

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

BASEL II – PILLAR 3 DISCLOSURES AS ON SEPTEMBER 30, 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).

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 SEPTEMBER 30, 2025		
S. No.	Particulars	Amount
(A)	Tier I Capital	73,671
A.1	Paid up equity share capital (Including compulsorily convertible debentures)	1,22,063
A.2	Reserves and Surplus*	-48,392
(B)	Deductions	9,439
B.1	Deferred Tax Assets	5,027
B.2	Intangible assets and other deductions	4,412
(C)	Net Tier I Capital (A-B)	64,232
(D)	Tier II Capital	18,077
D.1	Compulsorily Convertible Preference Shares	14,801
D.2	Subordinated debts	1,900
D.3	General Provision	1,376
(E)	Deductions	1,140
E.1	Haircut on subordinated debt	1,140
(F)	Net Tier II Capital (D-E)	16,937
(G)	Total Capital Funds (C+F)	81,169

*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 September 30, 2025	1,900
Of which, amount raised during the year	-
Amount eligible to be reckoned as capital funds at September 30, 2025	760
Total Eligible Amount	760

Total Eligible Capital Fund as on September 30, 2025

₹ In Lacs

Particulars	Amount
Tier I Capital	64,232
Tier II Capital	16,937
Total Eligible Capital	81,169

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

₹ In Lacs

Capital Requirements for Various Risks		
S. No.	Particulars	Amount
A	Credit Risk	67,152
B	Market Risk	-
C	Operational Risk	-
D	Total Capital Requirement (A+B+C)	67,152
E	Total Risk Weighted Assets (Credit)	4,47,677
F	Total capital funds of the bank	81,169

b. Capital Ratios

Particulars	Capital Adequacy Ratio
Tier I Ratio	14.35%
Tier II Ratio	3.78%
Total Capital Adequacy Ratio	18.13%

IV. CREDIT RISK**Distribution of Exposures**

₹ In Lacs

S. No.	Exposure type	Amount
1	Fund Based	3,75,909
2	Non-Fund Based	-
Total		3,75,909

Geographic Distribution of Exposures

₹ In Lacs

Exposure Distribution by Geography		
Category	Fund based facilities	Non-Fund based facilities
Domestic	3,75,909	-
Overseas	-	-
Total	3,75,909	-

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

S. No.	Industry Classification	Fund Based	Non-Fund Based
1	Agriculture and Allied Activities	8,606	-
2	Micro industries- Manufacturing	17,719	-
3	Micro industries- Service	36,558	-
4	Advances against Fixed Deposits	2,355	-
5	Term Loans to NBFCs	17,208	-
7	Other retail loans	2,93,463	-
		3,75,909	-

Maturity Pattern of Assets

The maturity pattern of assets at September 30, 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	Loans & Advances	Fixed & Other Assets	Total
Day 1	14,020	1,580	29,481	4,611	771	50,463
2-7 Days	-	-	2,522	64,905	3,535	70,962
8-14 Days	-	-	-	414	4,727	5,141
15-30 Days	2,101	1,375	11,976	930	3678	20,060
31 Days to 2 months	615	858	7,732	34,335	477	44,017
2 to 3 months	652	96	7,883	31,810	2,031	42,472
3 to 6 months	1,475	1,499	11,524	82,183	519	97,200
6 Months to 1 year	3,693	479	16,669	92,727	5,104	1,18,672
1 Year to 3 Years	7,250	34	32,723	34,199	3,166	77,372
3 to 5 years	65	-	294	17,587	134	18,080
Over 5 years	6	25	26	6,023	6,049	12,129
Total	29,877	5,948	1,20,831	3,69,724	30,191	5,56,568

Amount of Non-Performing Advances (NPAs)**₹ In Lacs**

NPA Classification		
S. No.	Category	Amount
A	Amount of NPAs (Gross)	21,859
A.1	Substandard	16,246
A.2	Doubtful	5,612
A.3	Loss	-
B	Net NPAs	15,673
C	Advances	
C.1	Gross Advances	3,75,909
C.2	Net Advances	3,69,724
C	NPA Ratios	
C.1	Gross NPAs to gross advances (%)	5.81%
C.2	Net NPAs to net advances (%)	4.24%

Movement of NPAs**₹ In Lacs**

Particulars	Gross NPA	Net NPA
Opening balance at April 1, 2025	18,476	13,560
Additions during the period	9,723	3,576
Reductions during the period	6,341	1,463
Closing balance at September 30, 2025	21,859	15,673

Movement of Provisions for NPAs**₹ In Lacs**

Particulars	Amount
Opening balance as on April 1, 2025	4,917
Provision made during the period	5,644
Write-off/Loss on sale of repossessed assets during the period	4,375
Write-back of excess provisions during the period	-
Closing balance as on September 30, 2025	6,186

Movement of Provisions for Standard Assets**₹ In Lacs**

Particulars	Amount
Opening balance as on April 1, 2025	1,123
Provision made during the period	252
Closing balance as on September 30, 2025	1,376

The bank does not have any Non – performing Investments as on September 30, 2025.

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

Credit Exposures by Risk Weights

At September 30, 2025 the credit exposures subject to the Standardized approach after adjusting for credit risk mitigation are as follows:

Details of Credit Risk Exposure Based on Risk-Weight			₹ In Lacs
S. No.	Risk Weight	Total	
1	Below 100% risk weight		74,971
2	100% risk weight		21,819
3	More than 100% risk weight		2,79,119
	Total		3,75,909

VI. CREDIT RISK MITIGATION – DISCLOSURE FOR STANDRADISED APPROACH

Exposure cover by Eligible Financial Collateral are as below:

Particulars	Amount	₹ In Lacs
Total exposure covered by eligible financial collateral		3,131
Total		3,131

Portfolio covered by guarantees:

Particulars	Amount	₹ In Lacs
Total portfolio covered by guarantees (CGTMSE)		19,849
Total		19,849

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 September 30, 2025 are given below:

Interest Rate Risk	+200bps	-200bps	₹ In Lacs
Earnings at Risk (EAR)	905	-905	
Impact on Market Value of Equity	-5,026	5,026	

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 September 30, 2025, is given below:

Particulars	Amount	₹ In Lacs
Tier-1 Capital(A)		64,232
Exposure measure (B)		5,47,130
Basel III Leverage ratio (C= A/B)		11.74%

- A. Tier I capital as of June 30, 2025, March 31, 2025, and December 31, 2024, was INR 60,527.64 Lakhs, INR 57,794.01 Lakhs and INR 66,296.42 Lakhs respectively.
- B. Total exposures as of June 30, 2025, March 31, 2025, and December 31, 2024, was INR 4,73,076.19 Lakhs, INR 4,20,670.41 Lakhs and INR 4,11,765.73 Lakhs respectively.
- C. Leverage Ratio as of June 30, 2025, March 31, 2025, and December 31, 2024, was 12.79%, 13.74% and 16.10% 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	5,56,569
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	-9,439
8	Leverage ratio exposure	5,47,130

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)	5,56,569
2	(Asset amounts deducted in determining Basel II Tier 1 capital)	-9,439
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	5,47,130
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	64,232
21	Total exposures (sum of lines 3, 11, 16 and 19)	5,47,130
Leverage ratio		
22	Basel III leverage ratio	11.74%

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	5,56,569
2	Deductions from Tier 1 capital	-9,439
3	On-balance sheet exposure under leverage ratio (excluding derivatives and SFTs)	5,47,130