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2023



Vision

To be the most trusted and accessible financial services institution of the North East; promoting financial inclusion and creating value for all its stakeholders.

Mission

Preffered banker for all financial needs by providing suitable products and services in a timely, convenient, and responsible manner, through doorstep banking and use of technology, thereby leading to sustainable growth of the community atlarge.



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AN ALMANAC

At the close of the FY 2022-23, we have a network of 226 branches, our liability book gained momentum with deposits growing to Rs. 2,039.63 crores as on 31st March, 2023. We have achieved a Portfolio Outstanding of Rs. 1,908.43 crores as on 31st March, 2023. Further, as on 31st March, 2023, we have touched and improved the lives of over 8 lakh clients spread across 9 states.



FROM THE DESK OF THE DIRECTOR & CEO



Dear Shareholders

I present to you the 6th Annual Report of the Bank and the highlights of the Bank's performance for the FY 2022-23. Details of the initiatives and achievements are provided in the enclosed Annual Report of the Bank.

Economic Outlook during the year

Past year has been a year of learning., after witnessing the slowdown in economy during the last two-three years, global economy has shown signs of recovery in the year with focus on aggressive monetary policy highlighting various central banks to control inflation. India as a country was reeling with the after effect of the pandemic and the country as a whole needed a lot of investment to restart the major activities and at the same time protect the sporadic increase of infection count by voluntarily limiting major congregation based activities. Rural demand along with focus by Government in the last year on capital expenditure for reviving manufacturing and service sector along with infrastructure spending was a welcome decision. RBI was also raising rates to combat inflation and control overall growth trajectory.

As far as the North Eastern region is concerned, particularly Assam experienced severe flood in the various districts. The impact has been hugely felt in agriculture and allied activities sector. The micro and small businesses were also severely affected along with the loss of lives and crops. Income generation activities in the region has been heavily hit. Going into the little bit of a detail, the economic fall out of the last year its subsequent slow revival has been made worse by the lack of capital at household level which was the need of the crisis hour to help re-start the livelihood activities. Also the burden of already contracted financial debt repayments made lives very difficult for citizens at grass root level catering to the bottom of the pyramid.

We have seen across the terrain where we operate, Livelihood getting Impacted severely leading to requirement of an out of box solution and it came via RBI One Time Restructuring under Covid 2.0. The solution enabled loans to given a tenor extension by 24 months inclusive of moratorium. Almost 50% customers requested help under this facility and large set of such customers requested for assistance to reduce EMI owing to pandemic impact. The request from ground level further encompasses 7-10 Months Moratorium and decrease in EMI subsequently. RBI has allowed restructuring of the all such loans so that borrower get adequate time to generate the necessary income through their activities for the repayment.

Business Environment and Bank's Performance

Parallel to this, the Government of Assam as part of their electoral promise fulfilled their mandate by introducing Assam Micro Finance Incentive and Relief Scheme (AMFIRS) which was signed on Aug-21 with 37 lenders including ourselves. The MOU considers Mar 31,2021 based loan position and has bucketed the loans in 3 buckets of regular, overdue (1-89 days) and NPA and have committed to help the lenders by way of providing incentive for regular payers, clearing the overdue amount for overdue bucket customers followed by incentive for maintaining credit discipline and relief for NPA customers.

Due to govt. declaration of AMFIRS, the hard core defaulters did not come forward to pay their dues with the expectation that the Govt. of Assam will waive the loan, which did not happen as a result we landed with huge NPA and had to make provisions for as per RBI Guidelines. Moreover, a large population asked for support in the form of credit support loans for liquidity and consumption, again which SFBs find it challenging to meet owing to existing restrictions from regulatory perspectives.

On the positive side, our diversification to the retail segment has been the biggest positive. We have introduced new retail products like Unnati Business Ioan, Unnati Business Plus Ioan, EDL in bigger ticket size, Cash Credit Ioans etc. along with an arrangement of giving income generation Ioans by signing MOU with the various Govt. like Govt. Of Meghalaya, Govt. Of Manipur, Govt. of Nagaland and Autonomous District council of Tripura. The Micro and Small Enterprises which are principally unregistered as on date has seen various difficulties as the revival of demand is still slow. All these with present debt obligation pushes the borrowers to be lot more conservative for fresh credit n offtake.

We ended the year 2022-23 with a loss, but our financial parameter saw a little bit of weakening when we compare year on year. This was principally due to rise in NPA. However, we got the 1st and 2nd tranche of relief money for regular customers declared under AMFIRS. The NPAs are transitory in nature and as and when we will get the 3rd instalment from the Govt. of Assam, we will be able to reduce such NPAs considerably and we will come out of stress.

Dear Shareholders,

Backed by the illustrious legacy of more than decades of your support, your Bank holds a great promise for not only its own future but for the region as an institution of systemic importance. For your support, I extend heartfelt gratitude to all of you and other stakeholders and express my resolve to deepen the trust reposed in us by all our stake-holders. Lastly but most importantly, I would like to thank our investors for lending their gracious support during such challenging times. I am also grateful to the esteemed Board of Directors of NESFB for their guidance. And I am highly thankful to the workforce of the Bank, whose commitment, sincerity and honest efforts have made the Bank's annual performance possible. As I look forward, I can see this Bank has the potential to bounce back strongly and scale the greater heights.

I also place on record and thank RBI, NABARD, SIDBI, SLBC, State Govt Officials for their guidance and support during this time of crisis.

We are confident that we will continue to grow from here and strengthen the organisation going forward. The coming year 2023-24 will see NESFB initiate transformation cycle as we plan our roadmap for the multiyear growth path and finally unveiling public issue in the coming years.

Yours Sincerely

Rupali Kalita MD & CEO



COMPOSITION OF THE BOARD OF NESFB LTD.

NAME	DESIGNATION	NATIONALITY
Dr. R. K. Garg	(Independent Director & Part Time Chairman)	Indian
Ms. Rupali Kalita	(Managing Director & CEO)	Indian
Dr. Gautam Barua	(Independent Director)	Indian
Ms. Manjula Saikia Bhuyan	(Independent Director)	Indian
Mr. Sistla Prabhakar	(Independent Director)	Indian
Mr Tapan Kumar Hazarika	(Independent Director)	Indian
Ms. Smriti Chandra	(Nominee Director)	Indian
Mr Pradeep Kumar Nath	(Nominee Director)	Indian
Mr. James Stuart Brown	(Nominee Director)	Australian

Dr. R. K. Garg

(Independent Director & Part Time Chairman)



Dr. Ram Krishna Garg, a PhD. Superannuated as Chief General Manager (Risk Management), from State Bank of India, in April 2013, after heading the Bank's North East Operations for two years. He has vast experience in setting up New Companies for State Bank, resolving Stressed Assets for the Bank, managing High Value Industrial credit, Heading the Bank's Risk Management function, heading challenging banking operations not only in India but also abroad with responsibilities over Retail Banking including SME, Agri, HR, and International Banking. He has also been associated with several companies, while in service and after retirement as well. Dr. Garg is an Honours Graduate in Physics, with a Management Post Graduate degree

from Banaras Hindu University. While he is a Certified Associate of the Indian Institute of Bankers, he was awarded Doctorate by Gauhati University, for his thesis on "A study of Enterprises based in North Eastern states, based on their credit rating "in April 2015. He has undergone several professional development programmes in Top ranking Indian and International Management Institutes. He has been associated with NESFB since 25/05/2021.

Ms Rupali Kalita

(Managing Director & CEO)



Ms. Kalita, is the Managing Director & CEO of North East Small Finance Bank, which is the first and only Small Finance Bank from the North Eastern part of India. She is an experienced development banker with an experience of over 36 years in the Banking and Financial Services sector. She has 20 years of experience in Retail Banking in Langpi Dehangi Rural Bank during her tenure as Senior Manager in the bank. Ms. Kalita, has to her credit a degree from Boulder Microfinance, Turin, Italy besides various other certifications from different institutions. She has been trained in Microfinance from Basix and have exposures to ASA, BRAC premier institutions in

Bangladesh and in Amana Ikhtiar, Malaysia, Bank Patanian and Bank Simpanan, Malaysia, to name a few. She has also attended a certificate course on Strategic Leadership in Financial Inclusion in HARVARD, USA in March 2016. Also attended an Enterprise Leadership course in Insead Fontainebleau, Paris in August 2018. She had recently attended a workshop on Board Governance & Leadership Development at Goa in March, 2021. Ms. Kalita is material in transforming RGVN-CSP (NGO) into an NBFC (RGVN MFL) and then to NESFB (Scheduled Commercial Bank). NESFB has been awarded with Scheduled Commercial Bank Status by the Reserve Bank India vide letter No. of DBR.NDB.NO.31/16.02.010/2019-20.

Dr Gautam Barua

(Independent Director)



Dr Gautam Barua is currently the Director of Indian Institute of Information Technology Guwahati and Professor of Computer Science and Engineering. He was the Director IIT Guwahati from 2003 till 2013 and is currently on deputation from there. He was also the officiating Director of NIT Silchar during 2003-2005, and the Mentor Director of IIT Patna in 2008-09. He was at IIT Kanpur from 1982 till 1995. He graduated from IIT Bombay with B.Tech and M.Tech degrees in Electrical Engineering. He obtained a PhD degree in Computer Engineering from the University of California, Santa Barbara, USA in 1981. His areas of interest are Operating Systems and Networks. He is an IT consultant to the Govt. of Assam and to a number of public

enterprises. He has been associated with NESFB since 30/06/2017.

Ms. Manjula Saikia Bhuyan

(Independent Director)

(Independent Director)



Ms Saikia Bhuyan is a Bachelor of Engineering (Electrical) from SV Regional College, Surat (NIT) and has 36 years of experience in the field of Industrial Sector particularly in agriculture & rural economy, Small Scale industry. As an Indian Administrative Service (IAS) officer she worked various vital position as Joint Secretary, Industries & Commerce, Additional Secretary, Industries & Commerce Dept and retired as Secretary, Industries & Commerce and Transport Department. She has been associated with NESFB since 20/01/2021.

Mr. Sistla Prabhakar



Mr Sistla Prabhakar is a veteran retired Banker and a former GM in Reserve Bank of India. He was in-Charge of the Foreign Exchange Department of Reserve Bank of India at the time of retirement. He retired after 38 years of experience across various functions of RBI with 25 years of specialized expertise experience in Commercial banks' supervision. During his days in RBI he had played key role in Risk Based Policy and Planning Division, Spearheaded the team that designed & implemented the new Risk Based Supervisory, released series of publications relating to SPARC, IRISc model and Compendium of data, was an active member of the Asset Quality Review (AQR) team and was also Lead District officer and Nominee Director on the Boards of RRBs

Post retirement Mr. Sistla Prabhakar has worked as Banking Supervisory Specialist (in the rank of CGM) with SBI. He has been associated with NESFB since 30/07/2021.

Mr. Tapan Kumar Hazarika

(Independent Director)



Mr Hazarika has wide experience of Agri-Banking sector having worked with NABARD and retired as Chief General Manager. He has a Master's Degree in Economics from the Delhi School of Economics, University of Delhi.

During his stint with NABARD, he was looking after Corporate Planning, Business Strategy & Development, Rural Credits and monitoring of promotional programmes. He was instrumental in drafting, finalizing (and coordinating with DFS, MoF) various budget proposals relating to promotion of rural credit/ development for incorporation

in the (Annual)Union Budget of GOI.He played a key role as member in various Corporate Level Committees viz. Management Committee, Investment Committee, ALCO etc. besides being member in the Board of Supervision (BoS) for State Co-operative Banks (StCBs), District Central Cooperative Banks (DCCBs) and Regional Rural Banks (RRBs) responsible for providing directions and guidance on matters related to supervision and inspection and review of inspection findings of these banks and suggesting appropriate measures. He has been associated with NESFB since 30/06/2021.



Ms. Smriti Chandra



Ms. Smriti Chandra runs NMI's Indian office. Prior to joining NMI, she was a co-founder of a boutique Investment Banking outfit - First League Ventures - based out of New Delhi, India for 3 years, focused on supporting start-up companies in M&A and raising seed to Series A venture capital funds across technology and consumer sectors. Previously, Ms. Chandra also worked at EY for 10 years where she served clients in multiple sectors with a focus on transaction advisory services, including investment banking (M&A and private equity fund raising), financial due diligence and bid advisory services. She has also worked with KPMG in their transfer pricing division. Ms. Chandra is a qualified Chartered Accountant from the Institute of Chartered

Accountants of India and a Commerce graduate from Bangalore University. She has been associated with NESFB since 20.04.2021.

Mr Pradeep Kumar Nath

(Nominee Director)

(Nominee Director)



Mr. Pradeep Kumar Nath is an Economist and Development Banker engaged in financing and developing industries in India. He has experience of working over 25 years in all geographical regions of India in the field of project finance, receivable finance, micro finance, infrastructure project finance, equity finance, risk management, internal audit and compliance, refinance to NBFCs/MFIs/Banks, stressed assets & NPA management in a regulated ecosystem. He was instrumental in computerising Government Incentive Schemes and formulating policies and lending norms for MFIs/NBFCs from SIDBI, HO, Lucknow. He was a Member of Working Group for preparation of Revised Code of Conduct for Microfinance Industry towards

responsible lending. He was also Director in the Board of NBFC-MFI and State Industrial Development Corporation. He is a Resource Person of Asian Development Bank, Manila, RBI and IIMs,

At present he is working as Deputy General Manager, SIDBI Guwahati office and Director in the Board of Assam Financial Corporation. He has been associated with NESFB since 08/08/2022.

Mr. James Stuart Brown

(Nominee Director)



Mr. James Stuart Brown joined the Board of NESFB as nominee Director of RGVN (NE) MFL. He is the Chief Financial Officer of Opportunity International Australia Limited and has held senior finance executive positions at News Ltd, National Australia Bank and Colonial Australian Financial Services. He is the former CFO of GE Commercial Foodland Associated Ltd and Babcock & Brown Power. Prior to joining Opportunity, James was the CEO/business leader of ChargePoint Pty Ltd, Australia's leading electric vehicle charging Network Company which he sold to Leightons Contractors (Visionstream). James is a Fellow of CPA, a member of AICD and a Director of Southern Highlands Community Hospice Limited and a Committee Member

of Eurella Inc. He has been associated with NESFB since 07/10/2022.

KEY MANAGERIAL PERSONNEL

Ms. Rupali Kalita

Managing Director & Chief Executive officer



Ms. Kalita, is the Managing Director & CEO of North East Small Finance Bank, which is the first and only Small Finance Bank from the North Eastern part of India.

She is an experienced development banker with an experience of over 36 years in the Banking and Financial Services sector. She has 20 years of experience in Retail Banking in Langpi Dehangi Rural Bank during her tenure as Senior Manager in the bank. Ms. Kalita, has to her credit a degree from Boulder Microfinance, Turin, Italy besides various other certifications from different institutions. She

has been trained in Microfinance from Basix and have exposures to ASA, BRAC premier institutions in Bangladesh and in Amana Ikhtiar, Malaysia, Bank Patanian and Bank Simpanan, Malaysia, to name a few. She has also attended a certificate course on Strategic Leadership in Financial Inclusion in HARVARD, USA in March 2016. Also attended an Enterprise Leadership course in Insead Fontainebleau, Paris in August 2018. She had recently attended a workshop on Board Governance & Leadership Development at Goa in March, 2021.

Ms. Kalita is material in transforming RGVN-CSP (NGO) into an NBFC (RGVN MFL) and then to NESFB (Scheduled Commercial Bank). NESFB has been awarded with Scheduled Commercial Bank Status by the Reserve Bank of India vide letter No. DBR.NDB.NO.31/16.02.010/2019-20.

Mr. Ketan Kumar Joshi

Chief Financial Officer



CA Ketan Kumar Joshi is a professionally qualified Chartered Accountant from ICAI. He has obtained his CA Associate Degree in May 1994 and CA Fellowship Degree in May 2002. He is a graduate from The Calcutta University & obtained his B.COM (Honours) Degree in the year 1990. He is also having Intermediate Degree of Company Secretary from the Institute of Company Secretaries of India. He is also having a certificate from IIM, Lucknow as well as from NIBM, Pune on IFRS courses. He is a JAIIB (Junior Associates of Indian Institute of Bankers) from India. He has attended various seminars on IFRS, Accounting Standards &

Banking training. He is also having a course certificates on Information Technology related programs from Chandra Data Systems Pvt Ltd, Calcutta & Information Technology Institute of Bank of Maharashtra, Pune.

CA Ketan Kumar Joshi was a practicing Chartered Accountant from May 1994 to May 1999 in Kolkata. Since June 1999, he has a rich banking experience of over 21 years. During his tenure as Banker, he has worked in Bank of Maharashtra, Pune, and worked in various areas of banking including Credit, Finance, IPO, Funds raising etc. He was the pioneer member of IPO Cell of the maiden Public Issue of equity Shares launched by Bank of Maharashtra in the year 2003. In March 2008, he joined IndusInd Bank (a Private Sector Bank) in Mumbai, India for better career prospects as a Deputy Vice President & was handling Taxation issues, Funds raising, Finalization of Balance sheets & IFRS related matters. Thereafter, for a small span of 11 months, he has also worked with The Bank of Tokyo Mitsubishi UFJ Ltd (a Multinational Bank) in Mumbai, India as Senior Vice President.

After 2012, he went to Afghanistan and worked with various private sector Banks (viz Ghazanfar Bank, Islamic Bank of Afghanistan (erstwhile Bakhtar Bank) as well as Maiwand Bank), as Chief



Finance Officer & where he was associated at senior level. He was a member of Board of Management, Credit Committee, Asset & Liability Committee and IT Steering Committee. He was also instrumental in bringing Islamic Banking License for Bakhtar Bank & then converting the Bank into a full-fledged Islamic Bank. He concluded his last contract in Maiwand Bank in March 2019.

In August 2019, he joined North East Small Finance Bank as Chief Finance Officer & is looking after Financial Management, taxation, regulatory reporting, serving to Board of Directors. He is also designated by Bank has Key Managerial Person Thus, CA Ketan Kumar Joshi has over 25 years post qualification experience of finance related matters, taxation, funds raising, IFRS, of which he has rich banking experience of over 21 years.

Mr. Sanjeeb Kumar Mishra

Company Secretary and Head Legal



CS Sanjeeb Kumar Mishra, a fellow member of Institute of Company Secretaries of India and a Law Graduate, having 19 years of experience as a Company Secretary. He has a vast experience in Legal Advisory, Contract Management, Compliance, Regulatory, Litigation, Corporate Restructuring, Corporate Secretarial and Tax experience in diverse techno-commercial aspects of law in different industries such as Manufacturing, Infrastructure, Transport and Freight Forwarding. He has experience in IPOs, Right Issues, Private Equities (PE) and Foreign Direct Investments (FDIs). Well versed with project funding, working

capital management and finance, renewals, equipment financing and project evaluation, Expert at development and evaluation of joint ventures, consortiums and alliances for new business and consequent SSAs/ SHAs and JV agreements. He has been handing important portfolios at North East Small Finance Bank since September 2021 both as a Company Secretary and Head Legal. Decision-making capabilities and holistic approach towards work are his distinctive qualities.

SENIOR MANAGERIAL PERSONNEL

Mr. Madhurjya Kalita

Chief Technology Officer



Mr. Madhurjya Kalita, CTO carries with him over 26 years of experience in IT Infrastructure Management, Cyber Security, IT Governance and Compliance, IT Operations and Management, Network Infrastructure Management and General Banking. He holds BE (Computer Science Engineering) from Jorhat Engineering College, Assam. In addition to his academic qualification, he also holds CAIIB, CISA & CISSP certifications.

He started his professional career from 1995 as a Programmer in the Gauhati High Court, followed by United Bank of India, Syndicate Bank and Canara Bank

before joining NESFB. During his professional careers he has attended multiple trainings on professional development from institutions like NIBM, IDRBT, SIBM (now CIBM), TAPMI etc.

Mr. Baskar Sivaraam

Chief Operations Officer



Mr. Sivaraam is a seasoned Banker with over 30 years of Banking experience. Started career in 1992 with CIty Union Bank Ltd a prominent Private sector bank in South India and served the bank for a period of 6 years then moved to HDFC Bank in 1998. Baskar has worked in Various roles and responsibilities in Retail Branch Banking and Wholesale Banking Operations for a period of 21 years. Baskar was heading the Operations vertical for State Head for Madhya Pradesh and Chattisgarh in his last assignment with HDFC Bank. Baskar is a Mathematics graduate and possess few certifications Viz. JAIIB, Certificate in Foreign

Exchange, Certificate in AML and KYC from Indian Institute of Banking and Finance.

Mr. Aashish Bora

Chief Risk Officer



Mr. Aashish Bora has joined North East Small Finance Bank on 31st July, 2018 and is working in the capacity of Chief Risk Officer. As a professional banker, he has comprehensive knowledge and working experience of over 15 years in multiple areas of banking like Corporate Banking, Credit Underwriting, International Banking, Risk and Strategy, He started his career at HDFC Bank which was a pre-placement offer given during his MBA and was part of Emerging Corporate Group. He went on to join State Bank of Mauritius whereby he had an exposure in International Banking, Risk and Strategy. Mr. Bora brings about an

all-round exposure to different geographical terrains and customer behavior in unique customer segments right from Corporates to Institutional to International to Retail and finally to a differentiated banking environment focused on financial inclusion. His comprehensive knowledge, understanding of the business, analytical acumen, problem solving approach from the perspective of vision of the bank and its directors, governance, risk, internal control and assurance functions along with leadership quality with effective communication led decision making ability which translates to organizational level commitments, execution and delivery are the key traits which brings to the table as part of NESFB leadership.



Mr. Pritesh Nath



Mr. Nath has joined North East Small Finance Bank as the Business Head of the organization. He is a post graduate in Marketing & Business Finance and a bank management professional over 20 years of proven expertise in Marketing, Business Development, Customer Relationship Management, HR & Administration functions. He has been assigned in leading companies across Banking sector and have consistently given superlative performances and achieved targets across assignments. He has established new branches, expanded marketing networks, developed product brands and also handled

marketing of banking, investment and financial products in the North Eastern Region of the country He has also discharged human resource management functions, managed overall administration of branch clusters, and coordinated & maintained relationships with SLBC members & government authorities.

Mr. Gunajit Bayan

Head Asset

Head Business



Mr Bayan has been associated with the organization, since its inception. His past experience includes promotion of SHGs, SHG Federation, promotion and development of voluntary organizations engaged in economic development of the rural mass, heading NGO development operations at Nagaland, Manipur, Meghalaya and Assam. He has extensive experience in working in the North East region and understands the peculiarities of running operations in the region.

Mr. Debraj Banerjee

Head Internal Audit



Mr. Debraj Banerjee has joined North East Small Finance Bank on 3rd September, 2018 and is presently working in the capacity of Head Internal Audit. He has a profound expertise in the field of Retail Banking Operation, Quality, Compliance and Audit totaling to a rich experience of 25+ years in banking industry.

Mr. Banerjee started his banking career in the year 1995 in Standard Chartered Bank as a Customer Service Officer and has also worked in reputed leading banks like Axis Bank, HDFC Bank and Kotak Mahindra Bank. He has graduated with a

degree in Economics from Calcutta University.

PARTNERS IN PROGRESS







MANAGEMENT DISCUSSION AND ANALYSIS REPORT

We have just completed the financial year 2022-23 and started the new financial year 2023-24. The bank as a whole faced a variety of challenges during last year.

Key highlights of financials are presented as below:

Particulars	FY 2022-23	FY 2021-22
Interest income	297.69	314.16
Other income	37.59	14.23
Total income	335.28	328.39
Expenditure		
Interest Expended	141.33	122.06
Operating Expenses	180.00	142.07
Provisions and Contingencies	226.95	187.46
Total expenditure	548.28	451.59
Net Profit After Tax	(213.01)	(123.20)
Profit Brought Forward	(75.97)	47.23
TOTAL	(288.98)	(75.97)
Transfer to Statutory Reserve	-	-
Transfer from Investment Fluctuation Reserve	1.00	-
Balance Carried to Balance Sheet	(289.98)	(75.97)
TOTAL	(289.98)	(75.97)
Earing Per Share (Face Value Per Share INR 10 each		
Basic	(7.26)	(4.20)
Diluted	(7.24)	(4.20)

KEY HIGHLIGHTS OF THE BANK'S BUSINESS AND FUNCTIONS

The total net loan portfolio outstanding of NESFB as on 31st March 2023 stands at INR 1,603.26 crore. The Gross loan portfolio increased from INR 1,744.72 crore to INR 1,908.43 crore with a positive growth rate of 9.38% for the FY 2022-23. The total deposit has increased by 33.42 % to INR 2,039.63 crore from INR 1,528.78 crore during the year.

As on 31st March, 2023, we have a total of 226 bank branches spreading across 9 states (Assam, Arunachal Pradesh, Meghalaya, Manipur, Mizoram, Meghalaya, Nagaland and West Bengal.

OPERATIONS

The objective of having the Central Operations department is to improve the operational efficiency of the Bank as well as to support the various initiatives undertaken by the Bank in terms of operational aspects. The Central Operations of the Bank is based out at Guwahati HO. The main areas of the department comprise of-

- Account Opening
- Account Servicing
- Asset Operations
- CTS clearing, ACH Operation, Mandate Management
- Digital Payments/ Reconciliation- RTGS, NEFT, UPI, ACH, IMPS etc.
- Deliverables Management
- Customer Care
- Cash Management
- Quality Control Unit
- ATM operations
- AADHAAR Operations
- Operations Control Unit
- Treasury Back Office Operations

During FY 2022-23, some of the noteworthy highlights/implementations/contributions made by the Bank's Central Operations in addition to the regular activities are:

- Debit cards for our Bank has been successfully migrated from EMV chip card (EMV- Euro, Masters, Visa) to Dual Interface card platform.
- Bank has continued participation in Standing Deposit Facility with RBI from 19-Apr-2022
- Quality Control Unit and Zonal Quality Managers have been formed at HO and Zonal Offices
 respectively since October'2022 for effective monitoring of branches operational aspects
- 14 ATMs were made operational

Central Operations Team supports the Bank Branches in Account Opening, Account Servicing, CTS Clearing, Treasury Back Office operations and Retail Asset Operations (Enterprise Development Loan, Home Renovation, Loan against Rent Receivable, Staff PL, Staff Vehicle Loan, Salaried PL, Home Loan etc). Moreover, Customer Care Desk is also managed by Central Operations and providing services to customers both internal & external and there is no any award passed by RBI ombudsman against the Bank nor any consumer cases reported in the last FY 22-23. Ops Con Team is regularly involved in monitoring and reconciliation of GLs, along with ATM operations. Cash management at branches and funding of other bank accounts of branches are adequately handled and supervised by FNVC (Cash Operations) and Treasury Operations. Treasury Back Office is monitoring the fund movement of RBI Current Account & RBI Settlement Account on a regular basis. Settlement of all the deals done by treasury Front office is carried out by Treasury Back Office within stipulated time along with other regular activities. Deliverables Management Unit coordinates with the deliverables vendor regarding indent placement for deliverables and reconciliation of indent and dispatch details of deliverables. Aadhaar Operations is supervising the reconciliation activities of Aadhaar modification services and new Aadhaar enrolment activities in selected branches in coordination with the approved Aadhaar vendor.



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CREDIT

The Department has been working in alignment with the objective of the bank which is to provide affordable financial products and services to individuals, MSMEs, and unorganized entities in the Bank's current area of operation. The Department through its development and modification of a number of existing asset products has been able to expand the product portfolio in MSME and Individual Ioans. We are building our asset franchise further through prudent underwriting processes and streamlining the steps involved in the different stages of Ioan proposal assessment and the same was continued in the FY 22-23 too. The Department has effectively delivered both in the Retail as well as Corporate Lending landscape with an overall sanction of Rs 12055 Lacs in the Fiscal 22-23. The Department is working steadfastly towards automation and inclusion of technology based decision making in the coming time to enhance customer experience and deliver value to all the stakeholders.

HUMAN RESOURCE

HR Vision

"Our vision is to create a learning organization that everyone aspires to join. We aim to establish employeefriendly HR practices that are best in class, supported by a robust training process."

Actions Taken to Achieve the Vision:

1. Talent Acquisition:

In the fiscal year 2022-23, HR successfully onboarded 1068 new hires to the Bank. Among these, 66 joined the Head Office across various departments, while 1002 joined different branches.

2. Performance Management System (PMS) Rollout:

We distributed Key Result Areas (KRA) and Key Performance Indicators (KPI) to employees. Additionally, we implemented a fully integrated online PMS for 1572 eligible employees. We have also ensured that the approach of PMS is bias free via Zonal Council and Head Office Councils to have one view of Talent.

3. Employee Friendly Schemes:

To ensure NESFB is an excellent place to work, we introduced employee-friendly HR schemes, including Car Scheme for senior employees, discounted Staff Loans, Incentives for performance and few compensation corrections for high-performing staff. We also provided benefits to officials working in holidays. Statutory bonuses, inflation hikes are some of the initiatives worth mentioning. Moreover, employees facing location constraints were given the opportunity for requested transfers as well considering their hardships, family liabilities.

4. Career Progression:

Throughout the year, 701+ employees were rotated to provide wider exposure and compliance adherence. Additionally, 258 employees were promoted to higher ranks, as a part of their career progression.

5. HR Automation:

Several online features were introduced in Workline HRMS.

New implementations in Workline HRMS:

- Online Tax seeking report in Workline.
- Online relieving letter generated for exit employees.
- Pipeline activities in Workline:
- Online TA/DA reimbursement.
- Online notice issue to employees.
- Alumni Portal in HRMS for Ex-Employees.
- Recruitment process.
- Salary Advance Process
- Simplified Confirmation Process.
- Online Separation Process.
- Online Contract Renewal process.

