

JANA SMALL FINANCE BANK LIMITED

CIN No: U65923KA2006PLC040028

Registered Office : The Fairway Business Park #10/1,11/2,12/2B,

Off Domlur, Koramangala Inner Ring Road, Next to EGL, Challaghatta, Bengaluru 560071

FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2021

(₹ in Crores)

Particulars	Three months ended			Nine months ended		Year ended
	31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
	Unaudited	Audited	Unaudited	Unaudited	Audited	Audited
I. INCOME						
Interest earned	699.03	667.92	654.45	2,032.83	1,910.96	2,497.71
Other income	73.04	102.25	65.81	222.88	143.80	235.08
TOTAL	772.07	770.17	720.26	2,255.71	2,054.76	2,732.79
II. EXPENDITURE						
Interest expended	340.71	339.30	301.24	1,023.79	917.12	1,234.58
Operating expenses	288.82	291.82	265.77	849.02	760.92	1,047.31
Provisions and contingencies	148.67	131.70	108.75	378.76	249.79	366.59
TOTAL	778.20	762.82	675.76	2,251.57	1,927.83	2,648.48
III. PROFIT/(LOSS)						
Net profit/loss for the period/year	(6.13)	7.35	44.50	4.14	126.93	84.31
Balance in Profit and Loss Account brought forward	(4,073.77)	(4,080.23)	(4,044.22)	(4,083.16)	(4,126.66)	(4,126.66)
TOTAL	(4,079.90)	(4,072.88)	(3,999.72)	(4,079.02)	(3,999.72)	(4,042.35)
IV. APPROPRIATIONS						
Transfer to Statutory Reserve	-	-	-	-	-	21.08
Transfer to Capital Reserve	2.17	0.89	2.81	3.05	2.81	3.14
Transfer to Investment Fluctuation Reserve	0.36	-	-	0.36	-	16.60
Balance carried over to Balance Sheet	(4,082.43)	(4,073.77)	(4,002.53)	(4,082.43)	(4,002.53)	(4,083.17)
TOTAL	(4,079.90)	(4,072.88)	(3,999.72)	(4,079.02)	(3,999.72)	(4,042.35)
V. EARNINGS PER EQUITY SHARE (EPS)						
(Face value of per share ₹ 10 per share)						
(Three months and nine months EPS is not annualised)						
Basic (₹)	(1.21)	1.45	8.77	0.82	25.03	16.62
Diluted (₹)	(1.14)	1.36	8.31	0.76	23.70	15.61

Segment information in accordance with the Accounting standard on Segment Reporting (AS 17) and RBI guidelines of the operating segment of the bank for the quarter and nine months ended December 31, 2021

(₹ in Crores)

Particulars	Three months ended			Nine months ended		Year ended
	31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
	Unaudited	Audited	Unaudited	Unaudited	Audited	Audited
Segment Revenue:						
Treasury	271.09	242.73	214.55	749.23	590.10	794.96
Corporate/Wholesale Banking	44.25	34.65	38.06	104.91	58.63	58.89
Retail Banking	958.49	953.72	895.75	2,836.99	2,699.00	3,618.06
Other Banking operations	1.82	1.81	1.82	5.44	5.44	7.25
Total Revenue	1,275.65	1,232.91	1,150.18	3,696.57	3,353.17	4,479.16
Less: Inter Segment Revenue	(503.58)	(462.74)	(429.92)	(1,440.86)	(1,298.41)	(1,746.37)
Income from Operations	772.07	770.17	720.26	2,255.71	2,054.76	2,732.79
Segment Results (net of provisions)						
Treasury	(21.82)	(33.02)	8.93	(103.45)	(56.25)	(97.75)
Corporate/Wholesale Banking	9.65	6.99	22.81	23.17	25.79	7.77
Retail Banking	12.93	33.65	13.20	91.74	159.02	176.34
Other Banking operations	(6.89)	(0.27)	(0.44)	(7.32)	(1.63)	(2.05)
Unallocated	-	-	-	-	-	-
Profit/(Loss) before tax	(6.13)	7.35	44.50	4.14	126.93	84.31
Segment Assets						
Treasury	8,324.30	7,335.54	5,250.09	8,324.30	5,250.09	6,942.53
Corporate/Wholesale Banking	1,375.63	1,343.52	516.20	1,375.63	516.20	874.94
Retail Banking	11,097.06	11,126.24	10,619.48	11,097.06	10,619.48	11,016.79
Other Banking operations	6.73	15.82	19.74	6.73	19.74	18.45
Unallocated	199.38	208.08	230.99	199.38	230.99	232.86
Total	21,003.11	20,029.20	16,636.50	21,003.11	16,636.50	19,085.57
Segment Liabilities						
Treasury	6,244.03	5,514.60	3,451.01	6,244.03	3,451.01	4,916.07
Corporate/Wholesale Banking	13.79	12.44	5.56	13.79	5.56	7.45
Retail banking	13,596.62	13,345.46	11,992.87	13,596.62	11,992.87	13,006.92
Other banking operations	-	-	-	-	-	-
Unallocated	17.39	19.26	16.31	17.39	16.31	28.27
Total	19,871.83	18,891.76	15,465.75	19,871.83	15,465.75	17,958.71
Capital employed:						
(Segment assets - Segment liabilities)						
Treasury	2,080.27	1,820.94	1,799.08	2,080.27	1,799.08	2,026.46
Corporate/wholesale banking	1,361.84	1,331.08	510.64	1,361.84	510.64	867.49
Retail banking	(2,499.55)	(2,219.22)	(1,373.39)	(2,499.55)	(1,373.39)	(1,990.13)
Other banking operations	6.73	15.82	19.74	6.73	19.74	18.45
Unallocated	181.99	188.82	214.68	181.99	214.68	204.59
Total	1,131.28	1,137.44	1,170.75	1,131.28	1,170.75	1,126.86

