

BASEL II – PILLAR 3 DISCLOSURES AS ON 30th SEPTEMBER 2022

Jana Small Finance Bank Limited (hereinafter called “the Bank”) is subject to BASEL II New Capital Adequacy Framework (NCAF) framework as stipulated by the Reserve bank of India (hereinafter called “RBI”) under Operating Guidelines issued for Small Finance Banks (SFB) (DBR.NBD. No.26/16.13.218/2016-17 dated October 6, 2016). As defined by the RBI, SFBs are required to adopt the standardized approach for credit risk.

Further, no separate charge for market risk and operational risk is prescribed for the time being. Accordingly, the Bank has not considered Market Risk and Operational risk for capital adequacy purposes under Basel II (NCAF).

The Bank has prepared the disclosure document in compliance with the directions of BASEL II (NCAF) (DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015). The disclosure provides key information on capital, risk exposures, risk assessment processes and hence, the overall capital adequacy of the Bank.

Market discipline (Pillar 3) comprises set of disclosures on the capital adequacy and risk management framework of the Bank. These disclosures have been set out in the following sections.

I: Scope of Application

Jana Small Finance Bank Limited (the “Bank”) (Formerly known as Janalakshmi Financial Services Limited), headquartered in Bangalore is engaged in providing a wide range of banking and financial services. Originally incorporated on July 24, 2006, the Company registered as a Non-Banking Financial Company (NBFC) with the Reserve Bank of India on March 4, 2008. The Company got classified as a NBFC-MFI effective from September 5, 2013. The Company became a public limited company under the provisions of Companies Act, 2013, with effect from August 10, 2015.

Pursuant to the resolution passed by the shareholders at the Extraordinary General Meeting (EGM) held on January 12, 2018 and the issue of small finance bank license by Reserve Bank of India (RBI) on April 28, 2017 under section 22(1) of the Banking Regulation Act, 1949 “Janalakshmi Financial Services Limited” (the “Company”) converted itself into a Small Finance Bank with effect from March 28, 2018. Accordingly, the name of the Company was changed to Jana Small Finance Bank Limited (the “Bank”).

The Bank has received scheduled Bank status with effect from 16 July, 2019 vide publication in the Gazette of India (Part III - Section 4) dated July 27 – August 02, 2019. Accordingly, Jana Small Finance Bank Limited is included in the second schedule of the Reserve Bank of India Act, 1934.

The bank does not have any subsidiary, associate or joint venture for consolidation purpose and does not have any interest in any insurance company. Thus, disclosures in the document pertain to the Bank as a standalone and independent entity.

II: Capital Structure

Break up total capital fund as below:

Rs. In Lakhs

Capital Fund Position as on September 30, 2022		
Sl.No.	Particulars	Amount
A	Tier I Capital	1,55,521
A.1	Paid up Equity Share Capital	5,498
A.2	Reserves*	1,23,023
A.3	Non-Cumulative Compulsorily Convertible Preference Shares	27,000
B	Deductions	2,876
B.1	Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	-
B.2	Securitisation exposures including credit enhancements	869
B.3	Adjustments/deductible items	2,007
C	Net Tier I Capital (A-B)	1,52,645
D	Tier II Capital	25,575
D.1	Subordinated Debt	19,000
D.2	General Provision	4,365
D.3	Investment Fluctuation Reserve	2,181
D.4	Investment Reserve	29
E	Deductions	869
E.1	Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	-
E.2	Securitisation exposures including credit enhancements	869
F	Net Tier II Capital (D-E)	24,706
G	Total Capital Funds (C+F)	1,77,351

*Reserves includes Share Premium, Statutory Reserve, Capital Reserve, General Reserve and Profit & loss account.

