with all applicable laws, is placed before the Board, on a quarterly basis.

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

In accordance with Schedule V of the SEBI Listing Regulations the Secretarial Auditor's Certificate on Corporate Governance is enclosed as an **Annexure D**.

For and on behalf of the Board of Directors

Date : May 02, 2023  
Place : Navi Mumbai

**Deena Asit Mehta**  
Independent Director  
DIN: 00168992

**Rishi Gupta**  
Managing Director & CEO  
DIN: 01433190

## Annexure -A

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members of  
**FINO PAYMENTS BANK LIMITED**  
Mindspace Juinagar, 8<sup>th</sup> Floor,  
Plot No. Gen 2/1/F, Tower 1,  
TTC Industrial Area,  
MIDC Shirwane, Juinagar  
Navi Mumbai  
Thane - 400706

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of FINO PAYMENTS BANK LIMITED having CIN: L65100MH2007PLC171959 and having its Registered Office at Mindspace Juinagar, 8<sup>th</sup> Floor, Plot No. Gen 2/1/F, Tower 1, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai, Thane – 400706 (hereinafter referred to as 'the Bank') and also the information provided to us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ended on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr No	Name of Director	DIN	Date of Appointment
1.	Mr. Rakesh Bhartia	00877865	27/07/2022
2.	Mr. Suresh Kumar Jain	05103064	16/01/2019
3.	Mrs. Deena Asit Mehta	00168992	19/03/2020
4.	Mr. Rajat Kumar Jain	00046053	02/11/2020
5.	Mr. Prakash Kulathu Iyer	00529591	01/06/2022
6.	Mr. Prateek Roongta	00622797	31/10/2022
7.	Mr. Rishi Gupta	01433190	23/06/2007

Ensuring the eligibility of/for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

**For DM & Associates Company Secretaries LLP**

**Name: Dinesh Deora - Partner**

Membership No.: FCS 5683

CP No.: 4119

UDIN: F005683E000248783

P.R. Certificate No.: 758/2020

Place: Mumbai  
Date : May 02, 2023

**Annexure-B****DECLARATION**

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

**For Fino Payments Bank Limited**

**Rishi Gupta**

*Managing Director & CEO*

Date: May 02, 2023

**Annexure-C****CEO/CFO Certificate**

[Pursuant to Regulation 17(8) read with Part B of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2023 and that to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee
  - significant changes in internal control over financial reporting during the year;
  - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.

**For Fino Payments Bank Limited**

**Rishi Gupta**

*Managing Director & CEO*

Date: May 02, 2023

**For Fino Payments Bank Limited**

**Ketan Merchant**

*Chief Financial Officer*

Date: May 02, 2023



## Annexure-D

### CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS

To,  
The Members of  
**Fino Payments Bank Limited**

We have examined the compliance of conditions of corporate governance by **FINO PAYMENTS BANK LIMITED ("the Bank")** for the year ended March 31, 2023, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

We state that the Compliance of the conditions of Corporate Governance is the responsibility of the Management and our examination was limited to a review of procedures and implementation thereof, adopted by the Bank for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the examination of relevant records and the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of SEBI Listing Regulations.

We further state that such compliance is neither an assurance as to future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

**For DM & Associates Company Secretaries LLP**  
*Company Secretaries*

**DINESH DEORA**  
*PARTNER*  
Membership No.: FCS 5683  
COP No.: 4119  
UDIN: F005683E000248805  
P.R. Certificate No.:758/2020

Place: Mumbai  
Date: May 02, 2023

# Business Responsibility and Sustainability Report (BRSR)

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

#### 1. Corporate Identity Number (CIN) of the Listed Entity

- L65100MH2007PLC171959

#### 2. Name of the Listed Entity

- Fino Payments Bank Limited

#### 3. Year of incorporation

- 23/06/2007

#### 4. Registered office address

- Mindspace Juinagar, 8<sup>th</sup> Floor, Plot No. Gen 2/1/F, Tower 1, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai Thane Maharashtra-400706

#### 5. Corporate address

- Mindspace Juinagar, 8<sup>th</sup> Floor, Plot No. Gen 2/1/F, Tower 1, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai Thane Maharashtra-400706

#### 6. E-mail

- cs@finobank.com

#### 7. Telephone

- +91 22 7104 7000

#### 8. Website

- www.finobank.com

#### 9. Financial year for which reporting is being done

- FY 2022-23

#### 10. Name of the Stock Exchange(s) where shares are listed

- BSE Limited
- National Stock Exchange of India Limited

#### 11. Paid-up Capital

- ₹83.21 Cr

#### 12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report

- Name: Anand Bhatia
- Telephone number: 022 71047010
- e-mail ID: anand.bhatia@finobank.com

#### 13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).

- All the information is about Fino Payments Bank only

## II. Products/services

### 14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Financial Services	Helping consumers open banking accounts, transact	100

### 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Account opening, Money transfer, CMS, BC Banking and Insurance	64191	100

## III. Operations

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Account opening, Money transfer, CMS, BC Banking and Insurance	64191	100

### 16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	NA	Corporate office and 13 regional offices	14
International	NA	NA	

\*NA (Not Applicable)

### 17. Markets served by the entity:

#### a. Number of locations

Location	Number
National (No. of States)	28 states, 8 UTs in India
International	NA

#### b. What is the contribution of exports as a percentage of the total turnover of the entity?

- NA

#### c. A brief on types of customers

- The Bank caters to a diverse customer base - including individuals, government, MSMEs, large corporates, farmers etc.

## IV. Employees

### 18. Details as at the end of Financial Year:

- Employees and workers (including differently abled):

Type	% Male	% Female
Permanent	91%	09%
Other than Permanent	NA	NA

- Differently abled Employees and workers:

We do not differentiate basis differently enabled employees

### 19. Participation / Inclusion / Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	7	1	14.2%
Key Management Personnel	3	0	0

## 20. Turnover rate for permanent employees and workers

	FY 2022-23 (Turnover rate in current FY)			FY 2021 (Turnover rate in-22 previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	69%	51%	68%	59%	48%	58%	46%	45%	46%
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

## 21. (a) Names of holding / subsidiary / associate companies / joint ventures

Holding Company Fino Paytech – 75%

## VI. CSR Details

## 22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹) 1,22,991 Lakh (Turnover represents Total Income)

(iii) Net worth (in ₹): 54,173 Lakh

## VII. Transparency and Disclosures Compliances

## 23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web- link for grievance redress policy)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	50391	1259	Broad categories of complaints includes account under restrictions on suspicious pattern/ LEA, ATM Txn dispute, Fraudulent txn, account opening related etc.	34507	367	Broad categories were account opening, ATM / debit cards, Internet/ Mobile banking, charges related etc.
Investors (other than shareholders)	NA	0	0	-	0	0	-
Shareholders	NA						

## 24. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

- NA

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
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## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	No	Yes	No	Yes	No	No	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	No	Yes	No	Yes	No	No	Yes	Yes
c. Web Link of the Policies, if available	<a href="https://hrms.finobank.com/hrms/XecuteHRPolicy/PolicyDownloader.aspx">https://hrms.finobank.com/hrms/XecuteHRPolicy/PolicyDownloader.aspx</a>							<a href="https://www.finobank.com/uploads/pages/corporate-governance/1661756940_csrpolicy.pdf">https://www.finobank.com/uploads/pages/corporate-governance/1661756940_csrpolicy.pdf</a>	We have cyber security policies that are sensitive in nature for external sharing <a href="https://www.finobank.com/regulatory/privacy-policy">https://www.finobank.com/regulatory/privacy-policy</a>
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	No	Yes	No	Yes	No	No	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	No	No	No	No	No	No	No	No	No
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	NA	NA	NA	NA	NA	NA	NA	NA	NA
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	NA	NA	NA	NA	NA	NA	NA	NA	NA
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	NA	NA	NA	NA	NA	NA	NA	NA	NA
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)									NA
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).									Anand Bhatia, CMO, Fino Payments Bank
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.									No
10. Details of Review of NGRBCs by the Company									NA

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/ Any other Committee								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Committee of the Board	Any other Committee	Committee of the Board	Any other Committee	Committee of the Board	Any other Committee	Any other Committee	Committee of the Board	Any other Committee
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	Committee of the Board	Any other Committee	Committee of the Board	Any other Committee	Committee of the Board	Any other Committee	Any other Committee	Committee of the Board	Any other Committee
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
If Yes, Provide name of the agency	No	No	No	No	No	No	No	No	No
12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:									

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	No	Yes	No	No	No	No	Yes	No	No
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	No	Yes	No	No	No	No	No	No	No
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	No	Yes	No	No	No	No	No	No	No
It is planned to be done in the next financial year (Yes/No)	Yes	No	Yes	Yes	No	Yes	No	Yes	Yes
Any other reason (please specify)	Policy is not material to bank.								

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

### PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

#### Essential Indicators

- Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of trainings and awareness programmes held	Topic/Principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	Not available		Not available
Key Managerial Personnel	3	Bank's code of Conduct	100%
Employees other than BoD and KMPs	2865	Bank's code of Conduct	99%
Workers	NA	NA	NA

- Details of fines/penalties/punishment/award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Particulars	NGRB Principle	Regulatory Body	Fine/Penalty/Settlement/Compounding/Imprisonment/Punishment
NA	1	NA	NA

- Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory / enforcement agencies/ judicial institutions
	NA

- Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.
- <https://hrms.finobank.com/hrms/XecuteHRPolicy/PolicyDownloader.aspx>

- Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directors	None	None
KMPs		
Employees		
Workers		

5. Details of complaints with regard to conflict of interest:

	FY 2022-23 (Current Financial Year)		FY 2021-2022 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	NA	Nil	NA

6. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest. NA

## Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

- NA

Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
None	NA	NA

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

- No

## PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

### Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

This is not applicable since we are in the BFSI space.

	Current Financial Year	Previous Financial Year	Details of improvements in
R&D	NA being in the financial services sector	NA	NA
Capex	NA being a financial services sector	NA	NA

1. a. Does the entity have procedures in place for sustainable sourcing?

- No, Being in the Financial Services sector, material purchase for operations is not significant except for paper. For procurement of equipment, the Bank ensures that energy efficiency standards are considered during the purchase of electronic equipment such as computers, laptops, lighting devices, AC's etc.
- If yes, what percentage of inputs were sourced sustainably?
- NA

2. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

- NA

3. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

- NA

## Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

- NA



2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/ services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

■ NA

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
NA	NA	NA

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	NA			NA		
E-waste	Please refer 'Environment section' of the Integrated Report for FY 22			Please refer 'Environment section' of the Integrated Report for FY 21		
Hazardous waste	NA			NA		
Other waste	NA			NA		

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

■ NA

### PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

#### Essential Indicators

1. a. Details of measures for the well-being of employees:

All employees are covered under Health and accident insurance (within India). Medical expenses and Insurance related to Maternity claims are covered under Health Insurance coverage

	Total Benefits	Health Insurance	Group Term Life	Paternity Benefit	Day Care Facility	Maternity Benefit
Permanent Employees						
Male	2602	100%	100%	100%	Nil	Nil
Female	266	100%	100%	Nil	Nil	100%

- b. Details of measures for the well-being of workers:

■ NA

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Details of retirement benefits, for Current FY and Previous Financial Year.						
	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	0	Y	100%	0	Y
Gratuity	100%	0	Y	100%	0	Y

### 3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

- Our offices are accessible to differently enabled people.

### 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

- No

### 5. Return to work and Retention rates of permanent employees and workers that took parental leave:

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male and Female	100%	100%	NA	NA
		NA		

### 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Case Details	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	NA
Other than Permanent Workers	NA
Permanent Employees	Bank has a grievances redress mechanism, wherein employees can reach out for their queries through dedicated email IDs, HRMS Ticketing Systems etc
Other than Permanent Employee	NA

### 7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

- NA

### 8. Details of training given to employees and workers:

- For new joiners, bank has E-Induction made available on our HRMS. There are various topics which are covered related to security under this Induction module like Information Security, Cyber Security, Anti Money Laundering, Anti-Fraud, POSH etc. These e-trainings are available on HRMS portal and can always be revisited anytime by employee based on their needs.
- Additionally the bank has conducted external trainings like Certified IT & Cyber Security from Institute for Development and Research in Banking Technology, Certified IT & Cyber Security, Secure Coding Guidelines, Bank SDLC, Quality Control Selenium Testing Program, JAVA Kubernetes Program, Dotnet Full Stack Training. Trainings were also conducted through College of Agricultural Banking, RBI for our front end staff.

### 9. Details of performance and career development reviews of employees:

- Bank adopts a performance culture with a strong emphasis on disciplined risk management, ethics and compliance-centered behavior. To support this, Fino Bank has a comprehensive performance management system policy based on performance rating of contribution and any risk adjusted performances demonstrated over time. Contribution ratings are typically based on objective criteria such as achieving targets or successful completion of projects. The Key Performance Indicators of the employees are very well articulated and communicated at the beginning of the year.
- Performance Management Systems are designed to foster team work and collaboration, as well as support a strong culture of ethical values and professional standards. All managers and employees are aware of the risk aspects of compensation and how their behaviors are factored into discretionary variable incentive award recommendations.