Segment Notes:

The Reportable segments are identified into following in compliance with the RBI guidelines and Accounting Standard.

a) Treasury

The treasury segment primarily consists of entire investment portfolio of the Bank.

b) Retail Banking

The retail banking segment serves retail customers through a branch network. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof. Revenues of the retail banking segment are primarily derived from interest and fees earned on retail loans, interest on deposits placed as collateral with banks and financial institutions. Expenses of this segment primarily comprise interest expense on borrowings, deposits, infrastructure and premises expenses for operating the branch network, personnel costs and other direct overheads.

c) Wholesale Banking

Wholesale Banking includes all advances to companies and statutory bodies, which are not included under Retail Banking.

d) Other Banking Operation

Other Banking includes other items not attributable to any particular business segment.

e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, and other unallocable assets and liabilities not identifiable to particular segment such as deferred tax, prepaid expenses, etc.

Statement of Assets and Liabilities of the Bank as at December 31, 2021**(₹ in Crores)**

Particulars	As at 31.12.2021 (Unaudited)	As at 31.12.2020 (Audited)	As at 31.03.2021 (Audited)
CAPITAL AND LIABILITIES			
Capital	200.73	200.73	200.73
Reserves and surplus	930.55	970.02	926.13
Deposits	12,956.93	11,390.88	12,385.93
Borrowings	6,115.86	3,338.12	4,815.32
Other liabilities and provisions	799.04	736.75	757.46
TOTAL	21,003.11	16,636.50	19,085.57
ASSETS			
Cash and balances with Reserve Bank of India	568.30	356.61	462.47
Balance with banks and money at call and short notice	2,982.83	955.18	1,797.48
Investments	4,784.60	3,951.32	4,697.79
Advances	12,193.33	10,823.38	11,611.92
Fixed assets	161.10	221.28	212.06
Other assets	312.95	328.73	303.85
TOTAL	21,003.11	16,636.50	19,085.57
Contingent liabilities	56.84	37.16	47.46

Cash flow statement as on December 31, 2021

(₹ in Crores)

Particulars	Period ended	Period ended	Year ended
	31.12.2021 (Unaudited)	31.12.2020 (Audited)	31.03.2021 (Audited)
A. Cash flow from operating activities			
Net profit before taxes	4.14	126.93	84.31
Adjustments for:			
Depreciation on bank's property	62.87	63.17	82.68
Loss on sale of fixed assets	0.03	2.49	7.73
Employee stock option expenses	0.30	0.29	(0.97)
Provision for non performing assets	78.89	(13.53)	58.88
Bad debts written off (net of recoveries)	336.97	98.08	232.70
Provision for standard assets (including standard restructured accounts)	(38.22)	164.04	78.23
Premium amortisation on HTM investments	2.22	3.73	4.50
Operating profit before working capital changes	(i) 447.20	445.20	548.06
Movement in working capital			
(Increase)/Decrease in investments	1,200.73	(176.72)	(828.97)
(Increase)/Decrease in advances	(959.05)	(1,115.36)	(2,025.12)
Increase/(Decrease) in deposits	571.00	1,738.94	2,733.98
(Increase)/Decrease in other assets	(11.00)	(32.44)	(2.17)
Increase/(Decrease) in other liabilities and provisions	41.58	186.40	207.11
Net change in working capital	(ii) 843.26	600.82	84.83
Direct taxes paid (net of refunds)	(iii) 1.90	1.26	(4.14)
Net cash flow from operating activities (i)+(ii)+(iii)	(A) 1,292.36	1,047.28	628.75
B. Cash flow used in investing activities			
Purchase of fixed assets	(12.02)	(26.99)	(42.72)
Proceeds from sale of fixed assets	0.08	0.07	0.27
(Increase)/Decrease of held-to-maturity securities	(1,289.76)	(1,128.29)	(1,223.28)
Net cash (used in) investing activities	(B) (1,301.70)	(1,155.21)	(1,265.73)
C. Cash Flow from financing activities			
Proceeds from issue of equity shares	(0.00)	0.01	0.01
Securities premium received	(0.00)	0.00	0.00
Repayment borrowings (including IBPC)	1,300.52	439.41	1,916.62
Net cash used in financing activities	(C) 1,300.52	439.42	1,916.63
Net increase/(decrease) in cash and cash equivalents	(A)+(B)+(C) 1,291.18	331.49	1,279.65
Cash and cash equivalents as at beginning of the year	2,259.95	980.30	980.30
Cash and cash equivalents as at end of the period/year	3,551.13	1,311.79	2,259.95

