

## BASEL II – PILLAR 3 DISCLOSURES AS ON SEPTEMBER 30, 2020

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, 2020		
S.No.	Particulars	Amount
<b>A</b>	<b>Tier I Capital</b>	<b>1,10,623</b>
A.1	Paid up Equity Share Capital	5,073
A.2	Reserves*	90,550
A.3	Non-Cumulative Preference Shares	15,000
<b>B</b>	<b>Deductions</b>	<b>1,056</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	1,056
<b>C</b>	<b>Net Tier I Capital (A-B)</b>	<b>1,09,567</b>
<b>D</b>	<b>Tier II Capital</b>	<b>44,999</b>
D.1	Subordinated Debt	34,920
D.2	Investment Reserve	464
D.3	General Provision	9,615
<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>44,999</b>
<b>G</b>	<b>Total Capital Funds (C+F)</b>	<b>1,54,566</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**  
Lakhs

Rs. in

Particulars	Amount
Total Amount outstanding as at September 30, 2020	70,100
Of which, amount raised during the year	-
<b>Amount eligible to be reckoned as Capital fund</b>	<b>34,920</b>

**Total Eligible Capital Funds as on September 30, 2020**  
Lakhs

Rs. in

Particulars	Amount
Tier - I Capital	1,09,567
Tier - II Capital	44,999
<b>Total Eligible Capital</b>	<b>1,54,566</b>

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

		Rs. in Lakhs
S.No.	Particulars	Amount
<b>A</b>	<b>Credit Risk</b>	<b>1,15,379</b>
A.1	Portfolios subject to Standardised approach	1,12,923
A.2	Securitisation exposures	2,456
<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>1,15,379</b>
<b>E</b>	<b>Total Risk Weighted Assets (Credit)</b>	<b>7,69,196</b>
<b>F</b>	<b>Total Capital funds of Bank</b>	<b>1,54,566</b>

**Total and Tier I Capital Ratio**

Particulars	Sep-20
Tier - I Ratio	14.24%
Tier - II Ratio	5.85%
<b>Total Capital Adequacy Ratio</b>	<b>20.09%</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****Total Credit Risk Exposures  
Lakhs**

Rs. in

S.No.	Exposure Type	Amount
1	Fund Based*	15,33,944
2	Non-Fund Based	28,995
	<b>Total</b>	<b>15,62,939</b>

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

**Geographic Distribution of Exposures  
Lakhs**

Rs. in

Category	Fund based facilities*	Non-fund based facilities
Domestic	15,33,944	28,995
Overseas	-	-
<b>Total</b>	<b>15,33,944</b>	<b>28,995</b>

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

Industry type Distribution of Exposures (Gross Advances)  
Lakhs

Rs. in

S.No.	Industry Classification	Fund Based	Non-Fund Based
1	Agriculture and Allied Activities	1,65,978	
2	Retail Trade	46,690	
3	Professional Services	20,270	
4	NBFCs	19,785	
5	Tourism, Hotel and Restaurants	12,922	38
6	All Engineering	4,981	
7	Transport Operators	3,927	
8	Textiles	3,815	
9	Food Processing	2,797	
10	Gems and Jewellery	2,546	
11	Basic Metal and Metal Products	2,215	
12	Chemicals and Chemical Products (Dyes, Paints, etc.)	2,173	
13	Beverages (excluding Tea & Coffee) and Tobacco	2,017	
14	Construction	1,968	
15	Infrastructure	1,672	
16	Paper and Paper Products	1,214	
17	Rubber, Plastic and their Products	931	
18	Wood and Wood Products	881	
19	Wholesale Trade (other than Food Procurement)	844	
20	Vehicles, Vehicle Parts and Transport Equipments	822	
21	Cement and Cement Products	665	
22	Leather and Leather products	427	
23	Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	99	
24	Glass & Glassware	59	
25	Commercial Real Estate	36	
26	Social and Commercial Infrastructure	2	
27	Retail Loans – Others	6,66,866	28,882
28	Service – Others	61,435	75
29	Industry – Others	13,872	
	<b>Total</b>	<b>10,41,908</b>	<b>28,995</b>