### 10. Health and safety management system:

- Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?
  - No
- What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?
  - NA

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

▪ NA

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

▪ Yes

**11. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY 2022-23	FY 2022-21
		Current Financial Year	Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	NA	NA
	Workers	NA	NA
Total recordable work-related injuries	Employees	NA	NA
	Workers	NA	NA
No. of fatalities	Employees	NA	NA
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Employees	NA	NA
	Workers	NA	NA

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

Fino Bank is committed to safety of employees and expects its businesses and employees to comply fully with appropriate laws and internal regulations. Fino Bank encourages responsible behavior of its employees and colleagues that result in the best possible accident prevention measures. This applies both to the technical planning of workplaces, equipment, and processes and to safety management and personal behavior in everyday workplace.

**13. Number of Complaints on the following made by employees and workers:**

	FY 2022-23			FY 2021-22		
	Current Financial Year			Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	NA	NA	NA	NA	NA	NA
Health & Safety	NA	NA	NA	NA	NA	NA

**14. Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	NA
Working Conditions	NA

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.**

▪ NA

**Leadership Indicators**

**1. Does the entity extend any life insurance or any compensatory package in the event of death of**

▪ Employees (Y/N) – Yes, Group Term Life

▪ Workers (Y/N) - NA

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

▪ NA

**3. Provide the number of employees/workers having suffered high consequence work- related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

▪ NA

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

■ NA

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	NA
Working Conditions	NA

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

■ NA

## PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

### Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

■ The stakeholders for the bank are its consumers, distribution partners, shareholders, employees etc. This would be the case for any such bank. We actively engage with them.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community, Meetings, Notice Board, Website), Other	Frequency of engagement of (Annually/ Half yearly/ Quarterly others - please specify	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	We communicate with our customers across – SMS, WhatsApp, Email, Website, App Notifications, Phone calls, Interaction by distribution partners, employees etc. The purpose of the communication is to inform and engage. The communication runs through the year. The type of communication, context, tools of communication, frequency etc depend on the business need.		
Investors (other than shareholders)	No	The IR team actively engages with the investors. Important documentation like Annual Reports, Investor Decks, SEBI notices, Investor Call recording etc are all available on the website.		
Shareholders	No	The IR team actively engages with the shareholders. Important documentation like Annual Reports, Investor Decks, SEBI notices, Investor Call recording etc are all available on the website.		
Employees and workers (Ex-Employee, Off Role Staff, Third Party)	No	We communicate with our employees across – Meetings, SMS, WhatsApp, Email, Website,, Phone calls, etc. The purpose of the communication is to inform and engage. The communication runs through the year. The type of communication, context, tools of communication, frequency etc depend on the business need.		
Value Chain Partners/ Distribution Partners	No	We communicate with our partners across – Meetings, SMS, WhatsApp, Email, Website, , Phone calls, etc. The purpose of the communication is to inform and engage. The communication runs through the year. The type of communication, context, tools of communication, frequency etc depend on the business need.		
Other (Ex-Employee, Off Role Staff, Third Party, Ex- Employee of Customer)	No	Information is available on our website and social media.		

## Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.
  - Where relevant these form a part of Board Meeting discussions. Some of them may form a part of investor interactions. Such discussions/interactions are only done by KMP.
2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.
  - Such discussions influence thinking. However we would not like to directly link it to any specific instance.
3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.
  - NA

## PRINCIPLE 5: Businesses should respect and promote human rights

### Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity:
  - All employees are trained with respect to human rights policies
2. Details of minimum wages paid to employees and workers:
  - NA
3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median	Number	Median
Board of Directors (BoD) & Key Managerial Personnel (KMP)	Please Refer Annexure to the Directors Report			
Employees other than BoD and KMP	2602	268092	266	270540

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)
  - No
5. Describe the internal mechanisms in place to redress grievances related to human rights issues.
  - If it arises we do have the ability to address them
6. Number of Complaints on the following made by employees and workers:

	FY 22-23		FY 21-22	
	Filed during the year	Pending resolution at the end of year	Filed during the year	Pending resolution at the end of year
Sexual Harassment	1	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil
Child Labour Forced Labour/ Involuntary Labour Wages	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.
  - Fino Bank is committed to prohibition of harassment and intimidation of employees in the workplace. Fino Bank discourages conduct that implies granting or withholding favors or opportunities as a basis for decisions affecting an individual, in return for that individual's compliance. Such harassment is the easier form of harassment to identify because it takes the form of either a threat or a promise, whether explicit or implied.
  - Fino Bank has a Prevention of Sexual Harassment at Workplace (POSH) that prohibits unwelcome advances, requests for sexual favors, or other verbal or physical conduct where such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.
  - POSH and grievance redressal mechanism has in place modalities to prevent adverse consequences to the complainant in discrimination and harassment cases.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

- NA

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	NA
Forced/involuntary labour	NA
Sexual harassment	None
Discrimination at workplace	None
Wages	NA
Others - please specify	NA

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

- NA

### Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

- No human rights grievances/complaints received during this FY

2. Details of the scope and coverage of any Human rights due-diligence conducted.

- NA

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

- Yes

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Assessment has not yet been conducted
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others - please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

- NA

## PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

### Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity,:

- We do not track this as of now

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- NA

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

- No.

3. Provide details of the following disclosures related to water, in the following format:

While we have not measured our water consumption so far, we have initiated discussions internally on tracking water consumption at some of our large offices.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- No.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

- NA

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

- We do not track this as of now

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- NA

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		CO2 Emissions (Tonnes)	CH4 Emissions (Tonnes)	N2O Emissions (Tonnes)	CO2 Emissions (Tonnes)	CH4 Emissions (Tonnes)	N2O Emissions (Tonnes)
Total Scope 1 emissions Metric tonnes of (Break-up of the GHG CO2 equivalent into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)							
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	Not Tracked					
Total Scope 1 and Scope 2 emissions per rupee of turnover	Gram of CO2 equivalent per unit income in rupee						
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity	tCO2e per Full Time Employee						

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

- No

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
	Total Waste generated (in metric tonnes)	
Plastic waste (A)	NA	NA
E-waste (B)	NA	NA
Bio-medical waste (C)	NA	NA
Construction and demolition waste (D)	NA	NA
Battery waste (E)	NA	NA
Radioactive waste (F)	NA	NA
Other Hazardous waste. Please specify, if any (G)	NA	NA



Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	NA	NA
Total (A+B + C + D + E + F + G + H)	Please refer Waste Management details in the Environment section of the Integrated Report for FY 22.	Please refer the Environment section of the Integrated Report for FY 21 for e-waste recycled.
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Category of waste</b>		
(i) Recycled	NA	NA
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
<b>Total</b>		
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	NA	NA
(ii) Landfilling	NA	NA
(iii) Other disposal operations	NA	NA
<b>Total</b>	NA	NA

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

▪ NA

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

▪ NA

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

▪ NA

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

▪ NA

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

▪ NA

## Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

We are currently not tracking this

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>From renewable sources</b>		
Total electricity consumption (A)	NA	NA
Total fuel consumption (B)	NA	NA
Energy consumption through other sources (C)	NA	NA
Total energy consumed from renewable sources (A+B+C)	NA	NA
<b>From non-renewable sources</b>		
Total electricity consumption (D)	NA	NA
Total fuel consumption (E)	NA	NA
Energy consumption through other sources (F)	NA	NA
Total energy consumed from non-renewable sources (D+E+F)	NA	NA

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- No

2. Provide the following details related to water discharged:

- We do not track this as of now

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- No

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

- We do not track this

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- No

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

- We do not track this as of now

Parameter	Unit	FY 2022-23 Current Financial Year	FY 2022-21 Previous Financial Year
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent		
<b>Total Scope 3 emissions per rupee of turnover</b>	Gram per CO <sub>2</sub> per rupee income	Not Tracked	
Total Scope 3 emission intensity (optional) - the relevant metric may be selected by the entity	tCO <sub>2</sub> /FTE		

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- No external agency as this is not tracked

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

- Given the nature of our business, we do not have significant direct impacts on biodiversity.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
NA			

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.
- Yes, we have a business continuity plan to keep the core systems running in event of an adversity.
8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.
- Not relevant
9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.
- Not relevant

## PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

### Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations: 3
- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to:

Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
PCI (IAMAI), ASSOCHAM, CII	All 3 are national

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities

Name of authority	Brief of the case	Corrective action taken
NA	NA	

### Leadership Indicators

1. Details of public policy positions advocated by the entity:
- As a bank we generally do not take such positions

## PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

### Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.
- NA
2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:
- NA
3. Describe the mechanisms to receive and redress grievances of the community.
- NA

## 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	NA	NA
Sourced directly from within the district and neighbouring districts	NA	NA

## Leadership Indicators

## 1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Social impact identified	Corrective action taken
NA	NA

## 2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In ₹)
1	Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Meghalaya, Madhya Pradesh, Odisha, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand, Tamil Nadu	NA	NA

## 3.

(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)	
(b) From which marginalized /vulnerable groups do you procure?	NA
(c) What percentage of total procurement (by value) does it constitute?	NA

## 4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

- NA

## 5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

- NA

## 6. Details of beneficiaries of CSR Projects:

S.No.	CSR Project	No. of Persons Benefitted from CSR Project	% of beneficiaries from vulnerable and marginalized groups
	Please Refer Annexure II to Directors' Report i.e. Annual Report on CSR Activities FY 22-23		NA

**PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner**

## Essential Indicators

## 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

- The consumer can reach out to Fino Payments Bank via- Call Center, Internet, Branch visit, Social Media, WhatsApp

## 2. Turnover of products and services as a percentage of turnover from all products/services that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

3. Number of consumer complaints in respect of the following:

	FY 2022-23 Current Financial Year		Remarks	FY 2021-22 Previous Financial Year		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0				
Cyber-security	0	0				

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	NA	NA
Forced recalls	NA	NA

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/no) if available, provide a web-link of the policy.

- Yes

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

- NA

## Leadership indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

- All information is available on the bank website [www.finobank.com](http://www.finobank.com)

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

- All relevant information is shared via website and social media

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

- Information around downtime is shared via website, in app notifications

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable)

- No

5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/no)

- Yes. We do an NPS Survey.

6. Provide the following information relating to data breaches:

A. Number of instances of data breaches along-with impact

- None

B. Percentage of data breaches involving personally identifiable information of customers

- None

# Financial Statements

# INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**Fino Payments Bank Limited**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Fino Payments Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2023, the Profit and Loss account, the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2023, and its profit, and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Information Technology ("IT") Systems and Controls the Bank has a complex IT architecture to support its day-to-day business operations. The processing and recording of large volumes of transactions is performed on a single or multiple applications.</p> <p>The reliability and security of IT systems plays a key role in the Bank's business operations. Considering that large volumes of transactions are processed daily; IT controls are necessary to ensure that applications process data as expected and that appropriate changes are made to them. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.</p> <p>We have identified 'IT systems and controls' as key audit matter because of the high-level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.</p>	<p>For the system audit, we engaged our IT specialists to obtain an understanding of the Bank's IT general controls, application controls, and IT-dependent manual controls. Our audit procedures included:</p> <ol style="list-style-type: none"><li>1. Evaluating the bank's IT application landscape, including process comprehension, application mapping, and understanding the financial risks posed by people-process-technology.</li><li>2. Verifying the design and operating effectiveness of key controls over user access management, change management, program development, computer operations, and system interface controls.</li><li>3. Assessing the design and operational effectiveness of controls over access right granting, removal, and periodic review.</li><li>4. Testing the design and operational effectiveness of key internal system controls over financial reporting using a variety of techniques such as inquiry, review of documentation/record/reports, observation, and re-performance.</li><li>5. Testing compensating controls and performing alternative audit procedures where necessary.</li><li>6. Additionally, we identified any changes made to the IT landscape during the audit period.</li></ol> <p>The purpose of the audit was to provide reasonable assurance that the Bank's IT controls are adequate and effectively designed and implemented to ensure the integrity, confidentiality, and availability of the Bank's financial and operational data.</p>



## Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information in the graphical representation of financial highlights and Director's report but does not include the Financial Statements and our auditor's report thereon. The Director's Report which is expected to be made available to us after the date of this audit report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities relating to Other Information'.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time ("the RBI Guidelines"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and the RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit

and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2023 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.
  2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;
    - b) The transactions of the Bank, which have come to our notice during the course of audit, have been within the powers of the Bank;
    - c) Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. During the course of our audit we visited 7 branches.
  3. As required by Section 143(3) of the Act, we report that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    - b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
    - c) The Balance Sheet, the Profit and Loss account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
    - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the guidelines prescribed by RBI;
- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 41 to the financial statements;
    - ii. The Bank has made provision as at March 31, 2023, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Bank does not have any derivative contracts as at March 31, 2023;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank;
    - iv.
      - 1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons / entities, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      - 2) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Bank from any persons/ entities, including foreign entities, that the Bank has directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
      - 3) Based on the audit procedures that we have considered reasonable and appropriate in the

circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub clause (1) and (2) as provided under (1) and (2) above contain any material misstatement.

- v. The Bank has neither declared nor paid any dividend during the year;
- vi. As per proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f April 1, 2023 to the Company and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of

Section 197(16) of the Act, as amended, the Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Act do not apply.

### Other Matter

The audit of Financial statement of the Bank for the year ended March 31, 2022 were audited by M S K C & Associates, who vide their report dated May 16, 2022 expressed an unmodified opinion on those financial results.

