

Net Stable Funding Ratio

Net Stable Funding Ratio (NSFR) guidelines ensure reduction in funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding to mitigate the risk of future funding stress. The NSFR guidelines of RBI stipulate the applicable Required Stable Funding ("RSF") factor for each category of asset and Available Stable Funding ("ASF") factor for each type of funding source. NSFR represents the ratio of the bank's ASF to RSF. This breakdown is crucial for assessing the bank's liquidity position and ensuring its ability to meet its long-term obligations. By maintaining a favourable NSFR, banks can better navigate potential financial challenges and enhance their overall stability in the marketplace.

Utkarsh Bank, pursuant to the RBI guidelines on NSFR: RBI/DOR/2025-26/194 DOR.LRG.No.113/13-10-002/2025-26 November 28, 2025 Reserve Bank of India (Small Finance Banks – Asset Liability Management) Directions, 2025, has been subjected to the Basel III NSFR standards. The Bank maintains NSFR at 100%. This adherence ensures that the bank is well-positioned to meet its long-term funding requirements while promoting stability in the financial system. Additionally, Utkarsh Bank continues to focus on enhancing its liquidity management practices to align with evolving regulatory expectations.

The Bank ensures that its NSFR remains above the specified regulatory minimum requirements outlined below. Daily monitoring of NSFR against the regulatory minimum.

NSFR = Available Stable Funding (ASF)/Required Stable Funding (RSF) > 100%.

Quantitative Disclosure: The following table contains weighted and unweighted amounts of NSFR components of Utkarsh Bank as on 31 December 2025 & 30 September 2025.

The Bank's NSFR comes to 113.80% as of the end of Q3 FY 2025-26 and is above the minimum regulatory requirement of 100% stipulated in the RBI guidelines effective from October 01st, 2021. As of December 31st 2025, the position of Available Stable Funding (ASF) stood at ₹21,187.95 Crore and Required Stable Funding (RSF) stood at ₹18,618.80 Crore. The value of total ASF and RSF has increased over September 30th, 2025 QoQ. The ASF portfolio is defined as the portion of capital and liabilities retail deposit base along with reliable wholesale funding over the time horizon considered for the NSFR. After applying relevant factors, the contribution of the capital base, retail deposits, and wholesale funding to the ASF portfolio stood at 14%, 70%, and 16%, respectively.

The RSF portfolio is driven mainly by the financing of a specific institution but is not limited to FIs, non-FIs, corporate clients, retail, and small business customers. By catering to the unique needs of each client type, the RSF portfolio can effectively promote sustainable growth and development. RSF depends on the cash flow features and remaining time until maturity of the different assets owned by the institution, along with its Off-Balance Sheet (OBS) exposures.

Liquidity management in the bank is driven by the bank's ALM policy and regulatory guidelines. The High-Quality Liquid Assets (HQLA), detailed in the Liquidity Coverage Ratio (LCR) disclosure, require minimal funding due to their ratings and liquidity position, applying relevant factors. HQLA stood at 37% of the RSF portfolio, whereas performing loans and securities account for 61% of RSF. The balance sheet numbers are reported to the Asset Liability Management Committee (ALCO). All major decisions of ALCO are periodically reported to the bank's board. These reports offer explanations for the effectiveness of current strategies and help guide future funding decisions. Additionally, ALCO continuously monitors market conditions to adapt its approach, ensuring the bank remains resilient in a dynamic financial landscape.

The bank has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute a major portion of total funding sources, which are well diversified. Management believes that the Bank has got sufficient liquidity to meet its immediate/likely future requirements.

Net Stable Funding Ratio (Utkarsh Small Finance Bank)											
NSFR Component		Position as on 31.12.2025					Position as on 30.09.2025				
		Unweighted value of residual maturity				Weighted value	Unweighted value of residual maturity				Weighted value
		No Maturity	<6 Months	6 Months to <1 yr	>= 1 yr		No Maturity	<6 Months	6 Months to <1 yr	>= 1 yr	
ASF Item											
1	Capital: (2+3)	2,860.79	-	-	156.00	3,016.79	2,408.69	-	-	156.00	2,564.69
2	Regulatory capital	2,860.79	-	-	-	2,860.79	2,408.69	-	-	-	2,408.69
3	Other capital instruments	-	-	-	156.00	156.00	-	-	-	156.00	156.00



4	Retail deposits and deposits from small business customers: (5+6)	3,926.83	1,645.23	2,689.69	7,013.88	14,768.94	3,779.18	1,452.88	2,128.84	7,496.32	14,429.22
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less: stable deposits	3,926.83	1,645.23	2,689.69	7,013.88	14,768.94	3,779.18	1,452.88	2,128.84	7,496.32	14,429.22
7	Wholesale funding: (8+9)	665.35	3,166.96	1,121.83	2,081.47	3,402.23	705.04	3,794.97	1,498.23	2,049.52	3,646.92
8	Operational deposits	-	-	-	-	-	39.91	-	-	-	19.96
9	Other wholesale funding	665.35	3,166.96	1,121.83	2,081.47	3,402.23	665.12	3,794.97	1,498.23	2,049.52	3,626.96
10	Other liabilities: (11+12)	-	-	-	-	-	-	-	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	5,760.97	-	-	-	-	5,215.13	-	-	-	-
13	Total ASF (1+4+7+10)	-	-	-	-	21,187.95	-	-	-	-	20,640.82
	RSF Item										
14	Total NSFR high-quality liquid assets (HQLA)	645.25	-	-	2,782.62	139.13	2,130.47	145.40	80.72	5,118.78	4,128.63
15	Deposits held at other financial institutions for operational purposes	613.88	1,065.11	40.00	4.14	515.66	747.78	680.46	270.06	3.93	332.95
16	Performing loans and securities: (17+18+19+21+23)	-	3,349.50	2,688.89	9,952.79	11,278.54	-	3,832.57	2,733.14	9,483.85	11,139.57
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	379.25	257.22	471.82	657.31	-	349.06	230.21	357.85	525.32



19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	2,950.54	2,413.36	8,541.14	9,941.92	-	3,463.62	2,484.52	8,199.84	9,943.93
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-	-	-	-	-	-
21	Performing residential mortgages, of which:	-	4.65	3.88	247.01	214.22	-	4.74	3.99	245.83	213.32
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	15.05	14.43	692.84	465.08	-	15.15	14.42	680.33	457.00
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	-	1,019.56			509.78	-	-	-	-	-
24	Other assets: (sum of rows 25 to 29)	-	-	-	-	-	-	-	-	-	-
25	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-	-	-	-	-	-
27	NSFR derivative assets	-	-	-	-	-	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
29	All other assets not included in	1,494.53	-	-	4,623.31	6,117.84	1,309.03	-	-	847.91	2,156.93

	the above categories										
30	Off-balance sheet items	-	1,171.25	-	-	57.85	-	978.17	-	-	48.19
31	Total RSF	-	-	-	-	18,618.80	-	-	-	-	17,806.27
32	NSFR (%)	-	-	-	-	113.80%	-	-	-	-	115.92%