

**BASEL II – PILLAR 3 DISCLOSURES AS ON SEPTEMBER 30, 2021**

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 for Small Finance Banks (SFB) (DBR.NBD. No.26/16.13.218/2016-17 dated October 6, 2016). As defined by the RBI in its operating guidelines for Small Finance Banks, 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 this 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). This 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****Qualitative Disclosures**

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 was registered as a Non-Banking Financial Company (NBFC) with the Reserve Bank of India on March 4, 2008.

Pursuant to issue of small finance bank license by the Reserve Bank of India (RBI) under section 22(1) of the Banking Regulation Act, 1949, the name of the company was changed to Jana Small Finance Bank Limited (the “Bank”) on January 29, 2018. The company commenced banking operations with effect from March 28, 2018.

The Bank was notified as a Scheduled Bank with effect from July 16, 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 this 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, 2021		
S.No.	Particulars	Amount
<b>A</b>	<b>Tier I Capital</b>	<b>1,10,199</b>
A.1	Paid up Equity Share Capital	5,073
A.2	Reserves*	90,126
A.3	Non-Cumulative Preference Shares	15,000
<b>B</b>	<b>Deductions</b>	<b>2,377</b>
B.1	Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	-
B.2	Securitisation exposures including credit enhancements	-
B.3	Adjustments/deductible items	2,377
<b>C</b>	<b>Net Tier I Capital (A-B)</b>	<b>1,07,822</b>
<b>D</b>	<b>Tier II Capital</b>	<b>39,256</b>
D.1	Subordinated Debt	26,700
D.2	Investment Reserve	2,123
D.3	General Provision	10,433
<b>E</b>	<b>Deductions</b>	<b>-</b>
E.1	Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	-
E.2	Securitisation exposures including credit enhancements	-
<b>F</b>	<b>Net Tier II Capital (D-E)</b>	<b>39,256</b>
<b>G</b>	<b>Total Capital Funds (C+F)</b>	<b>1,47,078</b>

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

Subordinated Debt eligible for inclusion in Lower Tier – II capital

Rs. in Lakhs

Particulars	Amount
Total Amount outstanding as at September 30, 2021	71,100
Of which, amount raised during the year	5,000
<b>Amount eligible to be reckoned as Capital fund</b>	<b>26,700</b>

Total Eligible Capital Funds as on September 30, 2021

Rs. in Lakhs

Particulars	Amount
Tier - I Capital	1,07,822
Tier - II Capital	39,256
<b>Total Eligible Capital</b>	<b>1,47,078</b>

**III: Capital Adequacy****Capital Requirements for various Risks**

		Rs. in Lakhs
S.No.	Particulars	Amount
<b>A</b>	<b>Credit Risk</b>	<b>1,38,370</b>
A.1	Portfolios subject to Standardised approach	1,38,112
A.2	Securitisation exposures	258
<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>1,38,370</b>
<b>E</b>	<b>Total Risk Weighted Assets (Credit)</b>	<b>9,22,471</b>
<b>F</b>	<b>Total Capital funds of Bank</b>	<b>1,47,078</b>

**Total and Tier I Capital Ratio**

Particulars	Sep-21
Tier - I Ratio	11.69%
Tier - II Ratio	4.25%
<b>Total Capital Adequacy Ratio</b>	<b>15.94%</b>

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**

		Rs. in Lakhs
S.No.	Exposure Type	Amount
1	Fund Based*	20,00,543
2	Non-Fund Based	2,009
	<b>Total</b>	<b>20,02,552</b>

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

		Rs. in Lakhs
Category	Fund based facilities*	Non-fund based facilities
Domestic	20,00,543	2,009
Overseas	-	-
<b>Total</b>	<b>20,00,543</b>	<b>2,009</b>

\*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	2,04,809	-
2	NBFCs	1,07,133	-
3	Retail Trade	60,493	-
4	Professional Services	33,138	-
5	Tourism, Hotel and Restaurants	12,590	-
6	Textiles	8,497	-
7	All Engineering	7,828	-
8	Food Processing	7,427	-
9	Gems and Jewellery	6,108	-
10	Basic Metal and Metal Products	3,361	-
11	Chemicals and Chemical Products (Dyes, Paints, etc.)	2,492	-
12	Construction	2,272	-
13	Beverages (excluding Tea & Coffee) and Tobacco	2,203	-
14	Infrastructure	1,779	-
15	Transport Operators	1,687	-
16	Paper and Paper Products	1,504	-
17	Rubber, Plastic and their Products	1,479	-
18	Wholesale Trade (other than Food Procurement)	1,397	-
19	Social and Commercial Infrastructure	1,282	-
20	Wood and Wood Products	1,119	-
21	Vehicles, Vehicle Parts and Transport Equipment	1,077	-
22	Cement and Cement Products	822	-
23	Glass & Glassware	607	-
24	Leather and Leather products	365	-
25	Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	113	-
26	Retail Loans	6,93,623	2,009.41
27	Service – Others	68,949	-
28	Industry – Others	15,162	-
	<b>Total</b>	<b>12,49,316</b>	<b>2,009.41</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, 2021.