For **A P Sanzgiri & Co**  
Chartered Accountants  
Firm Registration Number: 116293W

**Abhijit Sanzgiri**  
Partner

Place: Mumbai  
Date: May 02, 2023

Membership Number: 043230  
UDIN: 23043230BGWNDI9417

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FINO PAYMENTS BANK LIMITED

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Fino Payments Bank Limited ("the Bank") as of March 31, 2023 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Bank has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the

internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

For **A P Sanzgiri & Co**  
Chartered Accountants  
Firm Registration Number: 116293W

Place: Mumbai  
Date: May 02, 2023

**Abhijit Sanzgiri**  
Partner  
Membership Number: 043230  
UDIN: 23043230BGWNDI9417

## Balance Sheet as at 31 March 2023

(Currency : Indian Rupees in thousands)

	Schedule	As at 31 March 2023	As at 31 March 2022
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	8,32,143	8,32,143
Employee Stock options outstanding		1,08,132	31,857
Reserves and surplus	2	45,85,185	39,34,315
Deposits	3	91,71,470	50,26,700
Borrowings	4	43,40,645	24,96,535
Other liabilities and provisions	5	56,26,441	44,78,473
		<b>2,46,64,016</b>	<b>1,68,00,023</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	21,99,434	22,38,556
Balances with banks and money at call and short notice	7	61,39,961	54,23,076
Investments	8	1,14,64,335	63,13,985
Advances	9	1,168	2,447
Fixed assets	10	14,49,118	9,27,485
Other Assets	11	34,10,000	18,94,474
		<b>2,46,64,016</b>	<b>1,68,00,023</b>
Contingent liabilities	12	70,776	43,179
Bills for collection		-	-
Significant Accounting Policies			
Notes to the financial statements			
The accompanying selected explanatory notes form an integral part of the financial statements	17 & 18		

As per our report of even date attached  
For **A P Sanzgiri & Co.**  
Chartered Accountants  
ICAI Firm Registration No: 116293W

**Abhijit Sanzgiri**  
Partner  
Membership No: 043230

Place : Mumbai  
Date : 02 May 2023

**For and on behalf of the Board of Directors**  
**Fino Payments Bank Limited**

**Rishi Gupta**  
Managing Director &  
Chief Executive Officer  
DIN - 01433190

**Ketan Merchant**  
Chief Financial Officer

Place : Navi Mumbai  
Date : 02 May 2023

**Deena Mehta**  
Independent Director  
DIN - 00168992

**Basavraj Loni**  
Company Secretary &  
DVP - Legal  
Membership No - A23095

## Statement of Profit and Loss for the year ended 31 March 2023

(Currency : Indian Rupees in thousands)

PARTICULARS	Schedule	For the Year ended 31 March 2023	For the Year ended 31 March 2022
<b>I INCOME</b>			
Interest earned	13	9,48,649	3,56,279
Other income	14	1,13,50,484	97,32,260
		<b>1,22,99,133</b>	<b>1,00,88,539</b>
<b>II EXPENDITURE</b>			
Interest expended	15	4,73,686	1,53,061
Operating expenses	16	1,11,74,577	95,08,070
Provisions and contingencies		-	-
		<b>1,16,48,263</b>	<b>96,61,131</b>
<b>III PROFIT/LOSS</b>			
Net profit /(loss) for the year		6,50,870	4,27,408
Profit/(loss) brought forward		(27,16,759)	(30,36,229)
		<b>(20,65,889)</b>	<b>(26,08,821)</b>
<b>IV APPROPRIATIONS</b>			
Transfer to statutory reserve		1,62,718	1,06,852
Transfer to Capital Reserve		-	-
Transfer to Revenue & Other Reserves		-	-
Transfer to Investment Fluctuation Reserve		2,39,035	1,086
Interim Dividend Paid		-	-
Proposed Dividend		-	-
Tax on Dividend		-	-
Balance carried over to Balance Sheet		<b>(24,67,642)</b>	<b>(27,16,759)</b>
EARNING PER EQUITY SHARE (Face value of Rs.10 per share)			
Basic (Rs.)		7.82	5.34
Diluted (Rs.)		7.82	5.34
Significant accounting policies and notes to the financials	17 & 18		

The schedules referred to above form an integral part of the Statement of profit and loss

As per our report of even date attached

For **A P Sanzgiri & Co.**

Chartered Accountants

ICAI Firm Registration No: 116293W

**Abhijit Sanzgiri**

Partner

Membership No: 043230

**For and on behalf of the Board of Directors**

**Fino Payments Bank Limited**

**Rishi Gupta**

Managing Director &

Chief Executive Officer

DIN - 01433190

**Deena Mehta**

Independent Director

DIN - 00168992

**Ketan Merchant**

Chief Financial Officer

**Basavraj Loni**

Company Secretary &

DVP - Legal

Membership No - A23095

Place : Mumbai

Date : 02 May 2023

Place : Navi Mumbai

Date : 02 May 2023



## Cash Flow Statement for the year ended 31 March 2023

(Currency : Indian Rupees in thousands)

	Particulars	For the Year ended 31 March 2023	For the Year ended 31 March 2022
<b>I</b>	<b>Cash Flow from operating activities</b>		
	Net Profit/(Loss) for the Year before tax	6,50,870	4,27,408
	Adjustments for:-		
	Loss / (Profit) on Sale of Fixed Assets (Net)	170	3,304
	Add : Non-Cash Expenditure		
	Depreciation	4,18,547	3,54,504
	Provision for doubtful debts and advances	-	-
	Stock based compensation cost	76,274	31,857
	Amortisation of Premium on HTM Investments	228	-
	Gratuity	22,817	25,550
	Compensated absence	12,149	11,881
		<b>11,81,055</b>	<b>8,54,504</b>
	<b>Cash Flow before working capital changes</b>		
	Adjustments for working capital changes:-		
	Increase/(decrease) in deposits	41,44,770	25,78,511
	(Increase)/decrease in advances	1,279	(1,130)
	Increase/(decrease) in other liabilities and provisions	11,13,002	99,750
	(Increase)/decrease in investments	(51,25,598)	(12,78,405)
	(Increase)/decrease in other assets	(15,50,392)	(1,03,527)
	Direct tax( paid)/received (net of refunds)	34,866	(75,286)
	<b>Net Cash Flow from / (used in ) operating activities (A)</b>	<b>(2,01,018)</b>	<b>20,74,417</b>
<b>II</b>	<b>Cash Flow from investing activities</b>		
	Purchase of Fixed Asset (including capital work in progress)	(9,43,406)	(6,43,543)
	Sale of Fixed assets	3,056	430
	Equity Investment in Paysprint	(24,979)	-
	<b>Net Cash flow from / (used in) Investing activities (B)</b>	<b>(9,65,329)</b>	<b>(6,43,113)</b>
<b>III</b>	<b>Cash Flow from financing activities</b>		
	Net Proceeds from issue of equity shares	-	28,33,575
	Increase in Borrowings	18,44,110	6,88,577
	<b>Net cash from financing activities (C)</b>	<b>18,44,110</b>	<b>35,22,152</b>
<b>IV</b>	<b>Net (decrease)/increase in cash and cash equivalents during the year (A + B + C)</b>	<b>6,77,763</b>	<b>49,53,456</b>
<b>V</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>76,61,632</b>	<b>27,08,176</b>
<b>VI</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>83,39,395</b>	<b>76,61,632</b>
	<b>Notes to the Cash Flow Statement:</b>		
	Cash and cash equivalents includes the following:		
(i)	Cash and balances with Reserve Bank of India (Refer Schedule 6)	21,99,434	22,38,556
(ii)	Balances with banks and money at call and short notice (Refer Schedule 7)	61,39,961	54,23,076
	<b>Cash and cash equivalents at the end of the year</b>	<b>83,39,395</b>	<b>76,61,632</b>

As per our report of even date attached

For **A P Sanzgiri & Co.**

Chartered Accountants

ICAI Firm Registration No: 116293W

**Abhijit Sanzgiri**

Partner

Membership No: 043230

For and on behalf of the Board of Directors

**Fino Payments Bank Limited**

**Rishi Gupta**

Managing Director &

Chief Executive Officer

DIN - 01433190

**Deena Mehta**

Independent Director

DIN - 00168992

**Ketan Merchant**

Chief Financial Officer

**Basavraj Loni**

Company Secretary &

DVP - Legal

Membership No - A23095

Place : Mumbai

Date : 02 May 2023

Place : Navi Mumbai

Date : 02 May 2023

## Schedules to the Financial Statements as at 31 March 2023

### 1 CAPITAL

(Currency : Indian Rupees in thousands)

Particulars	31 March 2023	31 March 2022
<b>Authorised Capital</b>		
85,000,000 ordinary equity shares of Rs.10/- each	8,50,000	8,50,000
(previous year 85,000,000 ordinary equity shares of Rs. 10/- each)		
<b>Issued, subscribed and paid-up capital</b>		
83,214,302 ordinary equity shares of Rs. 10/- each	8,32,143	8,32,143
(previous year 83,214,302 ordinary equity shares of Rs. 10/- each)		
<b>TOTAL</b>	<b>8,32,143</b>	<b>8,32,143</b>

### 2 RESERVES & SURPLUS

Particulars	31 March 2023	31 March 2022
<b>1. Statutory Reserve</b>		
(i) Opening balance	1,58,038	51,186
(ii) Addition during the period	1,62,718	1,06,852
(iii) Deduction during the period	-	-
<b>Total</b>	<b>3,20,756</b>	<b>1,58,038</b>
<b>2. Capital Reserve</b>		
(i) Opening balance	-	-
(ii) Addition during the period	-	-
(iii) Deduction during the period	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>3. Revaluation Reserve</b>		
(i) Opening balance	-	-
(ii) Addition during the period	-	-
(iii) Deduction during the period (Depreciation on revalued portion credited to Statement of Profit and Loss)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>4. Share Premium</b>		
(i) Opening balance	64,91,950	40,44,718
(ii) Addition during the period	-	29,48,007
(iii) Deduction during the period	-	5,00,775
<b>Total</b>	<b>64,91,950</b>	<b>64,91,950</b>
<b>5. Revenue &amp; Other Reserves</b>		
(i) Opening balance	-	-
(ii) Addition during the period	-	-
(iii) Deduction during the period	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>6. Investment Fluctuation Reserve</b>		
(i) Opening balance	1,086	-
(ii) Addition during the period	2,39,035	1,086
(iii) Deduction during the period	-	-
<b>Total</b>	<b>2,40,121</b>	<b>1,086</b>
<b>7. Balance in Statement of Profit &amp; Loss</b>	<b>(24,67,642)</b>	<b>(27,16,759)</b>
<b>TOTAL ( 1 to 7 )</b>	<b>45,85,185</b>	<b>39,34,315</b>

## Schedules to the Financial Statements as at 31 March 2023 (continued)

### 3 DEPOSITS

(Currency : Indian Rupees in thousands)

Particulars	31 March 2023	31 March 2022
<b>A. 1. Demand deposits</b>		
i) From banks	-	-
ii) From others	55,656	50,541
<b>Total</b>	<b>55,656</b>	<b>50,541</b>
<b>2. Savings bank deposits</b>	<b>91,15,814</b>	<b>49,76,159</b>
<b>3. Term deposits</b>		
i) From banks	-	-
ii) From others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>TOTAL ( 1 to 3 )</b>	<b>91,71,470</b>	<b>50,26,700</b>
<b>B. i. Deposits of branches in India</b>	<b>91,71,470</b>	<b>50,26,700</b>
<b>ii. Deposits of branches outside India</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>91,71,470</b>	<b>50,26,700</b>

### 4 BORROWINGS

Particulars	31 March 2023	31 March 2022
<b>1. Borrowings in India</b>		
(i) Reserve Bank of India	-	-
(ii) Other banks	28,23,343	22,86,612
(iii) Other institutions and agencies	15,17,302	2,09,923
<b>Total</b>	<b>43,40,645</b>	<b>24,96,535</b>
<b>2. Borrowings outside India</b>	<b>-</b>	<b>-</b>
<b>TOTAL ( 1 + 2 )</b>	<b>43,40,645</b>	<b>24,96,535</b>

### 5 OTHER LIABILITIES AND PROVISIONS

Particulars	31 March 2023	31 March 2022
1. Bills payable	-	-
2. Inter office adjustments (Net)	-	-
3. Interest accrued	3,611	366
4. Others (including provisions)	56,22,830	44,78,107
<b>TOTAL ( 1 to 4 )</b>	<b>56,26,441</b>	<b>44,78,473</b>

### 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA

Particulars	31 March 2023	31 March 2022
1. Cash in hand	46,153	96,466
2. Balances with Reserve Bank of India		
(i) In current account	21,53,281	21,42,090
(ii) In other accounts	-	-
<b>TOTAL ( 1 + 2 )</b>	<b>21,99,434</b>	<b>22,38,556</b>

## Schedules to the Financial Statements as at 31 March 2023 (continued)

### 7 BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(Currency : Indian Rupees in thousands)

Particulars	31 March 2023	31 March 2022
<b>1. In India</b>		
(i) Balances with banks		
a) In current accounts	17,37,864	8,15,760
b) In other deposit accounts	44,02,097	46,07,316
(ii) Money at call and short notice		
a) With banks	-	-
b) With other institutions	-	-
<b>Total (i+ii)</b>	<b>61,39,961</b>	<b>54,23,076</b>
<b>2. Outside India</b>		
(i) a) In current accounts	-	-
(ii) b) In other deposit accounts	-	-
(iii) Money at call and short notice	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>-</b>
<b>TOTAL ( 1 + 2 )</b>	<b>61,39,961</b>	<b>54,23,076</b>