6. Continuous Education Policy:

Employees are strongly encouraged to undertake professional courses to enhance their education level. Employees are motivated to obtain certifications as per banking requirements.

7. Training, Learning & Talent Development:

Throughout the year, employees at Branches and Offices demonstrated resilience in responding to workplace challenges. The bank emphasized the importance of capacity building and learning to navigate unprecedented challenges and achieve desired business results. Numerous learning initiatives were undertaken, with a total of 100+ internal and external learning programs offered during the year. A total of 2128+ participants attended multiple training programs, with an attendance percentage of 74%. In total, 17,117 learning hours were logged.

8. Employee Connect:

HR Department is dedicated to mitigating the queries/grievances of the employees. Timely coordination regarding health insurance of the employees, extending support in case of emergency admission to hospitals. We also extend our support to families of deceased employees providing support in terms of settlements of statutory benefits. In some special cases, extending job to family members on compensatory ground builds trust among the employees. Resolving day to day queries of employees related to compensation, leaves etc. are a part of Employee Connect of the department.

TECHNOLOGY

NESFB has a dedicated technology team. These team aligns with business needs to provide effective and timely solutions to business problems and help launch customized products. NESFB leverages technology to deliver solutions and services for its employees and customers across different platforms. The centralized infrastructure deployment is outsourced to System Integrator for the bank who provides Core Banking System to the Bank. The Tier 4 Data Center and Data Recovery is hosted at CtrIS Mumbai and Hyderabad respectively.

The bank has implemented FIS Profile core banking systems. Bank has implemented feature rich digital channel applications like Retail Internet Banking, Mobile Banking (both on Android and iOS), SMS banking and Corporate Internet Banking though which customer perform their banking transactions easily. NEFT, RTGS and IMPS payment systems are enabled at the branches and digital channels. The bank has launched its NESFB Rupay Debit card. Bank has rolled out its own ATM network. Bank has implemented Tab Banking project to reach the door steps on the unbanked population in remote areas. It aims to bring all the



transactions for our rural customers under a single core platform, including the on-boarding of customers through enhanced digital technology adoption in its platform.

Bank has already embarked upon for migrating the Core Banking Technology platform to a new service provider in the beginning of financial year 2023-24.

INTERNAL AUDIT

The function of Internal Audit Department of the bank is to provide an (assurance) to the Board of Directors and Senior Management on the effectiveness of internal controls and risk management practices of the Bank on an on-going basis. The Internal Audit Department, manned by appropriately qualified personnel, during the course of audit ascertains the extent of adherence to regulatory guidelines, legal requirements and operational processes and provides timely feedback to the Management for corrective action. In line with the RBI's guidelines on Risk Based Internal Audit (RBIA), the Bank has adopted a robust internal audit policy:

- The RBIA has been designed after factoring regulatory guidelines and also best practices in Financial domain.
- The policy has a well-defined architecture for conducting RBIA across all audit entities.
- The audit policy and framework articulates the audit strategy in terms of a concerted focus on strategic and emerging business risks.
- These inputs form a key step in the identification of the audit universe for the audit planning exercise.
- The audit frequencies are in sync with the risk profile of each unit to be audited. This is in alignment with RBI guidelines relating to Risk Based Internal Audit.

The scope of RBIA includes examining the adequacy and effectiveness of internal control systems, external compliances and also evaluating the Residual Risk at the audit entities.

The Audit Committee of Executives (hereinafter referred to as "the Management Committee") is appointed by the Board of Directors of North East Small Finance Bank Limited (hereinafter referred to as "the Bank") and assists the Audit Committee of the Board ("ACB") in review of the auditing and accounting matters, including the risks and compliances matters thereto.

Further to augment the internal audit function, concurrent audit and thematic audit reviews have been integrated into the internal audit process in order to make the function more robust. The Internal Audit function of the Bank, operates independently and critical observations identified during audits are discussed in the Audit Committee of Executives meetings which are subsequently taken to the Audit Committee of the Board for further deliberation, thereby ensuring independence of IAD. The Audit Committee of the Board reviews the efficacy of the internal audit function, effectiveness of the internal controls laid down by the Bank and compliance with internal and also regulatory guidelines.

SI No	Type Of Audit	Audit Done(YTD)
1	Risk Based Audit (RBA)	203
2	System (Management) Audit	5
3	Concurrent Audit (HO)	4 Departments (CPC, Finance, Treasury & Credit) for 12 Months for the FY 2022-23
4	Concurrent Audit (Branch) by Internal Auditors	374 (31 branches had been audited for 12 months=372 + Barkatgaon audited for April 2022 & May 2022
5	Concurrent Audit (Branch) by CA Firm	444 (37 branches had been audited for 12 months for the FY 22-23)

Snapshot on Audit Conducted during the financial year 2022-23:

VIGILANCE DEPARTMENT

The Vigilance in-charge heads the Vigilance Department of NESFB and acts as an advisor to the CEO & MD in all matters pertaining to vigilance.

Thus, the Vigilance in-charge's functions can broadly be divided into three categories, as under:

- Preventive
- Investigative
- Punitive

While 'punitive action' for commission of misconduct and other malpractices is certainly important and is to be done in consultation with the HR Unit, 'surveillance' and 'preventive measures' to be taken by the Vigilance in-charge are comparatively more important as these are likely to reduce the occurrence of vigilance cases. Thus, the role of Vigilance in- charge is predominantly preventive.

The main aim of Vigilance Department is to initiate steps to curb corruption and malpractices in the department. The prime functions to achieve this are as below: Investigation of complaints having vigilance angle against all categories of employees.

The following Preventive Measures were adopted by Vigilance Unit for prevention of frauds in NESFB:

- Surprise visit to branches
- Conduction of vigilance session at branches
- "Vigilance capsules" were shared with branches / HO at regular intervals in order to educate the users for non-recurring of any malpractices / frauds.
- Preventive Vigilance Workshop at zones
- Sensitizing new recruits on various aspects of vigilance and proper conduct
- Close monitoring of branches through data analytics and CCTV.
- Deliberation on Whistle blower policy so that instances of corruption can be exposed by an employee without fear of retribution, or without the complainant's identity being disclosed to nip the frauds at the bud.

Frauds 2022-23 at a Glance

- 3 cases of frauds were detected and reported during the fiscal 2022-23.
- Out of the total amount defrauded 84.78% of the defrauded amount has already been recovered and insurance claim has been raised for the remaining amount.
- Quality of investigative observation up held to be factually correct in 99.99% of instances.
- Reports submitted within record time
- All documentary and circumstantial evidence produced
- All the charges levelled have been accepted by the perpetrators.



RISK MANAGEMENT

The Department is based out of Head Office and covers all branches of the bank covering the entire spectrum of risks: credit, market, liquidity, interest rate, ALM, operational, reputational and information security risk.

The department works on identification, measurement, monitoring and management of risk with three Risk Committees namely:

1. Risk Management Committee of the Board (RMCB) – a Board Level Committee having an oversight on the overall Risk Areas. RMCB reviews & approves the Policies, Risk limits, Risk tolerances, Thematic Reviews, Governance and Reporting structure.

2. Executive Risk Management Committee (ERMC) - a Management Level Committee to address various risks, present positions of the limits, reviews and deliberations for mitigations. ERMC reports into RMCB.

3. Asset Liability Committee (ALCO) – a Management Level Committee to review and address Market Risk, Interest Rate Risk and Liquidity Risk. The Committee is primarily responsible for Balance Sheet risks arising out of Assets and Liabilities and reports into RMCB.

Key Deliverables of RMD for the year 2022-23:

In the FY 2022-23, following are the key deliverables of the Risk Department:

- 1. Risk Appetite Statement
- 2. Risk Control and Self-Assessment (RCSA) & KRIs for HO Departments & Branches
- 3. Loss Data Analysis and Thematic Review on the Data Sets.
- 4. Thematic Risk Reviews pertaining to Branch Operations and Portfolio Credit Risk
- 5. Thematic reviews pertaining to credit portfolio exposures to various segment
- 6. Expected Credit Loss of the portfolio
- 7. Assam Microfinance Incentive and Relief Scheme position for NESFB
- 8. Behavioral studies of deposits
- 9. Matrix Dashboard for Reputational Risk
- 10. Matrix Dashboard for Strategic Risk
- 11. Matrix Dashboard for Compliance Risk
- 12. ICAAP and Pillar 3

13. Turn Around Plan for adequately tackling stressed asset management and capital risk

14. Risk and Risk Mitigation pertaining to BC Business

15. Balance sheet risks in details comprising of Asset Quality led risks, Liability side

risks, Income Leakages, Cyber risk, Digital Risks including data privacy and Capital risks.

CORPORATE SOCIAL RESPONSIBILITY



CORPORATE SOCIAL RESPONSIBILITY

"Every little thing counts in a crisis."- Jawaharlal Nehru

CSR ACTIVITIES IN 2022-23

At NESFB, we firmly believe that businesses have a profound responsibility to contribute to the betterment of society. We are driven by a deep sense of purpose and a genuine desire to make a positive impact on the communities we serve. With great pride and enthusiasm, we present our yearly CSR report for 2023, a testament to our unwavering commitment to serve the community at large even during the severe financial crisis situation the Bank currently is in. North East Small Finance Bank has spent Rs. 50,00,920 in CSR expenditure for the FY 2022-23 though there was no CSR budget available basically due to business loss in the last three preceding years.

FINANCIAL AND DIGITAL LITERACY PROGRAM

In today's world, financial literacy is more crucial than ever. Financial literacy is the cornerstone of our commitment to empowering individuals and building a financially resilient society. In our pursuit of enhancing financial literacy, we have diligently worked towards equipping individuals, particularly those in underserved communities, with the necessary knowledge and skills to make informed financial decisions. Through our financial literacy initiatives, we have equipped individuals, especially those in underserved communities, with the necessary tools and resources

to take control of their financial wellbeing. By imparting practical skills, fostering a sense of confidence, and promoting financial independence, we are creating a pathway towards a more prosperous future for individuals and their families.

In the last FY 2022-23, we have conducted 174 Financial literacy camps in our operational areas. The major impact of the FLCs are increased awareness level of the clients about our products & services, enhanced knowledge about the



modus-operandi to safeguard themselves from fraudsters – tele calling or otherwise, Know-how of the Government schemes, reduction in NPAs at the branch level after conducting FLCs and

enhanced capacity to make informed decision regarding financial matters in their life to raise their quality of life.

SI. No.	ZONE	Number of Branches per Zone	Number of FDLCs	Percentage of Branches conducting FLC (%)
1	Biswanath Chariali + Sonitpur +Darrang + Udalguri	18	14	6.2
2	Charaideo + Dibrugarh + Tinsukia	17	24	10.6
3	Chirang + Bongaigaon + Kokrajhar + Dhubri + Goalpara	14	3	1.3
4	Golaghat + Jorhat + Sivasagar	19	2	0.9
5	Guwahati + Mizoram + Morigaon	21	28	12.3
6	Kamrup Rural	18	56	24.7
7	Lakhimpur + Dhemaji + Arunachal Pradesh + Majuli	19	22	9.7
8	Manipur + Meghalaya + Nagaland	20	11	4.8
9	Nagaon + Hojai + Karbi Anglong + Dima Hasao	21	6	2.6
10	Nalbari + Baksa + Barpeta	23	7	3.1
11	Sikkim + West Bengal	21	1	0.4
Tota	í í z	228	174	

ZONE-WISE REPORT ON FINANCIAL LITERACY CAMPS CONDUCTED

EDUCATION PROGRAM

Mini Science Centre

Our Mini Science Centre project stands as а testament to our unwavering dedication to education and inspiring young minds. Through the establishment of Mini Science Centers in local Government schools, we created have vibrant spaces for students to



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explore the wonders of science and technology. These centers are equipped with interactive exhibits, science kits, and engaging educational resources that ignite curiosity and foster handson learning experiences. By providing access to quality science education, we aim to nurture the next generation of innovators, critical thinkers, and problem solvers. Through the Mini Science Centre project, we are empowering young minds to embrace the beauty of scientific inquiry and cultivate a passion for lifelong learning.

In taking the project ahead, 2 new schools have been identified this financial year, one in Bongaon High School in Belsor and another in North Guwahati Girls High School, North Guwahati. The Mini Science Installation work has been completed in both the schools and Teachers Training is on schedule.

School Note Book Distribution

The initiative to distribute School Note Book at the NPA affected areas of the Branches have been very well received by the students, schools, parents and also by the Branches. The students after receiving the books have expressed their happiness as their parents were not able to buy them good quality writing books.



In the last FY 2022-23, we have supported 133 schools, distributed 58,250 school Note books to 9708 students of lower primary school in Assam. Each students received 6 number of note books (2 plain, 2 ruled, 2 Maths). The The students, parents and the teachers of those government supported primary schools welcomed and appreciated the initiative by the Bank. They said the books will not only help the students but also give some relief to the household budget of the families.

HEALTH CAMPS

Health care plays an important part in the financial economy of every household. The rural populace to a major extent are either dependent on the available government facilities or at the hand of quacks. Since Covid 19, the risk factor has increased many fold and we tried our best to support the needy within our jurisdictions. We supported many families through our General Health Camps with the support of

GNRC Hospital and local MBBS Doctors. In the general Health camps, free consultation services and free medicines were distributed to the villagers.

General Health Camps: Abiding by the government restrictions, Branches managed to conduct 9 General Health Camps with the support of GNRC Hospital, Guwahati and local MBBS Doctors with support staff. In the 09 General Health camps we were able to provide medical support to more than 1500 patients.

ANIMAL HEALTH TREATMENT AND TRAINING

Zones	Number of Health Camps	
Bongaigaon	3	
Jorhat	1	
Guwahati	2	
Tinsukia	1	
Dibrugarh	2	



The majority of our customers depend on Agriculture and Allied activities for their livelihood. Rearing of animals, maintaining good health of all their animals and their survival is at the core of their existence. We tried to target and prioritise the Branches where we have supported Livestock customers and majority of them rear Pigs.

We have conducted around 37 Animal Health & Training camps benefitting 321 households and treated more than 1230 animals in the FY 2022-23. Every household in the villages have animals which directly or indirectly supports their livelihoods and by supporting them through these health camps benefits the household immensely. Productivity enhancement and reduction in mortality rates has been the cornerstone of these camps.

SKILL DEVELOPMENT – ALORON (HANDLOOM)



In our commitment to fostering skill development and empowering local communities, our Handloom Project – Aloron, recognizes the rich heritage and craftsmanship of handloom weavers



in the state and we have worked closely with artisans to enhance their skills, preserve traditional techniques, and create sustainable livelihood opportunities.

Through this project, we have provided comprehensive training programs to artisans, equipping them with advanced weaving techniques, and design innovation. By merging traditional artistry with contemporary market demands, we strive to ensure the viability and competitiveness of the handloom industry.

The Handloom Project has not only empowered artisans with enhanced skills and improved economic opportunities but has also contributed to the preservation of cultural heritage.

We are proud to witness the remarkable impact of the Handloom Project on the lives of artisans and the broader community. Their increased confidence, improved livelihoods, and strengthened cultural identity are testaments to the success of this initiative.

The handloom project "Aloron" have trained around 150 artisans from 4 districts of Assam. The main objective of the program is to empower the women who are credit linked to NESFB by skilling them and develop a market platform through which they generate income opportunities. As part of this, the brand Aloron has been developed and launched that shall showcase the diverse hand-woven products and help by giving them a platform to sell their products. Last FY Aloron have sold products worth more than Rs. 1 lakh.

DONATION TO GUWAHATI BLIND HIGH SCHOOL

NESFB and Guwahati Blind High School was in agreement for a period of 1 year i.e. FY 2022-23, where NESFB agreed to support the Guwahati Blind High School by donating by donating 100 Bedsheet with pillow cover, 1 steel almirah, 1 computer table and 6 seating chairs along with providing monthly salary of Rs. 5000 to 4 Blind school teachers (Braille, Computer, Table and Craft Teacher). The donation has not only helped the students but also supported the teacher's

households as they are not on government pay roll and are hired by the school management for their service.

DONATION OF WATER PURIFIERS

We have donated a water purifier to Bodoland Territorial Council Office in Kokrajhar for the usage of general public who visits the office every day. Government office usually do not have clean drinking water facility more so for the general public and as a



part of our CSR Initiative and goodwill gesture towards the BTC after opening our first branch in BTAD area, a water purifier was donated for general public usage.

NON-FINANCIAL SERVICES

The Non-Financial Services are categorized into Enterprise Services, Education Services, Health Services and Women's Empowerment Services. The sub-categorization of the services is mentioned below:

NON -FINANCIAL SERVICES	NUMBER OF BENEFICIARIES
ENTERPRISE SERVICES	60
Enterprise skills development	
Business development services	
Other enterprise services	
EDUCATION SERVICES	76500
Financial literacy education	1
Basic health/nutrition education	
Child and youth education	
Occupational safety and health in the workplace education	1 1
HEALTH SERVICES	1480
Basic medical services	
Special medical services for women and children	1 1
Other medical services	
WOMEN'S EMPOWERMENT SERVICES	23000
Leadership training for women	1.
Women's rights education/gender issues training	
Counselling/legal services for female victims of violence	1. 7
OTHER NON- FINANCIAL SERVICES (Animal Health Camp)	200

FINANCIAL HIGHLIGHTS



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(North East Small Finance Bank

INSPIRING STORIES OF SUCCESS



TULA RAM BRAHMA KOKRAJHAR

Starting a piggery is a very profitable venture. First of all, pigs grow very fast than any other animal. Therefore, it takes less time to get mature pigs for the market. A pig farming business ensures a good ROI (return on Investment) ratio and break even.

Tula Ram Brahma, aged 34 years, a resident of Kokrajhar always dreamt of being self-employed/ independent and started fish and chicken farming within the backyard of his residence. Initially he started pig farming with 5-6 piglets on his own. After having good experience in pig farming, he was in need of financial support. He came to know about our bank scheme from one his close friend and he decided to grab the opportunity and applied for a loan of amount 1,00,000/- in the year 2021 and it was sanctioned. Within a year of taking loan, he increased the piglets with 15-20 numbers, thereby gradually increasing his income. After completing the 1st Cycle of Ioan, he again took another 2nd Cycle Ioan of Rs. 1,00,000/- and increased the number of piglets to 45-50. He has been running a family of six including his wife, children, mother and father.

"He is very thankful to NESFB that the bank has always supported him to become economically independent and he plans to extend the farming and earn more in the future. The loan under NESFB scheme has helped him to live happily".



NILIM JYOTI KONCH DHEMAJI

Nilim Jyoti Konch, a resident of Dhemaji wanted to do weaving business much before starting the business in the year 2020. He was running his family of four and was working as a farmer as he was unable to start his weaving business due to capital shortage. He has been associated with us since 2020, when he availed his first loan with a loan amount of Rs. 70,000/- in order to start his business with which he brought two modern loom. Later on, he developed his weaving industry and being a regular re-payer of his loan amount, the Bank has further granted him more loans and in the year 2022, he took a loan of Rs. 2,00,000/- under UBPL Product. At present, he has 7 modern technology loom and he is delivering his product across the state and some other state also. He has been providing employment to eight people of his locality with

which eight families are managing their living.

He has been running his family along with his wife, taking care of his son and mother. With expansion of their business as well as profitability, they have been able to expand their house into a well-furnished one. He is now planning to open his own store in their locality and they are having an official page also through which they receive/take orders from their customers across states.

"Nilim Konch is very thankful to NESFB for playing a crucial role by respecting his idea and planning of starting the weaving business by providing him loan and for being a constant support throughout these years".





PADUMI SAIKIA MAYONG

Padumi Saikia, aged 38 years and a resident of Hatigar, Kuchani was in the business of cow rearing where she started with three cows initially before taking loan from NESFB in the year 2017 when she availed her first loan of Rs. 30,000/-. She has been paying her EMI's on time regularly and there is not any instance of a single miss. The customer has taken her third loan of Rs. 1,00,000/- and with the help of NESFB, she is presently having a big herd of cows and ships. The customer has also improved her livelihood by building a brick house from a mere cottage that she used to live in 2017. She has been managing her family of four including her husband and two children.

"She is really thankful to NESFB for giving her all the necessary support in her times of need to grow in a positive manner and she expects more financial aids and services in the days to come".










Morth East **DIRECTOR'S REPORT**





DIRECTORS REPORT

1. FINANCIAL HIGHLIGHTS -

During the year under review, performance of your Bank is as under:

Particulars	FY 2022-23	FY 2021-22
Interest income	297.69	314.16
Other income	37.59	14.23
Total income	335.28	328.39
Expenditure		
Interest Expended	141.33	122.06
Operating Expenses	180.00	142.07
Provisions and Contingencies	226.95	187.46
Total expenditure	548.28	451.59
Net Profit After Tax	(213.01)	(123.20)
Profit Brought Forward	(75.97)	47.23
TOTAL	(288.98)	(75.97)
Transfer to Statutory Reserve		
Transfer from Investment Fluctuation Reserve	1.00	
Balance Carried to Balance Sheet	(289.98)	(75.97)
TOTAL	(289.98)	(75.97)
Earing Per Share (Face Value Per Share INR 10 each		
Basic	(7.26)	(4.20)
Diluted	(7.24)	(4.20)

2. OPERATIONAL HIGHLIGHTS -

The total net loan portfolio outstanding of NESFB as on 31st March 2023 stands at INR 1,603.26 crore. The cumulative disbursement for the Financial Year 2022-23 stands at INR 1,119.57 crore with Gross NPA of 18.20%. The Gross loan portfolio Increased from INR 1,744.72 crore to INR 1,908.43 crore with a positive growth rate of 9.38% for the Y 2022-23. The portfolio outstanding per branch office is

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stagnant at INR 8.44 crore in the FY 2022-23. The total deposit has increased by 33.42 % to INR 2,039.63 crore from INR 1,528.78 crore during the year. CASA ratio to total deposit is at 45.25%.

The number of branches as on 31st March 2023 was 226.

NESFB has 226 operating branches, which are all Banking outlets (BO) as all Asset offices (AO) spread across 9 states namely Arunachal Pradesh, Assam, Meghalaya, Nagaland, Sikkim, Tripura, Manipur, Mizoram and West Bengal were converted into Banking Outlets,.

As on March 31, 2023

Particulars	Unbanked Rural Centers (URC)	Non-Unbanked Rural Centers	Total
Banking Outlet	180	46	226

The table below exhibits the total number of branches as on March 31, 2023.

State	Total Banking Outlet
Assam	167
West Bengal	13
Tripura	10
Sikkim	7
Arunachal Pradesh	5
Mizoram	4
Nagaland	3
Meghalaya	11
Manipur	6
Total	226

The total staff strength increased from 2025 to 2282 during the FY reflecting a growth rate of 11 %. The bank has been distributing third party insurance business as a part of the para-banking activities with the approval of RBI and IRDAI since FY 2019.

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Divergence in Asset Classification and Provisioning for NPAs -(ref DBR.BP.BC.No. 63/21.04.018/2016-17 dated April 18,2017)

No Divergence has been reported by Reserve Bank of India in their AFI for the F.Y 2021-22.

3. DIVIDEND

During the year under Report, the Bank doesn't have adequate profit to declare dividend.

4. AMOUNT TRANSFERRED TO RESERVES

No amount was transferred to Reserves due to inadequacy of profits.

5. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE BANK:

There are no material changes and commitments, that would affect financial position of the Company from the end of the financial year of the Company to which the financial statements relate and the date of the Directors Report.

6. CHANGES IN THE SHARE CAPITAL, IF ANY.

During the year under Report, fresh capital has been infused. The capital structure of the Bank as on 31st March, 2022 is as under;

SI. No.		<u>F.Y2022-23</u>		<u>F.Y2021-22</u>	
	Name of Shareholders	No. of Equity shares	No of Compulsorily convertible Preference Shares	No. of Equity shares	No of Compulsorily convertible Preference Shares
1	RGVN (North East) Microfinance Ltd- Holding Company	29,33,84,395	0	29,33,84,395	0
2	Individual Shareholders	600	0	600	0
3	Institutional Investors	3,43,15,281	1,91,46,531	7,11,322	1,35,15,114
	Total	32,77,00276	1,91,46,531	29,40,96,317	1,35,15,114

7. EMPLOYEE STOCK OPTIONS PLANS (ESOP)

The Bank has not issued any employees stock options to any of its employees.

8. ISSUANCE OF NON-CONVERTIBLE DEBENTURES



During the year, the Company has not issued any NCDs.

8A. ISSUANCE OF TIER II BOND

During the year to augment Regulatory Capital, Bank has issued Unsecured Redeemable Non-convertible Subordinate Tier-II Bonds in the nature of promissory notes for a period of 63 months @ 14% payable semiannually. These bonds are rated by CRISIL as BBB-/ with stable outlook. Prior approval from RBI is required for these bonds at the time redemption.

9. EXTRACT OF ANNUAL RETURN

Annual Return of the Company is available in the website of the Company as compliance of the provisions of the Section-134 and 92 of the Companies Act, 2013 in compliance to the Companies Amendment Act 2017 by Ministry of Corporate Affairs. Website Link: https://www.nesfb.com/

10. STATUTORY AUDITORS

M/S Baweja and Kaul, Chartered Accountant Firm was appointed as the Statutory Auditors by the members in the last Annual General Meeting. Their term expires in this Annual General Meeting.

11.DEPOSITS

Being a banking company, the disclosures required as per Rule 8(5)(v)&(vi) of the Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable to our Bank.

12.STATUTORY AUDIT OBSERVATIONS:

There were no qualifications, reservation or adverse remarks made by the Statutory Auditors in the Auditors' Report for Financial Year 2022-23.

13.SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES COMPANIES.

The Company does not have any Subsidiary, Joint Venture or Associate Company.

DIRECTORS AND KMP: Appointment/re-appointment of Director and KMP during FY 2022-23.

Name	Designation	Date of Appointment/Cessatio	
Mr Shri Ram Meena	Nominee Director	21.06.2022[cessation]	





Mr Adayadiyil George Varughese	Nominee Director	21.06.2022[cessation]
Dr. Gautam Barua	Independent Director	30.06.2022 Reappointment
Mr. Manas Kumar Bid	Nominee Director of RGVN (North East) Microfinance Limited, Promoter Company	30.06.2022(Date of Appointment) 07.10.2022(Date of Cessation and replaced by Mr. James Stuart Brown)
Mr. P. K. Nath	Nominee Director of RGVN (North East) Microfinance Limited, Promoter Company	08.08.2022
Mr. James Stuart Brown	Nominee Director of RGVN (North East) Microfinance Limited, Promoter Company	07.10.2022

ANY MATERIAL CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS AFTER THE CLOSING OF THE LAST FINANCIAL YEAR TILL THE DATE OF ANNUAL GENERAL MEETING.

SR. NO.	Name	Designation	Date of Appointment/Cessation
1	Mr. James Stuart Brown	Nominee Director	21.07.2023[cessation]
2	Mr. Rajan Bajaj	Nominee Director	21.07.2023[appointment]

DETAILS OF KEY MANAGERIAL PERSON U/S 203 OF COMPANIES ACT 2013 AS ON 31.03.2023.

SR. NO	Name	Designation	Date	-
1	Ms. Rupali Kalita	Managing Director & Chief Executive Officer	17/10/2017 [Re-appointment 17.10.2020]	on

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2	Mr. Sanjeeb Kumar Mishra	Company Secretary & Head Legal	20/09/2021 to 30/07/2022
3	Mr. Ketan Kumar Joshi	Chief Financial Officer	23/08/2019

15.NUMBER OF BOARD MEETINGS

During the Financial Year 2022-23, fourteen **(14)** meetings of the Board of Directors of the Company were held i.e. on 12.04.2022, 27.05.2022, 18.06.2022, 23.06.2022, 30.06.2022, 25.08.2022, 29.08.2022, 29.09.2022, 07.10.2022, 31.10.2022, 29.11.2022, 20.01.2023, 28.02.2023, 28.03.2023.

The details of Attendance of each Director at the Board Meeting for the FY 2022-23 are given below.