## Residual contractual maturity breakdown of Assets and Liabilities

Rs. in

Lakhs

As on September 30, 2020	Deposits	Advances (Net)	Investments*	Borrowings
Day – 1	8,586	245	2,09,110	4,315
2-7 Days	18,140	1,612	2,725	200
8-14 Days	15,352	(328)	2,364	-
15-30 Days	25,761	22,041	4,383	-
31 Days and up to 2 months	41,163	54,413	8,095	10,000
More than 2 months and up to 3 months	41,873	(16,865)	7,081	1,842
Over 3 months and up to 6 months	1,11,536	1,37,982	18,405	21,597
Over 6 months and up to 1 year	3,14,592	3,00,759	50,226	50,236
Over 1 Year and up to 3 years	4,21,994	3,55,780	77,358	1,47,842
Over 3 Years and up to 5 years	23,563	29,589	15,974	94,142
Over 5 years	431	1,36,876	927	6,396
<b>Total</b>	<b>10,22,991</b>	<b>10,22,104</b>	<b>3,96,649</b>	<b>3,36,569</b>

\* Investments does not include balances with RBI and other Banks

## Amount of NPAs (Gross)

Rs. in

Lakhs

Category	Amount
Sub-standard	8,603
Doubtful1	6,566
Doubtful2	13,159
Doubtful3	-
Loss	-
<b>Total</b>	<b>28,328</b>

## Net NPAs and NPA Ratios

Rs. in

Lakhs

S.No.	Particulars	Amount
A	Standard Advances	10,13,580
B	Gross NPAs	28,328
C	Gross Advances (A+B)	10,41,908
<b>D</b>	<b>Gross NPAs as a percentage of Gross Advances (B/C) (in %)</b>	<b>2.72%</b>
E	Deductions	19,803
E.1	Provisions held in the case of NPA Accounts as per asset classification (including additional Provisions for NPAs at higher than prescribed rates).	19,768
E.2	Provisions in lieu of diminution in the fair value of restructured accounts classified as NPAs	35
E.3	Provisions in lieu of diminution in the fair value of restructured accounts classified as standard assets	
F	Net Advances (C-E)	10,22,104
G	Net NPAs (B-E)	8,525
<b>H</b>	<b>Net NPAs as percentage of Net Advances (G/F) (in %)</b>	<b>0.83%</b>

**Movement of NPAs (Gross) and Provision for NPAs**  
 Lakhs

Rs. in

S.No.	Particulars	Amount
	<b>Movement of NPAs (Gross)</b>	
A	Opening balance	32,081
B	Additions during the period	159
C	Reductions during the period	3,912
<b>D</b>	<b>Closing balance (A+B-C)</b>	<b>28,328</b>
	<b>Movement of provisions for NPAs</b>	
E	Opening balance	18,043
F	Provisions made during the period	3,451
G	Write-off	1,691
H	Write-back of excess provisions	-
<b>I</b>	<b>Closing balance (E+F-G-H)</b>	<b>19,803</b>

**Non-Performing Investments**  
 Lakhs

Rs. in

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**  
 Lakhs

Rs. in

Particulars	Amount*
Below 100% risk weight	13,10,258
100% risk weight	1,39,817
More than 100% risk weight	9,647
<b>Total</b>	<b>14,59,722</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**

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	15,085	15,085	-
Gold	55,131	53,939	1,192
<b>Total</b>	<b>70,216</b>	<b>69,024</b>	<b>1,192</b>

**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*	21,831	
<b>Risk weight bands break-up of securitisation exposures retained or purchased</b>		
- 75% Risk weight	21,831	
Exposures that have been deducted entirely from Tier I capital	-	

\* The amount represents the total outstanding as at September 30, 2020 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	-	

**X: 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, 2020 are given below.

Interest Rate Risk in Banking Book	Rs.in Lakhs	
	+ 200 bps	-200 bps
Earnings at Risk (EaR)	940.36	-940.36
Market Value of Equity (MVE)	5,101.86	-5,101.86

**XI: 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	15,35,000
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)	3,716
7	Other adjustments	-
<b>8</b>	<b>Leverage ratio exposure</b>	<b>15,38,716</b>

**XII: 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)	15,35,000
2	Asset amounts deducted in determining Basel III Tier 1 capital)	-1,056
<b>3</b>	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>15,33,944</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)	-
<b>11</b>	<b>Total derivative exposures (sum of lines 4 to 10)</b>	<b>-</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>-</b>
	<b>Other off-balance sheet exposures</b>	
17	Off-balance sheet exposure at gross notional amount	3,716
18	(Adjustments for conversion to credit equivalent amounts)	-
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>3,716</b>
	<b>Capital and total exposures</b>	
20	<b>Tier 1 capital</b>	<b>1,10,624</b>
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	<b>15,37,660</b>
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio (%)</b>	<b>7.19%</b>