

### **BASEL II – PILLAR 3 DISCLOSURES AS AT SEPTEMBER 30, 2023**

Jana Small Finance Bank Limited 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 (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 (hereinafter called 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.

## BASEL II – PILLAR 3 DISCLOSURES

### II: Capital Structure

Break up Total Capital fund as below:

INR in Lakhs

Capital Fund Position as on September 30, 2023		
S.N o.	Particulars	Amount
<b>(A)</b>	<b>Tier I Capital</b>	<b>2,48,912</b>
A.1	Paid up Equity Share Capital	7,353
A.2	Reserves*	2,14,559
A.3	Compulsorily Convertible Non-Cumulative Preference Shares	27,000
<b>(B)</b>	<b>Deductions</b>	<b>3,078</b>
B.1	Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	-
B.2	Securitisation exposures including credit enhancements	1,108
B.3	Adjustments/deductible items	1,970
<b>(C)</b>	<b>Net Tier I Capital (A-B)</b>	<b>2,45,834</b>
<b>(D)</b>	<b>Tier II Capital</b>	<b>28,758</b>
D.1	Subordinated Debt	12,000
D.2	Investment Fluctuation Reserve	5,769
D.3	Investment Reserve	30
D.4	General Provision	10,958
<b>E</b>	<b>Deductions</b>	<b>1,108</b>
E.1	Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	-
E.2	Securitisation exposures including credit enhancements	1,108
<b>F</b>	<b>Net Tier II Capital (D-E)</b>	<b>27,650</b>
<b>G</b>	<b>Total Capital Funds (C+F)</b>	<b>2,73,484</b>

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

### Subordinated Debt eligible for inclusion in Lower Tier – II Capital

INR in Lakhs

Particulars	Amount
Total Amount outstanding as at September 30, 2023*	35,000
Of which, amount raised during the year	-
Amount eligible to be reckoned as capital fund	12,000

\*During the period the Bank has re-paid ₹ 8,000 Lakhs

### Total Eligible Capital Funds as on September 30, 2023

INR in Lakhs

Particulars	Amount
Tier - I Capital	2,45,834
Tier - II Capital	27,650
Total Eligible Capital	2,73,484

## BASEL II – PILLAR 3 DISCLOSURES

### III: Capital Adequacy

#### Capital Requirements for various Risks

		INR in Lakhs
S.No.	Particulars	Amount
<b>A</b>	<b>Credit Risk</b>	<b>2,34,401</b>
A.1	Portfolios subject to Standardised approach	2,33,971
A.2	Securitisation exposures	430
<b>B</b>	<b>Market Risk</b>	-
<b>C</b>	<b>Operational Risk</b>	-
<b>D</b>	<b>Total Capital requirement (A+B+C)</b>	<b>2,34,401</b>
<b>E</b>	<b>Total Risk Weighted Assets (Credit)</b>	<b>15,62,671</b>
<b>F</b>	<b>Total Capital funds of Bank</b>	<b>2,73,484</b>

#### Capital Adequacy Ratio

Particulars	September 30, 2023
Tier - I Ratio	15.73%
Tier - II Ratio	1.77%
<b>Total Capital Adequacy Ratio</b>	<b>17.50%</b>

**Note:** Capital Conservation Buffer and Counter-Cyclical Capital Buffer are not applicable for SFBs as per the operating guidelines issued by the RBI.

### IV: Credit Risk: General Disclosures

#### Quantitative Disclosures

#### Total Credit Risk Exposures

		INR in Lakhs	
S.No.	Exposure Type	Amount	RWA
1	Fund Based*	28,07,889	15,51,009
2	Non-Fund Based	31,078	11,662
<b>3</b>	<b>TOTAL</b>	<b>28,38,967</b>	<b>15,62,671</b>

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

#### Geographic Distribution of Exposures

		INR in Lakhs	
Category	Fund based facilities*	Non-fund based facilities	
Domestic	28,07,889	31,078	
Overseas	-	-	
<b>Total</b>	<b>28,07,889</b>	<b>31,078</b>	