Notes:

- The above financial results for the quarter and nine months ended December 31, 2021 have been reviewed by the Audit Committee and recommended for adoption to the Board of Directors. The Board of Directors of the Bank have considered and approved the same at its meeting held on February 9, 2022. The above financial results for the quarter and nine months ended December 31, 2021 have been reviewed by the joint statutory auditors, M M Nissim & Co LLP, Chartered Accountants and Brahmayya & Co. Chartered Accountants. The financial results for nine months ended December 31, 2020 and for the year ended March 31, 2021 were audited by another firm of Chartered Accountants, MSKC & Associates, on which they had issued unmodified opinion.
- The Statutory Auditors have reviewed the financial results as prepared by Bank pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and have issued an unmodified opinion thereon.

- 3 The Bank has followed consistently the same significant accounting policies in the preparation of quarter and nine months financial results for the period ended December 31, 2021 and the annual financial statements for the year ended March 31, 2021, except for the share based payments to employees. RBI vide its clarification dated August 30, 2021 on Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function Staff, advised Banks that the fair value of share-linked instruments on the date of grant should be recognised as an expense for all instruments granted after the accounting period ending March 31, 2021. Accordingly, the Bank has changed its accounting policy from intrinsic value method to the fair value method for such class of employees. The fair value of the stock-based compensation is estimated on the date of grant using Black-Scholes model and is recognised as compensation expense over the vesting period. As a result, 'Employees Cost' for the nine months ended December 31, 2021 is higher by ₹ 0.01 crores with a consequent impact on profit after tax.
- 4 These financial results of the Bank have been prepared in accordance with the Banking Regulations Act 1949, generally accepted accounting principles in India, including Accounting Standards as prescribed under Section 133 of the Companies Act, 2013, Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) , 2015, as amended and the guidelines issued by the Reserve Bank of India (RBI) from time to time.
- 5 Figures for the quarter ended December 31, 2021 is the balancing figures between unaudited figures for the nine months and the audited figures for the half year ended September 30 2021. Further, figures for the quarter ended December 31, 2020 is the balancing figures between audited figures for the nine months and the audited figures for the half year ended September 30 2020. This has been reviewed by the audit committee and have been approved and taken on record by the Board of Directors at their respective meeting.
- 6 The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in March 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. India experienced a "second wave" of the COVID-19 pandemic in April-May 2021 following the discovery of mutant coronavirus variants, leading to the re-imposition of regional lockdowns. These were gradually lifted as the second wave subsided.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations and in collection efficiency. This may lead to a rise in the number of customer defaults and consequently an increase in provisions there against.

The extent to which the COVID-19 pandemic, will continue to impact the Bank's operations and financial results will depend on ongoing and future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

- 7 Details of resolution plans implemented under the Resolution Framework for Covid-19 related stress of individuals and small borrowers as per RBI circular dated May 5, 2021 (Resolution Framework 2.0):

(₹ in crores except number of accounts)

Sl.No	Description	Individual Borrowers		Small Businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process	727	25,011	-
(B)	Number of accounts where resolution plan has been implemented under this window	727	24,994	-
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	35.09	81.63	-
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan	3.97	2.69	-

- 8 As per Small Finance Bank Licensing Guidelines issued by the RBI, the equity shares of the Bank are required to be listed on a stock exchange in India within three years from the date of commencement of banking business i.e., March 27, 2021. The Bank has filed draft red herring prospectus (DRHP) with Securities Exchange Board of India (SEBI) on March 31, 2021 and received SEBI's approval to raise funds through IPO on July 12, 2021.
- 9 The Bank has carried forward business losses on which, the net deferred tax asset amounting to ₹ 1,008.66 crores as at December 31, 2021 has not been recognised in the absence of virtual certainty. The said amount is available for set off against future income tax liability subject to availability of sufficient taxable income in the years of set off.
- 10 During the quarter and nine months ended December 31, 2021, the Bank had allotted 1,275 and 2,306 equity shares of ₹ 10 each pursuant to the exercise of options under the approved employee restricted stock units scheme.