SL No	Name of Directors	Total Meetings to be attended	Date of Meetings	Meetings Attended
1	Dr. GAUTAM BARUA	14	12.04.2022,	11
-			27.05.2022,	
			18.06.2022,	1
			25.08.2022,	
1			29.08.2022,	
			07.10.2022,	100
		1	31.10.2022,	
1			29.11.2022	100
1			20.01.2023,	
			28.02.2023,	
	1		28.03.2022	
1				1
2	Ms. RUPALI KALITA	14	12.04.2022,	14
			25.05.2022,	1 1
	/		18.06.2022,	



North East

			23.06.2022,		
		-	30.06.2022,		
			25.08.2022,		
		-	29.08.2022,		
			29.09.2022,		
			07.10.2022,		
			31.10.2022,		
			29.11.2022		
			20.01.2023		
			28.02.2023,		
			28.03.2023		
			1		
3	Ms. MANJULA SAIKIA	14	12.04.2022,	14	
	BHUYAN		25.05.2022,		
			18.06.2022,		
			23.06.2022,		
			30.06.2022,		
			25.08.2022,		
			29.08.2022,		
			29.09.2022,		
			07.10.2022,		
			31.10.2022,		
			29.11.2022		
			20.01.2023		
			28.02.2023,		

7



			28.03.2023		
		-			
			12.01.2022	12	
4	Ms. SMRITI CHANDRA	14	12.04.2022,	13	
			25.05.2022,		
			18.06.2022,		-
		-	23.06.2022,	1	
			30.06.2022,		-
			25.08.2022,		
		1	29.08.2022,		
			29.09.2022,		1
		1	07.10.2022,		
			31.10.2022,	100	
			29.11.2022		
		1	20.01.2023	100	
			28.03.2023		
		1			
5	Dr. RAM KRISHNA GARG	14	12.04.2022,	14	
	1	4	25.05.2022,	- /	1
			18.06.2022,		
			23.06.2022,	/ /	
		/	30.06.2022,		
			25.08.2022,	1	
			29.08.2022,	1	
			29.09.2022,		





			07.10.2022,		
			31.10.2022,		
			29.11.2022		
			20.01.2023		
			28.02.2023,		
			28.03.2023		
6	Mr.TAPAN KUMAR HAZARIKA	14	25.05.2022,	13	-
			18.06.2022,		
			23.06.2022,		
			30.06.2022,		
			25.08.2022,		
			29.08.2022,		
			29.09.2022,		
			07.10.2022,		
			31.10.2022,		
			29.11.2022		
			20.01.2023		
			28.02.2023,		
			28.03.2023		
7	Mr. SISTLA PRABHAKAR	14	12.04.2022,	14	1
			25.05.2022,		
			18.06.2022,	1	
			23.06.2022,		



			30.06.2022,	
			25.08.2022,	
		-	29.08.2022,	
			29.09.2022,	
		-	07.10.2022,	
			31.10.2022,	
			29.11.2022	
		1	20.01.2023	
			28.02.2023,	
		1	28.03.2023	
-				
8	Mr. A.G. VARUGHESE	3	12.04.2022,	3
			25.05.2022,	100
1			18.06.2022,	
			1	1/1/
9	Mr. S.R. MEENA	3	12.04.2022	1
			1 1	
10	Mr. MANAS BID	4	30.06.2022,	4
			28.08.2022,	
		1	29.08.2022,	
	/	1	07.10.2022	1 / /
1				
11	Mr. JAMES STUART BROWN	5	31.10.2022,	5
			29.11.2022,	
			20.01.2023,	
- /			20.01.2023,	





28.03.2023

** *Mr. James Stuart Brown* was appointed on 07.10.2022, *Mr. Manas Kumar Bid resigned on 07.10.2022, Mr.Adayadiyil George Varufhese resigned on 21.06.2022*, *Mr. Shri Ram Meena* resigned on 24.02.2021. *Mr. Pradeep Kumar Nath* was appointed on 08.08.2022

16.ANNUAL GENERAL MEETING

The Company's 6th Annual General Meeting was held on 23rd September 2022 in its registered office at Guwahati.

17.PARTICULARS OF LOAN, GUARANTEE & INVESTMENT U/S SECTION 186 OF COMPANIES ACT 2013

There are no loans, guarantee & investment u/s section 186 of Company Act 2013 during the year.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There is no significant related party transaction to be reported during the year as all are in the ordinary course of business and are at arm's length. The same is disclosed in the para no. 26.6 [Related party transaction] of Notes to Accounts of Schedule 18 of the Audited Financial Report.

19.CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The Company has been taking proper steps at every level of operation for conservation of Energy. There was no technology absorption and total Foreign Exchange outgo during the year ending on 31st March 2023 was Nil.

20.SECRETARIAL AUDITOR

The Secretarial Audit was carried out by M/s. Narayan Sharma & Associates, Practicing Company Secretaries for the financial year 2022-23. The Report given by the Secretarial Auditor is annexed as **Annexure** – **I** and forms integral part of this Report and is self explanatory in nature. Secretarial Auditors have issued their Audit report containing few observations on governance and compliance. The observations are given below along with Management response.



1) While going through the index of charge available on the MCA portal, it is noticed that the Bank is yet to file satisfaction of charge for the loan facility availed from Reliance Home Finance Limited ("RHFL") and closed in the year 2017.

Management Response-We had repaid the loan in full however the NOC from the Lender is yet to be received as the same is in Liquadation , we have written several letter to the Official Liquidator M/s Shaporji Pallonji to close the matter

2) The Annual Report of the Company for the FY 2021-22 does not contain the annual CSR Report which has been prescribed under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Management Response-CSR reporting was made in Directors Report and in the Financials. The Annexure was missed inadvertently. Comment is noted for future compliance.

3) The Nomination & Remuneration Committee is yet to carry out any evaluation of the Board & its Committees as required under Section 178(2) of the Companies Act, 2013.

Management Response-A separate meeting of Independent directors was held on 30th March, 2023 where the Board evaluation papers were made an Agenda item, however the Independent Directors felt that all the Directors had to evaluate performance of the Directors and the onus did not only lay with the Independent Directors as such it was deferred and will be taken up in any of the meeting in the next financial year .

 No report was submitted to the Board and the District Officer as required under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Management Response-During the year under Report there was no Sexual Harassment complaint received by the HR committee in the executive level. Hence it was not reported.

- 5) The Bank is yet to comply with the RBI notification on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 4, 2019. Management Response-The Bank is in the process to implement the same as early as possible.
- 6) The post of Head Treasury (HT) & front office dealer remained vacant in the Bank during the reporting period and the operations were managed by bank staff without having the necessary qualifications as required under RBI circular DBR.No.BP.BC.4/21.03.009/201617 dated August 11, 2016.

Management Response-We have filled the position now.

7) The post of Company Secretary remains vacant since 30th July, 2022.





Management Response-The Bank has selected two Company Secretaries one after the other. But both the candidates developed cold feet after making the Bank wait for months. Now the offer has been given to Sanjeeb Kumar Mishra, who is likely to join soon. The CPO is in regular touch with the incumbent to inboard the new CS as early as possible.

8) As per the Bank Licensing guidelines, the shareholding by promoter/s and the promoter group of the Company should be brought down to 40 per cent within five years from the date of commencement of business of the bank. The Bank commenced its business operations w.e.f. 17th October, 2017. Hence, the Bank is in violation of the licensing guidelines w.e.f. 18th October, 2022.

Management Response-We have It's a strategic decision and efforts are being made at multiple levels to bring down the promotor's holding in consultation with RBI.

9) As per regulation 12 of the Banking Regulations Act, 1949, the subscribed capital of the company shall not be less than one-half of the authorized capital. However, the paid-up share capital of the Company as on 31.03.2023 is Rs. 346.85 crores which is less than 50% of its authorized share capital viz. Rs. 700 crores.

Management Response-A resolution in this regard has already been passed by the Board and efforts are being made to change the same from ROC office.

10) Form PAS-3 filed on 20th April 2022 for allotment of shares under Private Placement for allotment of shares made on 12th April, 2022. However, the subscription money received in a separate bank account was transferred to the Company's other bank account on 13th April, 2022 i.e. before the filing of the return of allotment which is contrary to the provisions of Section 42(4) of the Act.

Management Response-The Form could not be filed due to glitches in MCA site and it was filed the moment the site allowed us to file. Secondly the amount was a part of the SHA executed on 31st March, 2022 and all the shareholders they have invested money as per the same SHA. So to bring parity treatment of the money was same for all the investors.

21.PARTICULARS OF EMPLOYEES: -

The Company did not employ any such person whose particulars are required to be given under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014.

22. DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 134 of the Companies Act 2013, the Directors hereby confirm that:



- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. the Directors have prepared the annual accounts on a going concern basis.
- e. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws. Barring a few exceptions on internal control mentioned by the auditors in their report, all systems were adequate and operating effectively.

The Board is striving towards effective compliance and follows up on a regular basis to ensure a robust internal control and Compliance Culture.

23. POLICY ON SEXUAL HARASSMENT

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on Prevention, Prohibition and Redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under. There have been no cases of sexual harassment in FY 2022-23.

24.WHISTLE BLOWER POLICY (VIGIL MECHANISM)

The Bank, as a part of prudent practice, established a Vigilance Department to develop and execute a comprehensive strategy to deal with instances of fraud and mismanagement, if any, and for a holistic and smooth operations of the Bank. The department is fully functional and conducts investigation arising out of fraud and whistle blower complaints in a fair manner.

25. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

No order was passed by any regulator or Court/ Tribunal against the Bank.

26.STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.





27.RISK MANAGEMENT

The Head Office has a Risk Management Department (RMD) with risk professionals to address key risk areas like credit, market, liquidity, interest rate, ALM, operational risk and information security risk. The department works on identification, measurement, monitoring and management of risk under guidance of Chief Risk Officer. The Bank has a Management Level Risk Management Committee to address Credit and Operational Risk, Assets & Liability Committee (ALCO) for liquidity and market risk. Board level oversight on Risk is through approval of Policies, Risk limits, Risk Tolerances, Reviews and Reporting structure.

RMD focuses on following key risks:

Credit Risk

- Creating a robust policy in order to identify the inherent credit risk across all products
- Building risk culture and inculcating risk sensitive decision making across the Bank
- Vetting of the credit products during introduction and modification stages to assess the implied credit risk concerns and suggest mitigates
- Measuring the risk identified as per the policy and conducting Risk Management Committee meeting on a periodic basis to address the Credit risk
- Maintaining capital for credit risk as per regulatory and Basel guidelines.

Market Risk [Liquidity and Interest Rate Risk]

- To establish comprehensive risk management policy to identify, measure, and manage liquidity and interest rate risk.
- To identify the ALM risks associated with the Bank's portfolio, develop appropriate risk measurement methodology for managing and mitigating the ALM Risk.
- To Build scenarios and carry out stress testing on trading portfolio of the bank
- To conduct ALCO on monthly basis to appraise the management and the Board of Directors to enable for well-informed strategic decisions. ALCO directs the business units on all the ALM Risk exposures undertaken by the Bank and initiates action/strategy for managing the exposures.

Operational Risk & Information Security

- Create a robust policy in order to identify the inherent Operational Risk across all products
- Measure, monitor and control operational risk inherent in all such products / activities / processes through self-assessment tool and Key Risk Indicators
- Identify the operational loss events and analyze the causative factors
- Develop and maintain a data bank of the operational loss and potential risk exposures
- Measure the risk identified as per the policy and conduct RMC on a periodic basis to address the Operational Risk [including IS and Cyber risk].



The Board regularly discusses the progress in implementation of a robust risk management structure and suggests improvements on an ongoing manner. These are also monitored via the ATRs presented from time to time.

28.NOMINATION & REMUNERATION COMMITTEE

Board of Directors in its 5th Board Meeting held on 12th April 2017 constituted a Nomination & Remuneration Committee with the principal responsibilities and functions being: -

1. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.

2. formulate the criteria for determining qualifications, positive attributes and independence of a Director

3. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

4. Carry out evaluation of every Director's performance

During the period under review, 6 **(Six)** meetings of the Nomination & Remuneration Committee were convened on26.05.2022, 27.07.2022, 23.09.2022, 29.11.2022, 28.01.2023 and 13.03.2023. We provide hereunder details of the attendance of the Nomination & Remuneration Committee members at such meetings:

SN	Name	Total meetings to be attended	Date of meetings held	Meetings attended
1	Dr. GAUTAM BARUA	6	26.05.2022	6
			27.07.2022	
	/ /	-	23.09.2022	
1			29.11.2022	
1			28.01.2023	
	/ /		13.03.2023	
	/			
2	DR. RAM KRISHNA GARG	6	26.05.2022	6
1			27.07.2022	

			23.09.2022	
			29.11.2022	
			28.01.2023	
			13.03.2023	
3	Mr. TAPAN KUMAR	6	26.05.2022	6
	HAZARIKA		27.07.2022	
			23.09.2022	
			29.11.2022	
			28.01.2023	
			13.03.2023	
4	MR AG VARUGHESE	2	26.05.2022	1
5	Mr. JAMES STUART BROWN	1	13.03.2023	1

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29. AUDIT COMMITTEE

The Board of Directors in its 5th Board Meeting held on 12th April 2017 constituted Audit Committee with the principal responsibilities and functions being:

- 1. Recommend for appointment, remuneration and terms of appointment of auditors of the company;
- 2. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 3. Examination of the financial statement and the auditors' report thereon;
- 4. Approval or any subsequent modification of transactions of the company with related parties;
- 5. Scrutiny of inter-corporate loans and investments;
- 6. Valuation of undertakings or assets of the company, wherever it is necessary;
- 7. Evaluation of internal financial controls and risk management systems;
- 8. Monitoring the end use of funds raised through public offers and related matters;



During the period under review, 6 **(Six)** meetings of the Audit Committee were convened on 25.05.2022, 23.06.2022, 26.07.22, 25.08.2022, 29.11.2022 and 20.01.2023. We provide hereunder details of the attendance of the Audit Committee members at such meetings:

SN	Name	Total meetings to be attended	Date of Meetings held	Meetings attended
1	Mr. T.K Hazarika	6	25-05-2022, 23-06- 2022, 26-07-2022, 25-08-2022, 29-11- 2022, 20-01-2023	6
2	Dr. Cautam Parus	6	25-05-2022, 26-07- 2022, 25-08-2022, 29-11-2022, 20-01-	5
3	Dr. Gautam Barua Adayadiyil George Varughese	1	2023 25-05-2022	1
4	Ms Smriti Chandra	6	23-06-2022, 26-07- 2022, 25-08-2022, 29-11-2022, 20-01- 2023	5
5	Mr. James Stuart Brown	2	20-01-2023	1
6	Mr. Sistla Prabhakar	6	25-05-2022, 23-06- 2022, 26-07-2022, 25-08-2022, 29-11- 2022, 20-01-2023	6

30. CORPORATE GOVERNANCE

The Company's Philosophy

The Company is committed to achieve high standards of Corporate Governance and the Company's philosophy on Corporate Governance is aimed at supporting the top management to efficiently conduct its business operations and meet its obligations towards various stakeholder.

The Bank has a Corporate Governance framework that lays out various requirements of Corporate Governance as set out under various regulations and best practices.

Constitution of the Board of Directors

The Board of Directors is constituted in accordance with the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949 and the Articles of Association of the Bank.





The Board consists of eminent persons with considerable professional expertise in Banking, Finance, Administration, HR, Technology, Strategy, Compliance, Audit, Risk and other related fields. Their experience and professional credentials have helped the Bank to gain insights for strategy formulation, monitoring Control framework and direction setting for the Bank, thus adding value to set a strong foundation enabling the overall growth objectives of the Bank.

The Board comprises of 9 (Nine) Directors consisting of 5(Five) Independent Directors as on 31st March 2023 thereby maintaining the majority of directors as independent as per the RBI guidelines.

Know Your Customer (KYC) / Anti-Money Laundering (AML)

The bank has a robust system for scrutinizing the KYC of the customers being done by Central Processing Center (CPC) while onboarding to the bank. The Bank has a transaction monitoring process with automated system solution closely monitored by the AML unit of the Compliance Department. Bank's employees are imparted training on KYC / AML aspects on a regular basis. Compliance Team is regularly filing the prescribed reports & returns to FIU-INDIA.

Bank has appointed Ms. Rupali Kalita, MD & CEO as "Designated Director". Mr. Rajib Kumar Dutta has been appointed as "Money Laundering Reporting Officer (MLRO)" /"Principle Officer" vide its Board Meeting dated July 30, 2021, who shall be responsible for ensuring compliance of PMLA rules & acts, monitoring transactions, and sharing and reporting information as required under the law/regulations to FIU-INDIA as prescribed. Board has also defined "Senior Management" for the purpose of KYC Compliance.

31.BOARD EVALUATION

The Independent Directors of the Company are mandated to carry out an annual performance evaluation of the performance of the entire Board, performance of the Chairman, the Directors individually as well as the evaluation of the working of its Committees. A separate meeting of Independent directors was held on 30^{th} March, 2023 where the Board evaluation papers were made an Agenda item, however the Independent Directors felt that all the Directors had to evaluate performance of the Directors and the onus did not only lay with the Independent Directors as such it was deferred and will be taken up in any of the meeting in the 2^{nd} or 3^{rd} Quarter of the financial year.

32.A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) & (7) OF SECTION 149

The Company has received declaration from all the Independent Directors in pursuant to sub-section (6) of Section 149 of the Companies Act, 2013. Therefore, Independent directors are satisfying the laid down conditions.

In compliance to the amendment in rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 under Section 149 vide MCA circular dated October 22, 2019 related to proficiency test for independent directors, all the independent directors have registered through MCA portal in the website



of Indian Institute of Corporate Affairs (IICA), Manesar. A registration Certificate issued by IICA, Manesar for registration in the IICA Portal has been received from all the independent directors.

33. CORPORATE SOCIAL RESPONSIBILTY (CSR)

At NESFB, we firmly believe that businesses have a profound responsibility to contribute to the betterment of society. We are driven by a deep sense of purpose and a genuine desire to make a positive impact on the communities we serve. With great pride and enthusiasm, we present our yearly CSR report for 2023, a testament to our unwavering commitment to serve the community at large even during the severe financial crisis situation the Bank currently is in. North East Small Finance Bank has spent Rs. 50,00,920 in CSR expenditure for the FY 2022-23 though there was no CSR budget available basically due to business loss in the last three preceding years.

In today's world, financial literacy is more crucial than ever. Financial literacy is the cornerstone of our commitment to empowering individuals and building a financially resilient society. In our pursuit of enhancing financial literacy, we have diligently worked towards equipping individuals, particularly those in underserved communities, with the necessary knowledge and skills to make informed financial decisions. In the last FY 2022-23, we have conducted 174 Financial literacy camps in our operational areas. The major impact of the FLCs are increased awareness level of the clients about our products & services, enhanced knowledge about the modus-operandi to safeguard themselves from fraudsters – tele calling or otherwise, Know-how of the Government schemes, reduction in NPAs at the branch level after conducting FLCs and enhanced capacity to make informed decision regarding financial matters in their life to raise their quality of life.

Our Mini Science Centre project stands as a testament to our unwavering dedication to education and inspiring young minds. Through the establishment of Mini Science Centers in local Government schools, we have created vibrant spaces for students to explore the wonders of science and technology. These centers are equipped with interactive exhibits, science kits, and engaging educational resources that ignite curiosity and foster hands-on learning experiences. By providing access to quality science education, we aim to nurture the next generation of innovators, critical thinkers, and problem solvers. Through the Mini Science Centre project, we are empowering young minds to embrace the beauty of scientific inquiry and cultivate a passion for lifelong learning.

In taking the project ahead, 2 new schools have been identified this financial year, one in Bongaon High School in Belsor and another in North Guwahati Girls High School, North Guwahati. The Mini Science Installation work has been completed in both the schools and Teachers Training is on schedule.

The initiative to distribute School Note Book at the NPA affected areas of the Branches have been very well received by the students, schools, parents and also by the Branches. In the last FY 2022-23, we have supported 133 schools, distributed 58,250 school Note books to 9708 students of lower primary school in Assam.

In the last FY- 2022-23, Branches managed to conduct 9 General Health Camps with the support of GNRC Hospital, Guwahati and local MBBS Doctors with support staff. In the 09 General Health camps we were able to provide medical support to more than 1500 patients.





The majority of our customers depend on Agriculture and Allied activities for their livelihood. Rearing of animals, maintaining good health of all their animals and their survival is at the core of their existence. We tried to target and prioritise the Branches where we have supported Livestock customers and majority of them rear Pigs. We have conducted around 37 Animal Health & Training camps benefitting 321 households and treated more than 1230 animals in the FY 2022-23.

With regard to NESFBs, Donation Policy, NESFB and Guwahati Blind High School was in agreement for a period of 1 year i.e. FY 2022-23, where NESFB agreed to support the Guwahati Blind High School by donating 100 Bedsheet with pillow cover, 1 steel almirah, 1 computer table and 6 seating chairs along with providing monthly salary of Rs. 5000 to 4 Blind school teachers (Braille, Computer, Table and Craft Teacher). The donation has not only helped the students but also supported the teacher's households as they are not on government pay roll and are hired by the school management for their service.

We have also donated a water purifier to Bodoland Territorial Council Office in Kokrajhar for the usage of general public who visits the office every day. Government office usually do not have clean drinking water facility more so for the general public and as a part of our CSR Initiative and goodwill gesture towards the BTC after opening our first branch in BTAD area, a water purifier was donated for general public usage.

34.Other Statutory Disclosures:

- a) The Bank has not changed its nature of business during FY2022-23.
- b) Pursuant to Section 186(11) of the Companies Act 2013, loans made, guarantees given or securities provided or acquisition of securities by a banking company in the ordinary course of its business are exempted from disclosure in the Annual Report.
- c) All related party transactions that were entered into during FY2022-23 were on an arm's length basis, and were in the ordinary course of business. There were no materially significant related party transactions made by the Bank with Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Bank at large. The Bank has a Related Party Transactions Policy in place for the purpose of identification and monitoring of any potential related party transactions.
- d) There were no significant / material orders passed by the Regulators / a Court / Tribunal etc. during 2022-23, which would impact the going concern status of the Bank and its future operations.
- e) The Bank is the subsidiary company of RGVN (North East) Microfinance Limited.
- f) All recommendations of the Audit Committee were approved by the Board.
- g) Proper internal financial controls are in place as per the Banking Norms.
- h) Material Risk Takers (MRTs) of the Bank shall be classified as per the RBI guidelines.
- During the year ended March 31, 2023, Reserve Bank of India has Imposed a monetary penalty of INR 3,950 thousands vide their letter dated 3rd February 2023 due to Failure of (i) classify borrowal accounts as NPAs, leading to significant divergence between the reported and assessed NPAs as on March 31, 2020 and (ii) make Pillar 3 disclosures for FY 2020-21 in its Annual Report and website (Previous Year : NIL).

ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks to the Central and State Governments, Reserve Bank of India, Ministry of Corporate Affairs, SEBI and all other Regulatory Authorities, employees of the Bank, and all



stakeholders of the Bank for their continuous support and contribution to the Bank. Your Board of Directors would also like to place on record, sincere gratitude towards customers for reposing their continuous faith on us. Directors would also like to thank our associates and other partners of the Bank for their assistance and co-operation extended along with the employees of the Bank. The Directors also express their gratitude to the Shareholders for extending their support.

For and on behalf of the Board of Directors,

SD/-Ms. RUPALI KALITA Managing Director & CEO (DIN No: 02114098) SD/-Dr RAM KRISHNA GARG NON EXECUTIVE PART TIME CHAIRMAN (DIN No: 02164119)

Place: Guwahati Date: 28.08.2023

SECRETARIAL AUDITOR'S REPORT



Practicing Company Secretaries Master Enclave, Udayachal Path, Besides IOCL Petrol Pump, Christian Basti, G.S. Road, Guwahati, Assam, PIN: 781005 Phone: +91 361 2963127, +91 9435018319 (M) Email: csnarayansharma@gmail.com

Narayan Sharma B.Com (Hons.), FCS

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

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

To,

The Members, North East Small Finance Bank Limited Ist and 3rd Floor, Fortune Central, Basistha Road, Basisthapur Bye Lane No. 3, Beltola, Guwahati, Assam, PIN: 781028

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by North East Small Finance Bank Limited (hereinafter called the "Company" or "Bank"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March 2023** ('Audit period') complied with the statutory provisions listed hereunder and also that the Company 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 Company for the financial year ended on **31st March 2023** according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

2022-23 Secretarial Audit Report | NESFB





Narayan Sharma B.Com (Hons.), FCS



Narayan Sharma & Associates

Practicing Company Secretaries Master Enclave, Udayachal Path, Besides IOCL Petrol Pump, Christian Basti, G.S. Road, Guwahati, Assam, PIN: 781005 Phone: +91 361 2963127, +91 9435018319 (M) Email: csnarayansharma@gmail.com

(Not Applicable as there were no reportable events)

 The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

(The provisions were not applicable to the Company being an unlisted Company)

- vi. The following industry specific laws and rules, regulations, directions, guidelines, circulars and instructions framed thereunder:
 - (a) Reserve Bank of India, 1934;
 - (b) The Banking Regulations Act, 1949;
 - (c) Master circulars, directions, guidelines issued to a schedule commercial bank by the Reserve Bank of India from time to time;
 - Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002;
 - (e) The Payment and Settlement Systems Act, 2007;
 - (f) The Negotiable Instruments Act, 1881.

Other laws, including Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board & General Meetings.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

- While going through the index of charge available on the MCA portal, it is noticed that the Bank is yet to file satisfaction of charge for the loan facility availed from Reliance Home Finance Limited ("RHFL") and closed in the year 2017.
- 2) The Annual Report of the Company for the FY 2021-22 does not contain the annual CSR Report which has been prescribed under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.





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- The Nomination & Remuneration Committee is yet to carry out any evaluation of the Board & its Committees as required under Section 178(2) of the Companies Act, 2013.
- 4) No report was submitted to the Board and the District Officer as required under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.
- 5) The Bank Is yet to comply with the RBI notification on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 4, 2019.
- 6) The post of Head Treasury (HT) & front office dealer remained vacant in the Bank during the reporting period and the operations were managed by bank staff without having the necessary qualifications as required under RBI circular DBR.No.BP.BC.4/21.03.009/2016-17 dated August 11, 2016.
- 7) The post of Company Secretary remains vacant since 30th July, 2022.
- 8) As per the Bank Licensing guidelines, the shareholding by promoter/s and the promoter group of the Company should be brought down to 40 per cent within five years from the date of commencement of business of the bank. The Bank commenced its business operations w.e.f. 17th October, 2017. Hence, the Bank is in violation of the licensing guidelines w.e.f. 18th October, 2022.
- 9) As per regulation 12 of the Banking Regulations Act, 1949, the subscribed capital of the company shall not be less than one-half of the authorized capital. However, the paid-up share capital of the Company as on 31.03.2023 is Rs. 346.85 crores which is less than 50% of its authorized share capital viz. Rs. 700 crores.
- 10) Form PAS-3 filed on 20th April 2022 for allotment of shares under Private Placement for allotment of shares made on 12th April, 2022. However, the subscription money received in a separate bank account was transferred to the Company's other bank account on 13th April, 2022 i.e. before the filing of the return of allotment which is contrary to the provisions of Section 42(4) of the Act.

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

Adequate notice was given to all Directors of the schedule Board & Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking

2022-23 Secretarial Audit Report | NESFB



Narayan Sharma

B.Com (Hons.), FCS





Narayan Sharma B.Com (Hons.), FCS

Practicing Company Secretaries Master Enclave, Udayachal Path, Besides IOCL Petrol Pump, Christian Basti, G.S. Road, Guwahati, Assam, PIN: 781005 Phone: +91 361 2963127, +91 9435018319 (M) Email: csnarayansharma@gmail.com

and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings as represented by the management were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period no specific events occurred having a major bearing on the company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

Place: Guwahati Date: 11th August, 2023



For Narayan Sharma & Associates

Practicing Company Secretaries

CS Narayan Sharma (Proprietor) FCS No.: 5117 C P No.: 3844 PR: 1563/2021 UDIN: F005117E000789835

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



Practicing Company Secretaries Master Enclave, Udayachal Path, Besides IOCL Petrol Pump, Christian Basti, G.S. Road, Guwahati, Assam, PIN: 781005 Phone: +91 361 2963127, +91 9435018319 (M) Email: csnarayansharma@gmail.com

Narayan Sharma B.Com (Hons.), FCS

'Annexure A'

To, The Members, North East Small Finance Bank Limited 1st and 3rd Floor, Fortune Central, Basistha Road, Basisthapur Bye Lane No. 3, Beltola, Guwahati, Assam, PIN: 781028

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

- Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and process 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 process and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
- 4) Our Audit examination is restricted only to legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.
- Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
- 6) The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
- 7) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- 8) Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances







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Narayan Sharma B.Com (Hons.), FCS

may not be detected, even though the audit is properly planned and performed in accordance with audit practices.

9) The contents of this Report have to be read in conjunction with the Report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with regard to the Company. Observations, remarks and qualifications mentioned hereinabove are in addition to the observations, remarks, and qualifications given by the auditor(s)/agencies/authorities of the Company in their respective reports.

Place: Guwahati Date: 11th August, 2023



For Narayan Sharma & Associates Practicing Company Secretaries

> CS Narayan Sharma (Proprietor) FCS No.: 5117 C P No.: 3844 PR: 1563/2021 UDIN: F005117E000789835

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INDEPENDENT AUDITOR'S REPORT



BAWEJA & KAUL

Chartered Accountants

Independent Auditor's Report

To the Members of North East Small Finance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **North East Small Finance Bank Limited** (the "Bank"), which comprise the Balance Sheet as at March 31, 2023, the Profit and Loss Account, the Cash Flow Statement 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, Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2014, as amended ("Accounting Standards") as applicable to banks and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2023, its loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Schedule 12 and Note No. 31 of Schedule 18 to the Financial Statement which fully describes that the Holding Company of the Bank had received income tax demand order of Rs. 35,25,135 thousands from income tax authorities for the Financial Year 2016-17 (Assessment year 2017-18) before the formation of the bank on 17.10.2017. This majorly includes the demand towards Share capital raised by the Holding Company during the assessment year, cash deposits done during the period of demonetisation on account of collection from various customers and interest thereon. The Holding Company has filed an appeal against the order before Commissioner of Income Tax (Appeals) and is hopeful of a favourable decision, as the additions are unsustainable.

IInd Floor, Above Impex Corporation, Opposite Behind Gate of Womens' College, Dogra Hall, , Jammu, (J & K) – 180001. Tel: 9419119479, 9810012809

³⁰⁶ Corporate Office, 85A Zamrudpur, Greater Kailash – I, New Delhi – 110048. Tel: 29248587, 49042920. email: bakaudit@gmail.com

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As per the terms of Business Transfer Agreement executed between the Holding Company and the bank, in the event of crystalisation of this contingent liability, the bank may have to reimburse the same to the Holding Company to the extent of amount remaining unpaid by the Holding company. However, the Board of Directors of the bank has noted in its meeting held on 24.02.2021 that Income Tax Department has passed and ex-parte assessment order with a demand. As per the GAAP principal of accounting, any event of such nature occurring in the books of Holding company need not be shown in the books of subsidiary company. Hence it has been shown as notes to accounts in the Financial Statements of the bank.

Our opinion is not modified in respect of this matter.

