



Pillar III Disclosures for quarter  
ended December 31, 2025

2025-2026

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[Ujjivan Small Finance Bank (hereinafter called “the Bank”) is primarily subject to the Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Directions, 2025 (Updated as on January 09, 2026). The document provides a review of key observations pertaining to the Bank’s capital adequacy, credit quality, key business highlights and a review of its key risks as at December 31, 2025.]

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## 1. List of key abbreviations

<b>Abbreviation</b>	<b>Full form</b>
<b>ACR</b>	Automated Cash Recycler
<b>AFS</b>	Available for Sale
<b>ALCO</b>	Asset Liability Committee
<b>ANBC</b>	Adjusted Net Bank Credit
<b>ATM</b>	Automated Teller Machine
<b>AIF</b>	Alternate Investment Fund
<b>BC</b>	Business Correspondent
<b>BIA</b>	Basic Indicator Approach
<b>BRACO</b>	Business Risk and Compliance Officer
<b>BSE</b>	Bombay Stock Exchange
<b>BV</b>	Book Value
<b>CC</b>	Cash Credit
<b>CASA</b>	Current Account Savings Account
<b>CBDR</b>	Common But Differentiated Responsibilities (CBDR) and respective capabilities
<b>CERSAI</b>	Central Registry of Securitisation Asset Reconstruction and Security Interest of India
<b>CET1</b>	Common Equity Tier 1 Capital
<b>CFO</b>	Chief Financial Officer
<b>CFP</b>	Contingency Funding Plan
<b>CIC</b>	Core Investment Company
<b>CRAR</b>	Capital to Risk-weighted Assets Ratio
<b>CRMC</b>	Credit Risk Management Committee
<b>CRO</b>	Chief Risk Officer
<b>DPD</b>	Days Past Due
<b>DSA</b>	Direct Selling Agent
<b>DSCB</b>	Domestic Scheduled Commercial Bank
<b>ECL</b>	Expected Credit Loss
<b>ECLGS</b>	Emergency Credit Line and Guarantee Scheme
<b>ECRA</b>	External Credit Rating Agency
<b>ESG</b>	Environment, Social and Governance
<b>EMDE</b>	Emerging Market & Developing Economies
<b>EWS</b>	Early Warning Signal
<b>FIG</b>	Financial Institutions Group
<b>FOIR</b>	Fixed Obligation to Income Ratio
<b>FLOD</b>	First line of Defence
<b>FP</b>	Floating provision
<b>FPI</b>	Foreign Portfolio Investor
<b>GDP</b>	Gross Domestic Product
<b>GA</b>	Gross Advances
<b>GLB</b>	Gross Loan Book

<b>GLC</b>	General Ledger Code
<b>GNPA</b>	Gross Non-Performing Asset
<b>GVA</b>	Gross Value Added
<b>HFT</b>	Held for Trading
<b>HHI</b>	Household Income
<b>HTM</b>	Held to Maturity
<b>HQLA</b>	High Quality Liquid Assets
<b>HUF</b>	Hindu Undivided Family
<b>IBPC</b>	Inter Bank Participation Certificate
<b>ICAAP</b>	Internal Capital Adequacy Assessment Process
<b>ICAI</b>	Institute of Chartered Accountants of India
<b>ICE</b>	Internal Combustion Engine
<b>IFSC</b>	Indian Financial System Code
<b>IGAAP</b>	Indian Generally Accepted Accounting Principles
<b>IMPS</b>	Immediate Payment Service
<b>IPDI</b>	Innovative Perpetual Debt Instrument
<b>IPO</b>	Initial Public Offer
<b>IRAC</b>	Income Recognition and Asset Classification
<b>IRRBB</b>	Interest Rate Risk in Banking Book
<b>IWG</b>	Internal Working Group
<b>KRI</b>	Key Risk Indicator
<b>LAP-SENP-SEP</b>	Loan Against Property- Self Employed Nonprofessional- Self Employed Professional
<b>LCR</b>	Liquidity Coverage Ratio
<b>LGD</b>	Loss Given Default
<b>LMS</b>	Loan Management System
<b>LR</b>	Leverage Ratio
<b>LWE</b>	Left Wing Extremism
<b>MB</b>	Micro banking
<b>MCA</b>	Ministry of Corporate Affairs
<b>MD</b>	Modified Duration
<b>MD &amp; CEO</b>	Managing Director and Chief Executive Officer
<b>MDG</b>	Modified Duration Gap
<b>MSE</b>	Micro and Small Enterprises
<b>MVE</b>	Market value of Equity
<b>MV</b>	Market Value
<b>NBFC-ND-SI-CIC</b>	Non-Banking Financial Company-Non-Deposit-taking-Systemically Important-Core Investment Company
<b>NE</b>	Northeastern
<b>NEFT</b>	National Electronic Funds Transfer
<b>NGFS</b>	Network for Greening the Financial System
<b>NPA</b>	Non-Performing Asset
<b>NNPA</b>	Net Non-Performing Asset

<b>NPI</b>	Non-Performing Investment
<b>NSE</b>	National Stock Exchange
<b>NSFR</b>	Net Stable Funding Ratio
<b>Non-URC</b>	Non-Unbanked Rural Centre
<b>OD</b>	Overdraft
<b>ORMC</b>	Operational Risk Management Committee
<b>OSP</b>	Outstanding Principal
<b>PAT</b>	Profit After Tax
<b>PAR</b>	Portfolio at Risk
<b>PB</b>	Payments Bank
<b>PD</b>	Probability of Default
<b>PNCPS</b>	Perpetual Non-Cumulative Preference Shares
<b>PPOP</b>	Pre – provision operating profit
<b>PSL</b>	Priority Sector Lending
<b>QIP</b>	Qualified Institutional Placement
<b>QRT</b>	Quick Response Team
<b>RB</b>	Rural Banking
<b>RBI</b>	Reserve Bank of India
<b>RCA</b>	Root Cause Analysis
<b>RCSA</b>	Risk Control and Self-Assessment
<b>RMCB</b>	Risk Management Committee of the Board
<b>ROA</b>	Return on Asset
<b>ROE</b>	Return on Equity
<b>RSA</b>	Risk Sensitive Assets
<b>RSL</b>	Risk Sensitive Liabilities
<b>RWA</b>	Risk Weighted Assets
<b>SA</b>	Standardized Approach
<b>SDA</b>	Standardized Duration Approach
<b>SEBI</b>	Securities and Exchange Board of India
<b>SEL</b>	Secured Enterprise Loan
<b>SFB</b>	Small Finance Bank
<b>SLOD</b>	Second Line of Defence
<b>SLR</b>	Statutory Liquidity Ratio
<b>SMA</b>	Special Mention Accounts
<b>TVR</b>	Tele verification report
<b>UAT</b>	User Acceptance Testing
<b>UPI</b>	Unified Payments Interface
<b>URC</b>	Unbanked Rural Centre
<b>USD</b>	United States Dollar
<b>VaR</b>	Value at Risk
<b>WEO</b>	World Economic Outlook
<b>YTD</b>	Year till Date

## 2. Key Performance highlights of the Bank

Ujjivan Small Finance Bank (hereinafter referred to as “the Bank”) is required to publish disclosures under the Pillar III framework as required in terms of RBI guidelines on New Capital Adequacy Framework issued vide RBI/2015-16/58; DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015. This document provides a review of key observations pertaining to the Bank’s capital adequacy, credit quality, key business highlights and a review of its key risks as at December 31, 2025. All exposure related figures quoted in the document are ‘Rs. in lakh’, unless otherwise specifically stated.