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

## BASEL II – PILLAR 3 DISCLOSURES

### Industry type Distribution of Gross Credit Exposures

INR in Lakhs

S.No.	Industry Classification	Fund Based	Non-Fund Based
1	Agriculture and Allied Activities	4,85,473	8
2	Housing Loan	3,51,989	14,499
3	Retail Trade	1,69,119	3,621
4	NBFCs	1,33,744	286
5	Vehicle/Auto Loan	33,365	-
6	Tourism, Hotel and Restaurants	24,620	-
7	Textiles	19,018	-
8	Food Processing	16,756	-
9	All Engineering	10,514	-
10	Transport Operators	8,743	-
11	Wholesale Trade (other than Food Procurement)	7,954	824
12	Basic Metal and Metal Products	6,785	15
13	Gems and Jewellery	6,469	-
14	Infrastructure	6,355	3,005
15	Vehicles, Vehicle Parts and Transport Equipment's	6,345	-
16	Rubber, Plastic and their Products	4,111	-
17	Chemicals and Chemical Products (Dyes, Paints, etc.)	3,526	8
18	Construction	3,491	-
19	Wood and Wood Products	3,401	-
20	Paper and Paper Products	3,072	-
21	Professional Services	2,250	-
22	Cement and Cement Products	1,066	-
23	Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	823	-
24	Beverages (excluding Tea & Coffee) and Tobacco	757	-

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S.No.	Industry Classification	Fund Based	Non-Fund Based
25	Leather and Leather products	453	-
26	Glass & Glassware	216	-
27	Industry - Others	81,548	-
28	Service - Others	2,68,905	3,697
29	Retail Loans - Others	4,73,845	3,750
	<b>Total</b>	<b>21,34,713</b>	<b>29,713</b>

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, 2023:

S.No.	Industry Classification	Percentage of total credit exposure
1	Agriculture and Allied Activities	22%
2	Housing Loan	17%
3	Retail Trade	8%
4	NBFCs	6%

### Residual contractual maturity breakdown of Assets

INR in Lakhs

As at September 30, 2023	Cash and balances with Reserve Bank of India	Balances with banks and money at call and notice	Investments	Advances	Fixed assets	Other Assets
Day – 1	7,726	2,284	1,97,179	598	-	547
2 to 7 Days	30,153	-	7,481	20,813	-	2,008
8 to 14 Days	2,438	-	6,147	6,005	-	2,394
15 to 30 Days	2,092	-	11,125	(1,367)	-	10,211
31 Days and up to 2 months	1,702	-	12,400	1,18,104	-	9,472
More than 2 months and up to 3 months	1,758	-	13,487	29,432	-	7,126
Over 3 months and up to 6 months	1,771	-	27,176	1,95,654	-	291
Over 6 months and up to 1 year	10,528	1,047	92,422	3,86,244	-	598

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As at September 30, 2023	Cash and balances with Reserve Bank of India	Balances with banks and money at call and short notice	Investments	Advances	Fixed assets	Other Assets
Over 1 Year and up to 3 years	38,294	149	1,26,652	5,40,544	-	4,079
Over 3 Years and up to 5 years	1,218	50	56,776	1,53,484	-	7,555
Over 5 years	2	-	75	6,51,362	13,304	-
<b>Total</b>	<b>97,683</b>	<b>3,529</b>	<b>5,50,919</b>	<b>21,00,871</b>	<b>13,304</b>	<b>44,281</b>

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

### Amount of Gross NPAs

INR in Lakhs

Category	Amount
Sub-standard	25,859
Doubtful1	25,816
Doubtful2	402
Doubtful3	54
Loss	-
<b>Total</b>	<b>52,131</b>

### NPA Ratios as on September 30, 2023

Particulars	September 30, 2023
Gross NPA to Gross Advances	2.44%
Net NPA to Net Advances	0.87%
Gross NPA to Assets Under Management (AUM)	2.43%
Net NPA to Net Assets Under Management (AUM)	0.87%

INR in Lakhs

S.No.	Particulars	Amount
A	Standard Advances	20,82,582
B	Gross NPAs	52,131
C	Gross Advances (A+B)	21,34,713
D	Gross NPAs as a percentage of Gross Advances (B/C) (in %)	2.44%
E	Deductions	33,842
E.1	Provisions held in the case of NPA Accounts as per asset classification (including additional Provisions for NPAs at higher than prescribed rates).	29,111
E.2	Provisions in lieu of diminution in the fair value of restructured accounts classified as NPAs	117

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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	4,615
F	Net Advances (C-E)	21,00,871
G	Net NPAs (B-E)	18,289
H	Net NPAs as percentage of Net Advances (G/F) (in %)	0.87%

### Movement of NPAs (Gross) and Provision for NPAs

INR in Lakhs

S.No.	Particulars	Amount
<b>Movement of NPAs</b>		
A	Opening balance	70,919
B	Additions during the period#	51,901
C	Reductions during the period#*	(70,689)
D	<b>Closing balance (A+B-C)</b>	<b>52,131</b>
<b>Movement of provisions for NPAs</b>		
E	Opening balance	24,119
F	Provisions made during the period	34,574
G	Write-off	(24,851)
H	Write-back of excess provisions	-
I	<b>Closing balance (E+F-G-H)</b>	<b>33,842</b>