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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditors Response			
Identification of Non-Performing Advances and provisioning for Advances (Refer Schedule read with Schedule 18 Note 3 to the financial statements)				
Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank has net advances amounting to Rs. 1603.25	Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances. In particular:			
Lakhs as at March 31, 2023. Identification of and provisioning for non- performing assets (loans) in accordance with relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of	• We have evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances;			
income recognition, asset classification and provisioning pertaining to advances and guidelines relating to AMFIRS (herein after referred as "Relevant RBI guidelines") is a key audit matter due to level of regulatory and other stakeholders focus. During the year Government of Assam issued Notification No. ECF.215016/2022/27 dated	 We have analysed and understood key systems/ applications used and tested the design and implementation as well as operational effectiveness of relevant controls, including system generated reports and manual process and controls in relation to income recognition, asset classification, viz., standard, substandard, 			

doubtful

and

loss

with reference

to

2nd August 2022 regarding flood and



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landslide situation and the same was declared as affected w.e.f. 6th April 2022 in line with the RBI circular RBI/FIDD/2018-19/64 dated 17th October 2018 regarding natural calamity. Special SLBC meeting was held on 11th August 2022 in respect of the flood notification. As per Para 7 The borrowers from MFIs registered under RBI should also be eligible for the incentives provided to borrowers of Scheduled Commercial banks and Regional Rural Banks under the Master Directions issue by RBI. Bank being a SCB has registered 144379 borrowal accounts with RBI and has restructured 144379 borrowal accounts with a moratorium period of 9 months commencing from 6th April 2022 based on these notifications.

The aforesaid involves significant management estimates/ judgments and hence identified as Key Audit Matter (KAM).

relevant RBI guidelines;

We test checked advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets, and compliance with income recognition, asset classification and provisioning pertaining to advances;

• We have evaluated the adequacy of the additional provisions as prepared by the Management and checked consistency of various inputs and assumptions used by the Management to determine adequacy of the additional provisions

Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the preparation of the other information. The other information comprises the Directors Report including annexures to the Directors report but does not include the financial statement and our auditors report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and accordingly 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility 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 provisions of Section 29 of the Banking Regulation Act ,1949, Accounting

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Standards and other accounting principles generally accepted in India and the circulars, guidelines and the directions issued by the Reserve Bank of India, from time to time. This responsibility also includes 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 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, management 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 management 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 financial reporting process of Bank.

Auditor's Responsibility 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 financial 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 adequate internal financial controls system 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 the 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 of the current period 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

- The Balance Sheet and 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 Companies Act, 2013 and relevant Rules issued there under.
- 2. The Report does not include a statement on the matters specified in Paragraph 3 and 4 of the Companies Auditors Report Order 2016 ('The Order') issued by the Central Government of India in terms of section 143 (11) of the Companies Act, 2013. In our opinion and according to information and explanation given to us, the said order is not applicable to the Bank.
- 3. As required by Section 143(3) of the Act and Section 30 of the Banking Regulation Act, 1949, based on our Audit, 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 and found them to be satisfactory.
- b. In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the bank.
- c. As explained in the paragraph 4 below, the financial accounting system of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches.
- d. 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.
- e. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- f. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act as applicable to the Banks.
- g. On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- h. With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting.
- i. 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, in our opinion and to the best of our information and according to the explanations given to us, the entity being a banking company, section 197 of the Act related to the managerial remuneration is not applicable by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.
- j. 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, as amended 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;
 - ii. The Bank did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.


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4. We report that during the course of our audit we have visited and performed select relevant procedures at 15 Branches. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the Core Banking System, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at Head Office and Central Processing Units based on the records and data required for the purpose of Audit being made available to us.

For Baweja & Kaul Chartered Accountants ICAI Reg. 005834N

Digitally signed by SAMVIT KUMAR GURTOO SAMVIT KUMAR GURTOO Date: 2023.06.26 17:34:28 +05'30'

Samvit Kumar Gurtoo Partner Membership No. 090758 UDIN: 23090758BGZDFM9329

Place: New Delhi Date: 26th June '23

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of North East Small Finance 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 Companies Act, 2013, the Banking Regulation Act, 1949 and the 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 over financial reporting of the Bank based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 adequate internal financial controls over financial reporting 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 adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A Bank's internal financial control over financial reporting 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 over financial reporting 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 authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, to the best of our information and according to the explanations given to us the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting 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.

For Baweja & Kaul Chartered Accountants ICAI Reg. 005834N

SAMVIT KUMAR ^{Digitally signed by SAMUT} GURTOO Deter 2023/02/617/35/20 +05/30' Samvit Kumar Gurtoo Partner Membership No. 090758 UDIN: 23090758BGZDFM9329

Place: New Delhi Date: 26th June '23

NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505) BALANCE SHEET AS AT 31ST MARCH 2023

PARTICULARS	Schedule No.	As at March 31, 2023	(INR in '000) As at Mar 31, 2022
CAPITAL AND LIABILITIES			
Capital	1	34,68,468	30,76,114
Reserves and Surplus	2	(24,36,006)	(3,43,584)
Deposits	3	2,03,96,300	1,52,87,836
Borrowings	4	41,17,500	44,48,500
Other Liabilities and Provisions	5	15,58,133	10,51,119
TOTAL		2,71,04,395	2,35,19,985
ASSETS			
Cash and Balance with Reserve Bank of India	6	15,04,537	8,09,310
Balance with Banks and Money at call & short notice	7	40,38,298	19,70,165
Investments	8	34,82,944	27,72,158
Advances	9	1,60,32,595	1,62,72,284
Fixed Assets	10	2,86,131	2,83,079
Other Assets	11	17,59,890	14,12,989
TOTAL		2,71,04,395	2,35,19,985
Contingent Liabilities Bill for collection	12		
Significant Accounting Policies and notes to the financial statemen	17 & 18		

Schedules referred to above form an integral part of the Balance Sheet

The Balance Sheet has been prepared in conformity with the Form A of the Third Schedule to the Banking Regulation Act,1949

1

For and on behalf of the Board of Directors

KETAN KUMAR Digitally signed by RAVINCHAN DRAVINCHANN DRA JOSHI DAte: 2023.06.26 11:55:31 +05'30'

Ketan Kumar Joshi Chief Financial Officer M. No. 056916

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Digitally signed by RAM KRISHNA GARG Date: 2023.06.26 DGARGrishna Garg47:57 +05'30'

Chairman DIN: 02164119

KRISHNA

RAM

Place : Guwahati Date : June 26 ,2023

As per our audit report of even date For Baweja & Kaul **Chartered Accountants** Firm Registration Number : 005834N

SAMVIT KUMAR Digitally signed by SAMVIT KUMAR GURTOO GURTOO Date: 2023.06.26 17:38:10 +05'30'

CA Samvit Kumar Gurtoo Partner Membership No - 090758

UDIN-

Place : Guwahati Date : June 26 ,2023

RUPALI KALITA

Digitally signed by RUPALI KALITA Date: 2023.06.26 15:14:52 +05'30'

Rupali Kalita Managing Director & CEO DIN: 02114098

Tapan KumarDigitally signed by
Tapan Kumar HazarHazarikaDate: 2023.06.26
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Tapan Kumar Hazarika Independent Director DIN: 08088195



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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505) PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2023

PARTICULARS	Schedule No.	For the Year Ended March 31, 2023	(INR in '000) For the Year Ended March 31, 2022
I. INCOME			
Interest Earned	13	29,76,867	31,41,593
Other Income	14	3,75,915	1,42,314
TOTAL	-	33,52,782	32,83,907
II. EXPENDITURE			
Interest Expended	15	14,13,309	12,20,555
Operating Expenses	16	18,00,011	14,20,695
Provisions and Contingencies		22,69,520	18,74,655
TOTAL	-	54,82,840	45,15,905
III. PROFIT			
Net Profit After Tax		(21,30,058)	(12,31,998)
Add; Balance in Profit & Loss Account Brought Forward fro	om Previous Year	(7,59,696)	4,72,301
TOTAL	-	(28,89,754)	(7,59,697)
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		-	-
Transfer from Investment Fluctuation Reserve Balance Carried to Balance Sheet		10,009 (28,99,763)	- (7,59,697)
TOTAL	-	. (28,89,754)	(7,59,697)
EPS (Basic)	-	(7.26)	(4.20)
EPS (Diluted)		(7.24)	(4.20)
Significant Accounting Policies and notes to the financial sta Schedules referred to above form an integral part of the Prof		(7.24)	(4.20)
		101 11 . I D 1	

The Profit & Loss Account has been prepared in confirmity with the Form B of the Third Schedule to the Banking Regulation Act, 1949

For and on behalf of the Board of Directors

KETAN KUMAR PRAVINCHAND RAVINCHAND RA JOSHI Digitally signed by KETAN KUMAR PRAVINCHANDRA JOSHI Date: 2023.06.26 12:03.26 +05:30

Ketan Kumar Joshi

RAM Chief Finapping Offision during the second seco

Dr Ram Krishna Garg Chairman DIN : 02164119

Place : Guwahati Date : June 26 , 2023

As per our audit report of even date For Baweja & Kaul Chartered Accountants Firm Registration Number : 005834N

SAMVIT KUMAR Digitally signed by SAMVIT KUMAR GURTOO Date: 2023.06.26 17:39:13 +05'30'

CA Samvit Kumar Gurtoo Partner Membership No - 090758 UDIN-____

Place : Guwahati Date : June 26 , 2023 RUPALI KALITA Digitally signed by RUPALI KALITA Date: 2023.06.26 15:15:52 +05'30'

Rupali Kalita Managing Director & CEO DIN : 02114098

Tapan KumarDigitally signed by
Tapan Kumar HazarikaHazarikaDate: 2023.06.26
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Tapan Kumar Hazarika Independent Director DIN : 08088195



NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505) SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	As at March 31, 2023	(INR in '000) As at Mar 31, 2022
SCHEDULE 1 - Share Capital		
Authorised Share Capital:* Equity Share Capital 70,00,000 Shares of INR.10 each (Previous Year 70,00,00,000 Shares of INR 10 each) Non-cumulative Compulsorily Convertible Preference Share Capital (CCPS):	70,00,000	70,00,000
30,00,000 CCPS of INR 10 each (Previous Year 30,00,000 CCPS of INR 10 each)	30,00,000	30,00,000
	1,00,00,000	1,00,00,000
* As on the date of signing of Balance Sheet, the Authorised capital stands at 60,00,00,000 Equity shares of INR 10 each and 10,00,00,000 CCPS of INR 10 each.	-,,	
Issued, Subscribed and Paid up Capital		
Equity Share Capital- 32,77,00,276 Shares of INR.10 each (29,40,96,317 shares of INR 10 each)	32,77,003	29,40,963
Non-cumulative Compulsorily Convertible Preference Share Capital (CCPS)- 1,9146,531 shares of INR 10 each (1,35,15,114 shares of INR 10 each)	1,91,465	1,35,151
Total	34,68,468	30,76,114
SCHEDULE 2 - Reserves and Surplus		
I. Statutory Reserve Opening Balance	1,97,658	1,97,658
Additions during the year	-	-
Closing Balance	1,97,658	1,97,658
II. Investment Fluctuation Reserve		
Opening Balance	1,20,719	1,20,719
Additions during the year		
Less: Drawdown to P&L appropriation during the year Closing Balance	<u>10,009</u> 1,10,710	1,20,719
	1,10,710	1,20,715
III. Share premium Opening Balance	97,736	- C
Addition during the year	47,646	97,736
Closing Balance	1,45,382	97,736
IV. Balance in Profit and Loss Account	(28,89,754)	(7,59,697)
Total (I to IV)	(24,36,006)	(3,43,584)
SCHEDULE 3 - Deposits		<u> </u>
A.I. Demand Deposits		
(i) From Banks	3,561	17,012
(ii) From Others II. Savings Bank Deposits	8,56,955 83,68,442	5,96,865 51,32,311
III. Term Deposits	05,00,112	51,52,511
(i) From Banks	40,49,668	22,30,224
(ii) From Others Total (I to III)	71,17,674 2,03,96,300	73,11,424 1,52,87,836
B.I. Deposits of Branches in India	2,03,96,300	
B.II. Deposits of Branches outside India	2,03,90,300	1,52,87,836
Total (B.I and B.II)	2,03,96,300	1,52,87,836
SCHEDULE 4 - Borrowings		
I. Borrowings in India		
i) Reserve Bank of India	-	- 1
ii) Other Banks iii) Other Institutions and Agencies	23,65,000 17,52,500	44,48,500
iv) Others (Non-Convertible Redeemable Debentures)		-
Total	41,17,500	44,48,500
II. Borrowings outside India		
Total (I and II)	41,17,500	44,48,500

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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505) SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	As at	(INR in '000) As at
	March 31, 2023	Mar 31, 2022
Secured Borrowings included in I and II above	41,17,500	42,06,000
SCHEDULE 5 - Other Liabilities and Provisions		
I. Interest Accrued	77,219	1,16,603
II. Provision for Standard Assets*	3,67,048	5,71,929
III. Provision for taxation (net of advance tax)	-	and the second se
IV. Unsecured Redemable Non convertible Subordinated Tier II Bonds in the nature of Promissory Note.	1,90,000	-
V. Floating Provision against loans	1,50,000	1,50,000
VI. Others (Including Provisions other than Loans & Advances and share application money)	7,73,866	2,12,587
Total (I to VI)	15,58,133	10,51,119

*Provision on standard assets include INR 14,553 thousands towards Covid 2-0 restructured advances. (Previous Year INR 4,91,539 thousands.) and INR 2,17,098 towards restructuring done under natural calamity. (Previous Year NIL.)

SCHEDULE 6 - Cash and Balance with Reserve Bank of India		
I. Cash in hand	1,43,088	1,42,697
I. Balances with Reserve Bank of India	1,45,000	1,42,097
i) In Current Accounts	13,61,449	6,66,613
i) In Other Accounts	15,01,447	0,00,015
Total (I and II)	15,04,537	8,09,310
Total (1 and 11)	13,04,337	0,09,510
SCHEDULE 7 : Balances with Banks and Money at Call and Short Notice		
A.In India		
I Balances with banks		
i) In Current Accounts	88,298	3,70,165
ii) In Other Deposit Accounts	39,50,000	11,00,000
II) Term Money/Money at call and short notice		
i) With banks		5,00,000
ii) With other Institutions	- Pro-	
Total	40,38,298	19,70,165
B. Outside India		
Total (II)	-	-
Total (I and II)	40,38,298	19,70,165
SCHEDULE 8 - Investments		
I. Investments in India		
i) Government Securities	34,82,944	27,72,158
ii) Others (Investment in Mutual Funds)	-	-
Total (I)	34,82,944	27,72,158
II. Investments Outside India	-	-
Total (II)	-	-
Total (I and II)	34,82,944	27,72,158
		41,14,130
Gross Investments	34,82,944	27,72,158
Less : Provision for Investments	-	27,72,100
Net Investments	34,82,944	27,72,158
		21,12,130

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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505) SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	As at	(INR in '000) As at
TAKITCULARS	March 31, 2023	As at Mar 31, 2022
SCHEDULE 9 - Advances		
A. i) Cash Credits, Overdrafts and Loans repayable on demand	3,28,490	6,88,445
ii) Term Loans	1,57,04,105	1,55,83,839
Total	1,60,32,595	1,62,72,284
3. i) Secured by Tangible Assets	1,05,51,344	59,49,236
ii) Covered by Banks/Government Guarantees	1,05,51,544	57,47,250
ii) Unsecured	54,81,251	1,03,23,048
Total	1,60,32,595	1,62,72,284
C.I. Advances in India	1,00,02,070	1,02,72,201
i) Priority Sectors*	1,47,42,553	1,47,43,739
	1,47,42,333	1,47,45,759
ii) Public Sectors iii) Banks		
iv) Others	12,90,042	15 28 545
Total C.I	1,60,32,595	15,28,545 1,62,72,284
* Please also refer note no 23.1 of schedule 18	1,00,52,595	1,02,72,204
C.II. Advances outside India		
Total C.II	-	-
Total C (I and II)	1,60,32,595	1,62,72,284
SCHEDULE 10 - Fixed Assets		
I. Owned Assets :		
a) Premises		-
b) Fixed Assets (Including Furnitures and Fixtures)		
At the beginning of the year	6,04,491	5,20,464
Additions during the year	89,886	89,304
Deductions during the year	6,069	5,278
Total (I)	6,88,308	6,04,491
II) Depreciation	2 21 412	2 15 ((0
At the beginning of the year Charge for the year	3,21,412	2,15,669 1,06,644
Deductions during the year	81,858 1,093	1,00,044
Total (II)	4,02,177	3,21,412
Net Block (I - II)	2,86,131	2,83,079
Total	2,86,131	2,83,079
	2,00,151	2,03,079
SCHEDULE 11 - Other Assets	11 11 202	10.05.200
i. Interest Accrued	11,11,203	10,85,396
ii. Tax paid in advance (net of provision for tax) iii. Deferred Tax Assets	47,742 4,09,907	1,55,624 16,279
iv. Others	1,91,038	1,55,690
Total	17,59,890	14,12,989
SCHEDULE 12 - CONTINGENT LIABILITIES	17,57,670	14,12,909
I. Claims Against the Bank not Acknowledged as debts		
II.Liability for partly paid investments		
III.Liability on accounts of outstanding forward exchange and derivative contracts:		
IV.Guarantees Given on behalf of constituents	1000	
V.Acceptances, endorsements and other Obligations		
VI. Other Items for which the bank is constituently liable.		
Total		
Note:- Also refer Note No 31 of Schedule 18		

Note:- Also refer Note No 31 of Schedule 18



NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505) SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

PARTICULARS		For the Year Ended March 31, 2023	(INR in '000) For the Year Ended March 31, 2022
SCHEDULE 13 - Interest Earned			
I. Interest on Advances		25,43,233	28,97,057
II. Income on Investments		2,29,146	1,86,304
III. Interest on Balances with RBI and Other Inter-Bank Funds		1,95,689	58,228
IV. Other interest Income	and the second se	8,799	4
Total (I to IV)	_	29,76,867	31,41,593
SCHEDULE 14 - Other Income			
I. Commission, Exchange & Brokerage		2,40,652	1,23,721
II. Profit on sale of Investments	9,780		
Less: Loss on Sale of Investments	(26,202)	(16,422)	(33,057)
III. Profit/(Loss) on sale of land, buildings and other assets		(308)	(297)
IV. Miscellaneous Income		1,51,993	51,947
Total (I to IV)		3,75,915	1,42,314
SCHEDULE 15 - Interest Expended			
I. Interest on Deposits		10,97,963	7,91,397
II. Interest on all other borrowings	-	3,15,346	4,29,158
Total (I to II)	-	14,13,309	12,20,555
SCHEDULE 16 - Operating Expenses			
I. Payments and Provisions for Employees		9,43,499	7,89,114
II. Rent, Taxes and Lighting		1,11,027	95,359
III. Printing and Stationery		18,629	12,677
IV. Advertisement and Publicity		12,748	8,816
V. Depreciation on Bank's property		81,859	1,06,644
VI. Director's Fees's, Allowances & Expenses		6,680	4,489
VII. Auditors fees and expenses		4,000	3,611
VIII. Law Charges		149	150
IX. Postage, Telegrams, Telephones, etc.		5,381	6,514
X. Repairs and Maintenance		74,171	47,766
XI. Insurance		19,310	17,338
XII. Other expenditure		2,87,358	1,56,649
XIII. IT Cost (FIS)		2,35,200	1,71,568
Total (I to XIII)		18,00,011	14,20,695

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NORTH EAST SMALL FINANCE BANK LIMITED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2023

		For the Year Ended	For the Year Ended
PARTICULARS		March 31, 2023	March 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES		,	
Net Profit before Tax		(25,16,436)	(12,09,058
Adjustment For:			
(Profit)/Loss on sale of Fixed Assets		308	29
Fair value gain on SG securities		26,202	4,47
Contingent Provisions for Standard Assets		(2,04,881)	5,10,33
Adhoc Provision against NPA		-	1,26,60
Depreciation & Amortisation		81,858	1,06,64
Drawdown from Investment fluctuation reserve		(10,009)	
Provision for Non Performing / Bad Assets		28,60,779	12,14,77
Operating Profit before Working Capital Changes		2,37,821	7,54,07
Adjustments for:			
Decrease/(Increase) in Other Assets		39,476	(7,54,83
Decrease/(Increase) in Term Deposits with other Banks		2,01,000	(3,70,89
Increase/(Decrease) in Other liabilities and Provisions		7,11,894	1,76,89
Decrease/(Increase) in Advances		(26,21,090)	(9,40,42)
Decrease/(Increase) in Investments		(7,36,987)	3,60,16
Increase/(Decrease) in Deposits		51,08,464	25,15,52
Cash generated from / (used) in Operations:		27,02,757	9,86,42
Taxes Paid		-	(1,00,00
Net Cash Flow from / (used) in Operating Activities	(A)	29,40,578	16,40,49
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets		(89,886)	(89,30
Sale of Fixed Assets		4,668	4,37
Net Cash Flow used in Investing Activities	(B)	(85,218)	(84,92
Borrowings	(D)	(03,210)	(04,)2
CASH FLOW FROM FINANCING ACTIVITIES:		2 (0.010	2 40 00
Increase/(Decrease) in Capital (net)		2,60,818	2,40,00
Increase/(Decrease) in Share Premium		1,79,182	
Increase/(Decrease) in Borrowings (Net)	2 C	(3,31,000)	(14,00,83)
Net Cash Flow from / (Used in) Financing Activities	(C)	1,09,000	(11,60,83
Net Increase / (Decrease) in Cash or Cash Equivalents (A+B+C)		29,64,360	3,94,737
		10 50 /55	
Opening Cash and Cash Equivalents		19,78,475	15,83,73
Cash and Cash Equivalents at the end of the year		49,42,835	19,78,47
Break up cash and cash equivalent		15.04.525	0.00.01
Cash and Balance with RBI		15,04,537	8,09,31
Balance in current account with other banks		88,298	3,70,16
Deposits		33,50,000	2,99,00
Money at Call & Short Notice			5,00,00
Total Cash & Cash Equivalent		49,42,835	19,78,47

The above Cash Flow Statement has been prepared undet the Indirect Method as set out in Accounting Standard 3 of Cash Flow Statements
 The Cash & Cash equivalent does not include INR 600,000 Thousands (Previous Year INR 801,000 Thousands) deposits having maturity more

than 12 months

3. Figures in bracket indicate cash outflow.

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NORTH EAST SMALL FINANCE BANK LIMITED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2023

For and on behalf of the Board of Directors

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Ketan Kumar Joshi

Chief Financial Officer M. No. 056916

RAM **KRISHNA**

Digitally signed by RAM KRISHNA GARG Date: 2023.06.26 Or ARCKrishna Garg 5:51:28 +05'30'

Chairman DIN: 02164119

Place : Guwahati Date : June 26 , 2023 As per our audit report of even date

For Baweja & Kaul Chartered Accountants Firm Registration Number : 005834N

SAMVIT KUMAR GURTOO Digitally signed by SAMVIT KUMAR GURTOO Date: 2023.06.26 17:40:16 +05'30'

CA Samvit Kumar Gurtoo Partner Membership No - 090758 UDIN-

Place : Guwahati Date : June 26 , 2023



Rupali Kalita Managing Director & CEO DIN: 02114098

Digitally signed by Tapan Kumar Tapan Kumar Hazarika Date: 2023.06.26 13:29:21 +05'30' Hazarika Tapan Kumar Hazarika Independent Director DIN: 08088195



NORTH EAST SMALL FINANCE BANK LIMITED

Guwahati, Assam (CIN : U65100AS2016PLC017505)

Schedule 17- Significant Accounting Policies 1.Background

North East Small Finance Bank Limited (the "Bank") is a public limited Company incorporated on July 25, 2016 under the provisions of the Companies Act, 2013 having CIN- U65100AS2016PLC017505, received in principle approval from the Reserve Bank of India ("RBI") to establish a small finance bank in the private sector under section 22 of the Banking Regulation Act, 1949 on September 16, 2015. The bank received license from the Reserve Bank of India (RBI) to operate as a Small Finance Bank under the Banking Regulation Act, 1949 with effect from March 31, 2017 and commenced its banking operations on October 17, 2017. The Bank provides Retail banking services and wide range of financial services to economically poor in urban, semi-urban and rural areas. The Bank has it's headquarter in Guwahati with nine zonal offices. The Bank operates in India concentrating in North East

2. Basis of Preparation

The financial statements have been prepared in accordance with the requirements prescribed under the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements is the accrual method of accounting and historical cost convention and it confirms with Generally Accepted Accounting Principles in India ("Indian GAAP"), the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013 ("the Act") and the Companies (Accounting Standards) Amendment Rules 2016, in so far as they apply to banks and the guidelines issued by the RBI.

3. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liability) and the reported income and expenses during the period. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Future results could differ from actuals and the differences between the actual results and the estimates are recognized prospectively in which the results are known. Any revision to accounting estimates is recognized prospectively in current and future periods.

4. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

Interest Income is recognized in the statement of profit and loss on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognized upon realization as per the prudential norms of the RBI.

Processing fees and commission collected on loans disbursed, along with related loan acquisition cost are recognised upfront at Inception of loan. However any processing fees collected at the time of restructuring as a result of renegotiations or rescheduling of outstanding dates are recognised on accrual basis over the period of time covered by the renegotiated or rescheduled extention of credit.

Interest on Government securities, debentures and other fixed income securities is recognized on a period proportion basis. Income on discounted instruments is recognized over the tenor of the instrument on a constant Yield to Maturity method.

Commission on sale of insurance products are recognised on accrual basis on sale of number of policies of respective insurance companies.

5. Investments

Classification and valuation of the Bank's investments are carried out in accordance with the RBI guidelines which are as follows:

Categorisation of Investments

The Bank classifies its investment at the time of purchase into one of the following three categories:

i. Held to Maturity (HTM) - Securities acquired with the intention to hold till maturity

Region and West Bengal at present and does not have a branch in any foreign country.

ii. Held for Trading (HFT) – Securities acquired with the intention to trade.

iii. Available for Sale (AFS) - Securities which do not fall within the above two categories

Subsequent shifting amongst the categories is done in accordance with the RBI guidelines.

Classification of Investments

For the purpose of disclosure in the Balance Sheet, investments are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures, and (vi) Other Investments.

Acquisition cost

i. Broken period interest on debt instruments is treated as revenue item.

ii. Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit and Loss account. iii. Cost of investments is computed based on the First in First Out basis.



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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN: U65100AS2016PLC017505)

North East

Schedule 17- Significant Accounting Policies

Transfer Between Categories

Transfer between categories is done at the lower of the acquisition cost / book value / amortised cost / market value on the date of the transfer and depreciation, if any, on such transfer is fully provided for, in accordance with the RBI guidelines.

Valuation of Investments

i. Held to Maturity – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortized over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually

ii. Held for Trading – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification.Net appreciation in each classification is ignored, while net depreciation is provided for.

iii. Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.

iv. Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIM- MDA) / Financial Benchmarks India Private Limited.

v. Treasury bills are valued at carrying cost, which includes discount amortized over the period to maturity

vi. Purchase and sale transaction in securities are recorded under Settlement Date method of accounting, except in the case of the equity shares where Trade Date method of accounting is followed.

vii. Provision for non-performing investments is made in conformity with RBI guidelines.

viii. In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA). The balance in IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.

ix. Unquoted equity shares are valued at their break-up value which is ascertained from the company's latest balance sheet. In case the latest balance sheet is not available the shares are valued at face value.

Disposal of Investment

Investments classified as HFT or AFS - Profit or loss on sale or redemption is recognised in the Profit and Loss Account.

Profit in respect of sale or redemption of investments from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account. Loss on sale or redemption is recognised in the Profit and Loss Account.

6. Loans/Advances and Provision thereon

Classification:

Advances are classified as per RBI guidelines into standard, sub-standard, doubtful and loss assets after considering subsequent recoveries to date.

Provision:

Specific loan loss provisions are made for NPAs based on management's judgment of the degree of impairment of the loan subject to the minimum requirements as per the extant guidelines prescribed by the RBI. The provisions towards Standard Assets is made as per the extant RBI notifications and shall not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' under 'Other Liabilities and Provisions'.

Apart from the general provision made on standard assets as above, the Bank is also maintaining additional provisions to cover potential credit losses which are inherent in any loan portfolio but not identified from time to time basis approvals received from their Board of Directors.

Amounts recovered during the year against bad debts written off in earlier years are recognised in the Profit and Loss Account.

Floating Provision:

Provisions made in excess of the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is approved by the Board of Directors in accordance with the RBI guidelines. Floating provisions are used only for contingencies under extraordinary circumstances and for making specific provisions for impaired accounts as per Board approval and regulatory approval. Floating provisions, if any, are shown under "Other liabilities and Provisions" (Schedule 5).

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NORTH EAST SMALL FINANCE BANK LIMITED

Guwahati, Assam (CIN : U65100AS2016PLC017505)

Schedule 17- Significant Accounting Policies 7. Fixed Assets (Tangible and Intangible)

7.1 Fixed assets are stated at cost, net of accumulated depreciation and impairment. The cost of an asset comprises its purchase mice and any east directly attributed to bringing the east to its working condition and leastion for its intended use. Subsequent

price and any cost directly attributable to bringing the asset to its working condition and location for its intended use. Subsequent expenditure on fixed assets after its purchase is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

7.2 Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such assets are considered to be impaired, the impairment is recognized by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. An Impairment lost is reversed if there has been a change in the estimates used to determine the recoverable amount. An Impairment loss is reversed only to the extent that the asset carrying value does not exceed the carrying value that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

7.3 Receipt of any Grant / Subsidy either from NABARD / SIDBI / other FIs shall be adjusted in the cost of Fixed Assets for which such Grant / Subsidy has been received.

7.4 Capital work-in-progress includes costs incurred towards creation of fixed assets that are not ready for its intended use.

8. Depreciation & Amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortized over the duration of the lease. The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

The useful life being followed by the Bank as prescribed in Schedule II to the Companies Act, 2013 is as follows

Asset	Useful Life as per
Computer	3
Furniture	10
Office equipment	5
Motor Vehicle	8
Server	6
Software	3
Goodwill	5

9. Employee Benefits

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Bank has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Bank does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity: The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the period is recognized on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial losses/ gains are recognized in the Profit and Loss Account in the year in which they arise.