### A. Branch network and distribution reach:

The branch position of the Bank as at December 31, 2025, was as follows:

Particulars	Count
Total Banking outlets, of which	777
Banking outlets <sup>1</sup> (non-URC)	580
Banking outlets (URC) <sup>2</sup> , of which	197
i Qualifying URC Branches (Branches situated in tier 3-6 locations in NE <sup>3</sup> states and LWE <sup>4</sup> districts)	45
ii Business Correspondents (BC)	4
Total ATMs	613
Of which, ACR (Automatic Cash Recycler)	62

During the quarter ended Q3 FY26, the Bank had opened **11** new branches across regions (South-0, North-6, East-3, West-2). With **25.354%** of Banking outlets in URC, the Bank is fully compliant with RBI guidelines in this regard. The physical reach continues to be supplemented by a strong and focused investment in digital platforms to aid in business development, on both asset and the liabilities side.

### B. Financial highlights for Q3 FY 2025-26:

Some of the key achievements for the period ended December 31, 2025, were as follows:

<b>Customer base</b>	<ul style="list-style-type: none"> <li>Total customer outreach was 99.6 lakh customers through 777 branches as at December 31, 2025 (98.8 lakh as at September 30, 2025; 96.8 lakh as at June</li> </ul>
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<sup>1</sup> A ‘Banking Outlet’ for a Small Finance Bank (SFB) is a fixed-point service delivery unit, manned by either bank’s staff or its Business Correspondent where services of acceptance of deposits, encashment of cheques/cash withdrawal or lending of money are provided for a minimum of 4 hours per day for at least 5 days a week. It carries uniform signage with name of the bank and authorisation from it, contact details of the controlling authorities and complaint escalation mechanism. The bank should have a regular off-site and on-site monitoring of the ‘Banking Outlet’ to ensure proper supervision, ‘uninterrupted service’ except temporary interruptions due to telecom connectivity, etc. and timely addressing of customer grievances. The working hours/days need to be displayed prominently.

<sup>2</sup> An unbanked rural centre (URC) is defined as a rural (Tier 5 and 6) centre that does not have a CBS-enabled ‘Banking Outlet’ of a Scheduled Commercial Bank, a Payment Banks or an SFB or a Regional Rural Bank nor a branch of a Local Area Bank or licensed Co-operative Bank for carrying out customer-based banking transactions.

<sup>3</sup> Northeastern states

<sup>4</sup> Districts with active Left-Wing Extremism (LWE)

	30, 2025).
<b>Loan Portfolio</b>	<ul style="list-style-type: none"> <li>Gross Loan Book (GLB) (without netting off IBPC/Securitization/Direct Assignment): Rs. 37,05,680 lakh as at December 31, 2025 (Rs. 34,58,846 lakh as at September 30, 2025 and Rs. 33,28,711 lakh as at June 30, 2025).</li> <li>Gross Advances (GA) (after netting off IBPC/Securitisation/Direct Assignment): Rs. 36,89,927<sup>5</sup> lakh as at December 31, 2025 (Rs. 34,42,079<sup>6</sup> lakh as at September 30, 2025 and Rs. 33,10,911<sup>7</sup> lakh as at June 30, 2025);).</li> <li>Non-Microfinance book was 47.72% as at December 31, 2025 on GA basis (46.31% as at September 30, and 45.05% as at June 30,2025).</li> </ul>
<b>Deposit Portfolio</b>	<ul style="list-style-type: none"> <li>Total Deposits (Retail plus Institutional): Rs.42,22,333 lakh as at December 31, 2025. (Rs.39,21,091 lakh as at September 30, 2025; Rs.38,61,862 lakh as at June 30)</li> <li>CASA: 27.3% as at December 31, 2025 (27.52% as at September 30, 2025; 24.29% as at June 30, 2025).</li> </ul>
<b>Asset Quality</b>	<ul style="list-style-type: none"> <li>Gross Non-Performing Assets (GNPA): 2.38%<sup>8</sup> as of December 31, 2025 (2.45%<sup>9</sup> as of September 30, 2025; 2.52%<sup>10</sup> as of June 30, 2025)</li> <li>Net Non-Performing Assets (NNPA): 0.57% as at December 31, 2025<sup>11</sup>, (0.67% as at September 30, 2025<sup>12</sup>,0.70% as at June 30, 2025<sup>13</sup>)</li> </ul>
<b>Capital Adequacy</b>	<ul style="list-style-type: none"> <li>CRAR ratio of the Bank as at December 31, 2025 was 21.62% (September 30, 2025 was 21.36%; June 30, 2025 was 22.77%)</li> </ul>
<b>Employee strength</b>	<ul style="list-style-type: none"> <li>26,533 as at December 31, 2025 (26,484 as at September 30, 2025; 25,247 as at June 30, 2025; 24,374 as at March 31, 2025)</li> </ul>
<b>Provisions and Credit costs</b>	<ul style="list-style-type: none"> <li>Total provisions including Floating Provision as at December 31, 2025 was Rs.85,654 lakh (Rs. 78,684 lakh as at September 30, 2025; Rs.77,584 lakh as at June 30, 2025)</li> <li>Total NPA provision (excluding floating provision) held was Rs 54,131 lakh as at December 2025 (Rs 48,320 lakh as at September 2025; Rs 47,400 lakh as at June 2025).</li> </ul>

<sup>5</sup> Outstanding balance in IBPC/Securitisation/ Direct Assignment as on December 31,2025 is Rs 15,753 lakh

<sup>6</sup> Outstanding balance in IBPC/Securitisation/ Direct Assignment as on September 30,2025 is Rs 16,767 lakh

<sup>7</sup> Outstanding balance in IBPC/Securitisation/ Direct Assignment as on June 30,2025 is Rs 17,800 lakh