#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

INR in Lakhs

Particulars	Amount
<b>Amount of Non Performing Investments</b>	<b>NIL</b>
<b>Amount of provisions held for non-performing investments</b>	<b>NIL</b>
<b>Movement of provisions for depreciation on Investments</b>	
Opening balance	-
Provisions made during the period	4
Write-off	-
Write-back of excess provisions	4
<b>Closing balance</b>	<b>-</b>

## BASEL II – PILLAR 3 DISCLOSURES

### V: Credit Risk: Disclosures for Portfolios Subject to the Standardized Approach

#### Quantitative Disclosures

##### Details of Credit Risk Exposure based on Risk Weight INR in Lakhs

Particulars	Fund Based Amount	Non-fund Based Amount
Below 100% risk weight	23,80,128	26,331
100% risk weight	1,81,068	4,738
More than 100% risk weight	72,043	9
<b>Total</b>	<b>26,33,239</b>	<b>31,078</b>

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 INR in Lakhs

Particulars	Amount	Credit Risk Mitigate (CRM)	Net Exposure
<b>Eligible Financial Collateral</b>			
Loan against bank's own deposit	27,176	27,176	-
Gold	27,104	26,098	1,006
<b>Portfolio Covered by Guarantees</b>			
Emergency Credit Line Guarantee Scheme (ECLGS)	14,419	14,419	-
Credit Guarantee Scheme for MFIs (CGSMFI)	15,033	11,275	3,758

### VII: Securitisation and Transfer of loan Exposures: Disclosure for Standardized Approach

#### Quantitative Disclosures: Banking Book INR in Lakhs

Particulars	Amount
The total amount of exposures securitised by the bank during the period <sup>#</sup>	1,08,940
Securitised losses recognized 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 unrecognized gain or losses on sale	-



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<b>On-balance sheet securitisation exposures retained or purchased*</b>	
- Micro Finance Loans	-
- Housing Loans	-
- Farm Credit	-
- Loans Against property	-
<b>Risk weight bands break-up of securitisation exposures retained or purchased</b>	
- 35% Risk weight	-
- 75% Risk weight	-
- 100% Risk weight	-
- 210% Risk weight	-
Exposures that have been deducted entirely from Tier I capital	-

#the amount represents the total outstanding as at September 30, 2023 for PTC & Direct assignment sell down deals.

\*the amount represents the total outstanding as at September 30, 2023 for direct assignment deals purchased by the Bank.

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

<b>Particulars</b>	<b>Amount</b>
No. of accounts	3,44,119
Aggregate principal outstanding of loans transferred	96,789
Weighted average residual tenor of the loans transferred	0.90
Net book value of loans transferred (at the time of transfer)	33,521
Aggregate consideration	33,555
Additional consideration realized in respect of accounts transferred in earlier years	-
Quantum of Excess provision reversed to Profit and Loss Account	-

### **Quantitative Disclosures: Trading B**

INR in Lakhs

<b>Particulars</b>	<b>Amount</b>
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	-

## BASEL II – PILLAR 3 DISCLOSURES

### 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, 2023 are given below:

INR in Lakhs		
Interest Rate Risk in Banking Book	+ 200 bps	-200 bps
Earnings at Risk (EaR)	(322)	322
Market Value of Equity (MVE)	34,861	(34,861)

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

INR in Lakhs		
S.No.	Items	Amount
1	Total consolidated assets as per published financial statement	28,10,587
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 recognized 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)	11,662
7	Other adjustments	-
8	<b>Leverage ratio exposure</b>	<b>28,22,249</b>

### XII: Leverage Ratio Common Disclosure

INR in Lakhs		
S.No.	Items	Amount
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	28,10,587
2	Asset amounts deducted in determining Basel II Tier 1 capital)	3,077
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>28,07,510</b>
<b>Derivative exposures</b>		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-

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S.No.	Items	Amount
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	<b>Total derivative exposures (sum of lines 4 to 10)</b>	-
<b>Securities financing transaction exposures</b>		
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	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	-
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	11,662
18	(Adjustments for conversion to credit equivalent amounts)	-
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>11,662</b>
<b>Capital and total exposures</b>		
20	<b>Tier 1 capital</b>	<b>2,45,834</b>
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	<b>28,19,172</b>
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio</b>	<b>8.72%</b>