Leave Encashment: Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method. Actuarial losses/ gains are recognized in the Profit and Loss Account in the year in which they arise.

10. Taxes

Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized, in general, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized; where there are unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income.



Small Finance Bank

NORTH EAST SMALL FINANCE BANK LIMITED

Guwahati, Assam (CIN : U65100AS2016PLC017505)

Schedule 17- Significant Accounting Policies 11. Cash and Cash equivalent

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice (excluding gfixed deposits with original maturity of more than three months)

12. Segment Reporting

In accordance with the guidelines issued by the RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2017 and accounting standard 17 (AS-17) on "Segment Reporting", the Bank's business has been segregated into Treasury and Retail banking segments, the Bank has adopted Segment Reporting as under:

Treasury includes all investment portfolios, Profit / Loss on sale of Investments, income from money market operations. The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as internal sources and depreciation / amortization of premium on Held to Maturity category investments as well as relevant operating expenses.

Retail Banking includes lending to and deposits from retail customers and identified earnings and expenses of the segment

Unallocated Revenue consists of loss on sale of assets, unallocated expenses includes depreciation, directors' sitting fees & remuneration, audit fees etc

Unallocated Liabilities consists of outstanding expenses like rent, advertisement and the taxes payable etc. while unallocated assets include balances with RBI, Fixed assets, input tax credits etc.

13. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. 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.

14. Provisions and contingent assets/liabilities

A provision is recognized when there is an obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

i. a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or

ii. a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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.

Contingent assets, if any, are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

15. Leases

Lease rentals under operating lease are charged to the Profit and Loss Account on straight line basis over the lease term.

Lease arrangements where risk and rewards incidental to ownership of an assets substantially vest with the lessor are recognised as operating leases.

16. Investment Fluctuation Reserve

In accordance with RBI Guidelines, banks are required to create a minimum Investment Fluctuation Reserve (IFR) equivalent to 2% of HFT & AFS Portfolio, within a period of five years from its commencement.

17. Statutory Reserve

Pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000, the Bank is required to appropriate 25% of profit after tax for the year to the statutory reserve.

18. Share Issue Expenses

The bank shall consider the share issue expenses as "Preliminary Expenses" and shall amortise over a period of five years.

NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN: U65100AS2016PLC017505)

Schedule 18 -Notes to Financial Statement 1. Capital :

1.1 Capital Infusion (Tier -I Capital)

During the year ended March 2023, Bank has received an amount of INR 2,60,818 thousands (Previous Year- INR 1,42,264 thousands) as capital funds as under at a premium of INR 1,79,182 thousands (Previous year INR 97,735 thousands)

Name of Investor		Number of Equity Shares	Number of CCPS	Respective Consideration
Nordic Microfinance initiative Fund III KS		2,96,384	56,31,298	1,00,000.00
M-SWASTH		29,638	5,63,122	9,999.86
Mr. Kechangulie Rio		1,48,192	28,15,649	50,000.00
Garagepreneurs Internet Pvt Ltd (Slice)		8,29,750	1,57,67,760	2,79,999.99
As on 31st March 2023, the total no of equi	ty shares as well as total no	of CCPS incl	uding the above fre	sh infusion is as under:-
	Number of	Number of	Amount of	Amount of CCPS
Particulars	Equity Shared	CCPS	Equity Capital	Amount of CCFS
Opening Balance as on 01.04.2022	29,40,96,317	1,35,15,114	29,40,963	1,35,151
Add Fresh issuance during the period	3,36,03,959	2,47,77,829	3,36,040	2,47,778
Sub Total	32,77,00,276	3,82,92,943	32,77,003	3,82,929
Less converted into equity shares	-	(1,91,46,412)	-	(1,91,464)
Closing Balance as on 31.03.2023	32,77,00,276	1,91,46,531	32,77,003	1,91,465

1.2 Capital Infusion (Tier -II Capital)

During the year to augment Regulatory Capital, Bank has issued Unsecured Redeemable Non convertible Subordinate Tier-II Bonds in the nature of promissory notes for a period of 63 months @ 14% payable semi annually. These bonds are rated by CRISIL as BBB-/ with stable outlook. Prior approval from RBI is required for these bonds at the time redemution.

1.3 Capital Adequacy Ratio

The Bank computes its Capital Adequacy Ratio as per Capital Adequacy Framework- BASEL-II and Operating Guidelines for Small Finance Banks (issued by RBI on October 6, 2016)

Under Capital Adequacy Framework and Operating Guidelines for Small Finance Bank issued on October 6, 2016, the Bank has to maintain a Minimum Total Capital (MTC) of 15% of the Credit risk weighted assets (Credit RWA) on an on-going basis. Out of the MTC, at least 7.5% shall be from Tier 1 Capital of which common equity Tier 1 capital shall be 6% and 1.50% from additional Tier 1 capital and remaining shall be from Tier 2 Capital. Further as per RBI's directions given in the circular DBR.NBD.No 4502/16.13.218/2017-18, dated November 8, 2017, no separate risk charge has been calculated for Market Risk and Operational Risk for capital ratios. The capital adequacy ratio of the Bank is set out below:

Particulars	As at March 31,	As at March 31,
raruculars	2023	2022
i) Common Equity Tier I Capital (CET 1)	4,87,815	25,61,444
ii) Additional Tier I Capital	-	
(ii) Additional Tier I Capital (%)		10 A 10
iii) Tier 1 capital (i + ii)	4,87,815	25,61,444
iv) Tier 2 capital	5,22,437	3,32,929
v) Total capital (Tier 1 + Tier 2)	10,10,252	28,94,374
vi) Total Risk Weighted Assets (RWAs)	1,77,38,184	1,69,76,858
vii) CET 1 Ratio (CET 1 ratio as a percentage of RWAs)	2.75%	15.09%
viii) Tier 1 Ratio (Tier 1 Capital as a percentage of RWAs)	2.75%	15.09%
ix) Tier 2 Ratio (Tier 2 Capital as a percentage of RWAs)	2.75%	1.96%
x) Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as	5.50%	17.05%
xi) Leverage Ratio	1.83%	10.91%
xii) Percentage of the shareholding of		
a) Government of India	0.00%	0.00%
b) State Government		
c) Sponsor Bank		
xiii) Amount of paid up share capital raised during the year	4,40,000	2,40,000
xiv) Amount of non-equity Tier 1 capital raised during the year	-	/ · · · ·
xv) Amount of Tier 2 capital raised during the year	1,90,000	

₹ in '000



NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505)

Schedule 18 -Notes to Financial Statement

2. Investments

₹ in '000

Particulars	As at March 31, 2023	As at March 31, 2022
1. Value of Investments		
(i) Gross Value of Investments		
(a) In India	34,82,944	27,72,158
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	and the second se	-
(iii) Net Value of Investments		
(a) In India	34,82,944	27,72,158
(b) Outside India,	-	-
2. Movement of provisions held towards depreciation on investments	the second se	
i. Opening Balance	-	-
ii. Add: Provisions made during the period/on amalgamation	-	-
iii. Less: Write back of provisions made during the year		-
iv. Closing Balance		

2.2 Category wise details of Investments (Net of provision for depreciation):

Particulars	As	at March 31, 20	23		As at March 31, 202	March 31, 2022	
1 al ticular s	HTM	AFS	HFT	HTM	AFS	HFT	
i) Government securities	27,13,407	_	-	15,37,766	4,38,654	-	
ii) Other approved securities (State Govt)	7,69,537	-	-	7,95,738	and the second se	-	
iii) Shares		-	-	-	and the second sec	-	
iv) Debentures and bonds	-	- 10		-	- 10		
v) Mutual Funds		-		-	-	-	
vi) Subsidiaries and /or Joint ventures		-	-	-	-	-	

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the period	Outstanding as on March 31, 2023
Securities sold under repos				
i. Government securities			-	-
ii. Corporate debt securities	-		-	-
Securities purchased underreverse repos				
i. Government securities		-	-	-
ii. Corporate debt securities	· · · · ·	-	-	-
Particulars	Minimum outstanding	Maximum outstanding	Daily Average outstanding	Outstanding as on

outstanding during the year	outstanding during the year	outstanding during the period	on March 31, 2022
10,307	3,43,019	53,349	-
-	-	-	-
10,002	19,50,024	28,091	5,00,000
-		-	-
	during the year 10,307	outstanding during the yearoutstanding during the year10,3073,43,019	outstanding during the yearoutstanding during the yearoutstanding during the period10,3073,43,01953,34910,00219,50,02428,091

2.4 Non-SLR Investment Portfolio: (i) Issuer Composition of Non SLR Investments as on 31.03.2023 :

SLN 0	Issuer	Amount	Extent of Private Placement	Extent of Below Invetsment Grade Securities	Extent of Unrated Securities	Extent of Unlisted Securities
1	Others	NIL	NIL	NIL	NIL	NIL

(i) Issuer Composition of Non SLR Investments as on 31.03.2022:

SLN 0	Issuer	Amount	Extent of Private Placement	Extent of Below Invetsment Grade Securities	Extent of Unrated Securities	Extent of Unlisted Securities
1	Others	NIL	NIL	NIL	NIL	NIL

(ii) Non-performing Non-SLR investments:

The Bank does not have any non performing non-SLR Investments as on March 31, 2023 (Previous year : NIL)

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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN: U65100AS2016PLC017505)

Schedule 18 -Notes to Financial Statement 2.5 Shifting of securitues from AFS to HTM

	March 3	1, 2023	Marc	h 31, 2022
Particulars of Securities	Book value	Market value	Book value	Market value
Total of HTM securities before shifting of AFS to HTM	25,75,006	25,21,037	-	-
Total of AFS Securities shifted to HTM	4,31,055	4,25,279	-	-
Percentage of securities transferred from AFS to HTM	16.74%		-	_

2.6. Derivatives

The Bank did not have any transactions in derivative instruments during the year ended March 31, 2023 (Previous Year : NIL)

2.7. Credit Default Swaps:

The Bank has not entered into any credit default swap transactions during the year ended March 31, 2023 (Previous Year : NIL)

2.8. Un-hedged foreign currency exposure

The Bank does not have any un-hedged foreign currency exposure as on March 31, 2023 (Previous Year : NIL)

2.9 Disclosure on IFR Drawdown

During the period, Bank has draw down an amount of INR 10,009 thousands (excluding income tax) from Investement Fluctuation Reserve to offset the MTM losses arised out of AFS portfolio of the bank in line with RBI master directions dated 25th August 2021(updated as on 8th APril 2022). Bank has also shifted all their securities available under AFS to HTM category at market value as permitted by board of dierectors.

3. Asset Quality

Particulars	March 31, 2023	March 31, 2022
(i) Net NPAs to Net Advances (%)	1.71%	3.56%
Movement of Gross NPAs		
(a) Opening Balance	18,99,232	19,16,624
(b) Additions (Fresh NPAs) during the year	26,65,174	9,74,369
Sub-total (A)	45,64,406	28,90,993
(c) Reductions during the period:		
(i) Up-gradations	7,058	1,494
(ii) Recoveries	1,00,049	1,84,179
(iii) Technical/ Prudential Write-offs	9,83,983	8,06,088
(iv) Write-offs other than those under (iii) above		-
Sub-total (B)	10,91,090	9,91,761
Closing Balance (A-B)	34,73,316	18,99,232
Note: Additions and reductions does not include cases which have become NPA during the mo	nth and subseqently moved out of NPA in same month	
Particulars	March 31, 2023	March 31, 2022

Movement of Net NPAs		
(a) Opening balance	5,74,350	11,24,510
(b) Additions during the period	(2,22,744)	4,18,210
(c) Reductions during the year period	79,968	9,68,370
(d) Closing balance	2,71,638	5,74,350
Movement of provision for NPAs (excluding provision for standard assets)		
(a) Opening balance	13,24,882	7,92,114
(b) Provisions made during the period	28,87,918	13,64,772
(c) Provision on Technical written off account including other write back	10,11,122	8,32,004
(d) Closing balance	32,01,678	13,24,882

3.2. Particulars of Accounts Restructured

The Bank does not have any restructured account as on and for the year ended March 31, 2020 (Previous Year : NIL).

3.2. a) Details of Financial Assets sold to Securitization/Reconstruction Company for Asset Reconstruction

The Bank did not sell any financial assets to Securitization/Reconstruction for reconstruction during the year ended March 31, 2023 (Previous Year : NIL)

b) Details of book value of investment in security receipts (SR)

During the current and previous year, the Bank has not made investment in Security Receipts.

3.3. Details of Non Performing Assets Purchased/Sold

The Bank did not sell/purchase any non financial asset during the year ended March 31, 2023 (Previous Year : NIL)

3.4. Provision for standard assets

Bank has followed the prudential norms on income recognition, asset classification and provisions.

The provision on standard assets is included in 'Other Liabilities and Provisions' of the Balance Sheet and is not netted off from Advances.

The amount of provision held on standard assets* 367.048	Particulars	Ν	March 31, 2023	March 31, 2022
	The amount of provision held on standard assets*		3,67,048	82,004

* Includes accelerated provision on SMA-0 @2.5%, SMA-1 @5% and SMA-2 @7.5% in place of RBI Norms of 0.40% w.e.f 1st April 2021 basis Board approved policy

₹ in '000



NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN: U65100AS2016PLC017505)

Schedule 18 -Notes to Financial Statement

3.5. Divergence in Asset Classification and Provisioning for NPAs

RBI vide its circular No RBI/2016-17/283 DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and notification dated 1st April, 2019, has directed that banks shall make suitable disclosures, if either or both of the conditions are satisfied -

a) In case the additional provisioning for NPAs assessed by RBI exceeds 10 percent of the reported profit before provisions and contingencies for the reference period, and b) the additional gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period

Divergence as observed by RBI during last two financial years is given as under: SI **RBI AFI 2022 RBI AFI 2022 RBI AFI 2021** Amount (INR in '000) as on Particulars Amount (INR in '000) as on 31st No. Gross NPAs as reported by the bank 1 19,16,624 Gross NPAs as assessed by RBI 19,16,624 2 3 Divergence in Gross NPAs (2-1) 4 Net NPAs as reported by the bank 11.24,510 5 Net NPAs as assessed by RBI 8,25,410 Divergence in Net NPAs (5-4) (2,99,100) 6 7 Provision for NPAs as reported by the bank 7,92,114 8 Provision for NPAs as assessed by RBI 10.91.214 9 Divergence in Provisioning (8-7) 2,99,100 10 Reported Net Profit after Tax (PAT) for the year ended 71,825 Adjusted (notional) Net Profit after Tax (PAT) for the 11 year ended after taking into account the divergence in (2,27,274) provisioning.

No Divergence has been reported by Reserve Bank of India in their AFI for the FY 2021-22.

3.6. Resolution of Stressed Assets

In line with Covid 2.0 stress resolution vide RBI circular RBI/2020-21/16 DOR No BP.BC/3/21.04.048/2020-21 dt 5th May 2021 bank has restructured 3,18,389 accounts

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30th September 2021 (A)	Of (A), aggregate debt that slipped into NPA during the year		by the borrowers during the	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year
Personal Loans / Individual Loans	87,76,847	51,450	NIL	14,84,465	5,04,391
Corporate persons	NIL	NIL	NIL	NIL	NIL
Of which MSME's	NIL	NIL	NIL	NIL	NIL
Others	NIL	NIL	NIL	NIL	NIL
Total	87,76,847	51,450	-	14,84,465	5,04,391

Note: Bank has not collected any processing fees on restructured loans under Covid 2.0

3.7 Resolution Plan under Flood identified as natural calamity in the State of Assam

During the period, Govt. of Assam Revenue Department issued a notification no RDM-16015/100/2022-ESTT (HQ)-REB-Revenue & D.M. I/40199/2022 dated 2nd August The position of flood restructuring accounts are as under

Asset Class		on March 31,)23		s on March 31, 2022
Asset Class	Nos of account	INR in '000'	Nos of account	INR in '000'
Standard Regular	59,743	12,11,063	-	-
Standard Irregular(SMA-0)	7,554	2,39,215	-	-
Standard PNPA-Stage I(SMA-1)	4,912	2,03,884		-
Standard PNPA-Stage II(SMA-2)	410	11,789	-	-
Sub Standard	813	32,500		-
Doubtful	61,518	18,95,687	-	-
Grand Total	1,34,950	35,94,138	- 0	-

3.8 Particulars of Accounts Restructured

Disclosure on accounts subjected to Restructuring for the year ended March 31, 2023 During the year, Bank has not restructured any advances other than those stated in Para 3.7

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₹ in '000



NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN: U65100AS2016PLC017505)

₹ in '000

Schedule 18 - Notes to Financial Statement		
4. Business Ratios		
Particulars	March 31, 2023	March 31, 2022
Interest income as a percentage of working funds	10.73%	14.03%
Non interest income as a percentage of working funds	1.36%	0.64%
Operating profit as a percentage of working funds	0.50%	2.87%
Return on assets (average)	-7.68%	-5.50%
Business (deposit plus advance) per employee (Rs in '000)	18,152	14,345
Profit per employee (Rs in '000)	-979	-540

Note:

1. Working funds represents avergae of total assets as reported to RBI in form X under Section 27 of the Banking Regulation Act, 1949 during the year.

2. Returns on Assets are computed with reference to average working funds.

3. Business is defined as total of average of gross Advances and deposits(net of inter-bank deposits)

5. Asset Liability Management

Maturity Pattern of certain items of assets and liabilities as at March 31, 2023:

Sl. Maturity buckets	Loans & advances	Investments	Deposits	Borrowings
1 1 day	37,232	19,11,506	2,33,653	- 1
2 2 days to 7 days	2,19,178	17,706	4,50,358	-
3 8 days to 14 days	2,54,037	12,336	3,57,648	-
4 15 days to 30 days	5,88,973	29,904	12,15,967	52,500
5 31 days to 3 month	21,53,842	1,12,625	8,23,932	1,75,000
6 Over 3 month & upto 6 month	29,84,306	2,35,580	15,91,538	6,27,500
7 Over 6 month & upto 1 year	49,69,413	6,44,112	27,15,984	20,80,000
8 Over 1 year & upto 3 years	41,90,778	4,93,782	1,28,77,800	11,82,500
9 Over 3 years & upto 5 years	6,25,813	21,675	1,10,514	
10 Over 5 years	9,023	3,718	18,906	-
	1,60,32,595	34,82,944	2,03,96,300	41,17,500

SI.	Maturity buckets	Loans &	Investments	Deposits	Borrowings
no.). ····································	Advances			
1	1 day	31,897	7,76,338	96,949	NIL
2	2 days to 7 days	1,93,631	23,645	2,01,961	NIL
3	8 days to 14 days	2,24,782	32,647	2,15,916	NIL
4	15 days to 30 days	5,35,527	5,59,928	5,08,930	52,500
5	31 days to 3 month	18,59,399	1,88,099	15,89,854	9,92,500
6	Over 3 month & upto 6 month	31,40,827	3,07,838	15,02,908	58,500
7	Over 6 month & upto 1 year	44,41,639	2,50,209	31,80,571	12,17,500
8	Over 1 year & upto 3 years	48,90,459	6,23,465	79,17,824	20,20,000
9	Over 3 years & upto 5 years	9,11,734	7,698	52,774	1,07,500
10	Over 5 years	42,390	2,292	20,149	NIL
		1,62,72,284	27,72,158	1,52,87,836	44,48,500

1. The maturity of 'Loans & Advances' has been determined on the basis of ultimate maturity date of the loans for FY 2021-22 and on the basis of monthly/fortnightly installments 2. The bank has classified the maturity pattern of the term deposits as per residual maturity and that of Savings and Current Deposits as per RBI benchmark guidelines.

3. The bucketing is made as per the guidelines issued by Reserve Bank of India as well as ALM policy of the Bank.

4. The Bank has no foreign currency assets & liabilities as on March 31, 2023

6. Exposure 6.1. Exposure to Real Estate Sector:

Particulars	March 31, 2023	March 31, 2022
a) Direct exposure	Nil	Nil
i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	4,754	2,844
ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multi-purpose commercial premises, multi-family	Nil	Nil
residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and		
construction, etc.). Exposure also includes non-fund based (NFB) limits		
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
- Residential	Nil	Nil
- Commercial Real Estate	Nil	Nil
Total (A)	4,754	2,844
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and \Housing Finance Companies (HFCs).	Nil	Nil
Total (B)		S
Total (A+B)	4,754	2,844



NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN: U65100AS2016PLC017505)

Schedule 18 - Notes to Financial Statement

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6.2.Exposure to Capital Market		
Particulars	March 31, 2023	March 31, 2022
i. Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which	Nil	Nil
is not exclusively invested in corporate debt;		
ii. Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including	Nil	Nil
IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;		
iii. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are	Nil	Nil
taken as primary security;		
iv. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures	Nil	Nil
or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units		
of equity oriented mutual funds does not fully cover the advances;		
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
vi. Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting	Nil	Nil
promoter's contribution to the equity of new companies in anticipation of raising resources;		
vii. Bridge loans to companies against expected equity flows / issues;	Nil	Nil
viii. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or	Nil	Nil
units of equity oriented mutual funds;		
ix. Financing to stockbrokers for margin trading;	Nil	Nil
x. All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be	Nil	Nil
reckoned for compliance with the capital market exposure ceilings (both direct and indirect)		
xi. Others (Financial Guarantees)	Nil	Nil
Total Exposure to Capital Market	Nil	Nil

Total Exposure to Capital Market 6.3.Risk category wise country exposure

Since the outside country exposure is nil, no provision is required to be maintained on country exposure for the year ended March 31, 2023 (Previous Year : NIL)

	Exposure	Provision held	Exposure (net)	Provision held as
Risk Category	(net) as at	as at	as at	at
	March 31,	March 31, 2022	March 31, 2023	March 31, 2022
	2023			
Insignificant	Nil	Nil	Nil	Nil
Low	Nil	Nil	Nil	Nil
Moderate	Nil	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-credit	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil

6.4. Details of Single Borrower Limit (SBL)/ Group Borrower Limit(GBL) exceeded by the Bank

Tha Bank did not exceede Single Borrower Limit (SBL)/ Group Borrower Limit(GBL) during the year ended March 31, 2023 .

6.5. Unsecured Advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorizations, etc. The Unsecured Advances (net of provision) as at March 31, 2023 of 67,13,472 ('000) (March 31, 2022 of 1,03,23,048 ('000)) disclosed in Schedule 9B(iii) are without any collateral or any other security.

6.6. Details of factoring exposure

There is no factoring exposure of the Bank as at March 31, 2023 (Previous Year : NIL).

6.7. Disclosure of penalties imposed by RBI

During the year ended March 31, 2023, Reserve Bank of India has Imposed a monetary penalty of INR 3,950 thousands vide their letter dated 3rd February 2023 due to Failure of (i) classify borrowal accounts as NPAs, leading to significant divergence between the reported and assessed NPAs as on March 31, 2020 and (ii) make Pillar 3 disclosures for FY 2020-21 in its Annual Report and website (Previous Year : NIL).

7. Provisions and Contingencies

Breakup of "Provisions and Contingencies" (including write-offs; net of write-backs) shown under the head Expenditure in Profit and Loss Account: March 31, 2023 March 31, 2022 Particulars Provision towards Non Performing Assets 28,60,779 12,14,772 Provision towards Standard Assets* (2,04,881)5,10,334 1,50,000 Floating provision against advances Utilisation of Adhoc Provision against advances (23,391) Provision made towards income tax** 7,251 14,504 (3,93,629) Deferred Tax asset 8,436 Provision for Risk, Insurance & Welfare NIL NIL Total 22,69,520 18,74,655

*Provision on standard assets include INR 2,17,098 thousands towards Flood restructured advances. (Previous year INR NIL) and write back of provision amounting to INR 4,75,372 thousands towards covid -2 restructured advances.

**In view of losses, Bank has not created Income Tax Provision for FY 2022-23. The amount of INR 7,251 thousands mainly includes the Tax adjustemets for Assessment Year 2020-21 on receipt of assessment order u/s 143(1)(a).

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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505)

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Schedule 18 - Notes to Financial Statement		
8.1 Adhoc Provision:		
Particulars	March 31, 2023	March 31, 2022
a) Opening Balance in the Adhoc Provision account		23,391
b) The quantum of Adhoc provisions made during the current year	-	
c) Amount of drawdown made during the current year	-	23,391
d) Closing balance in the Adhoc provisions account	-	-
8.2 Floating Provision:		
Particulars	March 31, 2023	March 31, 2022
a) Opening Balance in the Floating Provision account	1,50,000	-
b) The quantum of floating provisions made during the current year	-	1,50,000
c) Amount of drawdown made during the current year		-
d) Closing balance in the Floating provisions account	1,50,000	1,50,000
9. Drawdown from Reserves (Othe than Investment Fluctuation Reserve)		
The Bank has not drawdown from reserves during the year ended March 31,2023 (Previous year: NIL)		
9.1 Investment Fluctuation Reserve		
During the year ended March 31, 2023 the bank has not made any appropriation to the investment fluctuation reserve from the Prof	fit and Loss Account due to	o losses. However,
Bank do not have any portfolio under AFS as well as HFT as on 31st March 2023.		
9.2 Statutory Reserve		
The Bank has not made any appropriation out of profits for the year ended March 31, 2023 to the statutory reserve due to losses pursua	ant to the requirements of S	ection 17 of the
Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.		
10. Disclosure of Complaints		
a) Customer Complaints		

Particulars	March 31, 2023	March 31, 2022
1) Number of complaints pending at beginning of the year	3	1
2) Number of complaints received during the year	244	231
3) Number of complaints disposed during the year	245	229
3.1) Of which, number of complaints rejected by the bank	NIL	NIL
4) Number of complaints pending at the end of the year	2	3

b) Awards passed by the Banking Ombudsman:		
Particulars	March 31, 2023	March 31, 2022
a) No. of unimplemented Awards at the beginning of the year	NIL	NIL
b) No. of Awards passed by the Banking Ombudsman during the year	NIL	NIL
c) No. of Awards implemented during the year	NIL	NIL
d) No. of unimplemented Awards at the end of the year	NIL	NIL

c) Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year year		No of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
	CURF	RENT YEAR: 31st March'2	023		
ATM/Debit Cards	3	135	29.81% increase	2	1
Internet/Mobile/Electronic Banking	0	56	3.45% decrease	0	0
Account opening/difficulty in operation of	0	27	Increase	0	0
Loans and advances	0	7	58.82% decrease	0	0
Staff Behaviour	0	1	83.33% decrease	0	0
Others	0	18	60.87% decrease	0	0
Total	3	244	5.63% increase	2	1
	PREV	IOUS YEAR: 31st March'2	022		
ATM/Debit Cards	0	104	0.95% decrease	3	0
Internet/Mobile/Electronic Banking	0	58	49.12 % decrease	0	0
Account opening/difficulty in operation of	0	0	100% decrease	0	0
Loans and advances	0	17	63.83% decrease	0	0
Staff Behaviour	0	6	62.5% decrease	0	0
Others	1	46	50% decrease	0	0
Total	1	231	50.75% decrease	3	0

11. Disclosures of Letter of Comfort (LOC) issued by Bank

The Bank has not issued any Letter of Comfort during the period for the year ended March 31, 2023 (Previosu Year : NIL)

12 Provisioning Coverage Ratio

The Provision Coverage Ratio (PCR) of the Bank is 94.86 % as on March 31, 2023 (Previous year 79.38%).

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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505)

Schedule 18 - Notes to Financial Statement

13. Bancassurance Business

The Bancassurance Business of the Bank during the FY 2022-23 are as below -

		March 31,2023			March 31,2022		
SL. No Name of the Insurance Company	No of Policies	Amount of Insurance	Amount of Commission	No of Policies	Amount of Insurance	Amount of Commission	
1	Bajaj Alliance Life Insurance Company Limited	2,062	49,481	5,451	1,923	36,268	3,156
2	Bajaj Alliance General Insurance Company Limited	97,424	44,537	6,771	1,09,643	50,910	7,342
3	HDFC Life Insurance	2,105	1,88,951	11,637	1,165	1,28,174	8,309
4	SBI General Insurance Company Limited	6	679	51	25	358	27
5	M-Swasth Solutions Pvt Limited	1,39,293	43,086	6,462	-		-
6	HDFC Ergo General Insurance Company Limited	1	473	19	-	-	-
	Total	2,40,891	3,27,207	30,391	1,12,756	2,15,709	18,834
14. (Concentration of deposits, advances, exposures and NPAs						
14.1	. Concentration of deposits:			Contraction of the second			
Par	ticulars					March 31, 2023	March 31, 2022
Tota	l deposits of twenty largest depositors					85,74,676	57,54,921
Tota	l Deposits					2,03,96,300	1,52,87,836
Perc	entage of deposits of twenty largest depositors to total deposits of	the Bank				42%	38%
			and the second se				
14.2	. Concentration of Advances:						
Par	ticulars					March 31, 2023	March 31, 2022

Particulars	March 31, 2023	March 31, 2022
Total advances to twenty largest customers	2,04,785	6,04,316
Total Advances	1,90,84,274	1,74,46,716
Percentage of Advances of twenty largest borrowers to total advances of the Bank	1.07%	3.46%
Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Expos	sure Norms DBR.No.Dir.BC.12/1	3.03.00/2015-16

dated July 1, 2015.