### 8 INVESTMENTS

Particulars	31 March 2023	31 March 2022
<b>1. Investments in India in</b>		
(i) Government securities	1,14,39,356	63,13,985
(ii) Other approved securities	-	-
(iii) Shares	24,979	-
(iv) Debentures & bonds	-	-
(v) Subsidiaries / joint venture	-	-
(vi) Others	-	-
<b>Total</b>	<b>1,14,64,335</b>	<b>63,13,985</b>
<b>* Details of Others (vi)</b>		
(i) NABARD / SIDBI / NHB Deposit	-	-
(i) Commercial paper & certificates of deposit	-	-
(ii) Mutual funds	-	-
(iii) Venture capital fund	-	-
(iv) Pass through certificates	-	-
(v) Security receipts	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>2. Investments Outside India in</b>		
(i) Government securities (Including local authorities)	-	-
(ii) Subsidiaries / joint venture abroad	-	-
(iii) Other investments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>TOTAL ( 1 + 2 )</b>	<b>1,14,64,335</b>	<b>63,13,985</b>
<b>3 Investments</b>		
(i) Gross value of investments		
a) In India	<b>1,14,64,335</b>	<b>63,13,985</b>
b) Outside India		
(ii) Provision for depreciation		
a) In India	-	-
b) Outside India	-	-
(iii) Net value of investments		
a) In India	1,14,64,335	63,13,985
b) Outside India	-	-
<b>Total</b>	<b>1,14,64,335</b>	<b>63,13,985</b>

## Schedules to the Financial Statements as at 31 March 2023 (continued)

### 9 ADVANCES

(Currency : Indian Rupees in thousands)

Particulars	31 March 2023	31 March 2022
<b>A.</b>		
(i) Bills purchased and discounted	-	-
(ii) Cash credits, overdrafts and loans repayable on demand	-	-
(iii) Term loans	1,168	2,447
<b>Total</b>	<b>1,168</b>	<b>2,447</b>
<b>B.</b>		
(i) Secured by tangible assets (Includes advances against fixed deposits and book debts)	-	-
(ii) Covered by bank/government guarantees	-	-
(iii) Unsecured	1,168	2,447
<b>Total</b>	<b>1,168</b>	<b>2,447</b>
<b>C.1 Advances in India</b>		
(i) Priority sector	-	-
(ii) Public sector	-	-
(iii) Banks	-	-
(iv) Others	1,168	2,447
<b>Total</b>	<b>1,168</b>	<b>2,447</b>
<b>C.2 Advances Outside India</b>		
(i) Due from banks	-	-
(ii) Due from others		
a) Bills purchased and discounted	-	-
b) Syndicated loans	-	-
c) Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>TOTAL (C.1 + C.2)</b>	<b>1,168</b>	<b>2,447</b>

### 10 FIXED ASSETS

Particulars	31 March 2023	31 March 2022
<b>1. Premises (including land)</b>		
(i) At cost at 31 March of the preceding period	-	-
(ii) Additions during the period	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
(iii) Deductions during the period	-	-
(iv) Accumulated depreciation to date	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>2. Other Fixed Assets ( including furniture and fixtures)</b>		
(i) At cost at 31 March of the preceding period	23,67,118	17,40,102
(ii) Additions during the period	8,94,794	6,57,061
<b>Total</b>	<b>32,61,912</b>	<b>23,97,163</b>
(iii) Deductions during the period	5,432	30,045
(iv) Accumulated depreciation to date	18,62,164	14,44,219
<b>Total</b>	<b>13,94,316</b>	<b>9,22,899</b>
<b>3. Assets given on Lease</b>		
(i) At cost at 31 March of the preceding period	-	-
(i) Lease equalisation - opening balance	-	-
(ii) Additions during the period	-	-
(iii) Less: Provision held	-	-
(iv) Accumulated depreciation to date	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>4. Capital work in progress</b>	<b>54,802</b>	<b>4,586</b>
<b>TOTAL ( 1 to 4 )</b>	<b>14,49,118</b>	<b>9,27,485</b>

## Schedules to the Financial Statements as at 31 March 2023 (continued)

### 11 OTHER ASSETS

(Currency : Indian Rupees in thousands)

Particulars	31 March 2023	31 March 2022
1. Inter-office adjustment (Net)	-	-
2. Interest accrued	53,925	42,785
3. Tax paid in advance/tax deducted at source (Net of provision)	88,406	1,23,273
4. Stationery and stamps	-	-
5. Deferred tax assets (Net)	-	-
6. Others	32,67,669	17,28,416
<b>TOTAL ( 1 to 6 )</b>	<b>34,10,000</b>	<b>18,94,474</b>

### 12 CONTINGENT LIABILITIES

Particulars	31 March 2023	31 March 2022
1. Claims against the bank not acknowledged as debts	-	-
2. Liability for partly paid investment	-	-
3. Liability on account of outstanding forward exchange contracts	-	-
4. Liability on account of outstanding derivative contracts	-	-
(i) Interest rate swaps	-	-
(ii) Cross currency swaps	-	-
(iii) Currency options	-	-
(iv) Currency futures	-	-
(v) Interest rate futures	-	-
5. Guarantees given on behalf of constituents	-	-
(i) In India	-	-
(ii) Outside India	-	-
6. Acceptances, endorsements and other obligations	-	-
7. Other items for which the bank is contingently liable	-	-
a) Income tax & other matters (under appeal)	-	-
b) Others	70,776	43,179
<b>TOTAL ( 1 to 7 )</b>	<b>70,776</b>	<b>43,179</b>

### 13 INTEREST EARNED

Particulars	For the Year ended 31 March 2023	For the Year ended 31 March 2022
1. Interest / Discount on Advances / bills	124	172
2. Income on Investments	6,65,104	2,31,268
3. Interest on balances with Reserve Bank of India and other inter-bank funds	2,57,348	1,24,692
4. Other interest	26,073	147
<b>TOTAL ( 1 to 4 )</b>	<b>9,48,649</b>	<b>3,56,279</b>

### 14 OTHER INCOME

Particulars	For the Year ended 31 March 2023	For the Year ended 31 March 2022
1. Commission, Exchange and Brokerage	1,04,79,783	85,75,393
2. Profit/(loss) on sale of Investments (Net)	(3,015)	1,086
3. Profit/(loss) on sale of land, building and other assets (Net)	(170)	(3,304)
4. Profit/(loss) on exchange transactions (Net)	(41)	50
5. Miscellaneous Income	8,73,927	11,59,035
<b>TOTAL ( 1 to 5 )</b>	<b>1,13,50,484</b>	<b>97,32,260</b>

## Schedules to the Financial Statements as at 31 March 2023 (continued)

### 15 INTEREST EXPENDED

(Currency : Indian Rupees in thousands)

Particulars	For the Year ended 31 March 2023	For the Year ended 31 March 2022
1. Interest on Deposits	1,82,248	91,160
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	67,330	13,057
3. Others	2,24,108	48,844
<b>TOTAL ( 1 to 3 )</b>	<b>4,73,686</b>	<b>1,53,061</b>

### 16 OPERATING EXPENSES

Particulars	For the Year ended 31 March 2023	For the Year ended 31 March 2022
1. Payments to and provisions for employees	15,56,073	13,32,560
2. Rent, taxes and lighting	1,48,841	1,29,827
3. Printing and stationery	22,952	18,262
4. Advertisement and publicity	1,16,242	1,61,515
5. Depreciation on banks property	4,18,547	3,54,504
6. Director's fees Allowances and expenses	9,490	10,392
7. Auditors' fees and expenses (Including branch auditor's fees and expenses)	6,819	5,309
8. Law Charges	33,529	31,340
9. Postage, Telegrams, Telephones, etc.	1,97,965	1,83,476
10. Repairs and maintenance	1,13,754	1,15,389
11. Insurance	52,281	37,759
12. Other Expenditure	84,98,084	71,27,737
<b>TOTAL ( 1 to 12 )</b>	<b>1,11,74,577</b>	<b>95,08,070</b>



## Schedule 17 - Significant accounting policies appended to and forming part of the financial statements

### A. Background and nature of operations

Fino Payments Bank Limited ('the Bank') was originally incorporated as Fino Fintech Foundation on 23 June 2007, for promoting objects of the nature specified in Section 8, sub-section (1), clause (a) of the Companies Act, 2013 ('the Act') and that it intends to apply its profits if any, or other income in promoting its objects and to prohibit the payment of any dividends to its members.

The Reserve Bank of India ('RBI') issued a license to the Bank on 30 March 2017 under Section 22 (1) of the Banking Regulation Act, 1949 to carry on the business of Payments Bank in India. Pursuant to the resolution passed in the extra ordinary general meeting held on 31 March 2017, the name of the Bank was changed from Fino Fintech Limited to Fino Payments Bank Limited with effect from 04 April 2017. The Bank commenced operations as a Payments Bank with effect from 30 June 2017. The Bank offers services such as current and savings accounts, remittances, business correspondent, mobile banking, bill payments and third party financial products distribution. The Bank is engaged in providing various types of financial services to the rural, poor and underserved and unserved classes to help them be economically self-reliant.

The Bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DoR.NBD. No.2138/16.03.005/2020-21 dated January 01, 2021 and published in the Gazette of India (Part III - Section 4) dated February 13 - February 19, 2021.

Fino Payments Bank Limited is a subsidiary of Fino Paytech Limited ('the Holding Company') which is engaged in providing business and banking technology platform based solutions and services related to financial inclusion.

These financial statements are presented in Indian Rupees ('Rupees' or 'Rs.') and all amounts are rounded to the nearest thousands, except as stated otherwise.

### B. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India (GAAP), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the RBI from time to time, Accounting Standards (AS) specified under Section 133 of the Act read together with paragraph 7 of the companies (Accounts) rules 2014 to the extent applicable, in so far as they apply to bank's and current practices prevailing within the banking industry in India.

#### Use of estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future periods.

### C. Principal accounting policy

#### 1. Investments

##### Classification:

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into "Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM') categories (hereinafter called "categories"). Subsequent shifting amongst the categories, if done, is also done in accordance with these guidelines. HTM investments are made only out of own funds.

Under each of these categories, investments are further classified under six groups (hereinafter called "groups") – Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

The Bank follows settlement date accounting for recording purchase and sale of investments.

##### Basis of classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category.

## Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (Continued)

### Point C 1 continued...

#### Acquisition cost:

Broken period interest on debt instruments and government securities are considered as a revenue item under Profit and Loss Account as per RBI guideline. The transaction costs including brokerage, commission etc. paid at the time of acquisition of investments is recognised in Profit and Loss Account.

#### Disposal of Investments:

- a. **Investments classified as HFT or AFS** – Profit or loss on sale or redemption is recognised in the Profit and Loss Account.
- b. **Investment classified as HTM** – Profit on sale or redemption of investment is recognised in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale or redemption is recognised in the Profit and Loss Account.

#### Valuation:

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines.

Traded investments are valued based on the trades / quotes on the recognised stock exchanges, price list of RBI or prices declared by Primary Dealers Association of India (PDAI) jointly with Financial Benchmark India Pvt Ltd (FBIL), periodically.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio (SLR), included in the AFS and HFT categories, is computed as per the Yield-to-Maturity (YTM) rates published by FBIL.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at Rs. 1 as per the RBI guidelines.

Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost. Carrying cost includes the discount accreted for the holding period on a constant yield to maturity basis.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the groups is not recognised except to the extent of depreciation already provided.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield-to-maturity basis. Such amortisation of premium is adjusted against interest income under the head Income from investments as per the RBI guidelines. The provision are made for a diminution other than temporary, in the value of investments classified under HTM. Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

In accordance with the RBI guidelines, repo and reverse repo transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

### 2. Advances

As per the Operating guidelines for Payments Bank issued by RBI on 06 October 2016('the Operating Guidelines'), Payments Banks (PBs) are not permitted to lend to any person including their directors. However, PBs may lend to their own employees out of the Bank's own funds, as per a Board approved policy outlining the caps on such loans.

In accordance with the Operating guidelines, the Bank has classified employee loans as advances, as per the Employee loan policy, duly approved by Board. Employees who are confirmed and have completed at least one year of service with the Bank are entitled to avail loan. The Bank follows the process of recovering monthly installments due from respective employees while processing monthly salary.

### 3. Deposits

As per the Operating guidelines PBs can accept only savings and current deposits. The aggregate limit per customer has been extended to Rs. 200,000 from 07th April 2021 by RBI as against the previous limit of Rs. 1,00,000. PBs are permitted for making arrangements with any other Scheduled Commercial Bank / SFB (Small Finance Bank), for amounts in excess of the prescribed limits, to be swept into an account opened for the customer at that bank, with the prior written consent of the customer.

## Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (Continued)

The above limit shall apply to customer deposits and not to any security / earnest money deposit the Bank may collect from any of its service providers in the ordinary course of business.

### 4. Fixed assets and depreciation

Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in the Profit and Loss Account as incurred. Capital work in progress is valued at cost.

Gains and losses arising from retirement or disposal of the tangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in Profit and Loss Account on the date of retirement or disposal.

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses if any.