<sup>8</sup> Computed as a percentage to Gross advances. GNPA% on GLB basis as at December 31, 2025 is 2.38%

<sup>9</sup> Computed as a percentage to Gross advances. GNPA% on GLB basis as at September 30, 2025 is 2.45%

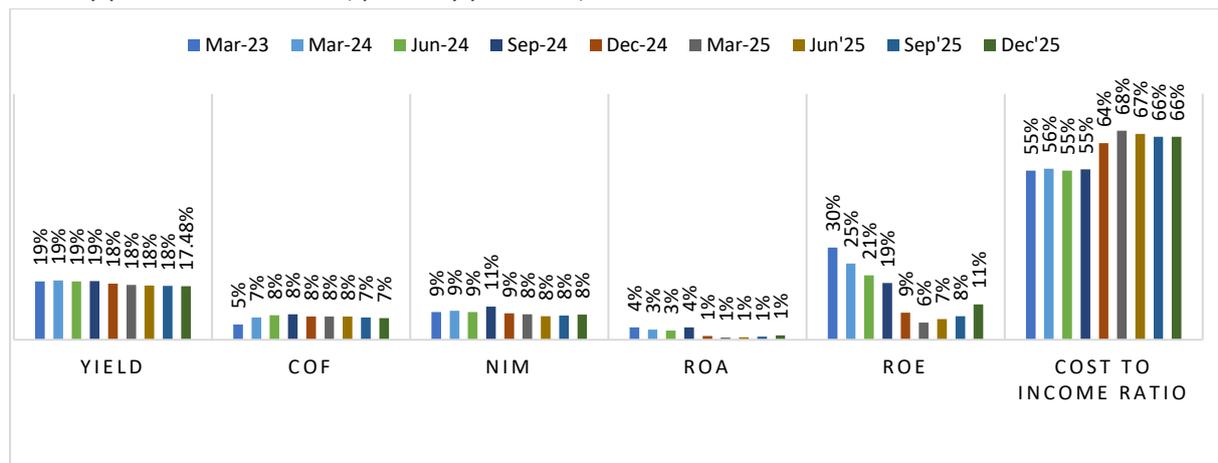
<sup>10</sup> Computed as a percentage to Gross advances. GNPA% on GLB basis as at June 30, 2025 is 2.52%

<sup>11</sup> Computed as a percentage to Net advances. NNPA% as a ratio to Net GLB was 0.57%

<sup>12</sup> Computed as a percentage to Net advances. NNPA% as a ratio to Net GLB was 0.67%

<sup>13</sup> Computed as a percentage to Net advances. NNPA% as a ratio to Net GLB was 0.70%

The key performance ratios (quarterly positions) of the Bank were as follows:



The Bank demonstrated a strong recovery in **Q3FY26**, achieved by a strengthened revenue mix and a significant enhancement in asset quality. A summary of the key highlights of the Bank as of **December 31, 2025**, is given below:

- Pre-Provision Operating Profit for Q3 FY 2025-26 was Rs. 43,980 lakh; up by 22% Y-o-Y.
- Disbursements were at Rs.8,29,342 lakh in Q3 FY 2025-26; up by 55%/ 5% on YoY/QoQ basis.
- Deposit position was Rs.42,22,333 lakh as of December 31, 2025; up by 22%/8% YoY/QoQ respectively. CASA was at Rs 11,53,516 lakh; up 33% YoY. CASA ratio was 27.30% as of December 2025. Retail TD (TDs less than Rs. 3 crores) increased 8%/ 5% YoY/QoQ.
- **Other Key performance metrics:** Continued traction on collections with ~96.90% efficiency in December 2025; NDA collection stood at ~99.6%. Portfolio At Risk (PAR) was at 3.98% as of December 2025. GNPA on GLB basis at 2.39% as of December 2025; NNPA continued to be negligible at 0.58% as at December 2025. A total of Rs.11,940 lakh was technically written off in Q3 FY26; Provision Coverage Ratio (PCR) as of December 2025 was 76%.

The improvement in PAT for Q3FY26 is primarily attributable to a strengthened revenue mix and a significant enhancement in asset quality. Other Income increased, driven by a rise in processing fees to Rs.02 crore, the successful monetization of PSLC income (₹23 crore), and an accelerated recovery in bad debts, which grew from ₹3 crore to ₹25 crore. Simultaneously, credit cost saw a disciplined reduction, directly resulting from the sustained improvement in asset quality as GNPA moderated from 2.68% to 2.39% and NNPA declined from 0.66% to 0.58%. This dual impact of enhanced fee-based earnings and lower provisioning requirements have fundamentally improved the performance.

### C. Macro-Economic Outlook:

Between April 2025 and December 2025, the Indian economy remained resilient despite global uncertainties. Real GDP growth remained strong, with India expected to grow in the range of **6.8%–7.2% in FY27**, supported by steady private consumption, sustained government spending on infrastructure and continued structural reforms. Economic activity during the period was broad-based, with manufacturing, construction and services sectors showing healthy momentum. Government

capital expenditure continued to remain elevated, supporting investment demand and employment generation. Fiscal parameters improved further, aided by better tax collections and a gradual path of fiscal consolidation, which helped maintain investor confidence and macroeconomic stability. India's external position also remained comfortable, with the current account deficit contained at manageable levels (around 1–1.5% of GDP), supported by strong services exports and stable remittance inflows.

Inflation moderated sharply during the period. **Headline CPI inflation averaged around 1.7%** during April–December 2025, significantly below the Reserve Bank of India's medium-term target of 4%, largely driven by easing food prices and favourable supply conditions. Inflation remained benign through the second and third quarters of the year, improving household purchasing power and reducing cost pressures on businesses. The benign inflation environment allowed room for supportive monetary policy actions and liquidity measures, which helped ease financial conditions. **From a banking sector perspective**, lower inflation and stable interest rate conditions improved borrowers' repayment capacity and supported credit demand, particularly in retail, MSME and priority lending segments, while also requiring banks to actively manage interest rate transmission and funding costs in a competitive deposit environment.

The banking sector continued to demonstrate strengthening financial health during the period. Asset quality indicators improved further, with Gross Non-Performing Asset (GNPA) and Net NPA ratios declining to **multi-decade lows**, reflecting stronger balance sheets, improved underwriting standards and better recovery and collection mechanisms. Credit growth remained healthy, with overall bank credit growth remaining in double digits, supported by strong demand from MSMEs, retail borrowers and small businesses. Credit to MSMEs and micro-borrowers remained robust, aided by increased formalisation, targeted government schemes and improved repayment behaviour. Regulatory and governance reforms continue to evolve through simplification of regulations and a calibrated approach to adoption of emerging technologies, including artificial intelligence, supported by appropriate risk management frameworks.

