

slice Small Finance Bank (formerly known as North-East Small Finance Bank)

BASEL II – PILLAR 3 DISCLOSURES AS ON DECEMBER 31, 2025

slice Small Finance Bank Limited (formerly known as North-East Small Finance Bank) is subject to the BASEL II (NCAF) framework as stipulated by Reserve bank of India (RBI) under operating guidelines issued on October 6, 2016, for Small Finance Banks (SFB) and Master Direction "Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Directions, 2025 "dated November 28, 2025.

The Basel II framework consists of three-mutually reinforcing pillars: -

- (i) Pillar 1: Minimum capital requirements for credit risk.
- (ii) Pillar 2: Supervisory review of capital adequacy.
- (iii) Pillar 3: Market discipline.

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

slice Small Finance Bank Limited (Erstwhile North-East Small Finance Bank Limited) (the "Bank") is a public limited company incorporated on July 25, 2016, under the provisions of the Companies Act, 2013, received in principle approval from the Reserve Bank of India ("RBI") to form a Small Finance Bank in the private sector under section 22 of the Banking Regulation Act, 1949 on September 16, 2015. The bank received license from the Reserve Bank of India (RBI) to operate as a Small Finance Bank under the Banking Regulation Act, 1949 with effect from March 31, 2017, and commenced its banking operations on October 17, 2017. The Bank is headquartered in Guwahati and presently operates only in India and does not have a branch in any foreign country. Further, the bank does not have any subsidiary, associate, or joint venture for consolidation purpose.

II. CAPITAL STRUCTURE

₹ In Lacs

CAPITAL FUNDS POSITION AS ON DECEMBER 31, 2025		
S. No.	Particulars	Amount
(A)	Tier I Capital	77,635
A.1	Paid up equity share capital (Including compulsorily convertible debentures)	1,22,063
A.2	Reserves and Surplus*	-44,428
(B)	Deductions	8,665
B.1	Deferred Tax Assets	4,513
B.2	Intangible assets and other deductions	4,153
(C)	Net Tier I Capital (A-B)	68,969
(D)	Tier II Capital	18,236
D.1	Compulsorily Convertible Preference Shares	14,801
D.2	Subordinated debts	1,900
D.3	General Provision	1,534
(E)	Deductions	1,140
E.1	Haircut on subordinated debt	1,140
(F)	Net Tier II Capital (D-E)	17,096
(G)	Total Capital Funds (C+F)	86,065

*Reserves and Surplus includes Securities Premium, Statutory Reserve, ESOP Reserve and other free reserves.

Subordinated Debt eligible for inclusion in Lower Tier – II capital

₹ In Lacs

Particulars	Amount
Total amount outstanding at December 31, 2025	1,900
Of which, amount raised during the year	-
Amount eligible to be reckoned as capital funds at December 31, 2025	760
Total Eligible Amount	760

Total Eligible Capital Fund as on December 31, 2025

₹ In Lacs

Particulars	Amount
Tier I Capital	68,969
Tier II Capital	17,096
Total Eligible Capital	86,065

III. CAPITAL ADEQUACY**a. Capital Requirement**

₹ In Lacs

Capital Requirements for Various Risks		
S. No.	Particulars	Amount
A	Credit Risk	72,058
B	Market Risk	-
C	Operational Risk	-
D	Total Capital Requirement (A+B+C)	72,058
E	Total Risk Weighted Assets (Credit)	4,80,387
F	Total capital funds of the bank	86,065

b. Capital Ratios

Particulars	Capital Adequacy Ratio
Tier I Ratio	14.36%
Tier II Ratio	3.56%
Total Capital Adequacy Ratio	17.92%

IV. CREDIT RISK**Distribution of Exposures**

₹ In Lacs

S. No.	Exposure type	Amount
1	Fund Based	4,22,335
2	Non-Fund Based	-
Total		4,22,335

Geographic Distribution of Exposures

₹ In Lacs

Exposure Distribution by Geography		
Category	Fund based facilities	Non-Fund based facilities
Domestic	4,22,335	-
Overseas	-	-
Total	4,22,335	-

Industry wise classification of Exposures**₹ In Lacs**

S. No.	Industry Classification	Fund Based	Non-Fund Based
1	Agriculture and Allied Activities	10,233	-
2	MSME – Industries	20,606	-
3	MSME - Services	57,971	-
4	Advances against Fixed Deposits	2,155	-
5	Term Loans to NBFCs	15,879	-
7	Other retail loans	3,15,491	-
		4,22,335	-

Maturity Pattern of Assets

The maturity pattern of assets at December 31, 2025 is detailed in the table below:

₹ In Lacs

Maturity Bucket	Cash & balances with RBI	Balances with banks and money at call & short notice	Investments (net of provisions)	Loans & Advances (net of provisions)	Fixed Assets & Other Assets	Total
Day 1	13,834	1,005	20,147	431	1,235	36,652
2-7 Days	-	6	-	70,621	4,450	75,077
8-14 Days	-	-	-	1,951	5,643	7,594
15-30 Days	1,540	1	8,667	3,019	3,485	16,712
31 Days to 2 months	642	1,251	6,083	43,646	480	52,103
2 to 3 months	323	241	1,818	40,326	3,025	45,733
3 to 6 months	1,560	554	27,655	90,330	886	1,20,986
6 Months to 1 year	3,289	544	18,511	97,962	4,901	1,25,207
1 Year to 3 Years	6,494	-	36,547	38,899	3,169	85,108
3 to 5 years	46	-	258	20,706	4	21,014
Over 5 years	5	25	28	7,975	5,951	13,983
Total	27,733	3,626	1,19,714	4,15,866	33,229	6,00,168