Depreciation is charged over the estimated useful life of the fixed assets. The management believes that the useful life of assets assessed by the Bank, pursuant to the Act, taking into account changes in the environment, changes to the technology, the utility and the efficacy of the asset in use, fairly reflects its estimate of useful life of the fixed assets. The estimated useful life of key fixed assets are given below

Class of asset	Useful life
Computers hardware	3 Years
Servers & Networks	6 Years
Motor car	5 Years
Office equipments	5 Years
Furniture and fixtures	10 Years
Leasehold improvements	Over the period of lease
Computer software	5 Years
Plant and machinery	5 Years

All fixed assets are depreciated as per written down value method except for Leasehold Improvements, Computer Hardware, Servers & Networks, Computer Software and Plant and machinery, which are being depreciated as per straight line method.

All fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of purchase.

### 5. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### 6. Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of Profit and Loss Account.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. The exchange differences, if any, are recognised in the Profit and Loss Account and related assets and liabilities are accordingly restated in the balance sheet.

### 7. Revenue recognition

- (i) Interest income on deposits with Banks and financial institutions is recognised on a time proportion basis taking into account the amount outstanding and the implicit rate of interest.

## Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (Continued)

- (ii) Income on non-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis.
- (iii) Transaction fee is recognised on the completion of individual transactions made through Point of Transaction (POT) devices.
- (iv) Disbursement fee includes remittance and service fees which are recognised based on the amount of disbursements / remittances / collections made through POT devices.
- (v) Business correspondent fee is recognised on the allotment of POT devices to individual agents.
- (vi) Account maintenance fees are recognised on the basis of number of accounts maintained.
- (vii) Agent registration fee is recognised on receipt of non-refundable agent deposit.
- (viii) Insurance broking income is recognised based on the numbers of policies sold to customers on behalf of insurance companies.
- (ix) Service revenue is recognised on completion of provision of services. Revenue, net of discount is recognised on transfer of all significant risks and rewards to the customer and when no significant uncertainty exists regarding realization of consideration.
- (x) Field support service is recognised on distribution of cards to the accountholders.
- (xi) Third party financial products processing fees are recognised on an upfront basis.
- (xii) Retail income including subscription charges and annual charges relating to debit cards issuance is recognised to the extent of balance available in the customer's account.
- (xiii) All other fees are accounted for as and when they become due.

### 8. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the lease term are classified as operating leases. The total lease rentals in respect of assets taken on operating lease are charged to the Profit and Loss Account on a straight line basis over the lease term. A lease that transfers substantially all the risks and rewards incidental to ownership to the Bank is classified as a finance lease.

### 9. Taxation

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961) and deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

#### Current tax

Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the tax laws applicable.

#### Deferred taxation

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantially enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

#### Minimum Alternate Tax ('MAT')

MAT under the provisions of the Income Tax Act, 1961 is recognised as current tax in the Profit and Loss Account. The credit available under the Income Tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Bank will pay normal income tax during the period for which the MAT can be carried forward for set

## Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (Continued)

off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

### 10. Earnings per share

The Bank reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share. Basic earnings per share is computed by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

### 11. Provisions, contingent liabilities and contingent assets

The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigations, assessment fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

### 12. Provision for bad and doubtful debts

The Bank creates 100% provision against all receivables outstanding for more than 180 days or earlier where recovery is considered doubtful.

### 13. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other Bank's and money at call and short notice.

### 14. Employee benefits

#### Post employment benefits

##### Defined contribution plan

The Bank makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Bank's contribution is recognised as an expense in the Profit and Loss Account during the period in which the employee renders the related service.

##### Defined benefit plan

The Bank's gratuity benefit scheme is a defined benefit plan. The Bank's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Bank's obligation under the plan is performed quarterly by a qualified actuary using the projected unit credit method.

The Bank recognises all actuarial gains and losses arising from defined benefit plans immediately in the Profit and Loss Account. All expenses related to defined benefit plans are recognised in employee benefits expense in the Profit and Loss Account. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Profit and Loss Account on a straight-line basis over the average period until the benefits become vested. The Bank recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

## Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (Continued)

### Compensated absences

Compensated absences balance upto 7 days are encashed at the end of financial year on the basic salary. Encashment of more than 7 days of leave is not permitted. Leave balance over 7 days will lapse at the end of financial year.

### 15. Segment Information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

### 16. Share Issue Expenses

As per the section 52 (2) (c) of the Companies Act 2013, securities premium account may be utilised for writing off the expenses/ commission paid/discount allowed on, any issue of shares or debentures by a company. Further, as per RBI DBOD mailbox clarification dated October 9, 2007 on 'Prudential Norms - Utilisation of Share Premium Account', banks can utilise share premium account for meeting the expenses relating to the issue of shares.

### 17. Employee Stock Option Scheme

Employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Bank measures compensation cost relating to the employee stock options using the fair value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options.

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 1. Regulatory Capital

#### 1.1. Composition of Regulatory Capital

As per the RBI Circular DBR.NBD.No.4503/16.13.218/2017-18 dated 08 November 2017, no separate charge is prescribed for market risk and operational risk. However, Bank, as a conservative approach, has provided Market Risk Capital (MRC) Charge on its overall investment portfolio and foreign currency assets, as on 31 March 2023.

Capital Adequacy Ratio (CRAR) as per the operating guidelines and as per Basel II Standardized Approach for Credit Risk, as at 31 March 2023 is given below:

Particulars	(Rs. in crore)	
	As at 31 March 2023	As at 31 March 2022
(i) Common Equity Tier 1 capital (CET 1)	502.67	479.72
(ii) Additional Tier 1 capital	-	-
(iii) Tier 1 capital (i + ii)	502.67	479.72
(iv) Tier 2 capital	24.01	0.11
(v) Total capital (Tier 1+Tier 2)	526.68	479.83
(vi) Total Risk Weighted Assets (RWAs)	612.09	382.04
(vii) Common Equity Tier 1 (CET) Capital Ratio (%)	82.12%	125.57%
(viii) Tier I Capital Ratio (%)	82.12%	125.57%
(ix) Tier II Capital Ratio (%)	3.93%	0.03%
(x) Total Capital Ratio (CRAR) (%)	86.05%	125.60%
(xi) Percentage of the shareholding of the Government of India in Public Sector banks	-	-
(xii) Amount of paid-up equity capital raised during the year	-	300.00
(xiii) Amount of Additional Tier 1 capital raised during the year	-	-
(xvi) Amount of Tier 2 capital raised during the year	23.90	0.11

### 2. Investments

#### 2.1 Movement of investments:

Particulars	(Rs. in crore)	
	As at 31 March 2023	As at 31 March 2022
<b>(1) Value of investments</b>		
(i) Gross value of investments		
(a) In India	1,146.43	631.40
(b) Outside India	-	-
(ii) Provisions for depreciation (including provision for NPI)		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	1,146.43	631.40
(b) Outside India	-	-
<b>(2) Movement of provisions held towards depreciation of investments (including provision for NPIs)</b>		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / write back of excess / provisions (including provision for NPIs) during the year	-	-
(iv) Closing balance	-	-
<b>(3) Movement of Investment fluctuation Reserve</b>		
(i) Opening balance	0.11	-
(ii) Add: Amount transferred during the year	23.90	0.11
(iii) Less: Drawdown	-	-
(iv) Closing balance	24.01	0.11
<b>(4) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category</b>	2.20%	0.02%

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 2. Investments (contd.)

The net book value of investments held under three categories; viz. Held to Maturity (HTM), Held for Trading (HFT) and Available for Sale (AFS) is as under:

Category	As at 31 March 2023		As at 31 March 2022	
	Rs. in crore	%	Rs. in crore	%
Held to maturity	53.34	4.65%	40.86	6.47%
Available for Sale	1,093.09	95.35%	590.54	93.53%
Held for Trading	-	-	-	-
<b>Total</b>	<b>1,146.43</b>	<b>100.00%</b>	<b>631.40</b>	<b>100.00%</b>

### 2.2 Repo / Reverse Repo transactions:

The details relating to repo/ reverse repo transactions (in face value terms) during the year ended 31 March 2023 are as follows :

(Rs. in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 March 2023
Securities sold under repo				
i. Government securities	21.00	569.83	420.47	152.12
ii. Corporate debt securities	-	-	-	-
lii. Any other securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	10.00	17.00	15.43	-
ii. Corporate debt securities	-	-	-	-
lii. Any other securities	-	-	-	-

Note: The above includes market repo & tri-party repo transactions.

The details relating to repo/ reverse repo transactions (in face value terms) during the year ended 31 March 2022 are as follows :

(Rs. in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 March 2022
Securities sold under repo				
i. Government securities	10.05	227.50	145.66	21.00
ii. Corporate debt securities	-	-	-	-
lii. Any other securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	0.95	228.93	27.85	-
ii. Corporate debt securities	-	-	-	-
lii. Any other securities	-	-	-	-

Note: The above includes market repo & tri-party repo transactions.

### 2.3 Composition of Investment Portfolio

(Rs. in crore)

	Investments in India as at 31 March 2023						
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India
<b>(a) Held to Maturity</b>							
Gross	50.84	-	2.50	-	-	-	53.34
Less: Provision for non- Performing investments(NPI)	-	-	-	-	-	-	-
<b>Net</b>	<b>50.84</b>	<b>-</b>	<b>2.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53.34</b>



## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 2. Investments (contd.)

(Rs. in crore)

	Investments in India as at 31 March 2023						Total investments in India
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	
<b>(b) Available for Sale</b>							
Gross	1,093.09	-	-	-	-	-	1,093.09
Less: Provision for depreciation And NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>1,093.09</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,093.09</b>
<b>(c) Held for Trading</b>							
Gross	-	-	-	-	-	-	-
Less: Provision for depreciation And NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(d) Total Investments</b>	<b>1,143.93</b>	<b>-</b>	<b>2.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,146.43</b>
Less: Provision for non- Performing investments	-	-	-	-	-	-	-
Less: Provision for depreciation And NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>1,143.93</b>	<b>-</b>	<b>2.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,146.43</b>

### 2.4 Composition of Investment Portfolio (Continued)

(Rs. in crore)

	Investments in India as at 31 March 2022						Total investments in India
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	
<b>(a) Held to Maturity</b>							
Gross	40.86	-	-	-	-	-	40.86
Less: Provision for non- Performing investments(NPI)	-	-	-	-	-	-	-
<b>Net</b>	<b>40.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40.86</b>
<b>(b) Available for Sale</b>							
Gross	590.54	-	-	-	-	-	590.54
Less: Provision for depreciation And NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>590.54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>590.54</b>
<b>(c) Held for Trading</b>							
Gross	-	-	-	-	-	-	-
Less: Provision for depreciation And NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(d) Total Investments</b>	<b>631.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>631.40</b>
Less: Provision for non- Performing investments	-	-	-	-	-	-	-
Less: Provision for depreciation And NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>631.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>631.40</b>

**Note:** The Bank does not have Investments outside India.

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 2. Investments (contd.)

#### 2.5 Non SLR investment portfolio:

The Board of Directors at its meeting held on 10th April 2022 has approved a minority strategic investment in Paysprint Private Limited a "Fintech" company. The Board of Directors of PaySprint Private Limited has approved the allotment of 867 equity shares of face value of Rs. 10 each to the Bank at a premium of Rs. 28,801 per share, aggregating to the total investment of Rs. 2.49 crs representing 7.98% of paid up share capital of Paysprint Private Limited. The investment is classified in Held to Maturity (HTM) category, in accordance with the RBI guidelines.

#### 2.6 Sale and transfer to / from HTM category:

As per the Operating guidelines, Payments Banks are not permitted to classify any investment, other than those made out of their own funds, as HTM category. Further the investments made out of their own funds shall not, in any case be, in assets or investments in respect of which the promoter / a promoter group entity is a direct or indirect obligor.

During the current and previous year, there has been no sale/ transfer from Held to Maturity (HTM) category in excess of 5% of the book value of investments held in HTM category.

### 3. Derivative contracts

The Bank has not undertaken any derivative transactions during the current year and the previous year. Accordingly, the disclosure requirements with respect to derivative contracts and risk exposure in derivatives are not applicable.

### 4. Asset quality

As per the Operating guidelines Payments Banks are not permitted to lend to any person including their directors. However, Payments Banks may lend to their own employees out of the Bank's own funds, as per a Board approved policy outlining the caps on such loans.

In accordance with the Operating guidelines, as at 31 March 2023, the Bank had classified employee loan amounting to Rs. 0.12 Crore as advances (Previous Year Rs. 0.24 Crore). The Bank follows the process of recovering monthly installments due from respective employees while processing monthly salary.

Accordingly, the disclosure requirements with respect to Asset quality are not applicable.