Balance in

Subordinated Debt eligible for inclusion in Lower Tier – II capital

Rs. in Lakhs

Particulars	Amount
Total Amount outstanding as at September 30, 2022*	43,000
Of which, amount raised during the period	-
Amount eligible to be reckoned as Capital fund	19,000

*During the period the Bank has re-paid ₹ 2,600 Lakhs

Total Eligible Capital Funds as on September 30, 2022

Rs. in Lakhs

Particulars	Amount
Tier - I Capital	1,52,645
Tier - II Capital	24,706
Total Eligible Capital	1,77,351

III: Capital Adequacy

Capital Requirements for various Risks

		Rs. in Lakhs
S.No.	Particulars	Amount
A	Credit Risk	1,62,628
A.1	Portfolios subject to Standardised approach	1,62,444
A.2	Securitisation exposures	184
B	Market Risk	-
C	Operational Risk	-
D	Total Capital requirement (A+B+C)	1,62,628
E	Total Risk Weighted Assets	10,84,188
F	Total Capital funds of Bank	1,77,351

Capital Adequacy Ratio

Particulars	September-22
Tier - I Ratio	14.08%
Tier - II Ratio	2.28%
Total Capital Adequacy Ratio	16.36%

Note: Capital Conservation Buffer and Counter-Cyclical Capital Buffer are not applicable for Small Finance Banks (SFBs) as per the operating guidelines issued by the RBI.

IV: Credit Risk: General Disclosures

Quantitative Disclosures

Total Credit Risk Exposures

		Rs. in Lakhs
S.No.	Exposure Type	Amount
1	Fund Based*	22,65,238
2	Non-Fund Based	2,977
3	TOTAL	22,68,215

*Total Assets as per the Balance sheet except amount deductible under BASEL II (NCAF)

Geographic Distribution of Exposures

		Rs. in Lakhs
Category	Fund based facilities*	Non-fund based facilities
Domestic	22,65,238	2,977
Overseas	-	-
Total	22,65,238	2,977

*Total Assets as per the Balance sheet except amount deductible under BASEL II (NCAF)

Industry type Distribution of Exposures (Gross Advances)

Rs. in Lakhs

S.No.	Industry Classification	Fund Based	Non-Fund Based
1	Agriculture and Allied Activities	3,09,998.79	
2	Retail Trade	1,13,259.05	
3	NBFCs	68,170.02	
4	Professional Services	21,539.41	
5	Textiles	12,531.90	
6	Tourism, Hotel and Restaurants	11,840.21	
7	Food Processing	10,635.76	
8	All Engineering	9,478.30	
9	Gems and Jewellery	6,318.20	
10	Infrastructure	5,130.83	
11	Basic Metal and Metal Products	4,474.29	
12	Wholesale Trade (other than Food Procurement)	4,468.94	
13	Chemicals and Chemical Products (Dyes, Paints, etc.)	3,382.62	
14	Construction	3,067.67	
15	Transport Operators	2,636.78	
16	Rubber, Plastic and their Products	2,442.06	
17	Paper and Paper Products	2,190.94	
18	Cement and Cement Products	1,987.27	
19	Vehicles, Vehicle Parts and Transport Equipment	1,764.29	
20	Wood and Wood Products	1,640.74	
21	Beverages (excluding Tea & Coffee) and Tobacco	976.35	
22	Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	928.53	
23	Leather and Leather products	318.46	
24	Glass & Glassware	52.17	
25	Retail Loans – Others	7,60,758.16	
26	Service – Others	1,07,018.74	
27	Industry – Others	32,191.91	
Total		14,99,202	-

Bank's exposure to the industry stated below (other than Retail loans) was more than 5% of the total credit exposure as at September 30, 2022:

S.No.	Industry Classification	Percentage of total credit exposure
1	Agriculture and Allied Activities	21%