Overall, the macroeconomic environment during the period remained supportive for banking sector growth and stability, while necessitating continued vigilance against emerging sectoral and external risks.

#### **D. Transition to Universal Banking regime:**

In FY 2024-25, the Bank officially filed its application with RBI to transition to a Universal Bank. Based on the Board approval dated January 23, 2025, the Bank had submitted the formal application to the Reserve Bank of India ("RBI") for obtaining the Universal Banking License as per the RBI Guidelines for 'on tap' Licensing of Universal Banks in the Private Sector dated August 01, 2016 read with RBI circular on Voluntary transition of Small Finance Banks to Universal Banks dated April 26, 2024. As at reporting date, the Bank is awaiting for a response from the Regulator on the application status.

#### **E. Brief on Risk Management Framework:**

The Bank's Risk Management Framework is based on a clear understanding of material risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with best practices. The Bank has oversight on all material risks (maintained in the form of Risk Register in ICAAP), through regular

monitoring of Key Risk Indicators and benchmarks/tolerance/appetite against each type of risk. Further, the Board reviews the Risk Management Framework of the Bank and verifies adherence to various risk parameters and compliances at least at quarterly intervals or more frequently if the situation so warrants. The Board provides a recommendation to approve risk-related policies, including the quarterly/half-yearly/annual review reports of major risks. From a governance perspective, the Bank has in place an effective risk management policy(s) which is duly approved by the Board, that highlights the functions, implementation and role of the Risk Management Committee of the Board and the Board of Directors. In compliance to the Pillar-III requirements, the Bank has in place a Board approved policy on Disclosures that addresses its approach for determining what disclosures it will make and the internal controls over the disclosure process. The Enterprise Risk Management unit is responsible for preparation and publication of Pillar III disclosures. The Bank has dedicated sub-units to have oversight on credit risk, market risk (including ALM), operational risk and Information security risks (including Technology risk). In addition to the stated units, the Bank has also put in place two specialized units within Risk Management, which are as below:

**Enterprise Risk Management unit:**

The Enterprise Risk Management (ERM) unit in the Bank plays a central coordinating role in integrating risk management practices across all functions to provide a holistic view of the institution's risk profile. Unlike silo-based risk units that focus on specific risk types, the ERM unit drives the Bank's overall risk governance, ensuring alignment between strategy, risk appetite, and capital planning by monitoring risk-adjusted performance metrics to inform strategic decisions. It facilitates the identification of cross-cutting and emerging risks (For e.g.: climate risks), promotes risk aggregation across portfolios, and enables scenario analysis and stress testing at the enterprise level. The ERM team supports ICAAP development, tracks risk appetite statement adherence, and presents consolidated/integrated risk dashboards to senior management and the RMCB/Board. The unit plays an integral role monitoring the prevailing risk culture through periodic surveys, focused group discussions and feedback mechanism. Additionally, ERM leads the coordination of reporting to the RMCB and ensures regulatory alignment on comprehensive risk frameworks and disclosures. The scope of activities undertaken by the unit on a day-to-day basis are as below (inclusive but not exhaustive): 1) Strategic risk management and identification of changes from a risk perspective on account of internal and external factors 2) Integrated risk reporting/scoring and oversight on Risk Appetite statements 3) Capital risk management and Regulatory reporting (RCA & LR returns) 4) Economic capital, RAROC and capital linked FTP incentivisation 5) Balance sheet and business benchmarking 6) Pricing strategies/risks on the lending side for various products/groups of products of various SBUs 7) Management of emerging risks like climate risk, risks related to adoption of AI 8) Stress testing and scenario analysis 9) Model risk management and model validation activities 10) Regulatory Disclosures (Pillar III, TCFD etc.).

**Risk Analytics and Monitoring Unit:**

The latest addition to the Bank's Risk Management Department in FY 2024-25 was the creation of a dedicated unit for Risk Analytics and Monitoring (RAM) with a direct reporting line to the Chief Risk Officer (CRO). This unit is specifically created to cater to the ever-increasing needs of data/analytics led decisioning making in risk related matters. Since this unit is created, positioned and operated as a second line of defence, it avoids conflict of interests and bolsters independent oversight. The Terms of Reference (ToR) for the RAM unit are to standardize and report Risk Intelligence dashboards and undertake predictive analytics in Credit Risk (statistical scorecards, credit KRI dashboards etc.) and

Market Risk (Value at Risk models) areas. The outputs/findings of the RAM unit are integrated to the silo level risk management units viz. Credit risk, Asset Liability management, Market Risk management and Operational Risks and thus aid in creating a robust risk management lifecycle within the Bank.

### 3. Table DF- 1: Scope of Application

#### 3.1 Qualitative Disclosures

**Parent Organization/Holding Company:** NIL

The disclosures in this document pertain to the Bank as a stand-alone and independent entity. The Bank does not have any subsidiary (the operating guidelines for Small Finance Banks (SFBs) do not permit SFBs to have subsidiaries) nor does the Bank have any interest in any insurance entity.

**3.1.1 List of group entities considered for consolidation:** NA

**3.1.2 List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation:** NA

#### 3.2 Quantitative Disclosures

##### 3.2.1 List of group entities considered for consolidation

Name of the entity / country of incorporation	Principal activity of the entity	Total balance sheet equity	Total balance sheet assets
NIL	NIL	NIL	NIL

##### 3.2.2 Aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation

Name of the subsidiaries/ country of incorporation	Principal activity of the entity	Total balance sheet equity	% of the Bank's holding in the total equity	Capital deficiencies
NIL	NIL	NIL	NIL	NIL

##### 3.2.3 Aggregate amounts (e.g. current book value) of the Bank's total interests in insurance entities, which are risk-weighted

Name of the insurance entities/ country of incorporation	Principal activity of the entity	Total balance sheet equity	% of the Bank's holding in the total equity / proportion of voting power	Quantitative impact of regulatory capital using risk weighting methods versus using the full deduction method
NIL	NIL	NIL	NIL	NIL

**3.2.4 Any restrictions or impediments on transfer of funds or regulatory capital within the banking group:** NA

## 4. Table DF-2: Capital Adequacy

### 4.1 Qualitative Disclosures

Since inception, the Bank is well capitalized and aided by the internal capital generated through the profits earned from operations helping the Bank to maintain at least the minimum capital requirements set by the Regulator.

As per RBI Operating Guidelines for Small Finance Banks (SFBs), the Bank is required to follow Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Directions, 2025 (Updated as on January 09, 2026) guidelines for standardised approach for Credit Risk (external rating-based risk weight for rated exposure and regulatory retail approach for small retail loans).