### 5. Business ratios

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Interest income as % to Working funds <sup>1</sup>	5.16%	3.34%
(ii) Non-interest income as % to Working funds	61.71%	91.34%
(iii) Operating profit <sup>2</sup> as % to Working funds	3.54%	4.01%
(iv) Return on assets (Working funds)	3.54%	4.01%
(v) Business <sup>3</sup> (Deposit plus advance) per employee (Rs. in crore)	0.32	0.18
(vi) Profit per employee <sup>4</sup> (Rs. in crore)	0.02	0.02
(vii) Cost of Deposits	1.99%	1.81%
(viii) Net Interest Margin <sup>5</sup>	3.55%	2.35%

1. Working funds to be reckoned as average of total assets (excluding accumulated losses, if any)
2. Operating profit is net profit for the year before provisions and contingencies.
3. Business is the total of net advances and deposits (net of inter-bank deposits).
4. Productivity ratios are based on average employee number.
5. Net Interest Income/ Average Earning Assets. Net Interest Income= Interest Income – Interest Expense

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 6. Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2023 and 31 March 2022

(Rs. in crore)

Particulars	As at 31 March 2023					
	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	65.37	-	874.38	434.06	-	-
2 to 7 days	91.21	-	-	-	-	-
8 to 14 days	0.11	-	-	-	-	-
15 to 30 Days	100.55	-	264.53	-	-	-
31 Days to 2 months	9.84	-	2.76	-	-	-
Over 2 months to 3 months	-	-	-	-	-	-
Over 3 months to 6 months	46.41	-	-	-	-	-
Over 6 months to 1 year	0.00	0.12	2.19	-	-	-
Over 1 year to 3 years	603.65	-	0.07	-	0.42	0.42
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	-	-	2.50	-	-	-
<b>Total</b>	<b>917.14</b>	<b>0.12</b>	<b>1,146.43</b>	<b>434.06</b>	<b>0.42</b>	<b>0.42</b>

(Rs. in crore)

Particulars	As at 31 March 2022					
	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	30.72	-	458.78	-	-	-
2 to 7 days	54.77	-	-	25.00	-	-
8 to 14 days	0.06	-	-	21.00	-	-
15 to 30 Days	54.89	-	78.29	-	-	-
31 Days to 2 months	5.38	-	5.51	-	-	-
Over 2 months to 3 months	-	-	-	-	-	-
Over 3 months to 6 months	25.34	-	4.71	-	-	-
Over 6 months to 1 year	-	0.24	2.04	203.66	-	-
Over 1 year to 3 years	329.53	-	82.07	-	0.38	0.38
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
<b>Total</b>	<b>500.69</b>	<b>0.24</b>	<b>631.40</b>	<b>249.66</b>	<b>0.38</b>	<b>0.38</b>

### 7. Exposures

#### 7.1 Exposure to real estate sector :

The Bank does not have any exposure to real estate sector as at 31 March 2023 and as at 31 March 2022. Accordingly, the disclosure requirements with respect to exposure to real estate sector are not applicable.

#### 7.2 Capital market exposure :

The Bank does not have any exposure to capital market as at 31 March 2023 and as at 31 March 2022. Accordingly, the disclosure requirements with respect to capital market exposure are not applicable.

#### 7.3 Risk category wise country exposure :

The Bank's exposures are concentrated in India as at 31 March 2023 and as at 31 March 2022. Accordingly, the disclosure requirements with respect to category wise country risk exposure are not applicable.

#### 7.4 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank :

As per the Operating guidelines for Payments Banks, Payments Banks are not permitted to lend to any person, accordingly, the disclosure requirements with respect to SBL / GBL is not applicable.

#### 7.5 Unsecured advances :

As per the Operating guidelines for Payments Banks, Payments Banks are not permitted to lend to any person, accordingly, the disclosure requirements with respect to unsecured advances is not applicable.

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 8. Penalties levied by RBI:

During the year ended 31 March 2023 and 31 March 2022, no penalty was imposed on the Bank by RBI under the provisions the (i) Banking Regulation Act, 1949, (ii) Payment and Settlement Systems Act, 2007 and (iii) Government Securities Act, 2006.

### 9. Employee benefits

#### Defined contribution plans:

##### Provident Fund

The Bank makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

Particulars	(Rs. in crore)	
	As at 31 March 2023	As at 31 March 2022
Provident fund	8.33	7.57

#### Defined benefit plans:

##### Gratuity

The Bank's gratuity benefit scheme is a defined benefit plan. The Bank's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The calculation of the Bank's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

The following table sets out the status of the Gratuity Plan as required under Accounting Standard 15.

#### Change in the present value of the defined benefit obligation.

Particulars	(Rs. in crore)	
	As at 31 March 2023	As at 31 March 2022
Opening defined benefit obligation as at 01 April	10.59	8.94
Current service cost	1.67	1.60
Interest cost	0.59	0.51
Actuarial (gains)/losses	0.01	0.45
Benefits paid	(1.26)	(0.91)
Past service cost	-	-
Transfer from/to group companies	-	-
Closing defined benefit obligation as at 31 March	11.60	10.59

#### Change in the plan assets

Particulars	(Rs. in crore)	
	As at 31 March 2023	As at 31 March 2022
Opening fair value of plan assets at 01 April	-	-
Expected return on plan assets	-	-
Employers contributions	-	-
Benefits paid	-	-
Actuarial gains/(losses) on plan assets	-	-
Closing fair value of plan assets at 31 March	-	-

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 9. Employee benefits (contd.)

#### Reconciliation of present value of the obligations and fair value of the plan assets

(Rs. in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of funded obligation at 31 March	11.60	10.59
Fair value of plan assets at 31 March	-	-
Deficit/(Surplus)	(11.60)	(10.59)
Net Liability/(Asset)	(11.60)	(10.59)

#### Net cost recognised in the Profit and Loss Account

(Rs. in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Current service cost	1.67	1.60
Interest cost	0.59	0.51
Past service cost	-	-
Net actuarial (gains)/losses recognised during the year	0.01	0.45

(Rs. in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Total cost of defined benefit plans included in schedule 16 payments to and provisions for employees	2.27	2.56

#### Reconciliation of opening and closing net liability/(asset) recognised in balance sheet

(Rs. in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening net liability as at 01 April	10.59	8.94
Expenses recognised in Statement of Profit and Loss	2.27	2.56
Employers contribution	(1.26)	(0.91)
Transfer from/to group companies	-	-
Net liability/(asset) recognised in balance sheet	11.60	10.59

#### Key Actuarial Assumptions

Particulars	As at 31 March 2023	As at 31 March 2022
Discount rate	7.25%	5.60%
Expected rate of return on plan asset	-	-
Salary escalation	8.40%	8.40%
Withdrawal rate	30%	30.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14

#### Experience Adjustment

(Rs. in crore)

	2022-23	2021-22	2020-21	2019-20	2018-19
On Plan liabilities (gains) /losses	0.67	0.32	0.09	0.43	0.05
On Plan assets (losses)/gains	-	-	-	-	-

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 10. Unamortized Pension and Gratuity liabilities

As at 31 March 2023, the Bank does not have any unamortized Pension and Gratuity liability.

### 11. Segment Reporting

#### Business segments

In terms of the AS-17 (Segment Reporting) issued by Institute of Chartered Accountants of India and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated 18 April 2007 read with DBR.BP.BC No.23/21.04.018/2015-16 dated 01 July 2015 and amendments thereto, the business of the Bank has been segregated into four segments: Treasury, Corporate Banking, Retail Banking and Other Banking Operations:

(Rs. in crore)

Particulars	As at 31 March 2023				
	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Gross revenue	91.94	-	269.18	866.15	1,227.26
Unallocated revenue	-	-	-	-	2.64
Less: Intersegment revenue	-	-	-	-	-
<b>Total Revenue</b>	<b>91.94</b>	<b>-</b>	<b>269.18</b>	<b>866.15</b>	<b>1,229.91</b>
Segment results	67.63	-	122.56	81.98	272.17
Unallocated expenses	-	-	-	-	209.73
Operating profit	-	-	-	-	65.10
Income tax (including deferred tax)	-	-	-	-	-
<b>Net profit/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65.10</b>
Segment assets	1,797.79	-	77.35	338.89	2,214.03
Unallocated assets	-	-	-	-	252.37
<b>Total assets</b>	<b>1,797.79</b>	<b>-</b>	<b>77.35</b>	<b>338.89</b>	<b>2,466.40</b>
Segment liabilities	201.77	-	977.37	658.60	1,837.74
Unallocated liabilities	-	-	-	-	76.11
<b>Total liabilities</b>	<b>201.77</b>	<b>-</b>	<b>977.37</b>	<b>658.60</b>	<b>1,913.85</b>

(Rs. in crore)

Particulars	As at 31 March 2022				
	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Gross revenue	35.70	-	179.47	793.90	1,009.07
Unallocated revenue	-	-	-	-	(0.22)
Less: Intersegment revenue	-	-	-	-	-
<b>Total Revenue</b>	<b>35.70</b>	<b>-</b>	<b>179.47</b>	<b>793.90</b>	<b>1,008.85</b>
Segment results	30.00	-	71.18	109.78	210.96
Unallocated expenses	-	-	-	-	168.00
Operating profit	-	-	-	-	42.74
Income tax (including deferred tax)	-	-	-	-	-
<b>Net profit/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42.74</b>
Segment assets	1,306.94	-	27.31	209.66	1,543.91
Unallocated assets	-	-	-	-	136.09
<b>Total assets</b>	<b>1,306.94</b>	<b>-</b>	<b>27.31</b>	<b>209.66</b>	<b>1,680.00</b>
Segment liabilities	46.00	-	520.30	541.56	1,107.86
Unallocated liabilities	-	-	-	-	92.31
<b>Total liabilities</b>	<b>46.00</b>	<b>-</b>	<b>520.30</b>	<b>541.56</b>	<b>1,200.17</b>

#### Notes:

1. Other Banking Operations includes Business Correspondent services, Domestic Money Transfer, Micro -ATM & Aadhaar enabled Payment System (AePS).

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 11. Segment Reporting (contd.)

- Pursuant to the segment reporting requirement of the RBI previous year numbers are reported under the best allocable segment i.e Other Banking Operations.
- Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.

Geographic segment:

The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has not reported any geographic segments.

### 12. Related Party Transactions

As per AS 18 "Related Party Disclosures", the Bank's related parties for the year ended 31 March 2023 are disclosed below:

#### 1. Parent Entity

Fino Paytech Limited (Percentage of holding - 75%)

#### 2. Key Management Personnel ('KMP')

Mr. Rishi Gupta (Managing Director & Chief Executive Officer)

#### 3. Relatives of Key Management Personnel

- Father - Nandkishore Gupta
- Sons - Prajwal Gupta, Pranav Gupta
- Brother - Gautam Gupta
- Wife - Roli Gupta

#### 4. Fellow Subsidiaries

Fino Finance Private Limited

Fino Financial Services Private Limited

Fino Trusteeship Services Limited

The following represents the significant transactions between the Bank and such related parties during the year ended 31 March 2023 :

Items / Related Party	(Rs. in crore)					
	Parent	Fellow Subsidiaries	Associates / Joint ventures / Subsidiaries	KMP	Relatives of KMP	Total
Rendering of services	2.58	0.02	-	-	-	2.60
Reimbursement of expenses *	11.56	-	-	-	-	11.56
Remuneration	-	-	-	-	-	-
Balances payable	-	-	-	-	-	-
Balance receivable	0.96	0.01	-	-	-	0.97

\* Includes reimbursement of Issue Expenses related to sale of equity shares in Fino Payments Bank (The offer expenses related to Initial Public Offering have been apportioned between Fino PayTech and Fino Payments Bank in the ratio of Fresh issue (Rs 300 Crs) & Offer for Sale (Rs 900 Crs) as a percentage of total Offer Rs 1200 Crs)

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 12. Related Party Transactions (contd.)

The following represents the significant transactions between the Bank and such related parties during the year ended 31 March 2022:

Items / Related Party	(Rs. in crore)					
	Parent	Fellow Subsidiaries`	Associates / Joint ventures / Subsidiaries	KMP	Relatives of KMP	Total
Rendering of services	2.74	0.34	-	-	-	3.08
Reimbursement of expenses	19.77	1.40	-	-	-	21.17
Remuneration	-	-	-	-	-	-
Balances payable	2.04	1.13	-	-	-	3.17
Balance receivable						

In accordance with RBI guidelines dated 29 March 2003 Guidance on Compliance with the accounting standards by banks, details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

### 13. Deferred tax (AS-22)

Particulars	(Rs. in crore)	
	As at 31 March 2023	As at 31 March 2022
Deferred tax assets :		
Depreciation on fixed assets	11.89	13.88
Unabsorbed depreciation on fixed assets	18.04	18.05
Business loss	38.67	56.28
Employee benefits	4.42	4.03
Provision for doubtful debts	2.00	1.99
<b>Total</b>	<b>75.02</b>	<b>94.23</b>

Deferred tax assets have not been recognized in respect of the aforesaid items in absence of virtual certainty of future taxable profits as mandated by Accounting Standard 22 – Deferred Taxes as issued by Institute of Chartered Accountants of India.

### 14. Provisions and contingencies

Break up of 'Provisions and contingencies shown under the head expenditure in the Profit and Loss Account.

Particulars	(Rs. in crore)	
	Year Ended 31 March 2023	Year Ended 31 March 2022
i) Provision made towards NPAs/write off/sacrifice for Restructured Advance/ Debt relief as per RBI guidelines	-	-
a) For Advances	-	-
b) For Investments	-	-
c) For Leased Assets	-	-
ii) Provision towards Standard Advances	-	-
iii) Provision for depreciation on investments	-	-
iv) Provision / (Write back) for Credit card reward points	-	-
v) Provision for others	-	-
vi) Provision towards Income tax	-	-
vii) Provision towards deferred tax (net)	-	-



## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 15. Appropriation to / Withdrawal from Reserve

(i) Statutory Reserve :

The Bank has made an appropriation of Rs 16.27 crore (31 March 2022: Rs 10.69 crore) out of profits for the year ended 31 March 2023 to Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

(ii) Investment Fluctuation Reserve :

During the year ended 31 March 2023, the Bank has transferred an amount of Rs.23.90 Crores (Previous year: 0.11 crore) from Profit and Loss Account to Investment Fluctuation Reserve as per the RBI circular on "Prudential Norms for Classification, Valuation and Operation of Investments Portfolio by Banks – Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR)".