Residual contractual maturity breakdown of Assets and Liabilities

Rs. in Lakhs

As at September 30, 2022	Deposits	Advances*	Investments	Borrowings	Balances with banks and money at call and short notice
Day – 1	8,758	6,931	4,06,567	205	1,084
2-7 Days	28,141	11,008	7,472	21,065	10,000
8-14 Days	40,283	4,228	6,246	946	-
15-30 Days	31,121	5,222	6,018	-	-
31 Days and up to 2 months	72,383	-7,535	12,256	13,022	-
Over 2 months and up to 3 months	53,522	17,816	9,505	856	-
Over 3 months and up to 6 months	1,30,880	1,43,098	19,527	45,106	15,315
Over 6 months and up to 1 year	3,58,958	3,04,169	54,421	91,545	570
Over 1 Year and up to 3 years	6,25,621	3,49,155	1,06,117	3,54,987	1,336
Over 3 Years and up to 5 years	67,783	1,67,220	11,700	71,142	25
Over 5 years	861	4,62,953	125	1,049	25
Total	14,18,310	14,64,265	6,39,954	5,99,924	28,355

* Negative number in advances indicates amount due under Inter-bank Participation Certificate with risk sharing.

Amount of Gross NPAs

Rs. in Lakhs

Category	Amount
Sub-standard	99,523
Doubtful1	2,431
Doubtful2	300
Doubtful3	94
Loss	-
Total	1,02,348

NPA Ratios as on September 30, 2022

Particulars	September 30, 2022
Gross NPA to Assets Under Management (AUM)	6.19%
Net NPA to Net Assets Under Management (AUM)	4.17%
Gross NPA to Gross Advances	6.83%
Net NPA to Net Advances	4.60%

Rs. in Lakhs		
S.No.	Particulars	Amount
A	Standard Advances	13,96,854
B	Gross NPAs	1,02,348
C	Gross Advances (A+B)	14,99,202
D	Gross NPAs as a percentage of Gross Advances (B/C) (in %)	6.83%
E	Deductions	34,937
E.1	Provisions held in the case of NPA Accounts as per asset classification (including additional Provisions for NPAs at higher than prescribed rates).	31,143
E.2	Provisions in lieu of diminution in the fair value of restructured accounts classified as NPAs	1,556
E.3	Provisions in lieu of diminution in the fair value of restructured accounts classified as standard assets	-
E.4	Part payment received and kept in Suspense Account or any other similar account	2,238
F	Net Advances (C-E)	14,64,265
G	Net NPAs (B-E)	67,411
H	Net NPAs as percentage of Net Advances (G/F) (in %)	4.60%

Movement of NPAs (Gross) and Provision for NPAs

Rs. in Lakhs		
S.No.	Particulars	Amount
	Movement of NPAs	
A	Opening balance	75,690
B	Additions during the period#	84,158
C	Reductions during the period#*	57,500
D	Closing balance (A+B-C)	1,02,348
	Movement of provisions for NPAs	
E	Opening balance	24,365
F	Provisions made during the period	38,556
G	Write-off	27,983
H	Write-back of excess provisions	-
I	Closing balance (E+F-G-H)	34,938

#Additions and reductions does not include accounts which turned NPA during a particular month and subsequently moved out of NPA in the same month.

* Balancing figure

Non-Performing Investments

Rs. in Lakhs

Particulars	Amount
Amount of Non Performing Investments	NIL
Amount of provisions held for non-performing investments	NIL
Movement of provisions for depreciation on Investments	
Opening balance	1
Provisions made during the period	-
Write-off	-
Write-back of excess provisions	-
Closing balance	1

V: Credit Risk: Disclosures for Portfolios Subject to the Standardised Approach

Quantitative Disclosures

Details of Credit Risk Exposure based on Risk Weight

Rs. in Lakhs

Particulars	Amount*
Below 100% risk weight	18,41,636
100% risk weight	1,87,851
More than 100% risk weight	71,247
Total	21,00,734

*Credit risk exposures include all exposures (after risk mitigation) including Investments and other assets except Cash and Balances with the RBI