Rs. in Lakhs

S.No.	Industry Classification	Fund Based	Non-Fund Based
1	Agriculture and Allied Activities	2,04,809	-
2	NBFCs	1,07,133	-

## Residual contractual maturity breakdown of Assets and Liabilities

Rs. in Lakhs

As at September 30, 2021	Deposits	Advances	Investments	Borrowings	Balances with banks and money at call and short notice
Day – 1	8,129	16,400	2,33,036	39,597	42,635
2-7 Days	25,409	10,367	3,883	850	1,20,412
8-14 Days	30,609	6,429	4,574	450	50,000
15-30 Days	17,269	-50,580	3,521	-	15,117
31 Days and up to 2 months	46,676	86,725	7,739	250	5,000
More than 2 months and up to 3 months	48,543	17,229	7,994	250	-
Over 3 months and up to 6 months	1,57,283	83,245	24,963	53,255	10,415
Over 6 months and up to 1 year	3,44,645	2,62,207	48,962	54,810	787
Over 1 Year and up to 3 years	5,63,328	3,72,156	94,466	2,82,347	-
Over 3 Years and up to 5 years	34,189	63,284	7,826	1,01,642	-
Over 5 years	1,051	3,44,564	835	7,460	50
<b>Total</b>	<b>12,77,131</b>	<b>12,12,026</b>	<b>4,37,799</b>	<b>5,40,911</b>	<b>2,44,416</b>

## Amount of NPAs (Gross)

Rs. in Lakhs

Category	Amount
Sub-standard	99,084
Doubtful1	1,902
Doubtful2	2,581
Doubtful3	1,018
Loss	-
<b>Total</b>	<b>1,04,585</b>

## NPAs and NPA Ratios

Rs. in Lakhs

S.No.	Particulars	Amount
A	Standard Advances	11,44,731
B	Gross NPAs	1,04,585
C	Gross Advances (A+B)	12,49,316
D	<b>Gross NPAs as a percentage of Gross Advances (B/C) (in %)</b>	<b>8.37%</b>
E	Deductions	37,290
E.1	Provisions held in the case of NPA Accounts as per asset classification (including additional Provisions for NPAs at higher than prescribed rates).	36,211
E.2	Provisions in lieu of diminution in the fair value of restructured accounts classified as NPAs	1,067
E.3	Provisions in lieu of diminution in the fair value of restructured accounts classified as standard assets	11
F	Net Advances (C-E)	12,12,026
G	Net NPAs ( B- E.1- E.2)	67,307
H	<b>Net NPAs as percentage of Net Advances (G/F) (in %)</b>	<b>5.55%</b>

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

Rs. in Lakhs

S.No.	Particulars	Amount
	<b>Movement of NPAs (Gross)</b>	
A	Opening balance	85,799
B	Additions during the period	67,726
C	Reductions during the period	48,940
D	<b>Closing balance (A+B-C)</b>	<b>1,04,585</b>
	<b>Movement of provisions for NPAs</b>	
E	Opening balance	23,931
F	Provisions made during the period	17,672
G	Write-off	4,325
H	Write-back of excess provisions	-
I	<b>Closing balance (E+F-G-H)</b>	<b>37,278</b>

## Non-Performing Investments

Rs. 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	-
Write-off	-
Write-back of excess provisions	-
<b>Closing balance</b>	<b>-</b>

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

## Details of Credit Risk Exposure based on Risk Weight

Rs. in Lakhs

Particulars	Amount*
Below 100% risk weight	13,09,832
100% risk weight	2,28,287
More than 100% risk weight	1,18,820
<b>Total</b>	<b>16,56,939</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 Standardised Approaches****Quantitative Disclosures****Total Exposure covered by eligible financial collateral****Rs. in Lakhs**

Particulars	Amount	Credit Risk Mitigate (CRM)	Net Exposure
<b>Eligible Financial Collateral</b>			
Loan against bank's own deposit	14,825	14,825	-
Gold	33,372	32,968	404
<b>Portfolio Covered by Guarantees</b>			
Emergency Credit Line Guarantee Scheme (ECLGS)	21,375	21,375	-
Credit Guarantee Scheme for MFIs (CGSMFI)	60,000	45,000	15,000

**VII: Securitisation 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 financial year	-
Securitised losses recognised by the bank during the current period	-
Amount of assets intended to be securitised within a year	-
of above, amount of assets originated within a year before securitisation	-
The total amount of exposures securitised and unrecognised gain or losses on sale	-
<b>On-balance sheet securitisation exposures retained or purchased</b>	
- Farm Credit*	2,330
<b>Risk weight bands break-up of securitisation exposures retained or purchased</b>	
- 75% Risk weight	1,230
- 100% Risk weight	1,100
Exposures that have been deducted entirely from Tier I capital	-

\* The amount represents the total outstanding as at September 30, 2021 for direct assignment deals.

**Quantitative Disclosures: Trading Book****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, 2021 are given below.

**Rs. in Lakhs**

Interest Rate Risk in Banking Book	+ 200 bps	-200 bps
Earnings at Risk (EaR)	2842.83	-2842.83
Market Value of Equity (MVE)	22,919.40	-22,919.40

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

		Rs. in Lakhs
S.No.	Items	Amount
1	Total consolidated assets as per published financial statement	20,02,920
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)	5,223
7	Other adjustments	-
8	<b>Leverage ratio exposure</b>	<b>20,08,143</b>

## X: Leverage Ratio Common Disclosure

Rs. in Lakhs

S.No.	Items	Amount
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	20,02,920
2	Asset amounts deducted in determining Basel III Tier 1 capital)	-2,377
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>20,00,543</b>
<b>Derivative exposures</b>		
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	<b>Total derivative exposures (sum of lines 4 to 10)</b>	<b>-</b>



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	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	<b>5,223</b>
18	(Adjustments for conversion to credit equivalent amounts)	-
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>5,223</b>
<b>Capital and total exposures</b>		
20	<b>Tier 1 capital</b>	<b>1,07,822</b>
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	<b>20,05,766</b>
Leverage ratio		
22	<b>Basel III leverage ratio (%)</b>	<b>5.38%</b>