### 16. Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year ended 31 March 2023

#### A. Summary information on complaints received by the bank from customers and from the Office of Banking Ombudsman (OBO)

Particulars	Year Ended 31 March 2023	Year Ended 31 March 2022
<b>Complaints received by the bank from its customers</b>		
1 Number of complaints pending at beginning of the year	367	204
2 Number of complaints received during the year	50,391	34,507
3 Number of complaints disposed during the year	49,499	34,344
Of which, number of complaints rejected by the bank	17,748	17,713
4 Number of complaints pending at the end of the year	1,259	367
<b>Maintainable complaints received by the bank from OBOs</b>		
5 Number of maintainable complaints received by the bank from OBOs	161	309
Of 5, number of complaints resolved in favour of the bank by BOs	64	268
Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by BOs	97	41
Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-
6 Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

#### B. Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	No. of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaint received over the previous year	Number of complaint pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>Year Ended 31 March 2023</b>					
Analysis, Suspected Fraud A/c Freeze, Docs requested from the CM.	55	11,673	30%	243	-
ATM Transaction Dispute.	122	10,410	28%	226	7
A/c Restricted due to complaint received from LEA.	12	5,017	344%	182	-
Fraud Victim Customer & Merchant Complaint.	13	4,579	197%	78	5
Delay In Account Opening.	44	3,051	(63%)	59	-
<b>Total</b>	<b>246</b>	<b>34,730</b>	<b>536%</b>	<b>788</b>	<b>12</b>

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 16. Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year ended 31 March 2023 (contd.)

Grounds of complaints, (i.e. complaints relating to)	No. of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaint received over the previous year	Number of complaint pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>Year Ended 31 March 2022</b>					
Account opening/difficulty in operation of accounts	37	8,138	(38)%	52	2
Internet/Mobile/Electronic Banking	9	2,196	(24)%	18	1
ATM/Debit Cards	140	8,136	49%	143	4
Cheques/drafts/bills	5	176	(23)%	1	-
Levy of charges without prior notice/excessive charges/foreclosure charges	-	-	(100)%	-	-
<b>Total</b>	<b>191</b>	<b>18,646</b>	<b>(136)%</b>	<b>214</b>	<b>7</b>

### 17. Letter of comfort

Bank has not issued any letters of comfort during the year ending 31 March 2023 and 31 March 2022.

### 18. Provisioning coverage ratio

As per Operating Guidelines, Payments Banks are not permitted to lend to any person including their directors. Accordingly, the disclosure requirements with respect to Provisioning coverage ratio are not applicable.

### 19. Bancassurance Business :

The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business.

(Rs. in crore)

Particulars	Year Ended 31 March 2023	Year Ended 31 March 2022
i) Fee/ brokerage from Life insurance business	-	0.01
ii) Fee/ brokerage from General insurance business	0.69	0.59
<b>Total fees from Bancassurance Business</b>	<b>0.69</b>	<b>0.60</b>

### 20. Concentration of deposits, advances, exposures and NPAs

#### 20.1 Concentration of deposits:

(Rs. in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Total deposits of twenty largest depositors	0.39	0.39
Percentage of Deposits of twenty largest depositors to Total deposits as at the year end	0.04%	0.08%

#### 20.2 Concentration of Advances:

(Rs. in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Total advances of twenty largest borrowers#	0.12	0.24
Percentage of borrowers of twenty largest borrowers to Total advances as at the year end	100%	99%

# Refer Note 2 of Significant Accounting Policies

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 20. Concentration of deposits, advances, exposures and NPAs (contd.)

#### 20.3 Concentration of Exposures:

As per Operating Guidelines, Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2023 and as at 31 March 2022, the Bank does not have any exposure and accordingly, the disclosure requirements with respect to Concentration of Exposures is not applicable.

#### 20.4 Concentration of NPA's:

As per Operating Guidelines, Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2023 and as at 31 March 2022, the Bank does not have any NPA's and accordingly, the disclosure requirements with respect to Concentration of NPA's is not applicable.

### 21. Sector wise Advances:

As per the Operating guidelines Payments Bank are not permitted to lend to any person including their directors. As at 31 March 2023 and as at 31 March 2022, the Bank has not provided any advances, accordingly the disclosure requirements with respect to sector wise Advances is not applicable.

### 22. Movement of NPA's:

As per the Operating guidelines Payments Bank are not permitted to lend to any person including their directors. As at 31 March 2023 and as at 31 March 2022, the Bank does not have any NPA's and accordingly, the disclosure requirements with respect to Movement of NPA's is not applicable.

### 23. Overseas Assets, NPAs and Revenue:

The Bank does not hold any overseas assets / NPA as at 31 March 2023 and as at 31 March 2022 and no overseas operations were undertaken during the year ended 31 March 2023 and 31 March 2022. Accordingly, the disclosure requirements with respect to Overseas Assets, NPAs and Revenue are not applicable.

### 24. Off Balance Sheet SPVs Sponsored:

There are no off balance sheet SPVs sponsored by the Bank, which needs to consolidated as per accounting norms. Accordingly, the disclosure requirements with respect to Off Balance Sheet SPVs Sponsored are not applicable.

### 25. Particulars of resolution plan and restructuring

As per Operating Guidelines, Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2023 and as at 31 March 2022 the Bank has not provided any advances and accordingly, the disclosure requirements with respect to Particulars of resolution plan and restructuring are not applicable.

### 26. Movement of Technical / Prudential Written off Accounts

The Bank has not written off any accounts for the year ended 31 March 2023 and 31 March 2022.

### 27. Divergence in asset classification and provisioning

As per Operating Guidelines, Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2023 and as at 31 March 2022, the Bank does not have any NPA's and accordingly, the disclosure requirements with respect to Divergence in asset classification and provisioning are not applicable.

### 28. Disclosure of transfer of loan exposures

As per Operating Guidelines, Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2023 and as at 31 March 2022, the Bank does not have any exposure and accordingly, the disclosure requirements with respect to Disclosure of transfer of loan exposures are not applicable.

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 29. Disclosure under Resolution Framework for COVID-19 -related Stress

As per Operating Guidelines, Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2023 and as at 31 March 2022, the Bank does not have any exposure and accordingly, the disclosure requirements with respect to resolution Framework for COVID -19 are not applicable.

### 30. Disclosure on Remuneration

#### Qualitative Disclosure

#### A) Information relating to the composition and mandate of the Nomination & Remuneration Committee

Members of Nomination & Remuneration committee are:

1. Mr. Prakash Iyer, Chairman and Independent Director (Appointed w.e.f. July 25, 2022)
2. Mr. Rajat Kumar Jain Member and Independent Director (Appointed w.e.f. May 11, 2022)
3. Mr. Rakesh Bhartia, Member and Independent Director (Appointed w.e.f. December 9, 2022)
4. Mr. Prateek Roongta, Member and Nominee Director (Appointed w.e.f. December 9, 2022)
5. Mr. Suresh Kumar Jain, Chairman of the Committee and Independent Director (ceased to be Member of the Committee w.e.f. December 09, 2022)
6. Mr. Mahendra Kumar Chouhan, Member and Independent Director (ceased to be Director of the Company w.e.f. May 02, 2022)
7. Dr. Punita Kumar Sinha, Member and Independent Director (ceased to be Director of the Company w.e.f. May 02, 2022)
8. Mr. P. S. Ravi, Member and Nominee Director (Resigned w.e.f. November 02, 2022)

#### B) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy

The Compensation Structure at the Bank's is divided into two parts Fixed and Variable.

The compensation is broadly been divided in components like Basic Salary, HRA, Provident Fund, Leave Travel Allowance, Special Allowance and Earning Potential (Variable Pay).

Depending on grade title/role/performance one or more components may be included or excluded from the salary structure.

**Variable Pay:** The Variable pay varies depending on employee's performance and is subject to change as per the Bank's performance and policies.

For variable payout the performance evaluation is determined through KPIs based approach. KPIs cascades from the organization's / department's goals. These are defined at the beginning of the financial year. (The weightages against these parameters will vary according to Department and the Band of the employee):

Employees eligible under sales incentives are excluded from earning potential process and are covered through the Sales Incentives Plans.

**Statutory Bonus:** Some section of Employees are also paid statutory bonus as per the Payment of Bonus Act (1965) as amended from time to time.

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

The Bank takes into account various types of risks in its remuneration processes. Along with keeping in mind the key parameters like Fixed and Variable pay the focus is also on ensuring a high performance culture, role clarity, meritocracy, clarity on performance expectation and a robust mechanism are necessary ingredients in building a productive and motivated team that is aligned to organizations vision

While considering the fixed pay for revision, the Bank conducts salary review process wherein revisions in compensation are based on performance and internal pay parity study up to an extent is taken in consideration to ensure that employees are competitively positioned in terms of fixed pay.

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 30. Disclosure on Remuneration (contd.)

Cascading of goals from the Organizational level to individual levels, periodic monitoring of performance, frequent rewards, performance improvement plans and key talent programmes ensure that the risk due to attrition is mitigated as much as possible.

To protect current and future risks; for Material Risk Takers, the deferred portion of compensation is subject to malus and clawback arrangements which dovetails into prudent risk taking and a futuristic approach to decision making by them.

#### D) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration

The Bank follows a Philosophy of 'Pay for Performance and Promote for Potential'. Evaluation process for each Band is followed while measuring performance.

The performance evaluation is determined through KPIs based approach. KPIs cascades from the organization's / department's goals. These are defined at the beginning of the financial year. These KPIs are a combination of following broad parameters (The weightages against these parameters will vary according to Department and the Band of the employee):

a) Financial b) Process c) Customer d) Capability

Earning potential will be paid basis the individual and Bank performance (performance bonus will vary band wise and on the performance of the Bank & the individual performance against set KPI)

#### E) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

Employees of the Bank may be entitled to stock purchase / stock options scheme as per the bank's ESOP Scheme with the vesting period as recommended by RBI guidelines and incorporated in the Compensation Policy.

For those employees identified as Material Risk Takers (MRT), deferral arrangements will be a part of their variable compensation. For such employees, at least 60% of their total variable pay will be under deferral arrangements. The compensation of MRTs will also include a deferral of the cash variable as per the regulatory guidelines incorporated in the Compensation Policy.

Such Variable Compensation will also be subject to Malus and Claw backs and will need employees to sign relevant declarations whenever necessary.

#### F) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms

Employees of the Bank may be entitled to stock purchase / stock options scheme as per the bank's ESOP Scheme.

Cash bonus is a part of earning potential/Sales Incentive depending on employee's and Bank's performance basis the KPIs set across the organization and is subject to change as per the Bank's performance and policies.

Some section of Employees are also eligible for statutory bonus as per the Payment of Bonus Act (1965) as amended from time to time

### Quantitative Disclosure:

(The quantitative disclosure covers Whole Time Directors, Chief Executive Officer and Other Risk Takers)

Particulars	Year Ended 31 March 2023	Year Ended 31 March 2022
1 (i) Number of meetings held by the Nomination & Remuneration Committee during the financial period	6	12
1 (ii) Remuneration paid to its members during the financial period (Rs. in crore)	0.12	0.27
2 (i) Number of employees having received a variable remuneration award during the financial period.	3	3
2 (ii) Number and total amount of sign-on awards made during the financial period	Nil	Nil
2 (iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus (Rs. in crore)	Nil	Nil
2 (iv) Details of severance pay, in addition to accrued benefits, if any. (Rs. in crore)	Nil	Nil
3 (i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. (Rs. in crore)	11.83	4.88
3 (ii) Total amount of deferred remuneration paid out in the period. (Rs. in crore)	Nil	4.11

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 30. Disclosure on Remuneration (contd.)

(Rs. in crore)

Particulars	Year Ended 31 March 2023	Year Ended 31 March 2022
4 Breakdown of amount of remuneration awards for the financial year:		
Fixed	6.35	4.63
Variable	6.96	5.42
Deferred	6.01	4.87
Non-deferred	0.94	0.55
5(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil	4.87
5(ii) Total amount of reductions during the period due to ex- post explicit adjustments.	Nil	Nil
5(iii) Total amount of reductions during the period due to ex- post implicit adjustments	Nil	Nil

### 31. Disclosures relating to securitization

As per the Operating guidelines Payments Banks are not permitted to lend to any person including their directors and hence there are no loans with the Bank which can be securitized. Accordingly, the disclosure requirements with respect to securitization are not applicable.

### 32. Credit default swaps

There is no credit default swap as on 31 March 2023 and as on 31 March 2022. Thus the disclosure is not applicable to the Bank.

### 33. Forward rate agreement/Interest rate swap

There is no Forward rate agreement/ Interest rate swap as on 31 March 2023 and as on 31 March 2022. Thus the disclosure is not applicable to the Bank.

### 34. Intra-group exposures

The Bank does not have any exposure (advances/ Investments) within the group.

### 35. Transfers to Depositor Education and Awareness Fund (DEAF)

(Rs. in crore)

Sr. No	Particulars	Year Ended 31 March 2023	Year Ended 31 March 2022
i)	Opening balance of amounts transferred to DEA Fund	-	-
ii)	Add: Amounts transferred to DEA Fund during the year	-	-
iii)	Less: Amounts reimbursed by DEA Fund towards claims	-	-
iv)	Closing balance of amounts transferred to DEA Fund	-	-

### 36. Unhedged Foreign currency Exposure

The Bank does not have any foreign currency exposure as at 31 March 2023 and as at 31 March 2022. Thus the disclosure is not applicable to the Bank.