While SFBs are required to comply with Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Directions, 2025 (Updated as on January 09, 2026) norms for Capital Adequacy calculation purposes, the structure and nature of capital instruments such as Common Equity, Additional Tier 1 instruments are required to be compliant with the Basel III guidelines. In essence therefore, in the case of SFBs, the Regulator has adopted a hybrid model.

Though SFBs are not required to have a separate capital charge for Market Risk and Operational Risk for the time being in terms of an RBI communication dated November 8, 2017 (DBR. NBD. No. 4502/16.13.218/2017-18), as a good governance practice, and as directed by its Board, and in anticipation of an eventual transition to a Universal Commercial Bank, the Bank separately computes capital charge for all the Pillar 1 risks viz. Credit, Market and Operational Risk using Standardized Approach (SA), Standardized Duration Approach (SDA) and the New Standardized Approach (NSA)/Basic Indicator Approach (BIA) respectively. Besides this, the Bank also computes and maintains LCR at above 100%, NSFR at above 100% and Leverage Ratio above 4.5%.

RBI has recently issued draft guidelines to transition from an Incurred Credit Loss to an Expected Credit Loss (ECL) model, but the transition will be effective from FY 2027. The Bank has commenced work on the transition (general state of preparedness) to be equipped with systems and processes to comply with the timeline. Pending the full implementation of ECL, the comparison of capital adequacy under both regimes as part of the disclosures is not required. It is pertinent to mention that the guidelines are applicable only to SCBs (except RRBs, SFBs and PBs), but the Bank has commenced the evaluation and enhancements in anticipation of the Universal Bank license. The work is an extension to the considerable work and expertise that the Bank had developed while preparing ECL for its erstwhile Holding Company.

The Bank has a comprehensive Internal Capital Adequacy Assessment Process ('ICAAP'). The ICAAP covers the capital management policy of the Bank, sets the process for assessment of the adequacy of capital to support current and future activities / risks and a report on the capital projections. The Bank has a structured ICAAP framework for the identification and evaluation of the material risks that it faces, which may have a bearing on its business and financial position.

The Bank has implemented a Board approved Stress Testing policy and framework which forms an integral part of the Bank's ICAAP. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions. The changes in the levels of credit risk, market risk, liquidity risk, IRRBB, operational risk and reputational risk are assessed

under assumed “stress” scenarios and sensitivity factors. Typically, these relate, inter alia, to the impact on the Bank’s profitability and capital adequacy. The stress test findings are reported to the Risk Management Committee of the Board (RMCB), for their review and guidance. The Bank periodically assesses and refines its stress tests to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of business environment conditions. The stress tests are used in conjunction with the Bank’s business plans for the purpose of capital planning in the ICAAP.

## 4.2 Quantitative Disclosures

### 4.2.1 Capital Requirements for Credit Risk Portfolios subject to Standardised Approach

The detailed break up of Credit RWA is as follows:

	Rs. in lakh
<b>Asset Description</b>	<b>RWA</b>
Cash and Balances with Reserve Bank of India	0
Balances with banks and Money at Call and Short Notice	9,379
Investments	1,440
Advances	28,06,874
Fixed Assets	28,866
Other Assets	92,402
Off Balance Sheet	24,864
<b>Total Credit RWA</b>	<b>29,63,825</b>
<b>Capital Requirement @ 15%</b>	<b>4,44,574</b>
<b>Capital position of the Bank</b>	<b>6,40,739</b>

### 4.2.2 Capital Requirements for Market Risk

The computation of the Market risk RWA is performed in compliance to Basel III capital regulations dated April 1, 2025. As at December 31, 2025, the HTM and AFS books comprised Government Securities and Treasury Bills for which no market risk capital charge is applicable since HTM, and AFS book are classified as Banking Book as per said revised guidelines. HFT book consisted of Government Securities, Commercial Paper, Treasury Bills, Certificates of Deposit, Non-Convertible Debentures, unlisted equity, Mutual fund and PTC investments.

The Bank calculates the risk charge on market risk based on standardized approach as prescribed by RBI. The portfolio contains equity risk and interest rate risk only. The interest rate general risk is computed on the basis of duration-based approach.

	Rs. in lakh
<b>Capital Requirement for Market Risk</b>	<b>Amount</b>
Interest Rate Risk	4,156
Equity Position Risk	0
Foreign Exchange Risk	2,145
<b>Total</b>	<b>6,301</b>
<b>Total Market Risk RWA</b>	<b>78,765</b>

#### 4.2.3 Capital Requirements for Operational Risk

While SFBs are not mandated to maintain a capital charge for operational risk, the Bank has put in place frameworks to assess an operational risk capital charge, predominantly from a good governance perspective and to ensure a state of preparedness to transition to a Universal Bank. To that effect, the Bank has computed the capital charge in compliance to Master Directions on Minimum Capital Requirements for Operational Risk under the New Standardized Approach (NSA) dated June 26, 2023 for the purpose of reporting and disclosures.

Disclosure on the BI		Rs. in lakh
1	Business indicator component (BIC)	22,481
2	Internal loss multiplier (ILM)	0.62
3	Minimum required operational risk capital (ORC)	22,481
4	<b>Operational risk RWA</b>	<b>2,81,012</b>

#### 4.2.4 Common Equity Tier1, Tier1 and Total Capital Ratios

The break-up of Basel II capital funds as at December 31,2025 is as follows: (Rs in Lakh)

	Description	Amount
	<b>Core Equity Tier 1 Capital - Instruments and Reserves</b>	
	Directly issued qualifying common share capital plus related stock surplus (share premium)	1,93,846
	Retained earnings	4,47,508
<b>A</b>	<b>CET1 capital before regulatory adjustments</b>	<b>6,41,354</b>
	<b>Core Equity Tier 1 Capital - Regulatory Adjustments</b>	
	Deferred tax assets arising from temporary differences	23,266
	Intangibles (Prepaid Expenses & Computer Software)	19,351
	Credit Enhancements	2,021
	Regulatory Adjustments applied to CET1 Capital due to insufficient funds in Tier 2 to cover deductions	0
<b>B</b>	<b>Total regulatory adjustments to CET1 Capital</b>	<b>44,638</b>
<b>C</b>	<b>CET1 capital (A-B)</b>	<b>5,96,716</b>
	<b>Additional Tier 1 Capital - Instruments and Reserves</b>	
	Preference Shares	-
<b>E</b>	<b>AT1 capital before regulatory adjustments</b>	<b>-</b>
	<b>Additional Tier 1 Capital - Regulatory Adjustments</b>	
<b>F</b>	<b>Total regulatory adjustments to AT1 Capital</b>	<b>-</b>
<b>G</b>	<b>AT1 Capital</b>	<b>-</b>
<b>H</b>	<b>Tier 1 Capital (C + G)</b>	<b>5,96,716</b>
	<b>Tier 2 Capital - Instruments and Provisions</b>	
	Sub - debt eligible as Tier 2 capital	12,000
	General Provisions on Std. Assets admissible as Tier 2	21,523
	Investment Fluctuation Reserve	10,500
	Investment Reserve Account	-
<b>I</b>	<b>Tier 2 Capital before regulatory adjustments</b>	<b>44,023</b>
	<b>Tier 2 Capital - Regulatory Adjustments</b>	
<b>J</b>	<b>Total Regulatory Adjustments to Tier 2 Capital</b>	<b>-</b>