VI: Credit Risk Mitigation: Disclosures for the Standardized Approaches

Quantitative Disclosures

Total Exposure covered by eligible financial collateral

Rs. in Lakhs

Particulars	Amount	Credit Risk Mitigate (CRM)	Net Exposure
Eligible Financial Collateral			
Loan against bank's own deposit	11,834	11,834	-
Gold	23,048	23,047	1
Portfolio Covered by Guarantees			
Emergency Credit Line Guarantee Scheme (ECLGS)	22,177	22,177	-
Credit Guarantee Scheme for MFIs (CGSMFI)	36,382	27,286	9,095

VII: Securitisation and Transfer of loan Exposures: Disclosure for Standardised Approach

Quantitative Disclosures: Banking Book

Rs. in Lakhs

Particulars	Amount
The total amount of exposures securitised by the bank during the period [#]	32,567
Securitised losses recognised by the bank during the period	-
Amount of assets intended to be securitised within a year	-
of above, amount of assets originated within a year before securitization	-
The total amount of exposures securitised and unrecognised gain or losses on sale	-
On-balance sheet securitisation exposures retained or purchased*	
- Micro Finance Loans	1,169
- Housing Loans	1,100
- Farm Credit	1,271
- Loans Against property	518
Risk weight bands break-up of securitisation exposures retained or purchased	
- 35% Risk weight	1,100
- 75% Risk weight	173
- 100% Risk weight	1,098
- 210% Risk weight	1,687
Exposures that have been deducted entirely from Tier I capital	-

[#]the amount represents the total outstanding as at September 30, 2022 for PTC & Direct assignment sell down deals.

^{*}the amount represents the total outstanding as at September 30, 2022 for direct assignment deals purchased by the Bank.

The Bank has transferred the non-performing assets (NPAs) as per the details below to ARC:

Particulars	Amount
No. of accounts	517
Aggregate principal outstanding of loans transferred (In Lakhs)	9232
Weighted average residual tenor of the loans transferred (Years)	15
Net book value of loans transferred (at the time of transfer) (In Lakhs)	7118
Aggregate consideration (In Lakhs)	7662
Additional consideration realized in respect of accounts transferred in earlier years	-

Quantitative Disclosures: Trading B

Rs. in Lakhs

Particulars	Amount
Exposures securitised by the bank for which the bank has retained some exposures and which is subject to the market risk	-
on-balance sheet securitisation exposures retained or purchased	-
Exposures that have been deducted entirely from Tier I capital	-

VIII: Interest Rate Risk in the Banking Book (IRRBB)

Quantitative Disclosures

Details of Parallel Rate shock on Earnings and Market value of equity as on September 30, 2022 are given below:

Interest Rate Risk in Banking Book	Rs. in Lakhs	
	+ 200 bps	-200 bps
Earnings at Risk (EaR)	(1155)	1155
Market Value of Equity (MVE)	15,375	(15,375)

IX: Summary comparison of accounting assets vs. Leverage ratio Exposure Measure

S.No.	Items	Rs. in Lakhs
		Amount
1	Total consolidated assets as per published financial statement	22,68,282
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	-
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	2,977
7	Other adjustments	-
8	Leverage ratio exposure	22,71,259

XII: Leverage Ratio Common Disclosure

S.No.	Items	Amount
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	22,68,282
2	Asset amounts deducted in determining Basel II Tier 1 capital)	2,876
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	22,65,406

S.No.	Items	Amount
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-
5	Add-on amounts for PFE associated with all derivatives transactions	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	-
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	2,977
18	(Adjustments for conversion to credit equivalent amounts)	-
19	Off-balance sheet items (sum of lines 17 and 18)	2,977
Capital and total exposures		
20	Tier 1 capital	1,52,645
21	Total exposures (sum of lines 3, 11, 16 and 19)	22,68,383
Leverage ratio		
22	Basel III leverage ratio	6.73%