14.3. Concentration of exposures:

Particulars	March 31, 2023	March 31, 2022
Total exposure to twenty largest borrowers/customers*	1,93,426	83,038
Percentage of exposures of twenty largest customers to total exposure of the Bank on borrowers/ customers	0.93%	0.48%
Exposures are computed as per the definition in Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015		
Fixed Deposits, Balance in Current account and Call money have not been considered in computation of Exposures		

14.4. Concentration of NPA's:

Particulars	March 31, 2023	March 31, 2022
Total Exposure to top four NPA accounts	1,977	1,108

15. Sector-wise Advances

	As	at March 31,2	023	As at March 31,2022		
Sector	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector
A. Priority Sector						
1. Agricultural and Allied Activities	29,55,692	13,60,696	46.04%	48,95,985	8,18,253	16.71%
2. Advances to Industries Sector eligible as PSL	32,74,981	2,53,875	7.75%	19,31,345	98,126	5.08%
3. Services	69,95,059	16,39,226	23.43%	70,17,617	9,33,292	13.30%
4. Personal Loans and others	41,07,024	2,03,886	4.96%	20,72,887	47,489	2.29%
Sub-Total (A)	1,73,32,756	34,57,683	19.95%	1,59,17,835	18,97,160	11.92%
B. Non Priority Sector						
1. Agricultural and Allied Activities		-	-		-	-
2. Industry		-	-	-	-	-
3. Services		1	-		-	-
4. Personal loans and others	17,51,518	15,633	0.89%	15,29,331	2,072	0.14%
Sub-Total (B)	17,51,518	15,633	0.89%	15,29,331	2,072	0.14%
Total	1,90,84,274	34,73,316	18.20%	1,74,47,166	18,99,232	10.89%

"The bank has compiled the sector-wise advances mentioned above by using pivot table from the advances list extracted from the financial accounting system. To comply with PSL guidelines, during the year, bank has purchased PSLC of INR 44,00,000 thousands (Previous year NIL) to meet PSL targets under Agri & SME segment. A reference can be made to note no 23.1 of this schedule.

16. Technical or Prudential Write Offs		S
Particulars	March 31, 2023	March 31, 2022
Opening Balance of Technical /Prudential written off accounts as at Apr 1	8,85,880	80,270
Add: Technical/ Prudential write offs during the year	9,83,983	8,08,613
Sub Total (A)	18,69,863	8,88,883
Less : Recoveries made from previously technical/ prudential written offs account during the year (B)	58,169	3,003
Closing Balance as at March 31 (A-B)	18,11,694	8,85,880

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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN: U65100AS2016PLC017505)

Schedule 18 - Notes to Financial Statement

17. Overseas Assets, NPAs and Revenue:

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable

18. Off Balance Sheet SPVs sponsored

There are no Off-Balance Sheet SPVs sponsored which are required to be consolidated as per accounting norms.

19. Disclosure on Remuneration

A. Qualitative Disclosures:

a) Information relating to the composition and mandate of the Remuneration Committee.

Bank has constituted a Nomination and Remuneration Committee (NRC). The NRC comprises of five members where three are independent Directors and two are Non Executive & Non Independent Director. Mandate of the Nomination and Remuneration Committee is to oversee the framing , review and implementation of the Banks' Compensation policy & Nomination & Remuneration Policy for Whole Time Director/Chief Executive Officers/ Part-Time Chairman/ Risk Takers and control function staff for ensuring effective alignment between remuneration and risks .The Committee also ensures that level and composition of remuneration is reasonable and sufficient ,relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Nomination and Remuneration Committee reviews compensation policy & nomination & remuneration policy of the Bank with a view to attract, retain and motivate employees.

Mandate (Roles and Responsibilities) :

1. Develop policies and lay down criteria for appointment / removal /reappointment of the directors of the Board capturing the statutory and regulatory requirements.

2. Formulate comprehensive criteria for appointment of directors in terms of qualifications, positive attributes, independence, professional experience, track record and integrity of the person.

3. Devise a policy on Board diversity of thought ,experience, knowledge , perspective and gender in the board.

4. Conduct appropriate due diligence and scrutinize the declaration made by probable candidate at the time of appointment / re-appointment of directors of the Board.

5. Ensure that appropriate procedures are in place to assess Board Membership needs and Board effectives.

6. Assist Board in formulation of compensation policy which will lay down the remuneration to directors , key management personnel and other employees and take inputs from the risk management committee of the board to ensure balance between remuneration and risks. The mix of cash, equity and other forms of compensation must be consistent with risk alignment

7. Ensure that the compensation policy formulate for remuneration of directors, key managerial personnel and senior management is reasonable sufficient to attract, retain and motivate quality directors required to run the Bank.

b). Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The objective of the compensation policy is to help employees understand our compensation philosophy and structure. The organization will operate a Cost-to-Company (CTC) compensation structure which will comprise a Fixed Component and a Variable Component, the relative percentages of each will be decided by the Management Team and will be subject to revision from time to time.

The Management team has the discretion to revise the compensation & benefits structure and entitlements of the employees from time to time

Compensation is considered confidential and employees are expected to not share, discuss or disclose any information pertaining to the same.

The Bank's compensation principles are as follows:

1. The Bank's compensation programs are tied to both individual and company performance

- 2. The Bank is committed to fair and equitable pay
- 3. The Bank differentiates its pay based on individual roles, responsibilities, skill set and performance
- 4. The Bank's pay programs comply with all applicable laws, regulations and requirements

Compensation Structure :

Basic Salary

At the time of appointment, each employee's salary would be determined on the basis of:

- · Position and responsibilities
- · Experience, training and education
- NESFB's current salary structure

Note: NESFB abides by rules and regulations set by each state with regard to the minimum wage levels for both skilled and unskilled labour.

Category	Components	Description
	Basic Pay	40% of the CTC
	House Rent Allowance	Maximum upto 40% of Basic Pay
Basic Pay	Conveyance Allowance	As applicable
(monthly)	Telephone & Data Allowance	The upplication
	Special Allowance	This would be the adjusting component of CTC basis the
	Special Anowalice	(Special allowances could additionally be a part of this component)
Retirement/Statutory Benefits	Provident Fund (PF)	As mandated by Law
	Gratuity	Tis manadod by Eaw
	Insurance	Medical/Personal Accident/ Life Insurance
Ex-gratia		Bonus-as mandated by law
	Bonus/ Variable Pay	Variable pay as per limit specified per grade in alignment with variable
		pay grade

Additional Benefits

1. Leave travel Assistance (50,000 to band 3 to 6 and 25,000 for band 1 and 2) in a block of 4 years

2. Leave Encashment (Maximum 20 days, on basic salary in a block of 2 years

3. All allowances as prescribed under IT Act and amendments thereto.

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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505)

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Schedule 18 - Notes to Financial Statement

c). Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

Bank has a robust Performance Management System (PMS) approved by the board and performance of the employees shall be rated at the year end and adequate system shall be built in to mitigate the risk arises during the performance cycle and evaluation system.

d). Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration

Performance Management System Guidelines :

The Performance Cycle will follow the Financial Year (April to March).

The performance management process for a given financial year will be applicable to all employees who have served for 6 months or more during the year. Employees joining the Company after 30th November will not be covered in the Performance Appraisal process for that Financial Year.

The responsibility for this process lies with the HR Function

The Function Heads are jointly responsible along with the HR Function for adherence to timeline and process guidelines.

The Performance Management System will cover the following areas:

· Goal Setting

Mid-year Review

· Annual Appraisal

· Moderation of Ratings

Communication of Ratings

Performance Improvement Plan

The process will comprise setting individual performance goals aligned to business objectives and will result in review and rating of Individual Performance.

The performance ratings obtained will serve as the primary input for all variable pay plans, career management and training needs.

e). 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 Nil

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.

Nil B. Quantitative Disclosure

Quantitative Disclosures (Covers only Whole Time Directors/ CEO/Other Risk Takers*)	March 31, 2023	March 31, 2022
g) Number of meetings held by the Remuneration Committee during the financial year and remuneration	6 meetings were held .	4 meetings were held . Aggregate
paid to its members.	Aggregate remuneration INR 4,00,000/-	remuneration INR 3,20,000/-
h) Number of employees having received a variable remuneration award during the year.	Nil	Nil
i) Number and total amount of sign-on awards made during the financial year.	Nil	Nil
j) Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil	Nil
k) Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
 Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. 	Nil	Nil
m) Total amount of deferred remuneration paid out in the financial year.	Nil	Nil
n) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non- deferred	Nil	Nil
o) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil	Nil
p) Total amount of reductions during the financial year due to expost explicit adjustments	Nil	Nil
q) Total amount of reductions during the financial year due to expost implicit adjustments	Nil	Nil

C. Disclosure on remuneration to Independent Non- executive directors

The Independent Non-Executive Directors are paid Sitting Fees for attending meetings of the Board @ Rs. 40,000/- per Board meeting and @ Rs.20,000/- per sub committee meeting respectively w.e.f July 2021. Apart from this, Part time chairman is paid a monthly remunaration of Rs. 1,00,000/-. Bank has also reimbursed an expenses of INR 360 thousands to Part Time Chairman for carrying out office related works (Previous Year 520 thousands). Following are the details of sitting fees & remunaration paid to the Independent directors & Part Time Chairman.

Name of Director	March 31,	March 31,	
	2023	2022	
AG Varughese.	180	550	
Arun Prakash Sandilya	-	30	
Gautam Barua	780	570	
Manjula Saikia Bhuyan	720	410	
PVSLN Murthy	-	30	
S R Meena	60	180	
Sistla Prabhakar	960	320	
Tapan Kr Hazarika	940	520	
Manas Bid	160	-	
James Brown	300		
Pradeep Kr Nath	320	-	
R K Garg (Reimbursment of expenses upto 31.12.22.)	360	520	
R K Garg (Sitting fees & Remuneration as Part Time Chairman)	2,220	519	
Total	7,000	3,649	

NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505)

Schedule 18 - Notes to Financial Statement

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20 Disclosures relating Securitization

SI. No.	Particulars	March 31, 2023	March 31, 2022
1	No. Of SPV's Sponsored by the bank for securitization transaction	NIL	NIL
2	Total amount of Securitized assets as per books of the SPVs sponsored by the bank	NIL	NIL
3	Total amount of exposures retained by the bank to comply with MRR as on date of balance sheet		
	a) Off Balance Sheet exposures		
	First Loss	NIL	NIL
	Others	NIL	NIL
	b) On Balance Sheet exposures		
	First Loss (Cash Collateral)	NIL	NIL
	Others (Credit Enhancement)	NIL	NIL
4	Amount of exposures to securitization transactions other than		
	MRR as on the date of balance sheet		
	a) Off Balance Sheet exposures		
	Exposure to own Securitization		100 C
	First Loss (Subordination of Interest Strip)	NIL	NIL
	Others	NIL	NIL
	Exposure to Third Party Securitization		
	First Loss	NIL	NIL
	Others	NIL	NIL
	b) On Balance Sheet Exposures		
	Exposure to own Securitization		
	First Loss	NIL	NIL
	Others	NIL	NIL
	Exposure to Third Party Securitization		
	First Loss	NIL	NIL
	Others	NIL	NIL

21. Intra Group Exposures

Particulars N	March 31, 2023	March 31, 2022
Total amount of intra- group exposure	NIL	NIL
Total amount of top-20 intra-group exposure	NIL	NIL
Percentage of Intra Group Exposure to Total Exposure of the Bank on borrower/customer	NIL	NIL
Details of Breach of Limit on Intra Group exposure and Regulatory action thereon, if any	NIL	NIL

22. Transfer to Depositor Education and Awareness Fund (DEAF)

Particulars	March 31, 2023	March 31, 2022
Opening balance of amounts transferred to DEAF	NIL	NIL
Add: Amounts transferred during the period	NIL	NIL
Less: Amounts reimbursed by DEAF towards claims	NIL	NIL
Closing balance of amounts transferred to DEAF	NIL	NIL

23.1 Priority sector lending certificates

Particulars	Year ended		Year ended March 31, 2022	
	PSLC		PSLC	
	Purchased	PSLC Sold	Purchased	PSLC Sold
PSLC Small & Marginal Farmers	31,00,000	NIL	NIL	NIL
PSLC Micro Enterprise	13,00,000	NIL	NIL	10,00,000
TOTAL PSLC	44,00,000	NIL	NIL	10,00,000

23.2 Inter- Bank participation with risk sharing

The aggregate amount of participation issued by the bank and reduced from advances as per regulatory guidelines as at March 31, 2023 is NIL (Previous Year: NIL) 24. Movement in provision for frauds included under other liabilities

Particulars	March 31, 2023	March 31, 2022
Opening provision	4,903	3,211
Provision during the year	175	1,692
Utilization / Write back of provision		-
Closing provision	5,078	4,903

25. Liquidity Coverage ratio

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio given in "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and the LCR Disclosure Standards" and "Operating Guidelines for Small Finance Banks".

LCR is the ratio of unencumbered HQLAs to Net Cash Outflows over the next 30 calendar days. LCR measures the Bank's ability to manage and survive under combined idiosyncratic and market-wide liquidity stress condition that would result in accelerated withdrawal of deposits from retail as well wholesale depositors, partial loss of secured funding, increase in collateral requirements, unscheduled draw down of unused credit lines, etc. These stress conditions are captured as a part of the Net Cash Outflows. High Quality Liquid Assets (HQLA) of the Bank consist of cash, unencumbered excess SLR, a portion of statutory SLR as allowed under the guidelines and cash balance with RBI in excess of statutory cash reserve requirements.



₹ in '000

(C North East

NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505)

Schedule 18 - Notes to Financial Statement

LCR aims to ensure that the Bank has an adequate stock of unencumbered HQLA to meet its liquidity needs for a 30 calendar day liquidity stress scenario. As mentioned in the "Operating Guidelines for Small Finance Banks", the Bank has to maintain the prescribed level of LCR as follows:

Particulars						By January 1,2021	By January 1,2022	By January 1,2023
Minimum LCR						100%	100%	100%
Quantitative disclosures on LCR for the perio								
Particulars	Quarter end		Quarter ended			ed September	Quarter en	
	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
High Quality Liquid Assets							and the second se	
1. Total High Quality Liquid Assets (HQLA)	-	42,12,809	-	70,31,172	-	31,64,139	-	36,11,042
Cash Outflows	-	-	Provide and a second second	-	-	-	-	-
2. Retail deposits and deposits from small								
business customers, of which :	1,02,42,886	7,19,998	97,45,621	6,88,700	92,17,855	6,61,189	83,81,384	6,09,635
i) Stable deposits	60,85,817	3,04,291	57,17,240	2,85,862	52,11,931	2,60,597	45,70,063	2,28,503
ii) Less stable deposits	41,57,069	4,15,707	40,28,381	4,02,838	40,05,924	4,00,592	38,11,321	3,81,132
3. Unsecured wholesale funding, of which	69,03,852	40,56,616	1,47,76,389	73,88,054	52,27,630	29,58,841	57,54,862	32,38,760
	07,05,052	40,50,010	1,47,70,507	75,00,054	52,27,050	27,50,041	57,54,002	52,56,700
i) Operational deposits (all counterparties)			and the second second				and the second sec	
	-	-	-	-	-	-	-	-
ii) Non-operational deposits (all				and the second				
counterparties)	69,03,852	40,56,616	1,47,76,389	73,88,054	52,27,630	29,58,841	57,54,862	32,38,760
iii) Unsecured debt	0,00,002		1,11,10,505	, 5,00,05 .	52,21,050	27,50,011	57,51,002	52,50,700
4. Secured Wholesale funding		52,500		52 500		52 500	-	58 500
		52,500		52,500	-	52,500		58,500
5. Additional requirements, of which		-		-	-	-	-	-
i) Outflows related to derivative exposures								
and other collateral requirements	-		-	-	-	-	-	
ii) Outflows related to loss of funding on debt					State of the local division of the local div			
products								
•	-	-		-	-	-	-	-
iii) Credit and liquidity facilities	-	-		-	-		-	-
5. Other contractual funding obligations	3,60,582	3,60,581	3,01,941	3,01,941	3,34,818	3,34,818	2,60,820	2,60,820
6. Other contingent funding obligations	-		-		-	-	-	-
7. Total Cash Outflows	-	51,89,695	-	84,31,196	-	40,07,348		41,67,716
Cash Inflows	-			_		_		_
8. Secured lending (e.g. reverse repos)	-	-		-		_		
9. Inflows from fully performing exposures	42.255	42.255	5(972	5(972	1.76.005	1.76.005	2 25 149	2 25 149
	43,355	43,355	56,872	56,872	1,76,995	1,76,995	2,35,148	2,35,148
10. Other cash inflows	24,66,250	19,16,540	39,00,876	33,62,532	22,39,757	17,38,136	19,40,874	15,60,724
11. Total Cash Inflows	25,09,605	19,59,895	39,57,748	34,19,404	24,16,752	19,15,131	21,76,022	17,95,872
12. TOTAL HQLA	-	42,12,809	-	70,31,172	-	31,64,139	-	36,11,042
13. Total Net Cash Outflows	-	32,29,800	-	50,11,792	-	20,92,217	-	23,71,844
14. Liquidity Coverage Ratio (%)		130%		140%		151%		152%
Quantitative disclosures on LCR for the perio	d ended March	n 31,2022 :			Contract of the second			
Particulars	Quarter end		Quarter ended	l December	Quarter end	ed September	Quarter en	ded June
	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
High Quality Liquid Assets						And a second sec		
1. Total High Quality Liquid Assets (HQLA)		28,87,908	-	33,44,441		28,33,082		
1. Total Tigit Quality Equily Assets (TQLA)		20,07,900				20,55,002	-	30,28,124
Cash Outflows		28,87,908		55,11,111		20,55,002	-	30,28,124
Cash Outflows		28,87,908		55,11,111		20,55,002	-	30,28,124
Cash Outflows 2. Retail deposits and deposits from small	- 75 71 794		70 92 176		66 95 280		- 66 52 214	
Cash Outflows 2. Retail deposits and deposits from small business customers, of which :	75,71,794	5,51,388	70,92,176	5,14,464	66,95,280 36 87 500	4,85,153	- 66,52,214 35 68 885	4,86,777
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits	41,15,836	5,51,388 2,05,792	38,95,063	5,14,464 1,94,753	36,87,500	4,85,153 1,84,375	35,68,885	4,86,777 1,78,444
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits	41,15,836 34,55,958	5,51,388 2,05,792 3,45,596	38,95,063 31,97,113	5,14,464 1,94,753 3,19,711	36,87,500 30,07,781	4,85,153 1,84,375 3,00,778	35,68,885 30,83,329	4,86,777 1,78,444 3,08,333
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which	41,15,836	5,51,388 2,05,792	38,95,063	5,14,464 1,94,753	36,87,500	4,85,153 1,84,375	35,68,885	4,86,777 1,78,444
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties)	41,15,836 34,55,958	5,51,388 2,05,792 3,45,596	38,95,063 31,97,113	5,14,464 1,94,753 3,19,711	36,87,500 30,07,781	4,85,153 1,84,375 3,00,778	35,68,885 30,83,329	4,86,777 1,78,444 3,08,333
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all	41,15,836 34,55,958	5,51,388 2,05,792 3,45,596	38,95,063 31,97,113	5,14,464 1,94,753 3,19,711	36,87,500 30,07,781	4,85,153 1,84,375 3,00,778	35,68,885 30,83,329	4,86,777 1,78,444 3,08,333
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties)	41,15,836 34,55,958	5,51,388 2,05,792 3,45,596	38,95,063 31,97,113	5,14,464 1,94,753 3,19,711	36,87,500 30,07,781	4,85,153 1,84,375 3,00,778	35,68,885 30,83,329	4,86,777 1,78,444 3,08,333
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all	41,15,836 34,55,958 24,06,899	5,51,388 2,05,792 3,45,596 16,83,080	38,95,063 31,97,113 42,56,982	5,14,464 1,94,753 3,19,711 23,41,558	36,87,500 30,07,781 30,85,240	4,85,153 1,84,375 3,00,778 17,94,191	35,68,885 30,83,329 36,14,112	4,86,777 1,78,444 3,08,333 17,68,771
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt	41,15,836 34,55,958 24,06,899	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080	38,95,063 31,97,113 42,56,982	5,14,464 1,94,753 3,19,711 23,41,558 - 23,41,558	36,87,500 30,07,781 30,85,240	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191	35,68,885 30,83,329 36,14,112	4,86,777 1,78,444 3,08,333 17,68,771 17,68,771
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding	41,15,836 34,55,958 24,06,899	5,51,388 2,05,792 3,45,596 16,83,080	38,95,063 31,97,113 42,56,982	5,14,464 1,94,753 3,19,711 23,41,558	36,87,500 30,07,781 30,85,240	4,85,153 1,84,375 3,00,778 17,94,191	35,68,885 30,83,329 36,14,112	4,86,777 1,78,444 3,08,333 17,68,771
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which	41,15,836 34,55,958 24,06,899	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080	38,95,063 31,97,113 42,56,982	5,14,464 1,94,753 3,19,711 23,41,558 - 23,41,558	36,87,500 30,07,781 30,85,240	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191	35,68,885 30,83,329 36,14,112	4,86,777 1,78,444 3,08,333 17,68,771
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures	41,15,836 34,55,958 24,06,899	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080	38,95,063 31,97,113 42,56,982	5,14,464 1,94,753 3,19,711 23,41,558 - 23,41,558	36,87,500 30,07,781 30,85,240	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191	35,68,885 30,83,329 36,14,112	4,86,777 1,78,444 3,08,333 17,68,771 17,68,771
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements	41,15,836 34,55,958 24,06,899	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080	38,95,063 31,97,113 42,56,982	5,14,464 1,94,753 3,19,711 23,41,558 - 23,41,558	36,87,500 30,07,781 30,85,240	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191	35,68,885 30,83,329 36,14,112	4,86,777 1,78,444 3,08,333 17,68,771
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures	41,15,836 34,55,958 24,06,899	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080	38,95,063 31,97,113 42,56,982	5,14,464 1,94,753 3,19,711 23,41,558 - 23,41,558	36,87,500 30,07,781 30,85,240	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191	35,68,885 30,83,329 36,14,112 	4,86,777 1,78,444 3,08,333 17,68,771
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements	41,15,836 34,55,958 24,06,899	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080	38,95,063 31,97,113 42,56,982	5,14,464 1,94,753 3,19,711 23,41,558 - 23,41,558	36,87,500 30,07,781 30,85,240	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191	35,68,885 30,83,329 36,14,112 	4,86,777 1,78,444 3,08,333 17,68,771
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements ii) Outflows related to loss of funding on debt products	41,15,836 34,55,958 24,06,899	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080	38,95,063 31,97,113 42,56,982	5,14,464 1,94,753 3,19,711 23,41,558 - 23,41,558	36,87,500 30,07,781 30,85,240	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191	35,68,885 30,83,329 36,14,112 	4,86,777 1,78,444 3,08,333 17,68,771
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements ii) Outflows related to loss of funding on debt products iii) Coutflows related to loss of funding on debt products iii) Chedit and liquidity facilities	41,15,836 34,55,958 24,06,899 	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080 12,52,959	38,95,063 31,97,113 42,56,982 - 42,56,982 - - -	5,14,464 1,94,753 3,19,711 23,41,558 - 23,41,558 - 2,68,333 -	36,87,500 30,07,781 30,85,240 - - - - - - -	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191 - 3,53,443 -	35,68,885 30,83,329 36,14,112 - - - - -	4,86,777 1,78,444 3,08,333 17,68,771 17,68,771 2,95,764
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements ii) Outflows related to loss of funding on debt products iii) Cutflows related to loss of funding on debt products ii) Credit and liquidity facilities 6. Other contractual funding obligations	41,15,836 34,55,958 24,06,899	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080	38,95,063 31,97,113 42,56,982	5,14,464 1,94,753 3,19,711 23,41,558 - 23,41,558	36,87,500 30,07,781 30,85,240	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191	35,68,885 30,83,329 36,14,112 	4,86,777 1,78,444 3,08,333 17,68,771
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements ii) Outflows related to loss of funding on debt products iii) Credit and liquidity facilities 6. Other contractual funding obligations 7. Other contingent funding obligations	41,15,836 34,55,958 24,06,899 	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080 12,52,959	38,95,063 31,97,113 42,56,982 - 42,56,982 - - -	5,14,464 1,94,753 3,19,711 23,41,558 - 2,68,333 - - - 68,872	36,87,500 30,07,781 30,85,240 - - - - - - -	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191 3,53,443 - - - 57,943	35,68,885 30,83,329 36,14,112 - - - - -	4,86,777 1,78,444 3,08,333 17,68,771 17,68,771 2,95,764
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements ii) Outflows related to loss of funding on debt products iii) Credit and liquidity facilities 6. Other contractual funding obligations 7. Other contingent funding obligations 8. Total Cash Outflows	41,15,836 34,55,958 24,06,899 	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080 12,52,959	38,95,063 31,97,113 42,56,982 - 42,56,982 - - -	5,14,464 1,94,753 3,19,711 23,41,558 - 23,41,558 - 2,68,333 -	36,87,500 30,07,781 30,85,240 - - - - - - -	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191 - 3,53,443 -	35,68,885 30,83,329 36,14,112 - - - - -	4,86,777 1,78,444 3,08,333 17,68,771 17,68,771 2,95,764
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements ii) Untflows related to loss of funding on debt products iii) Credit and liquidity facilities 6. Other contractual funding obligations 7. Other contingent funding obligations 8. Total Cash Outflows Cash Inflows	41,15,836 34,55,958 24,06,899 - - - - 1,53,079 -	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080 12,52,959	38,95,063 31,97,113 42,56,982 - 42,56,982 - - - - - - - - - - - - - - - - - - -	5,14,464 1,94,753 3,19,711 23,41,558 - 2,68,333 - - - 68,872	36,87,500 30,07,781 30,85,240 - - - - - - -	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191 3,53,443 - - - 57,943	35,68,885 30,83,329 36,14,112 - - - - -	4,86,777 1,78,444 3,08,333 17,68,771 17,68,771 2,95,764
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) iii) Non-operational deposits (all counterparties) iii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements ii) Outflows related to loss of funding on debt products iii) Credit and liquidity facilities 6. Other contractual funding obligations 7. Other contingent funding obligations 8. Total Cash Outflows 9. Secured lending (e.g. reverse repos)	41,15,836 34,55,958 24,06,899 - - - - - - - - - - - - - - - - - -	5,51,388 2,05,792 3,45,596 16,83,080 16,83,080 12,52,959 	38,95,063 31,97,113 42,56,982 - - - - - - - - - - - - - - - - - - -	5,14,464 1,94,753 3,19,711 23,41,558 2,68,333 - - - 68,872 31,93,229	36,87,500 30,07,781 30,85,240 - - - - - - - - - - - - - - - - - - -	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191 3,53,443 - - - 57,943 - 26,90,729	35,68,885 30,83,329 36,14,112 36,14,112 - - - 48,851	4,86,777 1,78,444 3,08,333 17,68,771 17,68,771 2,95,764
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits ii) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) iii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements ii) Outflows related to loss of funding on debt products iii) Cutedit and liquidity facilities 6. Other contractual funding obligations 7. Other contingent funding obligations 8. Total Cash Outflows Cash Inflows 9. Secured lending (e.g. reverse repos) 10. Inflows from fully performing exposures	41,15,836 34,55,958 24,06,899 - - - - - - - - - - - - - - - - - -	5,51,388 2,05,792 3,45,596 16,83,080 12,52,959 1,53,079 36,40,507 8,961	38,95,063 31,97,113 42,56,982 - - - - - - - - - - - - - - - - - - -	5,14,464 1,94,753 3,19,711 23,41,558 - 2,68,333 - - - 68,872 - 31,93,229 - 3,946	36,87,500 30,07,781 30,85,240 - - - - - - - - - - - - - - - - - - -	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191 3,53,443 - - 57,943 - 26,90,729 - 7,990	35,68,885 30,83,329 36,14,112 	4,86,777 1,78,444 3,08,333 17,68,771 17,68,771 2,95,764
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits i) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements ii) Outflows related to loss of funding on debt products iii) Credit and liquidity facilities 6. Other contractual funding obligations 7. Other contingent funding obligations 8. Total Cash Outflows Cash Inflows 9. Secured lending (e.g. reverse repos) 10. Inflows from fully performing exposures 11. Other cash inflows	41,15,836 34,55,958 24,06,899 - - - - - - - - - - - - - - - - - -	5,51,388 2,05,792 3,45,596 16,83,080 12,52,959 1,53,079 36,40,507 8,961 16,69,544	38,95,063 31,97,113 42,56,982 - 42,56,982 - - - - 68,872 - - 8,333 3,946 19,45,484	5,14,464 1,94,753 3,19,711 23,41,558 2,68,333 - - - 68,872 31,93,229 - 3,946 17,05,936	36,87,500 30,07,781 30,85,240 - - - - - - - - - - - - - - - - - - -	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191 3,53,443 - - - 57,943 - 26,90,729	35,68,885 30,83,329 36,14,112 - - - - - - - - - - - - - - - - - -	4,86,777 1,78,444 3,08,333 17,68,771 17,68,771 2,95,764 - - - 48,851 26,00,162 - 15,024 6,09,031
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits i) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements ii) Outflows related to loss of funding on debt products iii) Cutflows related to loss of funding on debt products iii) Cutflows related funding obligations 7. Other contractual funding obligations 8. Total Cash Outflows Cash Inflows 9. Secured lending (e.g. reverse repos) 10. Inflows from fully performing exposures	41,15,836 34,55,958 24,06,899 - - - - - - - - - - - - - - - - - -	5,51,388 2,05,792 3,45,596 16,83,080 12,52,959 1,53,079 36,40,507 8,961	38,95,063 31,97,113 42,56,982 - - - - - - - - - - - - - - - - - - -	5,14,464 1,94,753 3,19,711 23,41,558 - 2,68,333 - - - 68,872 - 31,93,229 - 3,946	36,87,500 30,07,781 30,85,240 - - - - - - - - - - - - - - - - - - -	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191 3,53,443 - - 57,943 - 26,90,729 - 7,990	35,68,885 30,83,329 36,14,112 	4,86,777 1,78,444 3,08,333 17,68,771 17,68,771 2,95,764 - - - 48,851 26,00,162 - 15,024 6,09,031
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits i) Less stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements ii) Outflows related to loss of funding on debt products iii) Credit and liquidity facilities 6. Other contractual funding obligations 7. Other contingent funding obligations 8. Total Cash Outflows Cash Inflows 9. Secured lending (e.g. reverse repos) 10. Inflows from fully performing exposures 11. Other cash inflows	41,15,836 34,55,958 24,06,899 - - - - - - - - - - - - - - - - - -	5,51,388 2,05,792 3,45,596 16,83,080 12,52,959 1,53,079 36,40,507 8,961 16,69,544	38,95,063 31,97,113 42,56,982 - 42,56,982 - - - - 68,872 - - 8,333 3,946 19,45,484	5,14,464 1,94,753 3,19,711 23,41,558 2,68,333 - - - 68,872 31,93,229 - 3,946 17,05,936	36,87,500 30,07,781 30,85,240 - - - - - - - - - - - - - - - - - - -	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191 3,53,443 - - 57,943 26,90,729 - 7,990 7,43,661	35,68,885 30,83,329 36,14,112 - - - - - - - - - - - - - - - - - -	4,86,777 1,78,444 3,08,333 17,68,771 2,95,764 - - - 48,851 26,000,162 - - 15,024 6,09,031 6,24,055
Cash Outflows 2. Retail deposits and deposits from small business customers, of which : i) Stable deposits 3. Unsecured wholesale funding, of which i) Operational deposits (all counterparties) ii) Non-operational deposits (all counterparties) iii) Unsecured debt 4. Secured Wholesale funding 5. Additional requirements, of which i) Outflows related to derivative exposures and other collateral requirements ii) Outflows related to loss of funding on debt products iii) Credit and liquidity facilities 6. Other contractual funding obligations 7. Other contingent funding obligations 8. Total Cash Outflows 10. Inflows from fully performing exposures 11. Other cash inflows 12. Total Cash Inflows	41,15,836 34,55,958 24,06,899 - - - - - - - - - - - - - - - - - -	5,51,388 2,05,792 3,45,596 16,83,080 12,52,959 1,53,079 36,40,507 8,961 16,69,544 16,78,506	38,95,063 31,97,113 42,56,982 - 42,56,982 - - - - 68,872 - - 8,333 3,946 19,45,484	5,14,464 1,94,753 3,19,711 23,41,558 2,68,333 - 2,68,333 - 31,93,229 3,946 17,05,936 17,09,882	36,87,500 30,07,781 30,85,240 - - - - - - - - - - - - - - - - - - -	4,85,153 1,84,375 3,00,778 17,94,191 - 17,94,191 - 3,53,443 - - - 57,943 - 26,90,729 - 7,990 7,43,661 7,51,651	35,68,885 30,83,329 36,14,112 - - - - - - - - - - - - - - - - - -	4,86,777 1,78,444 3,08,333 17,68,771 17,68,771 2,95,764 - - - 48,851 26,00,162

In accordance with RBI guidelines, the weighted and unweighted amounts are calculated by taking simple daily average for all quarters of the year.

NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505)

Schedule 18 -Notes to Financial Statement 26. Notes on Compliances with Accounting Standards ₹ in '000

20. Notes on Comphanices with Accounting Standards							
26.1 Earnings per Share:							
Particulars	March 31, 2023	March 31, 2022					
Net profit after tax (₹)	(21,30,058)	(12,31,998)					
Weighted average shares outstanding – Basic (Nos.)	2,94,096	2,93,385					
Weighted average shares outstanding - Diluted (Nos.)	2,94,325	2,93,424					
Nominal Value of Equity Shares (₹)	10	10					
Earnings per share – Basic (₹)	(7.26)	(4.20)					
Earnings per share – Diluted (₹)	(7.24)	(4.20)					

26.2 Segment Reporting

	Treas	ury	Retail Bankin digital ba	0	Total		
Particulars		Retail banking		anking			
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Segment Revenue	8,67,712	6,03,516	24,76,579	26,80,687	33,52,782	32,83,907	
Segment Results	8,22,665	5,86,797	(4,20,670)	2,15,976	4,10,486	8,02,475	
Unallocated Expenses			1000		2,71,024	1,59,819	
Operating Profits					1,39,462	6,42,657	
Tax Expenses (including deferred tax)				1000	(3,86,378)	22,940	
Extraordinary profit/loss		-		-			
Net profit/(Loss)	1000				(21,30,058)	(12,31,998)	
Other Information:			-			-	
Segment Assets	37,26,503	28,76,948	1,84,42,438	1,80,95,496	2,21,68,941	2,09,72,444	
Unallocated Assets		100 million (1990)		100	49,35,454	25,47,541	
Total Assets					2,71,04,395	2,35,19,985	
Segment Liabilities	55,83,236	27,51,810	2,03,70,027	1,79,13,271	2,59,53,263	2,06,65,081	
Unallocated Liabilities	1		1		1,18,670	1,22,374	
Total Liabilities			-		2,60,71,933	2,07,87,455	

Note 1 The Bank has no corporate banking business.

Note 2 Assets, liabilities, expenses and income which cannot be allocated to any business segment has been presented as Unallocated

Note 3 The Treasury Segment primarily consists of net interest earnings from the Bank's Investment in SLR securities upto mandatory SLR prescribed by RBI, money market borrowing and lending and gains or losses on Investment operations.

Note 4 *Segment particulars relating to digital banking unit is included under retail banking unit and not reported seperately due to materiality. Part B: Geographic Segment

The Bank's entire operations, customers and assets are in India and hence no separate geographical segment disclosures are given.

26.3 Lease disclosure

The Bank has taken on rent branch premises for periods ranging from 11 months to 120 months. The rental arrangements are cancellable after given one month notice and the agreement provides for annual increase of 5% to 10% on an yearly basis. For the reporting year the rental expense amounts to ₹ 73,409 thousands (31-Mar-23 ₹ 67,760 thousands). The bank has taken on lease premises of corporate office for 9 years having lock-in period of 5 years. Minimum lease payment for non- cancellable lease are as follows -

Particulars	March 31, 2023	March 31, 2022
Not later than one year	16,879	61,480
Later than one year but not later than five years	66,450	2,31,108
Later than 5 years	36,017	80,522
The total of minimum lease payments recognized in the Profit and Loss Account for the year	73,409	67,760
26.4 Deferred tax		
Particulars of (Asset)/ Liability	March 31, 2023	March 31, 2022
Depreciation	(4,535)	(6,704)
Provision not allowed under Income Tax Act, 1961	(3,79,735)	
Expense allowed on cash basis under Income Tax Act, 1961	(25,636)	(9,575)
Others	-	-
Total	(4,09,907)	(16,279)

26.5 Fixed Assets

	Tang	ible	Intan	gible	Total		
Particulars	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
Opening balance	2,48,990	2,55,032	34,088	49,763	2,83,079	3,04,795	
Additions during the year	76,739	60,274	13,147	29,030	89,886	89,304	
Depreciation charge for the year	(57,560)	(61,938)	(23,204)	(44,705)	(80,765)	(1,06,643)	
Disposal of Assets during the year	(6,069)	(4,377)			(6,069)	(4,377)	
Balance at the end of the period	2,62,100	2,48,990	24,031	34,088	2,86,131	2,83,079	
		2	5				

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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN : U65100AS2016PLC017505)

Schedule 18 -Notes to Financial Statement

26.6 Related Party Transactions

As per AS 18 Related party Disclosures notified under section 133 of the companies Act 2013, read together with Paragraph 7 of the Companies (Accounts) Rule 2014, the related parties of the Bank during the year ended March 31, 2023 are disclosed below:

Nature of Related Party	Name and Relationship
	Rupali Kalita - Managing Director and Chief Executive Officer
Key Management Personnel (KMP)	Ketan Kumar Joshi - Chief Financial Officer
	Sanjeeb Kumar Mishra - Company Secretary (From 01/04/2022 to 30/07/2022)
	Ram Krishna Garg- Independent Director & Part Time Chairman
Director	Gautam Barua- Independent Director
	Manjula Saikia Bhuyan- Independent Director
Holding Company	RGVN (North East) Microfinance Limited
	Kiran Kalita - Mother of Rupali Kalita
Relatives of KMP	Sangeeta Ketan Joshi - Spouse of Ketan Kumar Joshi
	Hemant Kumar Joshi - Brother of Ketan Kumar Joshi

a) Transactions during the year

	Fo	r the year end	ed March 31, 202	.3	For the year ended March 31, 2022			
Particulars	Holding Company	Director	Key Management Personnel	Relatives of KMP	Holding Company	Director	Key Management Personnel	Relatives of KMP
Liabilities								
Term Deposit	(11,773)	8,700	2,209	(1,056)	(1,553)	5,160	802	(5,607
Saving Deposit (Net of withdrawal)	-	(2,599)	(680)	(153)	-	4,173	(103)	208
Assets	100							
Long Term Deposit receivables	1,635		-		2,949	-	-	-
Expense Interest paid on deposits: RGVN (North East) Microfinance Limited	7,870				10,594			-
Ram Krishna Garg	-	2		-	-	0	-	-
Gautam Barua	-	1,256	-	-	-	703	-	-
Manjula Saikia Bhuyan	-	218	-		-	146	-	-
Ketan Kumar Joshi	-	-	6	and the second sec	-	-	21	-
Rupali Kalita	-		724	Provide State	-	-	608	-
Mukesh Singh verma	-	-	· · · ·		-	-	11	-
Sanjeeb Kumar Mishra	-	-	2		-	-	3	-
Kiran Kalita	-	-		45	-	-	-	95
Sangeeta Ketan Joshi	-	-	-	102	-	-	-	98
Hemant Kumar Joshi	-	-	-	13	-	-	-	36
Suresh Kumar Singh	-	-	-		-	-	-	1
Sita Devi Singh	-	-	-		-		-	2
Net Interest paid on Deposits	7,870	1,475	731	161	10,594	849	643	232
Payment of Remuneration:*								-
Rupali Kalita	-	-	5,562	-	-	-	5,087	-
Mukesh Singh verma	-	-		-	100	_	832	-
Sanjeeb Kumar Mishra	-		657	-	-	-	1,470	-
Ketan Kumar Joshi	-	-	5,358	-			5,285	-
Total Remuneration	-	-	11,577	-	-	-	12,674	-
Reimbursement of Expenses	-	_		_	200		_	-

b) Balance outstanding as at year end are as follows

	Fo	r the year end	ed March 31, 202	.3	Fo	r the year ended	March 31, 2022	2
Particulars	Holding Company	Director	Key Management Personnel	Relatives of KMP	Holding Company	Director	Key Management Personnel	Relatives of KMP
Outstanding as at Year end								
Deposits	1,08,950	22,084	9,996	1,922	1,20,661	15,983	8,470	3,131
Other Liabilities and Provisions		-	-	-	-	-	-	-
Receivable as at year end								
Other Assets	1,635		-	-	2,949	-	Ph	-
c) Maximum Balance outstanding duri	ing the year							
	Fo	or the year end	ed March 31, 202	3	Fo	r the year ended	March 31, 2022	
	Holding	Director	Key	Relatives of	Holding	Director	Key	Relatives of
Particulars	Company		Management Personnel	КМР	Company	1	Management Personnel	КМР
Deposits	1,08,950	22,084	9,996	1,922	1,20,661	15,983	8,470	3,131
Other Liabilities and Provisions	-	-		-	-		-	
Other Assets	1,635		-	-	3,149	-	-	_

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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN: U65100AS2016PLC017505)

Schedule 18 - Notes to Financial Statement

₹ in '000

26.8 Employee Shared Based Payments

The Bank has not made any share based payments to any of its employees during the year.

26.7 Employee Shared Based Payments

The Bank has not made any share based payments to any of its employees during the year.

26.8 Employee benefits

(i) Defined contribution plan

The Bank has recognized the following amounts in the Profit and Loss Account towards contributions to Provident Fund and Other Funds:

Particulars	March 31, 2023	March 31, 2022
Contribution towards provident fund	40,112	41,305
Contribution towards ESIC	15,228	7,555
Contribution towards Pension fund	NIL	NIL
(ii) Defined benefit plan		
Contribution to Gratuity Fund:		
Details of defined benefit plan of gratuity are given below:		
Particulars	March 31, 2023	March 31, 2022
Opening Balance of Present value of obligation	67,619	64,026
Obligation transferred on account of BTA		
Interest Cost	4,460	4,063
Current service cost	9,800	11,556
Benefits paid	(8,684)	(1,769)
Actuarial Loss/ (Gain) on obligation	8,299	(10,257)
Closing Balance of Present value of obligation	81,494	67,619
Expense recognised in profit and loss account		
Particulars	March 31, 2023	March 31, 2022
Current service cost	9,800	11,556
Interest Cost	4,460	4,063
Expected return on plan assets	(8,031)	(6,966)
Net Actuarial loss recognised in the year	8,299	(8,774)
Income recognised in profit and loss account	14,528	(121)
Net Liability/(Asset) recognized in the Balance Sheet		
Particulars	March 31, 2023	March 31, 2022
Fair value of plan assets	1,21,770	1,21,770
Present value of defined obligation	81,494	67,619
Excess of plan assets over present value of obligation	46,483	54,150
Net Asset recognized in balance sheet	46,483	54,150
Change in Fair Value of Plan Assets during the year		
Particulars	March 31, 2023	March 31, 2022
Opening balance of fair value of plan assets	1,21,770	1,09,785
Plan assets acquired under BTA		
Expected return on plan assets	8,031	6,966
Actual Company Contributions	6,860	8,271
Benefits paid	(8,684)	(1,769)
Actuarial gain/(loss) return on plan assets		(1,484)
Closing balance of fair value of plan assets	1,27,977	1,21,770
Actuarial assumptions used		

Actuarial assumptions used

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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN: U65100AS2016PLC017505)

Schedule 18 - Notes to Financial Statement		₹ 1n '000
Particulars	March 31, 2023	March 31, 2022
Discount Rate	7.30%	6.60%
Expected Return on plan assets	7.30%	6.60%
Expected rate of salary increase	5.00%	3.00%
Employee Atrittion rate		
Upto 30 Yrs	20.93%	20.93%
31-44 yrs	13.36%	13.36%
Above 44 yrs	9.90%	9.90%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Information of investment details of plan assets are not available hence not disclosed and the obligation is funded with LIC. Details relating to experience adjustment and expected future cash flow is given below:

Particulars	March 31, 2023	March 31, 2022
(Gain)/Loss on Plan Liabilities	3,662	(2,270)
% of Opening Plan Liabilities	12.10%	-3.50%
(Gain)/Loss on Plan Assets	-	1,484
% of Opening Plan Assets	0.0%	-1.40%

(iii) Other Long term employee benefits - Compensated absences

The Actuarial liability of compensated absences of accumulated privilege leave of the employees of the Bank is given below:

Particulars	March 31, 2023	March 31, 2022
Privileged Leave (Actuarial Liability) at the beginning of the year	30,169	35,292
Privileged Leave (Actuarial Liability) at the end of the year	33,443	30,169
Actuarial assumptions		
Discount Rate	7.30%	6.60%
Salary Escalation rate	5.00%	3.00%
26.0 Contingent Liebilities		

26.9 Contingent Liabilities

There are no contingent liabilities as on March 31,2023 (Previous Year : NIL) read with Note No 31.

27. Corporate Social Responsibility

As per Sec 135 (1) of the Companies Act "Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board, consisting of three or more directors, out of which at least one director shall be an independent director". Further, the company should spend, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The amount of INR 4,484 (thousands) towards CSR expenses pertains to Financial Year 2021-22.

Particulars	March 31, 2023	March 31, 2022
a) Gross amount required to be spent by the Bank during the year	-	5,740
b) Amount spent during the year	4,484	5,716

28. The Bank has a process whereby periodically all long term contract are assessed for material foreseeable losses. At the period end, the Bank has reviewed and ensured that adequate provision as required under any law / accounting standards or material foreseeable losses on such long term contracts has been made in the books of account as at March 31, 2023. (Previous Year - NIL)

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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN: U65100AS2016PLC017505)

Schedule 18 - Notes to Financial Statement

₹ in '000

29. Based on the information available with the Company, there are no outstanding dues and payment made to supplier of goods and services beyond the specified period under the Micro, Small and Medium Enterprise Development Act, 2006. There are no interest payable or paid to any supplier under the said act.

30. Investor education and protection fund

There is no amount required to be transferred to Investor Education and Protection Fund by the Bank.

31. The Holding Company of the Bank had received income tax demand order of Rs. 35,25,135 thousands from income tax authorities for the financial year 2016-17(Assessment year 2017-18) before the formation of the Bank on 17/10/2017. This majorly includes the demand towards Share capital raised by the Holding Company during the assessment year, cash deposits done during the period of demonetization on account of collection from various customers and interest thereon. The Holding Company has filed an appeal against order before Commissioner of Income Tax (Appeals) and is hopeful of favorable decision as the additions are unsustainable.

As per the terms of Business Transfer Agreement executed between the Holding Company and the Bank, in the event of crystallization of this contingent liability, the Bank may have to reimburse the same to the Holding Company. However the Board of Directors of the bank has noted in its meeting held on 24th February 2021 that Income Tax Department has passed an ex parte assessment order with a demand. As per the GAAP principles of accounting, any event occurring in the books of Holding Company cannot be shown in the books of the subsidiary company. Hence it is shown as a Note to Accounts in its financial statements of the Bank.

32. Disclosure under Rule 11 (e) of the Companies (Audit and Auditors) Rules, 2014 :

The Bank, as part of its normal banking business, grants loans and advances to its constituents including foreign entities with permission to lend / invest / provide guarantee or security or the like in other entities identified by such constituents. Similarly, the Bank accepts deposits from its constituents, who may instruct the Bank to lend / invest / provide guarantee or security or the like against such deposit in other entities identified by such constituents.

These transactions are part of Bank's normal banking business, which is conducted after exercising proper due diligence including adherence to "Know Your Customer" guidelines as applicable in respective jurisdiction. Other than the nature of transactions described above, the Bank has not advanced / lent / invested / provided guarantee or security to or in any other person with an understanding to lend / invest / provide guarantee or security or the like to or in any other person. Similarly, other than the nature of transactions described above, the Bank has not received any funds from any other person with an understanding that the Bank shall lend / invest / provide guarantee or security or the like to or in any other person with an understanding that the Bank shall lend / invest / provide guarantee or security or the like to or in any other person with an understanding that the Bank shall lend / invest / provide guarantee or security or the like to or in any other person.

33 Additional Disclosure on Material Item innline with RBI circular No DOR.ACC.REC.No.91/21.04.018/2022-23

33.1 Disclosure on material item under subhead "Miscellaneous Income" exceeding 1% of Total Income:

Particulars	March 31, 2023	March 31, 2022
Recovery from Technically W/off account	57,999	-

33.2 Disclosure on material item under subhead "Other Expenditure" exceeding 1% of Total Income:

Particulars	March 31, 2023	March 31, 2022
Expenses on A/c of GST Reverse Charge	40,859	33,010
Office-Security	46,497	46,117

33.3 Disclosure on material item under subhead "other Liabilities and Provisions-Others" exceeding 1% of Total Assets:

Particulars	March 31, 2023	March 31, 2022
RTGS Settlement A/C	4,61,053	

33.4 Disclosure on material item under subhead "Other Assets-Others" exceeding 1% of Total Assets:

Particulars	March 31, 2023	March 31, 2022
Nil	-	

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NORTH EAST SMALL FINANCE BANK LIMITED Guwahati, Assam (CIN: U65100AS2016PLC017505)

Schedule 18 - Notes to Financial Statement

₹ in '000

34. Prior period comparatives

Figures for the previous period have been regrouped and reclassified wherever necessary to confirm to the current year's presentation.

For and on behalf of the Board of Directors

KETAN KUMAR Digitally signed by KETAN PRAVINCHAND JOSHI RA JOSHI - Distance 2023.06.26 12:29:33 +05'30'

Ketan Kumar Joshi Chief Financial Officer M. No. 056916

RAM KRISHNA Digitally signed by RAM KRISHNA GARG Chairman Distance 2023.06.26 15:56:07 +05'30' DIN : 02164119

Place : Guwahati Date : June 26 , 2023

As per our audit report of even date For Baweja & Kaul Chartered Accountants Firm Registration Number : 005834N

SAMVIT KUMAR GURTOO

Digitally signed by SAMVIT KUMAR GURTOO Date: 2023.06.26 17:41:50 +05'30'

CA Samvit Kumar Gurtoo Partner Membership No - 090758

UDIN -

Place : Guwahati Date : June 26 , 2023 RUPAL Digitally signed by RUPALI KALITA KALITA Date: 2023.06.26 15:18:25 +05'30'

Rupali Kalita Managing Director & CEO DIN : 02114098

Tapan Kumar Hazarika Digitally signed by Tapan Kumar Hazarika Date: 2023.06.26 13:30:12 +05'30'

Tapan Kumar Hazarika Independent Director DIN : 08088195



NET STABLE FUNDING RATIO: MARCH 2023

The NET Stable Funding Ratio was introduced by Basel Committee on Banking Supervision (BCBS) to promote resilience over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding on an ongoing basis. The ratio ensures reduction in funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required Stable Funding") (RSF) of the bank is a function of the liquidity characteristics and residual maturities of the various assets held by the bank as well as those of its off-balance sheet (OBS) exposures.

As per the RBI Guideline, Bank is required to maintain a minimum NSFR of 100% on an ongoing basis effective from October 1, 2021.

The Available Stable Funding of the bank is primarily composed of Regulatory Capital, Deposits from Retail, Small Business Customers and Wholesale Funding, Refinances from NABARD/SIDBI and Overdraft against Fixed Deposits from financial institutions. The Required Stable Funding of the bank comprises of Advances, Deposit Placed with Other Institutions, Investments in SLR Securities and Off Balance sheet items such as the Un-Availed Portion of Overdraft/Cash Credits.

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	NESFB Net Stable	Funding	Ratio (in	INR Lakhs	5)	
Particulars		Unweighted value by residual maturity				Weighted value
Par	ticulars	No Maturity	< 6 Months	6 Months to < 1 Yr	>= 1Yr	1
ASI	7 Item	1				
1	Capital: (2+3)	13,289.25	0.00	0.00	0.00	13,289.25
2	Regulatory capital	13,289.25	0.00	0.00	0.00	13,289.25
3	Other capital instruments	0.00	0.00	0.00	0.00	0.00
4	Retail deposits and deposits from small business customers: (5+6)	0.00	22,416.22	17,672.70	67,090.99	1,04,177.70
5	Stable deposits	0.00	12,023.23	8,110.37	40,931.75	60,058.66
6	Less stable deposits	0.00	10,392.99	9,562.33	26,159.24	44,119.03
7	Wholesale funding: (8+9)	0.00	21,545.55	11,886.51	63,351.03	69,294.28
8	Operational deposits	0.00	0.00	0.00	0.00	0.00
9	Other wholesale funding	0.00	21,545.55	11,886.51	63,351.03	69,294.28
10	Other liabilities: (11+12)	0.00	9,620.50	22,645.84	26,168.27	36,568.27
11	NSFR derivative liabilities		0.00	0.00	0.00	
12	All other liabilities and equity not included in the above categories	0.00	9,620.50	22,645.84	26,168.27	36,568.27
13	Total ASF (1+4+7+10)					2,23,329.51
RS	F Item					
14	Total NSFR high-quality liquid assets (HQLA)					1,741.47
15	Deposits held at other financial institutions for operational purposes	0.00	0.00	0.00	0.00	0.00
16	Performing loans and securities: (17+18+19+21+23)	0.00	61,107.24	1,41,488.69	4,752.76	1,43,766.26
17	Performing loans to financial institutions secured by Level 1 HQLA	0.00	0.00	0.00	0.00	0.00

ww.nesfb.co

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North East	
Small Finance Banker	

						_,,
31	Total RSF (14+15+16+24+30)					1,63,920.88
30	Off-balance sheet items		628.71	0.00	0.00	31.44
29	All other assets not included in the above categories	0.00	2,995.16	1,136.30	14,240.90	18,372.36
28	NSFR derivative liabilities before deduction of variation margin posted		0.00	0.00	0.00	0.00
27	NSFR derivative assets		0.00	0.00	0.00	0.00
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0.00	0.00	11.00	9.35
25	Physical traded commodities, including gold	0.00				0.00
24	Other assets: (sum of rows 25 to 29)	0.00	2,995.16	1,136.30	14,251.90	18,381.71
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	0.00	61,107.24	1,41,488.69	4,752.76	1,43,766.26
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	0.00	0.00	0.00	0.00
21	Performing residential mortgages, of which:	0.00	0.00	0.00	0.00	0.00
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	0.00	0.00	0.00	0.00
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	0.00	0.00	0.00	0.00	0.00
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0.00	0.00	0.00	0.00	0.00

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This document is a disclosure report which is prepared in compliance with the directions of Reserve Bank of India (RBI) vide its circular RBI/2015-16/58; DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015.

The report provides a review as on 31st March 2023 of North East Small Finance Bank (NESFB) with key observations on capital adequacy, the credit quality of its asset book and issues relating to liquidity risk and operational risk.

The Bank is headquartered in Guwahati, Assam and there are no foreign operations of the Bank.

Pillar 3 disclosures on the capital adequacy and risk management framework are detailed in the following sections:

1. Capital Adequacy Assessment

1.1 Capital Adequacy Assessment

The Bank is subject to the capital adequacy framework as per the "Operating Guidelines for Small Finance Bank" from Reserve Bank of India (RBI). As per capital adequacy framework, the Bank is required to maintain a minimum Capital to Risk Weighted Assets (CRAR) of 15% with minimum Tier I capital as 7.5%. As of now, capital conservation buffer and counter cyclical buffer are not applicable for small finance banks.

For the purpose of capital adequacy, only credit risk is covered since there is no separate capital charge prescribed for market risk and operational risk as per the direction of RBI. For credit risk, RBI has prescribed Basel II Standardized Approach and has permitted the use of external rating-based risk weights for rated exposure and regulatory retail approach for small retail loans.

The Bank has a process of assessing the capital requirements and a strategy to maintain its capital levels. Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes stress testing to assess the impact on capital and risk weighted under various plausible stressed scenario. The Bank has set up sound governance and control practices to identify, assess and manage risks. The Risk Management Committee of the Board reviews results of stress testing.

1.2 Capital Adequacy

As per RBI guidelines for small finance banks, the capital to risk weighted assets (CRAR) has been assessed using Basel II standardized approach for credit risk only and no separate capital charge prescribed for market risk and operational risk. Since market risk framework also covers specific risk charge, therefore, to assess the credit risk in the trading book, an external rating-based approach is used and risk weighted assets so computed are included under credit risk.

CRAR	(₹ In Crs)	(₹ In Crs)	(₹ In Crs)	(₹ In Crs)
Capital Base (After Adjustments)	Mar-20 A	Mar-21 A	Mar-22 A	Mar-23 A
Tier 1 Capital	348.57	352.93	256.14	48.78
Tier 2 capital	25.80	18.23	33.29	48.78*
Total Capital	374.37	371.16	289.43	97.56
Risk Weighted Assets				

Credit RWA	1498.43	1748.97	1697.69	1773.82
On Balance Sheet	1498.43	1748.97	1697.69	1773.82
Off Balance Sheet	0	0	0	0
Total RWA	1498.43	1748.97	1697.69	1773.82
Tier 1 Capital Ratio	23.26%	20.18%	15.09%	2.75%
Tier 2 Capital Ratio	1.72%	1.04%	1.96%	2.75%
Total Capital Ratio	24.98%	21.22%	17.05%	5.50%

* Tier 2 is Rs 52.24 Crs but due to T1<T2, T2 is max limited to 100% of T1

The Bank's present CRAR is below the licensing benchmark for which its undertaking all its efforts to raise capital to meet the minimum requirement.

2. Credit Risk

Credit risk is the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The objective of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable limits.

2.1 Credit Risk Management Framework

The bank's credit risk management framework consists of a tiered governance structure that defines, monitors and reviews policies and risk limits periodically with appropriate use of statistical techniques.

The bank has an approved delegation of authorities including credit committee for credit approvals. The risk management committee at the management level proactively assess portfolio quality, prudential limits and inherent risks. It also frames policies and sets limits to mitigate identified risk. Governance control is vested with the Risk Management Committee (RMC) of the Board, which monitors and provides guidance on the risk assessment and capital adequacy as well as ensures timely and effective implementation of policies. Policies such as the lending policy, investment policy, credit risk policy, product credit policies, Willful defaulter policy are defined to effectively manage credit risk.

The risk management function in the Bank is clearly demarcated and independent from the operations and business units of the Bank. The Risk Management function is not assigned any business targets.

2.2 Credit Process

The product credit policy details the credit norms to be adhered to for each customer segment within specific products. An empowerment matrix is prescribed to ensure that a competent authority takes an informed decision on any deviations to these norms.

Credit Origination and Appraisal System

There are separate Credit Origination and Appraisal Processes for Micro Finance Segment, Agriculture Finance Segment, MSME Segment and Retail segments. Within these segments, the Bank has adopted underwriting standards for different client segments that is based, inter alia, on ticket size, availability of security and other risk parameters. The credit sanctions are provided by experienced credit professionals with delegated approval authorities as per Bank's Board approved credit policy, based on detailed appraisal memorandum that takes into account business and financial risks of the proposal.



The Micro Finance segment, on the other hand, relies largely on standardized product programs for credit risk assessment and approvals.

Credit Rating Framework

The Bank has developed a Credit Scoring Model for all asset loans. The minimum threshold for approval of cases is clearly defined along with actual sanction of cases through detailed appraisal. While credit scoring would be one of the important parameters for deciding pricing of loans, it will be pertinent for the Bank to consider the expectations of the customers as regards rate of interest to remain competitive at this stage when it is stepping into new segments.