K	<b>Tier 2 Capital (I - J)</b>	44,023
L	<b>Total Regulatory Capital (H + K)</b>	<b>6,40,739</b>

(Rs. In Lakh)

Particulars	RBI thresholds	Amount/Ratio
Tier I Capital	--	5,96,716
Tier II Capital	--	44,023
<b>Total Capital</b>	--	<b>6,40,739</b>
<b>Credit RWA</b>	--	<b>29,63,825</b>
CET Ratio	Minimum 6%	20.13% (Complied)
Tier I Ratio	Minimum 7.5%	20.13% (Complied)
Tier II Ratio	Maximum cap at 7.5% of CRWA	1.49% (Complied)
<b>CRAR- as per SFB guidelines</b>	<b>Minimum 15%</b>	<b>21.62% (Complied)</b>
<b>Total RWA</b>	--	<b>33,23,601</b>
<b>CRAR (all Pillar I risks)</b>	<b>Minimum 13%, post conversion to Universal Bank for first 3 years of operation</b>	<b>19.28%</b>

It is evident from the above CRAR calculation that even after inclusion of other two Pillar 1 risks i.e., Market risk and Operational risk, the CRAR of the Bank is 19.28%, which continues to be above the regulatory prescribed regulatory requirement of 15% (only for credit risk)/13%, for first 3 years of operations, post conversion to a Universal Bank. This reflects the Bank's preparedness in aligning with the capital adequacy ratios mandated for a Universal Bank.

## 5. Table DF-3: Credit Risk: General Disclosures for all Banks

### 5.1 Qualitative disclosures

Credit risk arises as a result of failure or unwillingness on part of customer or counterparties to fulfil their contractual obligations. The Bank is exposed to credit risk in its lending operations. Credit risk is the risk of loss that may occur from the failure of any counterparty to abide by the terms and conditions of any financial contract with the Bank, principally the failure to make required payments as per the terms and conditions of the contracts.

The Bank has implemented an extensive credit risk management architecture. The Board of Directors of the Bank endorses the credit risk strategy and approves the credit risk policies. This is done taking into consideration the Bank's risk appetite, derived from perceived risks in the business and balanced by the targeted profitability level for the risks taken up. The Board oversees the credit risk management functions of the Bank. The Risk Management Committee of the Board (RMCB) is entrusted with the development of policies, procedures and systems for managing credit risk and towards implementing a robust credit risk strategy of the Bank. The RMCB reviews the credit risk profile and keeps an eye on both internal and external contexts, their impact on the Bank's portfolio and devises management strategies accordingly. The RMCB regularly reviews the Bank's portfolio

composition and the status of impaired assets.

The Bank's Risk Management department drives credit risk management centrally. It is primarily responsible for implementing the risk strategy approved by the Board, developing procedures and systems for managing risk, carrying out an independent assessment of various risks, providing guidance in individual credit exposures for accepting deviations and monitoring portfolio composition and quality. With regard to the Institutional Lending business, the Bank's Risk Management functions are centralised. In respect to the Bank's retail assets business, while the various functions relating to policy, portfolio management and analytics are centralised, the underwriting function is distributed across various geographies within the country. The Risk Management function in the Bank is clearly demarcated and independent from the operations and business units of the Bank. The Risk Management department is not assigned with any business targets.

The Credit Risk Management Committee (CRMC) is responsible for overseeing implementation of the credit risk management framework across the Bank and providing recommendations to the RMCB. CRMC ensures monitoring of credit risks on Bank wide basis and in ensuring compliance with the Board approved risk parameters/prudential limits and monitor risk concentrations. It also reviews the status of portfolio management, loan review mechanism, risk monitoring and evaluation, regulatory/legal compliance, adequacy of provision, risk concentrations, industry reviews, and suggests corrective measures and activity reviews for credit management. It reviews and approves the use of credit scorecards for business and risk management purposes, tests its performance and effectiveness and places recommendations before the RMCB.

The Bank's Credit Policy, Credit Risk Management Policy, Credit Manuals, Product Programs, NPA Management Policy, Collateral Management Policy and Interest Rate Policy, form the core set of internal guidelines for management of credit risk in various activities and products. These articulate the credit risk strategy of the Bank and thereby the approach for credit origination, approval and maintenance. These policies define the Bank's overall credit granting criteria, including the general terms and conditions. The policies / programs typically address areas such as target markets / customer segmentation, qualitative and quantitative assessment parameters, portfolio mix, prudential exposure ceilings, concentration limits, price and non-price terms, structure of limits, approval authorities, exception reporting system, prudential accounting and provisioning norms. They take cognizance of prudent and prevalent banking practices, relevant regulatory requirements, nature and complexity of the Bank's activities, market dynamics etc.

Credit concentration risk arises mainly on account of concentration of exposures under various categories including industry, products, geography, underlying collateral nature and single / group borrower exposures. To ensure adequate diversification of risk, concentration ceilings have been set up by the Bank on different risk dimensions, in terms of borrower/ business group, geographic state, unsecured lending ratio and risk grading (for institutional lending).

The Board sets concentration ceilings which are monitored by the respective credit verticals and by the independent credit risk department. The Risk Management department reviews the exposure level under each dimension and ensures that the portfolio profile meets the approved concentration limits. Any breaches to these limits are periodically reported to CRMC and the RMCB. The regulatory prudential norms with respect to ceilings on credit exposure to individual borrowers or group of borrowers also ensure that the Bank avoids concentration of exposure.

### **Definitions of past due and impaired loans**

An asset, including a leased asset, becomes non-performing when it ceases to generate income for a bank. A Non-Performing Asset (NPA), as defined by the RBI, shall be a loan or an advance where-

- Interest and/or instalment remains overdue for a period of more than 90 days in respect of a Term Loan;
- The account remains out of order with respect to CC/ OD for 90 days on a continuous basis;
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
- In case of advances granted for Agricultural purposes:
  - The instalment or interest thereon remains overdue for two crop seasons for short duration crops
  - The instalment or interest thereon remains overdue for one crop season for long duration crops
- The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.
- In respect of derivative transactions, the overdue receivables representing positive mark to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment. The Bank had no derivative transaction on its books.