- 11 The Bank had raised subordinated debt of ₹ 50 crores in the nature of Tier-II capital during the nine months ended December 31, 2021. Further, the Bank has pre-paid subordinated debt amounting to ₹ 255 crores and renewed subordinated debt amounting to ₹ 75 crores with the prior approval from the RBI.
- 12 Other income includes fees earned by providing services to customers, income from sale of priority sector lending certificates, profit on sale of investments (net), lease income and recoveries from written off accounts.
- 13 The Capital Adequacy Ratio (CAR) has been computed in accordance with RBI Circular No. RBI/2016-17/81 DBR.NBD.No. 26/16.13.218/2016-17 dated October 6, 2016 on Operating Guidelines for Small Finance Banks. As per the said circular, prudential regulatory framework will largely be drawn from the Basel standards for capital requirements and Basel II standardized approach for credit risk. Further, the RBI vide its Circular No. DBR.NBD.No.4502/16.13.218/2017-18 dated November 08, 2017 has provided an exemption to all Small Finance Banks whereby no separate capital charge is prescribed for market risk and operational risk. Further, Pillar III disclosures will be made available on the Bank's website at the following link: <https://www.janabank.com/regulatory-disclosures/>. These disclosures have not been subjected to limited review by the Statutory Auditors.
- 14 Details of loans transferred / acquired during the quarter and nine months ended December 31, 2021 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:
 - a) The Bank has not transferred any non-performing assets (NPAs).
 - b) The Bank has not transferred any Special Mention Account (SMA) and loan not in default.
 - c) The Bank has not acquired any loans through assignment.
 - d) The Bank has not acquired any stressed loan.
- 15 Previous period/year figures have been regrouped / reclassified, wherever necessary to conform with the current period/year presentation.

For and on behalf of the Board of Directors

Bengaluru, February 9, 2022

Ajay Kanwal
Managing Director & Chief Executive Officer

Independent Auditor's Review Report on review of Interim Financial Results of the Bank pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements), 2015

**THE BOARD OF DIRECTORS OF
JANA SMALL FINANCE BANK LIMITED**

Report on the Limited Review of the Financial Results

1. We have reviewed the accompanying Statement of Unaudited Financial Results of Jana Small Finance Bank Limited ("the Bank") for the quarter and nine months ended December 31, 2021 (the "Statement"), being submitted by the Bank pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), except for the disclosures relating to Pillar 3 disclosures, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in Note 13 to the Statement, which have not been reviewed by us.
2. This Statement, which is the responsibility of the Bank's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 for "Interim Financial Reporting" ("AS 25"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, in so far as they apply to banks, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standards on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of the Bank's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that

we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standard, RBI Guidelines and other accounting principles generally accepted in India, in so far as they apply to banks, has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, except for the disclosures relating to Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in Note 13 to the Statement, which have not been reviewed by us, or that it contains any material misstatement.
5. We draw attention to Note 5 to the accompanying Statement which describes that the figures for the corresponding quarter ended December 31, 2020 have been approved by the Company's Board of Directors, but have not been subjected to audit or review. Accordingly, we M M Nissim & Co LLP, Chartered Accountants and Brahmayya & Co., Chartered Accountants do not express any conclusion on the figures reported in the financial results for the quarter ended December 31, 2020.
6. We draw attention to Note 6 of the Statement, which states that there are changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, which has led to significant volatility in global and Indian financial markets. The extent to which the COVID-19 pandemic, will continue to impact the Bank's operations and financial results will depend on ongoing and future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

Our conclusion is not modified in respect of this matter.

7. The audit of financial results for nine months ended December 31, 2020 and audit of annual financial statements for the year ended March 31, 2021 were conducted by MSKC

M M Nissim & Co LLP
Chartered Accountants

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Brahmayya & Co.,
Chartered Accountants

Khivraj Mansion,
10/2, Kasturba Road,
Bengaluru- 560 001

& Associates, Chartered Accountants, the previous statutory auditors of the bank, who had expressed unmodified opinion on those financial results vide their audit reports dated February 10, 2021 and May 13, 2021 respectively. Accordingly, we M M Nissim & Co LLP, Chartered Accountants and Brahmayya & Co., Chartered Accountants do not express any conclusion on the figures reported in the financial results for nine months ended December 31, 2020 and year ended March 31, 2021.

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration No: 107122W/W100672

For Brahmayya & Co.,
Chartered Accountants
Firm Registration No:000515S

Sanjay Khemani
Partner
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G. Srinivas
Partner
Membership No: 086761
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Date: February 09, 2022
Place: Mumbai

Date: February 09, 2022
Place: Bengaluru