Credit Documentation

Standard documentations are finalized and registered in consultation with the legal and compliance department.

Delegation of powers

The Bank has adopted 'Four Eyes' principle for credit approval which reduces risk from errors and ensure compliance. The principle dictates that generally at least two people must create, examine and approve any credit proposal.

Post Sanction Monitoring

Credit monitoring involves follow-up and supervision of the Bank's exposures with a view to maintaining the asset quality at the desirable level, through proactive and corrective actions, aimed at controlling and mitigating the credit risk to the Bank.

Effective and on-going follow-up and supervision of borrower accounts are the important component in the Bank's credit monitoring process. It is critical and important to strengthen the credit monitoring mechanism and the Bank strives to graduate to stringent/leading practices in monitoring on an ongoing basis. The Bank accord special emphasis on credit monitoring at all times.

Monitoring Standards – Portfolio level:

The Bank is performing portfolio monitoring on a monthly basis with specific focus on the following key aspects

- Portfolio origination performance Number of applications, Priority Sector Lending (PSL) compliant loans, etc.
- Portfolio asset quality Delinquencies in various buckets days
- Portfolio concentration limits Concentration across tenor, single borrower, group borrower level, geography, product, etc.

Risk Management Department is responsible for conducting portfolio level monitoring and publishing relevant MIS reports. Bank has been slowly focusing more on secured lending which will have a lower RWA allocation under Credit Risk Standardized approach

Periodic Quality & Control Reviews:

Internal audit exercise is conducted by way of periodic reviews and checks to ensure adherence to established credit policies and procedures. On a periodic basis, a sample of applications and approvals & rejects are selected and checked for adherence to the credit filters, credit underwriting and verification criteria. Feedback provided to branches, changes made to the process as a result of these reviews are documented.

2.3 Credit Concentration Risk

Credit Risk (including credit concentration risk) i.e. the risk of financial losses in credit assets (including off-balance sheet instruments) caused by deterioration in the current conditions of counterparties. We have an exclusive "Lending policy" which covers the RBI guidelines for overall Credit portfolio and Lending operations and apart from the above, there exists an overall Credit Risk policy.

However, concentration risk arises due to creation of large position in a single asset or sector or an individual or group of similar borrowers. As a prudential measure aimed at better risk management and avoidance of concentration of credit risks, the Reserve Bank of India has advised the banks to fix limits on their exposure to specific industry or sectors and has prescribed regulatory limits on banks' exposure to single and group borrowers in India.

As per the RBI guidelines on Small finance Banks, the below prudential limits are set in our credit risk policy that is monitored on continuous basis and is being reported to Credit Risk Management Committee on monthly basis and Board RMC on quarterly basis.

The Bank manages concentration risks using prudential limits. Credit Concentration in the bank's portfolio is monitored for the following

- Single/Group Party Exposure: The Bank has individual borrower-wise exposure limits as well as group-wise borrowing limits which are continuously tracked and monitored.
- Industry Exposure: The Bank tracks the exposure to specific industries and sectors. The analysis further contributes to formulating the growth strategy of the Bank.
- Geography-wise Exposure: The Bank continuously monitors the geographic concentration of the business and factors the inputs into its strategic business planning. The bank is aware of its concentration in Assam and is taking steps to reduce the same by growing its asset book in other states and through product diversification.

2.4 Portfolio Management

NESFB monitors its portfolio across different parameters and analyzes the spread of risk among different asset classes. The bank is taking steps to diversify the portfolio and increase the secured lending portfolio. It also analyses the portfolio performance of different customer segments within products as well as portfolio performance for known risk indicators such as LTV, tenure, geography, etc. NESFB monitors portfolio at risk (PAR), which is an overdue portfolio (1 day overdue and more) across products and business lines to identify any impending stress.

S. No.	Exposure Type	₹ in Crs
1	Fund Based – Loans & Advances (Book Value)	1908.43
2	Fund Based – Non SLR (Book Value)	0
3	Non-Fund Based	0
1	Total	1908.43

2.5 Credit Exposures and Risk Summary



	Advances - Principal	Deposits - Balances in Rs	Total Business in Rs	Total
States	Balance	Crs	Crs	Business %
Arunachal				
Pradesh	36.16	19.46	55.62	1.41%
Assam	1,577.63	1,471.15	3,048.78	77.22%
Manipur	40.12	51.82	91.94	2.33%
Meghalaya	45.12	161.82	206.93	5.24%
Mizoram	34.29	201.18	235.48	5.96%
Nagaland	13.63	6.75	20.37	0.52%
Sikkim	44.73	42.49	87.21	2.21%
Tripura	61.33	60.27	121.59	3.08%
West Bengal	55.41	24.71	80.12	2.03%
Grand Total	1,908.43	2,039.63	3,948.06	100%

Maturity Pattern of Advances (Maturity bands as used in ALM Returns)

Amount i						
S.no.	Maturity buckets	Net Loans & advances	Investments	Deposits	Borrowings	
1	1 day	3.72	191.15	23.37		
2	2 days to 7 days	21.92	1.77	45.04	_	
3	8 days to 14 days	25.40	1.23	35.76		
4	15 days to 30 days	58.90	2.99	121.60	5.25	
5	31 days to 3 months	215.38	11.26	82.39	17.50	
6	Over 3 month & upto 6 month	298.43	23.56	159.15	62.75	
7	Over 6 month & upto 1 year	496.94	64.41	271.60	208.00	
8	Over 1 year & upto 3 years	419.08	49.38	1,287.78	118.25	
9	Over 3 years & upto 5 years	62.58	2.17	11.05		
10	Over 5 years	0.90	0.37	1.89		
	Total	1,603.26	348.29	2,039.63	411.75	

2.6 Non-Performing Assets and its Classifications

Classification

Advances are classified as Performing Assets (Standard) and Non-Performing Assets (NPAs) in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. The advances are stated net of specific provisions made towards NPAs, unrealized interest on NPAs, if any etc. Interest on NPAs is transferred to an interest suspense account and not recognized in the Profit and Loss Account until received.

Provisioning

Provision for non-performing advances comprising Sub-standard, Doubtful and Loss Assets is made at a minimum in accordance with the RBI guidelines. In addition, specific loan loss provisions in respect of non-performing assets are made based on management's assessment and estimates of the degree of impairment of advances, based on past experience, evaluation of security and other related factors; the nature of product and delinquency levels. Loan loss provisions in respect of non-performing advances are charged to the Profit and Loss Account and included under Provisions and Contingencies. with the RBI guidelines, Floating Provisions are utilised up to a level approved by the Board with prior permission of RBI, only for contingencies under extraordinary circumstances for making specific provisions for impaired accounts. As part of Covid-19 Regulatory package Bank has made additional provisions as required by RBI Guidelines on these matters. Additionally, Bank has made Provisions for Upper Assam as well.

The details of the NPA & Provisions are given below

(Amount in Rs. Cr)

Particulars as of Mar 2023	Total Principal O/S	Provision
Standard Un-restructured Portfolio	1,344.06	13.54
Standard Restructured Portfolio	217.03	21.97
Sub-Standard Un-restructured Portfolio	18.49	3.97
/Sub-Standard Restructured Portfolio	42.42	14.77
Doubtful Un-restructured Portfolio	28.05	28.05
Doubtful Restructured Portfolio	258.36	258.36
Total	1,908.43	340.66

3. Leverage Ratios

The Bank is also assessing leverage ratio as per Basel III framework. Leverage ratio is a non-risk-based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk-based capital requirements.

Leverage Ratio = Capital Measure (Tier I Capital) / Exposure Measure

Tier 1 capital in Rs Crs - (A)	48.78
Exposure in Rs Crs – (B)	2667.05
Leverage Ratio (A/B)	1.83%

There is a breach in Leverage ratio owing to decline in Tier 1 Capital

4. Market Risk

Market Risk may be defined as the possibility of loss to a bank caused by changes in the market variables such as interest rates, credit spreads, equity prices etc. The market risk for the bank is governed by 'Market Risk Policy' and 'Treasury & Investment Policy', which are approved by the Board. These policies ensure that transactions in debt and capital markets are conducted in accordance with acceptable business practices and are as per the extant regulatory guidelines.

RMD is responsible for identifying and escalating any risk pertaining to Market Risk on a timely basis. The Department ensures that market risks are identified, assessed, monitored and reported for management decision making.



For market risk purposes, investment books- Available for Sale (AFS) and Held for Trading (HFT) are considered as trading book. Since capital charge for market risk in the trading book is not prescribed for pillar 1 for SFBs, it is not assessed separately.

5. Interest Rate risk in Banking Book

Interest Rate Risk in banking Book (IRRBB) refers to the risk of loss in earnings or economic value of the bank's Banking Book as a consequence of movement in interest rates. The Bank is exposed to interest rate risk on most of its assets and liabilities due to change in interest rates. IRRBB risk mainly arises through mismatches in repricing of interest Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) and rate sensitive off-balance sheet items in the banking book.

IRRBB has the potential to make NII volatile. The Bank strives to manage the asset and liability position of the balance sheet to achieve a profile that controls the impact of changes in interest rates on the Bank's NII and economic value. Bank has adopted duration gap approach to assess interest rate risk from economic value perspective.

Measurement and outcome of the Interest Rate Risk

Interest rate risk is the exposure of a bank's financial condition to adverse movements in interest rates. Interest rate risk can pose a significant threat to a bank's earnings and capital base. Changes in interest rates affect a bank's earnings by changing its net interest income and the level of other interest sensitive income and operating expenses.

Following process/reports has been adopted to measure/monitor:

 Interest Rate Sensitivity Gap Reports (EaR): RMD would seek to monitor interest rate sensitivity by generating interest rate sensitive gap reports, which provide a cash flow bucketing, based on re-pricing profile and frequency of interest rate sensitive assets and liabilities. This report is submitted to RBI for month end dates.

Earnings at Risk	(₹ In Crores)
Impact on 100 basis points change in interest rate	1.25
Impact on 200 basis points change in interest rate	2.50

- Table as on March 31,2023
- 2. Modified Duration Gap Measures (MVE): Modified duration seeks to measure sensitivity of the market. This report is submitted to RBI on monthly basis as of month end.

According to the RBI guidelines on ALM framework dt: 04 November 2010, drop in the Market value of Equity (MVE) should not be more than 20 % with an interest rate shock of 200 basis points. However as per our ALM policy limit of drop in MVE is set as 15% for an interest rate shock of 200 bps. RBI advises bank to allocate capital under Pillar 2 if the set limit of MVE for 200 bps shock is breached.

OUTCOME

As of 31st Mar 2023, percentage change in the MVE (Market value of Equity) for 100 and 200 bps shocks are given below.

As on	31-03-2021	31-03-2022	31-03-23 A
Economic Value of Equity	Amount in Rs. Crs	Amount in Rs. Crs	Amount in Rs Crs
Net Worth	365.00	244.28	59.85
Risk Sensitive Assets (RSA)	2046.35	2064.44	2346.55
Risk Sensitive Liabilities (RSL)	1862.16	1973.63	2451.38

Duration of Assets (DA)	2.78	1.86	1.91
Duration of Liabilities (DL)	2.41	1.23	1.18
Duration GAP (DGAP) = DA - W (DL)	0.59	0.69	0.68
For 200 bps shock	-6.48%	-10.41%	-52.97%
For 100 bps shock	-3.24%	-5.20%	-26.49%

6. Liquidity Risk

Liquidity risk has two categories - Funding Liquidity Risk & Market liquidity Risk. Funding liquidity risk is that of sustaining a loss due to an inability to obtain required funds and conduct fund management, because of a deterioration of market conditions or bank's financial conditions, and then being forced to raise funds at a remarkably higher rate of interest than usual. Market liquidity risk is the risk that bank cannot easily offset or eliminate a position at a prevailing market price because of inadequate market depth or market disruption.

Liquidity being crucial to the ongoing viability of the bank, management of liquidity risk by the bank aims to control related risk exposure which ensures that earnings are commensurate with the levels of risk.

Measurement of Liquidity Risk:

The Bank has in place a policy as follows for this purpose:

- 1. ALM Committee of the bank meets, at such periodicity as the Management may determine, to review important matters related to liquidity risk and control.
- 2. A well-defined ALM Policy is in place and the same to be reviewed / updated annually.
- 3. Impact of Liquidity Risk is currently assessed through gap analysis for maturity mismatches based on residual maturity in different time buckets and management of the same is done based on the mismatch limits set in ALM policy.
- 4. Currently bucketing is done as per the RBI prescribed standard guidelines.

According to the bank's ALM policy, the Net Cumulative negative mismatch of the cumulative cash outflows for the buckets 1day, 2-7 days, 8-14 days, 15- 30 days should not exceed 5%, 10%, 15%, 20% respectively.

In line with the above limits, as of Mar 2023, our cumulative mismatch is computed and the same is given below:

Buckets	Mismatch	Cumulative Mismatch	Cumulative Gap as % to cumulative outflows	
(₹	(₹ In Crs)	(₹ In Crs)		Limits
1 Day	276.22	276.22	938.3%	-5.00%
2-7 Days	-19.63	256.59	344.5%	- 10.00%
8-14 Days	25.90	282.49	255.5%	- 15.00%
15-30 Days	272.31	554.80	230.0%	- 20.00%
31 Days to 2 Months	83.18	637.98	223.8%	- 25.00%



2-3 Months	75.22	713.20	208.92%	- 25.00%
3-6 Months	122.22	835.42	148.25%	- 25.00%
6-12 Months	103.78	939.20	88.47%	- 30.00%
1-3 Years	-871.49	67.70	2.74%	- 35.00%
3-5 Years	5.27	72.97	2.84%	- 35.00%
5-7 Years	38.73	111.71	4.35%	- 35.00%
7-10 Years	-0.97	110.74	4.31%	
10-15 Years	0.00	110.74	4.31%	
Over 15 years	-110.74	0.00	0.0%	
Over 5 Years	-72.98	0.00	0.0%	
Total		4,969.76	0.0%	

Dynamic Liquidity Analysis

Bank manages its liquidity on dynamic basis to supplement the liquidity gap analysis by capturing net cash outflow or inflows for business units considering their business projections for next 3 months.

Stock Liquidity Indicators

Bank also possess liquidity through various stock liquidity indicators on a periodic basis and the outcome as of March 31, 2023 as of below.

Ratios	Limit	Mar-20	Mar-21	Mar-22	Mar-23
Volatile Liabilities ratio					
(Volatile liabilities – Temporary assets) / (Earning assets – Temporary assets)	Max. 40%	-3.70%	22.10%	30.56%	-4.87%
Illiquid assets to total assets ratio					
(Loans + Mandatory SLR + Mandatory CRR + Fixed assets) / Total assets	Max. 85%	75.69%	80.42%	82.87%	78.01%
Illiquid assets to core deposits ratio					
(Loans + Mandatory SLR + Mandatory CRR + Fixed assets) / Core deposits	е Мах. 500%	206.84%	176.98%	181.77%	149.97%
Available liquid assets ratio		27.240/	10 120/	46 7400	40.000
Temporary assets / Total Assets	Max. 40%	27.21%	18.43%	16.71%	40.29%
Volatile liabilities to total assets ratio	Mar. 600/	24.670/	25 70%	40.000/	27.460/
Volatile liabilities / Total assets	Max. 60%	24.67%	35.70%	40.89%	37.46%
Core deposits ratio		42.020/	52.420/	45 500/	52.02%
Core deposits / Total assets	Min. 20%	42.03%	52.43%	45.59%	52.02%
Liquid investments to volatile liabilities ratio		110.220/	54 649(10.000	407 5 60/
Temporary assets / Volatile Liabilities	Min. 60%	110.32%	51.61%	40.86%	107.56%

The breach in Available liquid assets ratio is due to total assets considering the committed line of credit which is in the form of OD against FDs placed by NESFB with other banks. If we remove the ODFDs, then this breach will not be there.

7. LIQUIDITY COVERAGE RATIO (LCR)

Background

The Reserve Bank, being a member of the BCBS, is fully committed to the objective of the Basel III reform package and, therefore, intends to implement these proposals for banks operating in India. Accordingly, draft guidelines on Liquidity Risk Management and Basel III Framework on Liquidity Standards have been prepared and published in Feb 2012.

LCR Position

	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
LCR	166%	174%	277%	130.40%

8. Operational Risk

Operational Risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events, which includes but is not limited to legal risk. It is inherent in all activities arising out of bank's business and operations and could result in financial losses, litigation, regulatory fines or other damages to the bank. The severity of impact on the bank, its employee and customer are dependent on the efficacy with which operational risk is managed by the bank. The goal is to keep operational risk at appropriate levels, in light of the bank's financial strength, the characteristics of its businesses, the markets in which it operates, and the competitive and regulatory environment in which it operates.

Consistent with these objectives board has approved an Operational Risk Management policy (ORM) of NESFB which covers the following elements

- Governance: Operational Risk Management (ORM) governance structure includes Board of Directors, and ERMC (Executive Risk Management Committee). Roles and responsibility of the oversight bodies are detailed in the relevant paragraphs.
- **ORM Policy and Procedures**: ORM Policy and processes covering, Risk and Control Self-Assessment (RCSA), Key Risk Indicator (KRI), Loss Data Management (LDM), New Product Approval are separately documented and approved from relevant authorities.
- ORM Organization Structure: Bank's Organizational structure for managing operation risks consists of the following three lines of defence.
 - o Business Unit
 - o Operational Risk Management department
 - Internal Audit department
- **Operational Risk Assessment and Measurement Tools:** The primary tool for measuring operational risk across the Bank shall include internal operational loss data, regulatory penalties and frauds. These loss data is used primarily for assessing and monitoring operational risk exposures including compliance risk across the Bank. ERMC is empowered to modify and implement any additional tools apart from the ones currently in place



• **Reporting:** Reports on Operational Risk exposures approved by ERMC are used at stipulated frequencies to monitor operational risk exposures within the overall ORMF. Relevant reports will be submitted to relevant entities such Board, ERMC, business and support unit heads as described in the respective policy and process documents.

9. IT & Information Security

The Bank has an independent information security department, which addresses information and cyber security related risks and reports to Chief Risk Officer (CRO). The Bank has a defined governance structure in place under the Information Security & Cyber Risk Committee, which includes representatives from Business, Operations, Security & Cyber Risk management functions that is responsible for overall IT Risks. Bank Information and Cyber Risk Management Committee provides direction for mitigating the operational risk in IT security.

Disaster recovery and Business Continuity Plan (BCP) has been established for significant businesses to ensure continuity of operations and minimal disruption to customer services. These plans are periodically tested and reviewed to ensure their effectiveness.

NOTICE





NOTICE

Notice is hereby given that the 7th Annual General Meeting of North East Small Finance Bank Limited will be held at 12:00 PM, on, Friday the 29th day of September, 2023 through Video conferencing or Other Audio Visual Means from the Board Room, 3rd Floor, Fortune Central, Basistha Road, Basisthapur Bye Lane No. 3, Beltola Guwahati, Assam to transact the following businesses:

ORDINARY BUSINESS:

 To receive, consider and adopt the audited financial statement of the Bank for the financial year ended 31st March, 2023 together with the Reports of the Board of Directors and the Auditors thereon

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

- **"RESOLVED THAT** the audited financial statement of the Bank for the financial year ended 31st March, 2023, together with the Reports of the Board of Directors and the Auditors thereon, be and are hereby received, considered and adopted.".
- **2.** To appoint Statutory Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution with or without modification as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Section 30 of the Banking Regulation Act, 1949 and the guidelines and circulars issued by the Reserve Bank of India ("RBI") in this regard, from time to time, including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force, the approval of the members of the Bank, be and is hereby accorded to appoint **M/s. Chaturvedi & Co (FRN- 302137E)** as Statutory Auditors of the Bank for a period of 1 year and to hold the office from the conclusion of this 7th Annual General Meeting till the conclusion of 8th Annual General Meeting of the bank, subject to approval from Reserve Bank of India and such other regulatory authorities, as may be applicable, for a Consolidated Audit fee of Rs.26,00,000/-(Rupees Twenty Six Lakh only) plus GST and OPE of 10% of the Agreed Audit fee.

"**RESOLVED FURTHER THAT** the Board of Directors ("Board"), including the Audit Committee of the Board or any other person(s) authorised by the Board or the Audit Committee of the Board in this regard, be and is hereby authorised to negotiate, finalise, and if required, alter and vary the terms of remuneration due to any change/modification in roles and responsibilities/scope of work, any amendments in Accounting Standards or regulations and such other requirements without being required to seek any further consent or approval of the members of the Bank."

SPECIAL BUSINESS.

3. To Approve the Appointment of Mr Rajan Bajaj as Nominee Director of NESFB.



Registered & Corporate Office : 1st & 3rd Floor, Fortune Central, Basistha Road, Basisthapur, Bylanc No. 3, Guwahati, 781028, Contact : 191 361 7180001 Email : contact@nesfb.com CIN : U65100AS2016PLC017505





"**RESOLVED THAT** pursuant to provisions of the Companies Act, 2013 read with Schedule IV and other applicable provisions, if any, of the Companies Act 2013, and as per Rule 4 Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification or re-enactment(s) thereof, for the time being in force), and as per the Article of Association of Company, subject to such other consents and permissions as may be required by statute, the consent of the Shareholders be and is hereby accorded for the appointment of Mr Rajan Bajaj as an Nominee Director on the Board of North East Small Finance Bank Limited.

"FURTHER RESOLVED THAT Ms. Rupali Kalita, MD & CEO and Mr. Ketan Kumar Joshi, Chief Financial Officer and Company Sectretary of the Bank be and are hereby authorized to do all such acts and deeds and things to give effect to the above resolution."

By order of the Board of Directors For NORTH EAST SMALL FINANCE BANK LIMITED

H.O. -GHY Rapali Kalita

Mangging Director & CEO

Place: Guwahati Date: 28/08/2023

NOTES:

- 1. A member entitled to attend and vote at the 7th Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and a proxy need not be a member of the company. The proxy form, to be valid and effective, should be lodged at the registered office of the company, duly completed and signed, not less than 48 hours before the commencement of the AGM.
- 2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carry voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- 3. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send to the company a certified copy of relevant board resolution together with the specimen signature(s) of the representative(s) authorized under the said board resolution to attend and vote on their behalf at the meeting.
- 4. For security reasons and for proper conduct of AGM, entry to the place of the AGM will be regulated by the attendance slip, which is annexed to this notice. Members/ proxies are



requested to bring their attendance slip in all respects and signed at the place provided there at and hand it over at the entrance of the venue. The route map of the AGM venue is also annexed to this notice.

5. All documents referred to in the notice and the explanatory statement requiring the approval of the members at the AGM and other statutory registers shall be available for inspection by the members at the registered office of the company during office hours on all working days between 11.00 A. M. and 1.00 P. M.

from the date hereof up to the date of ensuing annual general meeting.

- 6. The annual report 2022-23 of the company is also available on the company's website at www.nesfb.com.
- 7. Member desirous of obtaining any information concerning the accounts and operations of the company are requested to address their questions in writing to the company at least 10 days in advance before the date of annual general meeting, so that the information required may be available at the meeting.
- 8. Shareholders are requested to kindly bring their copies of annual report to the meeting.
- 9. The explanatory statement as required under section 102(1) of the Companies Act, 2013, is annexed hereto and all documents referred to in the same will be open for inspection by members, at the registered office of the company during normal working hours up to the date of the annual general meeting.

By order of the Board of Directors

For North East Small Finance Bank Limited

Place: Guwahati Date: 28/08/2023

Rupali Kalita Managing Director & CEO





Explanatory Statement (Pursuant to section 102 of the Companies Act, 2013)

Item No. 3: To Approve the Appointment of Mr Rajan Bajaj as a Nominee Director of NESFB

Mr Rajan Bajaj was appointed as Additional Director in the Board in the meeting held on 21.07.2023 and as per the provisions of Section 161 (1) of Companies Act, 2013., and as per Rule 4 Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification or re-enactment(s) thereof, for the time being in force), and as per the Article of Association of Company, subject to such other consents and permissions as may be required by statute, Mr. Rajan Bajaj as a Nominee Director of GIPL on the Board of North East Small Finance Bank Limited, the approval of the of Shareholders is required to regularise his appointment.

Further, Mr. Rajan Bajaj is not related to any other Director or Key Managerial Personnel of the Bank. The Board of Directors recommended for the passing of the Ordinary Resolution as set out in Item No. 3 of the Notice.

By order of the Board of Directors For NORTH EAST SMALL FINANCE BANK LIMITED

Place: Guwahati Date: 28/08/2023

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SMALL ali Kalital **Director & CEO** anading



NORTH EAST SMALL FINANCE BANK LIMITED

(CIN: U65100AS2016PLCO17505) Registered Office: 1s t & 3rd Floor, Fortune Central, Basistha Road, Basisthapur, Bye Iane No:3, Guwahati-781028 Website: www.nesfb.com, Email: <u>contact@nesfb.com</u> Phone No: +91 361 7180001,

7th ANNUAL GENERAL MEETING-, 29th SEPTEMBER, 2023 AT 12:00 PM

ATTENDANCE SLIP

Name of the member(s) &

Registered address:

Folio No./DP ID-Client Id:

No. of shares:

*Applicable for the member(s) holding shares in Electronic Form.

I being a member/proxy for the member of the Company, hereby record my presence at the 7th Annual General Meeting of the Company at Board Room, 3rd Floor, Fortune Central, Basistha Road, Basisthapur, Bye Iane No:3, Guwahati-781028 on Friday, September 29, 2023.

Name of the Member/Proxy#	Signature of the Member/Proxy#		

- # Strike out whichever is not applicable.
- 1. Please hand over the attendance slip at the entrance of the meeting venue.
- 2. This attendance is valid only in case shares are held on the date of the meeting.
- 3. As per section 118(10) of the Companies Act, 2013 read with the Secretarial Standards for General Meeting issued by Institute of Company Secretaries of India "No gifts, gift coupons or cash in lieu of gifts shall be distributed to members at or in connection with the meeting".





FORM NO. MGT – 11 PROXY FORM

[Pursuant to Section 105(6) of the Companies (Management and Administration) rules, 2014]

North East Small Finance Bank Limited

(CIN: U65100AS2016PLCO17505) Registered Office: 1s t & 3rd Floor, Fortune Central, Basistha Road, Basisthapur, Bye Iane No:3, Guwahati-781028 Website: www.nesfb.com, Email: <u>compliance@nesfb.com</u> Phone No: +91 361 7180001,

Name of the member(s)	
Registered address	
Email id:	
Folio No/Client Id	
DP ID	

I/We, being the member(s) of shares of the above named company, hereby

1.	Name:	
	Email	id:
	Address:	
	Signature:	Or failing him/her
2.	Name:	111110
	Email	id:
	Address:	
	Signature:	Or failing him/her

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 7th Annual General Meeting of the company, to be held on Friday, September 29, 2023 at 12 PM at board room, 3rd floor, fortune Central, Basisthapur, Guwahati-781028 and at any adjournment thereof in respect of such resolution as are indicated overleaf.

Resolution No.	Resolution	Vote Note 3)	(See
Ordinary Bu	isiness	for	against
1	To receive, consider and adopt the Audited Financial Statement & Directors Report for the year ended 31st March, 2023 and Auditor's Report and the comments thereupon.		1
2	To appoint M/s, M/s. Chaturvedi & Co (FRN- 302137E) Chartered Accountants, firm registration No as Statutory auditors of the company for a period of 1 (one) financial year.		



Special Business			
3	To Approve the Appointment of Mr Rajan Bajaj as a Nominee Director of NESFB		

Signed this 2023.

Signature of Shareholder on revenue stamp

Note:

1. This form of Proxy in order to be effective should be duly completed and deposited at Registered & Corporate Office: 1st & 3rd Floor, Fortune Central, Basistha Road, Basisthapur, Bye lane No:3, Guwahati, Assam-781028, not less than 48 hours before the schedule time of the meeting.

2. A person can act as Proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the company may appoint a single person as a Proxy and such person cannot act as a Proxy for any other person or shareholder.

3.It is optional to put a "X" in the appropriate column against the Resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

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ROAD MAP

AGM VENUE - NORTH EAST SMALL BANK LIMITED Milanour Massid IT GUWAHATI Sh Sh Goowath Mande 0 Q Umphanda Temple Q B Rabway Q Aac Indian Red Cross Society 🔘 kali mande 🖗 Netru Park BTO, Kamup Rural Q bolan Institute of Technology Q V Shuthesheat Q Q at 21 Gundhati , Aswaklanti Temple Q Shuthesheat Q Q Guwahah Quwahah Q Styam Mande Amingaon Police Station Q 0 Guwahati 1 0 PALENBAZAAR ner Dense No. Rest Reporter Gold Conter Vocacial Renacimptor Centre. Gita Temple D Sscalamat Bridge 🖗 O Tre An of Long Manyati Rospital () Gateway Of Rongkimi Namghar Garigaon Owitol Masjid 1 Balaj Mandir 🔘 J. Co (**€ 33 min** 3.4 km Satgaon Police Station () KAMAXHYA Fatasil Amban Q Police Station Gimphati Midical C Pragyoti Cinema 🔍 Gauhao O terpa College Hospital University 22 0 0 Colony Bazar Ø Fish Market GANESHGURI w 0 27 Attr Assam Attr Assam . Police Bettation all W. 员 32 min Q Lankesmar Temple O India Post - Gettinagar O Shird Sai 844m Guwahati Q Jai Mata Valshno Devi Temple 0 Hayat Hospital 🖗 Ø Kalapani Church Dakhingaon Ø Burna Masjid BorN Manage () North East Small Finance Bank- Head Office Exceletate Hospitals Katahbari Jama Masiid Q



MAP OF NORTH EAST INDIA







North East Small Finance Bank Ltd 1st & 3rd Floor, Fortune Central , Basisthapur, Bye Iane 3, Beltola Guwahati, Assam 781028 Toll Free Number-1800-121-1905