### 37. Details of provisioning pertaining to fraud accounts

During the year ended 31 March 2023, the Bank has reported 50 (Previous Year 36) cases of fraud amounting to Rs 1.36 crore (Previous Year Rs 0.83 crore), against which the Bank has made a provision of Rs.0.53 crore (Previous Year Rs 0.44 crore), adjusted for recovery.

(Rs. in crore)

Particulars	Year Ended 31 March 2023	Year Ended 31 March 2022
Number of frauds reported	50	36
Amount involved in frauds	1.36	0.84
Provision made	0.53	0.44
Unamortized provision debited from 'other reserves'	-	-

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 38. Corporate Social Responsibility (CSR)

The details of CSR activities are given as below:

		(Rs. in crore)	
Sr. No	Particulars	Year Ended 31 March 2023	Year Ended 31 March 2022
1.	Amount required to be spent by the Bank during the year	0.25	-
2.	Amount of Expenditure incurred	0.25	-
3.	Shortfall at the end of the year	-	-
4.	Details of unspent CSR amount for the preceding three FY	-	-
5.	Reason for shortfall	N.A	NA
6.	Nature of CSR Activities	i) Financial Literacy ii) Healthcare iii) Primary Education iv) Eradicating Hunger v) Protection of Environment vi) Employment enhancing vocal skill: Apprentice Training.	NA

### 39. Factoring Business:

The Operating Guidelines defines the scope of activities for Payments Banks. Factoring Business is not within the defined scope of the Operating Guidelines issued by RBI. The Bank has not engaged in Factoring Business.

### 40. Earnings per Equity Share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard 20 - Earnings per Share.

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares and dilutive potential equity shares outstanding during the year. Potential equity shares are not considered for the calculation of Dilutive EPS since the fair market value is less than the exercise price of the options.

As required by Accounting Standard 20 ("AS-20"): Earnings per Share, in the event of Bonus issue by a company, the basic and diluted EPS should be calculated after taking into consideration the bonus shares issued, for all the reporting periods presented subsequent to the Bonus issue. Accordingly, as required by AS-20 both basic and diluted EPS for all the reporting periods have been calculated after taking into consideration the bonus shares.

Particulars	Year Ended 31 March 2023	Year Ended 31 March 2022
<b>Basic earnings per share</b>		
Weighted average number of equity shares	8,32,14,302	80,009,250
Net profit after tax attributable for equity shareholders (Rs. in crore)	65.10	42.74
Basic earnings per share (F.V. Rs. 10 each) (Rupees)	7.82	5.34
<b>Diluted earnings per share</b>		
Weighted average number of equity shares (including dilutive potential equity shares)	8,32,14,302	80,009,250
Net Profit after tax attributable for equity shareholders (Rs. in crore)	65.10	42.74
Diluted Earnings Per share (F.V. Rs. 10 each) (Rupees)	7.82	5.34

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 41. Contingent Liabilities

Description of nature of contingent liabilities is set out below:

**i) Claims against the Bank not acknowledged as debts:**

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.

**ii) Liability for partly paid investments:**

The Bank has made investment in Treasury Bills for maintaining the SLR requirement. Such Treasury Bills are fully paid and therefore the Bank does not have any liability for partly paid investments

**iii) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:**

The Bank does not have any liability by way of Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations.

**iv) Other Contingent items :**

- (a) There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. The Bank has recorded a contingent liability of Rs.3.68 crore with respect to these matters.
- (b) HDFC Bank Limited (Applicant) has filed a petition before the Debt Recovery Tribunal – II at Mumbai ("Debt Recovery Tribunal") against Fino Payments Bank (in the erstwhile name of the Bank i.e. Fino Fintech Foundation) and Fino PayTech Limited on September 9, 2014. The Bank acted as a business correspondent to the Applicant for rendering banking services on the Applicant's behalf, under the Memorandum of Understanding dated August 28, 2009, between the Applicant and Government of Haryana for implementation of scheme for electronic disbursement of various government entitlements. The Applicant has alleged certain irregularities by the Bank in its role as a business correspondent and has claimed that an amount of Rs. 1.86 crores, including damages, is owed by the Bank to the Applicant. According to the DRT Filing Department the claim is not maintainable before DRT since the amount involved in the matter does not qualify as a Debt under the definition of "Debt" as per DRT regulations hence shall be out of the purview of DRT. The Bank has not recorded contingent Liability in respect of the above litigation and objected the petition on the same ground and argued the matter in favour of the objection by the DRT filing Department.

### 42. Fixed Assets - Software:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, excluding Capital WIP, as included in fixed assets:

Particulars	(Rs. in crore)	
	As at 31 March 2023	As at 31 March 2022
At cost at the beginning of the year 01 April	37.49	32.78
Additions during the year	16.73	4.71
Deductions during the year	-	-
Accumulated depreciation up to 31 March	33.84	28.57
Net block as at 31 March	20.38	8.92

### 43. Micro and Small Industries:

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 02 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.



## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 44. Deposits :

As per the Operating Guidelines of Payments can accept only savings and current deposits. The aggregate limit per customer has been extended to Rs. 200,000 from 07th April 2021 by RBI as against the previous limit of Rs. 1,00,000. Payments Banks are permitted for making arrangements with any other Scheduled Commercial Bank / SFB (Small Finance Bank), for amounts in excess of the prescribed limits, to be swept into an account opened for the customer at that bank, with the prior written consent of the customer.

The above limit shall apply to customer deposits and not to any security / earnest money deposit the bank may collect from any of its service providers in the ordinary course of business.

The Bank has made sweep out arrangements with Suryoday Small Finance Bank in order to ensure adherence to RBI guidelines.

### 45. Operational lease

The Bank has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation.

Particulars of future minimum lease payments in respect of the same are as mentioned below:

Particulars	(Rs. in crore)	
	Year Ended 31 March 2023	Year Ended 31 March 2022
Not later than one year	9.31	8.73
Later than one year and not later than five years	22.89	23.08
Later than five years	2.97	7.07
<b>Total</b>	<b>35.17</b>	<b>38.88</b>
Lease payment recognized in Statement of Profit and Loss for the year*	11.96	10.70

\*Expenses incurred on operating lease is accounted in the year in which expenses is incurred by the Bank.

### 46. Liquidity Coverage Ratio (LCR)

The provisions of Liquidity Coverage Ratio (LCR), as per the circular on Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards dated June 9, 2014 and as amended from time to time, are not applicable to the Payments Banks and hence no disclosures have been provided.

### 47. Employee Stock Option Plan ("ESOP") :

There were no options granted during the year ended March 31, 2023.

During the previous year ended March 31, 2022, the Bank has granted 7,80,236 employees stock options (ESOP). The Bank measures compensation cost relating to the employee stock options using the fair value method. The fair value of stock options is estimated on the date of grant using the Black- Scholes model with the following assumptions:

Particulars	2021-22
Expected Volatility	26.65%-33.19%
Risk Free Interest rates	4.80%-5.68%
Fair value of option on grant date	176.02

### 48. Other Expenditure :

The following table sets forth, for the periods indicated, the details of Other Expenditure (exceeding 1% of the revenue):

Particulars	(Rs. in crore)	
	Year Ended 31 March 2023	Year Ended 31 March 2022
Business Correspondents Commission	648.41	559.43
NPCI Switching Fees & Interchange Expenses	87.10	56.22
Consultancy Charges	34.11	35.25
Consumption of Devices	21.08	11.34
License Subscription Charges & Support fees	16.54	10.23

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 49. Other Income

- (a) The following table sets forth, for the periods indicated, the details of Commission, Exchange & Brokerage (exceeding 1% of the revenue) :

Particulars	(Rs. in crore)	
	Year Ended 31 March 2023	Year Ended 31 March 2022
Merchant onboarding Fees	57.93	94.26
Debit Card Issuance & Annual Fees	14.27	6.81

### 50. Other Assets & Other Liabilities

- (a) The following table sets forth, for the periods indicated, the details of Other Assets – Others (exceeding 1% of total assets):

Particulars	(Rs. in crore)	
	Year Ended 31 March 2023	Year Ended 31 March 2022
Advances towards Servers, Devices, Kits	83.62	14.46
Debtors	72.71	61.71
Inventory of Debit Card Kits	41.37	13.26

- (b) The following table sets forth, for the periods indicated, the details of Other Liabilities & Provisions – Others (including provisions) (exceeding 1% of total assets):

Particulars	(Rs. in crore)	
	Year Ended 31 March 2023	Year Ended 31 March 2022
Earnest Money Deposit (BC Pool Account)	282.69	221.37
Third Party Settlement - Payment Services	85.65	59.80

### 51. Social Security Code :

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. The effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are not yet issued. The Bank will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

### 52. Payment of DICGC Insurance Premium

Sr. No	Particulars	(Rs. in crore)	
		Year Ended 31 March 2023	Year Ended 31 March 2022
1.	Payment of DICGC Insurance Premium #	1.00	0.60
2.	Arrears in payment of DICGC premium	-	-

# Excluding goods and service tax

### 53. Net Stable Funding ratio (NSFR)

The provisions of Net Stable Funding Ratio (NSFR), as per the circular on Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR), are not applicable to the Payments Banks and hence no disclosures have been provided.

### 54. Implementation of IFRS converged Indian Accounting Standards (Ind AS)

In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), converged with International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). However, currently the implementation of Ind AS for banks has been deferred by RBI till further notice pending the consideration of some recommended legislative amendments by the Government of India.

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

### 54. Implementation of IFRS converged Indian Accounting Standards (Ind AS) (contd.)

Further, Fino PayTech Limited, our parent company, prepares its financial statements in accordance with Ind AS and such statements include our financial statements prepared in accordance with Ind AS for the limited purpose of inclusion in the parent company's consolidated financial statements. In view of the same, the Bank is in an advanced stage of preparedness for implementation of Ind AS, as and when these are made applicable to the banks.

### 55. Contractual Obligations and Commitments :

The following table sets forth a summary of our contractual obligations :

Particulars	(Rs. in crore)	
	As at 31 March 2023	As at 31 March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	3.40	0.64

### 56. Rule 11 of the Companies (Audit and Auditors) Rules, 2014

Fino Payments Bank is engaged in providing various types of financial services such as current and savings accounts, remittances, business correspondent, mobile banking, bill payments and third party financial products distribution to the rural, poor and underserved and unserved classes to help them be economically self-reliant.

Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries). The Bank has also not received any fund from any parties (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

### 57. Marketing & Distribution

The following table sets forth, for the periods indicated, income received from marketing and distribution function.

Particulars	(Rs. in crore)	
	Year Ended 31 March 2023	Year Ended 31 March 2022
Income received in respect of the marketing and distribution#	0.97	1.21

#Includes referral fees from distribution of third party loans.

### 58. Disclosures regarding Priority Sector Lending Certificates (PSLCs)

As per Operating Guidelines, Payments Banks are not permitted to lend to any person including their directors. The Bank has not purchased or sold any PSLCs during the year ended 31 March 2023 and 31 March 2022 and accordingly, the disclosure requirements with respect to PSLC are not applicable.

### 59. Disclosure of facilities granted to directors and their relatives

The Bank has not extended any fund or non-fund facilities to directors, their relatives, companies or funds in which they are interested.

### 60. Fees paid to Statutory Auditors

The total fees (excluding taxes) incurred by the Bank for the services rendered by the statutory auditors are as below:

Particulars	(Rs. in crore)	
	FY 2022-23	FY 2021-22
Audit Fees (including Statutory Certifications)	0.47	0.52
Reimbursement of expenses	-	0.01

## Schedule 18 - Notes forming part of financial statements

for the year ended 31 March 2023

**61.** The Board of Directors have not recommended any dividend for the financial year 2022-23.

**62.** Figures of the previous year have been re-grouped to conform to the current year's presentation.

As per our report of even date attached

For **A P Sanzgiri & Co.**

Chartered Accountants

ICAI Firm Registration No: 116293W

**Abhijit Sanzgiri**

Partner

Membership No: 043230

Place : Mumbai

Date : 02 May 2023

For and on behalf of the Board of Directors

**Fino Payments Bank Limited**

**Rishi Gupta**

Managing Director &

Chief Executive Officer

DIN - 01433190

**Ketan Merchant**

Chief Financial Officer

Place : Navi Mumbai

Date : 02 May 2023

**Deena Mehta**

Independent Director

DIN - 00168992

**Basavraj Loni**

Company Secretary &

DVP - Legal

Membership No - A23095

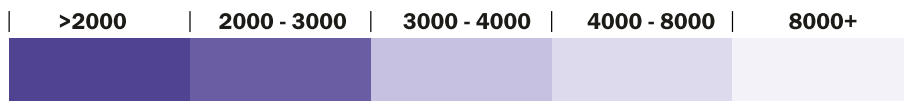
# The force behind Fino Bank - Our people!



# Haazir Har Kahi, Aap Aaiye to Sahi!



Population per Fino distribution point



Scan to locate

8 th Floor, Plot No. 2/1/F, Tower 1,  
MindSpace Juinagar, MIDC Shirwane, TTC Industrial Area,  
Navi Mumbai - 400706, Maharashtra

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