The Bank is guided by the provisions laid down in Master Circular - - Reserve Bank of India (Small Finance Banks – Income Recognition, Asset Classification and Provisioning) Directions, 2025 dated November 28, 2025 as amended from time to time.

### **Provisioning and Regulatory norms applicable to the Bank**

1. The Bank's follows stringent provisioning norms and provides higher than prescribed RBI provision for all business verticals. The Board reviews the provisioning norms of the Bank at regular intervals to determine if any enhanced provisioning is required based on credit performance. Despite a history of better Portfolio at Risk (PAR) and delinquencies compared to Industry, the microfinance portfolio of the Bank (the Bank's flagship offering) is unsecured where adverse and acute events can impact the portfolio quality. To enhance the coverage on Micro Finance portfolio, the Bank continuously identifies incipient stress in specific accounts and geographies where accelerated provisions may be required on an on-going basis.
2. Considering the recent stress in microfinance lending book due to broader industry level stress and implementation of MFIN guardrails, on the directions of the Board, the Bank has adopted an accelerated provisioning regime during FY2026. The Bank's Risk Management Department undertakes a proactive assessment of the likely GNPA, NNPA, Provision Coverage Ratio (PCR) and incremental credit/provisioning costs by studying historical delinquency trends and external developments which can have a bearing on the asset quality and credit costs.
3. The Bank also carries Rs. 18,067 lakh of Floating provision to strengthen financial stability arising out of any potential slippages in the near future as on December 2025. Out of the same, Rs. 3,000 lakh is utilised towards Tier II capital, Rs. 13,000 lakh towards adjustment of GNPA and PCR calculation and Rs. 2066.9 lakh kept as idle provisions as at December 31, 2025.
4. As per the Consumer Credit circular dated November 16, 2023, the Regulator has asked the *banks to review their extant sectoral exposure limits for consumer credit and put in place, if*

**not already there, Board approved limits in respect of various subsegments under consumer credit** as may be considered necessary by the Boards as part of prudent risk management. In view of the same the Bank has set exposure limits on subsegments under consumer credit.

5. RBI released a discussion paper on **Expected Credit Loss (Loss) framework for provisioning** by banks. Currently, banks are mandated to set aside provisions as per the IRAC guidelines which follows the **‘incurred loss’** approach. The proposed approach aims to recognize Significant Increase in Credit Risk (SICR) on a forward-looking basis which is expected to strengthen the banking system. The discussion paper has provided the following directions:
- ECL amount is expected to be over and above IGAAP.
  - To avoid the capital shocks in banks, incremental provision required under ECL (ECL minus IGAAP) can be added back to Common Equity (Tier 1). This benefit is to be phased out in 5 years.
  - A bank may choose to phase it out on a shorter period as per their own plan.

**Credit Risk Portfolio review and Monitoring:**

**Micro finance Portfolio** (Excluding IBPC/ Securitization/DA transactions):

A comprehensive review of the MBRB Portfolio is given below:

	Rs. in lakh				
<b>MBRB</b>	<b>Dec-24</b>	<b>Mar-25</b>	<b>Jun-25</b>	<b>Sep-25</b>	<b>Dec-25</b>
Gross Advances*	18,82,621	18,60,682	18,70,713	19,08,031	19,97,969
GNPA(Value)	60,799	48,651	60,886	59,618	63,497
GNPA%	3.23%	2.61%	3.25%	3.12%	3.18%

The Bank undertakes portfolio monitoring on a periodic basis with specific focus on key portfolio triggers. Continuous review of portfolio enables the Bank to identify incipient stress at cluster/region/state/branch level. Breach in the internal thresholds for default is the starting point for identifying risk in the portfolio. Risk indicators such as PAR30+, PAR90+, early delinquencies, quick mortality, non-starters, On Time Repayment Rates (OTRR), Collection Efficiency (CoE), stressed assets percentage and lagged PAR estimates provide useful insights in risk identification.

The Bank monitors collection trends at a bucket level on a daily basis and findings are reported to top management. Collection monitoring is aided by a strong and dedicated collection team at ground level with extensive use of analytics and digital tools. Digital collection continues to scale up through existing and new channels like Fintech, Payment Banks, Money Mitra outlets (BC outlets) and the Hello Ujjivan Mobile application.

The composite collection efficiency (CE%) had reached nearly 96% in the month of December 2025. The efforts of enhanced monitoring and collections enabled the Bank to arrest fresh slippages (incremental overdue) and also increase the recovery rates in delinquency buckets. During the Q1 FY 2024-25, at an industry level the Microfinance portfolio was facing higher delinquency levels in a few pockets of the country arising mainly from over leveraging by customers. The Bank’s book had also been affected with an increase in GNPA on a quarter-on-quarter basis. However, the M-FIN (Microfinance Institutions Network India) had released guardrails for lending in microfinance. The Bank -adopted the guardrails laid down by M-FIN and adopted restrictive credit policies in pockets that are worst affected and in branches where the portfolio is under stress. The Bank is monitoring on a continuous basis the performance of the portfolio.

Given that the microfinance portfolio is subject to adverse event risks, the Bank also monitors area specific communal issues, protests, sub-lending/ring leader issues, snatching attempts and others. In addition to the above, industry level information is also collected from the credit bureau/s to compare the performance in states or districts.

For the ensuing financial year, in the GL and IL vertical there would be increased focus on staff productivity. The key projects include SMELO Revamp. The Gold loan and Secured livestock book are also projected to grow in the coming years. The vertical is also prioritizing implementation of regulatory directives and pursuant to the November 16, 2023 guideline on Consumer credit, the vertical is strengthening the LUC mechanism.

### **Affordable Housing Loans (including M-LAP)**

A comprehensive review of the Housing Portfolio (including M-LAP) is given below:

Rs. in Lakh

Housing Loans	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Gross Advances*	6,19,410	7,11,949	7,78,459	8,58,180	9,40,302
GNPA(Value)	6,855	7,630	8,771	9,283	10,033
GNPA%	1.11%	1.07%	1.13%	1.08%	1.07%

*\*Excluding IBPC/ Securitization/DA transactions*

Credit risk monitoring of Secured Housing loans is broadly done at two levels – account level and portfolio level. While regular portfolio reviews are undertaken to assess the health of the portfolio, the Bank also assesses inter-linkages of risks especially legal risk induced credit risk. Collateral related processes and procedures are reviewed to ascertain various gaps in the process. The Bank has designed monitoring mechanisms at process level encompassing credit deviations, collateral management, documentation etc. Regular reports are placed to the CRMC for further direction and actionable.