Amount of Non-Performing Advances (NPAs)

₹ In Lacs

NPA Classification		
S. No.	Category	Amount
A	Amount of NPAs (Gross)	23,003
A.1	Substandard	16,387
A.2	Doubtful	6,616
A.3	Loss	-
B	Net NPAs	16,533
C	Advances	
C.1	Gross Advances	4,22,335
C.2	Net Advances	4,15,866
D	NPA Ratios	
D.1	Gross NPAs to gross advances (%)	5.45%
D.2	Net NPAs to net advances (%)	3.98%

Movement of NPAs

₹ In Lacs

Particulars	Gross NPA	Net NPA
Opening balance at April 1, 2025	18,476	13,560
Additions during the period	14,197	5,359
Reductions during the period	9,671	2,386
Closing balance at December 31, 2025	23,003	16,533

Movement of Provisions for NPAs

₹ In Lacs

Particulars	Amount
Opening balance as on April 1, 2025	4,917
Provision made during the period	8,838
Write-off of assets during the period	6,481
Write-back of excess provisions during the period	804
Closing balance as on December 31, 2025	6,470

Movement of Provisions for Standard Assets

₹ In Lacs

Particulars	Amount
Opening balance as on April 1, 2025	1,123
Provision made during the period (net)	411
Closing balance as on December 31, 2025	1,534

The bank does not have any Non – performing Investments as on December 31, 2025.

V. CREDIT RISK – DISCLOSURE FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH

Credit Exposures by Risk Weights

At December 31, 2025 the credit exposures subject to the Standardized approach after adjusting for credit risk mitigation are as follows:

₹ In Lacs		
Details of Credit Risk Exposure Based on Risk-Weight		
S. No.	Risk Weight	Total
1	Below 100% risk weight	2,61,971
2	100% risk weight	36,252
3	More than 100% risk weight	3,01,944
	Total	6,00,168

VI. CREDIT RISK MITIGATION – DISCLOSURE FOR STANDRADISED APPROACH

Exposure cover by Eligible Financial Collateral are as below:

₹ In Lacs	
Particulars	Amount
Total exposure covered by eligible financial collateral	2,953
Total	2,953

Portfolio covered by guarantees:

₹ In Lacs	
Particulars	Amount
Total portfolio covered by guarantees (CGTMSE)	31,211
Total	31,211

VII. MARKET RISK IN TRADING BOOK

As per RBI communication marked DBR. NBD. No. 4502/16.13.218/2017-18 dated November 8, 2017, the Market Risk is not applicable for Small Finance Banks.

VIII. OPERATIONAL RISK

As per RBI communication marked DBR. NBD. No. 4502/16.13.218/2017-18 dated November 8, 2017, the Operational Risk is not applicable for Small Finance Banks.

IX. INTEREST RATE RISK IN BANKING BOOK

Details of Parallel Rate shock on Earnings and Market value of equity as on December 31, 2025 are given below:

₹ In Lacs		
Interest Rate Risk	+200bps	-200bps
Earnings at Risk (EAR)	585	-585
Impact on Market Value of Equity	-6,560	6,560

X. LEVERAGE RATIO

The Bank is assessing leverage ratio as per the Basel III framework. The Basel III leverage ratio is defined as the capital measure (Tier I Capital) divided by the exposure measure, with this ratio expressed as a percentage. The leverage ratio of the Bank as on December 31, 2025, is given below:

₹ In Lacs	
Particulars	Amount
Tier-1 Capital(A)	68,969
Exposure measure (B)	5,91,502
Basel III Leverage ratio (C= A/B)	11.66%

- A. Tier I capital as of September 30, 2025, June 30, 2025 and March 31, 2025, was INR 64,232 Lakhs, INR 60,528 lakhs and INR 57,794 Lakhs respectively.
- B. Total exposures as of September 30, 2025, June 30, 2025 and March 31, 2025 was INR 5,47,130 Lakhs, INR 4,73,076 Lakhs and INR 4,20,670 Lakhs respectively.
- C. Leverage Ratio as of September 30, 2025, June 30, 2025 and March 31, 2025 was 11.74%, 12.79% and 13.74% respectively.

Summary comparison of accounting assets and leverage ratio exposure measure

		₹ In Lacs
S. No.	Particulars	Amount
1	Total consolidated assets as per the financial statements	6,00,168
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)	-
7	Other adjustments	-8,665
8	Leverage ratio exposure	5,91,502

Leverage ratio common disclosure template

		₹ In Lacs
S. No.	Leverage ratio framework	Amount
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	6,00,168
2	(Asset amounts deducted in determining Basel II Tier 1 capital)	-8,665
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	5,91,502
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	
18	(Adjustments for conversion to credit equivalent amounts)	
19	Off-balance sheet items (sum of lines 17 and 18)	
Capital and total exposures		
20	Tier 1 capital	68,969
21	Total exposures (sum of lines 3, 11, 16 and 19)	5,91,502
Leverage ratio		
22	Basel III leverage ratio	11.66%

Reconciliation of total balance sheet size and on-balance sheet exposure

		₹ In Lacs
S. No.	Particulars	Amount
1	Total consolidated assets as per the financial statements	6,00,168
2	Deductions from Tier 1 capital	-8,665
3	On-balance sheet exposure under leverage ratio (excluding derivatives and SFTs)	5,91,502