### **MSME (Micro and Small and Medium Enterprise)**

A comprehensive review of the MSME Portfolio is given below:

Rs. in lakh

MSME	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Gross Advances*	1,69,382	2,04,662	2,25,346	2,55,852	2,86,469
GNPA(Value)	11,658	11,358	11,947	11,983	11,751
GNPA%	6.88%	5.55%	5.30%	4.68%	4.10%

*\*Excluding IBPC/ Securitization/DA transactions*

Over the past three years, the Bank's MSME unit underwent a comprehensive transition through discontinuation of all existing products and launch of new products. The MSME business will now focus on providing Loan Against Property (LAP) with semi-formal and formal customers as the target segment. In addition to LAP, the MSME vertical has also commenced to offer tailored products on working capital facilities, supply chain financing and Fintech based loans. The Bank is investing on internal capabilities to address the other business lines like Fintech Partnership, working capital financing, Supply chain financing, etc. This vertical also intends to leverage digital analytics for MIS/reporting automation. During the quarter, the vertical registered 12% growth quarter on quarter. Much of the GNPA has arisen from what was booked previously. The repackaged LAP

product continues to perform well with no apparent signs of stress. However, cognizant of the fact that stress tends to build up as the portfolio ages, the Bank now has an independent monitoring unit within the MSME unit, which leverages on the EWS triggers to take proactive corrective action at the first sign of stress.

During the Q2 of FY 2022-23, the Bank set up a Health council under the ambit of Credit Risk Monitoring Unit (CRMU). The Health Council is mandated to specifically review delinquency cases and deliberate on ways to improve the asset quality of the MSME portfolio. The Health Council is convened at monthly intervals with representation from Credit, Risk, Collections and Business teams who are empowered to take decisions against erring borrowers.

### **Institutional Lending**

A comprehensive review of the Institutional Lending Portfolio is given below:

	Rs. in lakh				
<b>FIG</b>	<b>Dec-24</b>	<b>Mar-25</b>	<b>Jun-25</b>	<b>Sep-25</b>	<b>Dec-25</b>
Gross Advances	2,25,732	2,78,521	2,79,816	2,48,947	2,66,105
GNPA(Value)	442	442	442	442	442
GNPA%	0.20%	0.16%	0.16%	0.18%	0.17%

As on December 31, 2025, FIG vertical has increased the OSB Quarter on Quarter. As part of monitoring, the Bank regularly reviews compliance to financial covenants (Capital Adequacy Ratio, GNPA, NNPA, Debt/Equity ratio as stipulated in sanction letter), collection of CA certified receivables statement and potential Early Warning Signals (EWS) alerts. The vertical has also initiated entry into lending to Mid corporate segment with product programs and credit policy being developed to enable disbursements.

### **Vehicle Loans**

The Vehicle Loans vertical was also considerably revamped and sought to focus only on two-wheeler financing during the year. As a step towards the relaunch, a new LOS was adopted and the Bank has also embedded a scorecard in the LOS to facilitate decision making. New locations for the business were identified and locations where business was suspended were revived.

A comprehensive review of the Vehicle loan Portfolio given below:

	Rs. in lakh				
<b>VF</b>	<b>Dec-24</b>	<b>Mar-25</b>	<b>Jun-25</b>	<b>Sep-25</b>	<b>Dec-25</b>
Gross Advances*	40,097	49,521	58,778	68,416	85,410
GNPA(Value)	719	858	849	1,439	1,508
GNPA%	1.79%	1.73%	1.44%	2.10%	1.77%

*\*Excluding IBPC/ Securitization/DA transactions*

As on December 31, 2025, the vertical had registered a 25% quarter on quarter increase in its OSB. Functionality to collect repayments through third party payment aggregators and other online portals was also enabled to provide ease of transaction. The vertical also empanelled new dealerships for Two-wheeler financing. The business model is focused on sourcing new loans through tie-ups with direct dealerships. The Bank also - provides trade advance facility to dealers

and it is performing well. The Bank has also developed mid premium segment of Two- wheeler financing and the same is now active. The vertical is also exploring entry into the Used car segment with product programs and credit policies developed, and the product launched on a pilot basis.

**Gold Loans and Micro LAP:**

With an objective to diversify away from Microfinance which is largely unsecured and reduce concentration risk, the Bank has placed top priority on venturing into new business lines which are secured by underlying collateral. The Bank intends on leveraging the synergy in the target customer segment and has identified Gold loans and Micro- LAP loans as key enablers to meet the dual target of secured loans ratio and profitability targets. Gold loan has registered a 35% growth in OSP compared to the previous quarter. The Gold Loan product is now being offered in 348 branches covering 25 states.

In Q3 FY2025-26 with the increasing volatility in market price of gold, the Bank has implemented guardrails in the lending rate which would help maintain pricing discipline while safeguarding portfolio quality.

Micro LAP as a product offering, was launched within the Housing unit to cater to the financing needs of customers with a collateral. The product is offered in 16 states, with major presence in Tamil Nadu, Karnataka Maharashtra, and Gujarat. The disbursement trends (in value) of the Product are given below:

Particulars	Rs. in lakh				
	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Disbursement-MLAP	15,033	22,041	19,900	23,832	28,382

**Credit Risk Monitoring Unit (CRMU)**

As per management directives, CRMU was created during FY2023 within the Credit Risk Department under the supervision of the Bank’s Chief Risk Officer. Some of the key activities undertaken by CRMU:

- Conducted monthly Health Council with ED, CRO, Head of Emerging Business and CCrO as council members. The idea of these health councils is to provide an insight into ongoing concerns in the overall portfolio and get case specific feedback directly from the field which includes Regional Credit Managers, Business as well Collection Team.
- Quarterly Quick Mortality analysis is being done by the CRMU and a report on the findings is placed at CRMC.
- File review of new products - Elite LAP and Working capital loans- on a sample basis was started in March 2024.
- Developed a Dashboard internally to monitor the Bank’s portfolio at a snapshot which includes IOD’S, NPA, Bucket Movements, Roll Rates, etc.

### Other Credit Risk management initiatives:

In a continuous endeavour to improve risk management practices, the Bank has, over time, transitioned from being reactive to proactive. In the post pandemic period, the Bank has put in place tools and techniques in order to transition to a proactive approach.

- An initiative which the credit risk team took is on analysing the policy gaps in various verticals when compared to its peer competitors.
- The Bank performed PDD and OTC documents analysis for Retail verticals on a timely basis.
- The Bank performed deviation and LUC analysis for Housing, MLAP, Agri, Gold and MSME verticals during the quarter.
- During the year, the Bank's Board approved the Quick Mortality and staff accountability framework for all the loans in the Bank.
- The Bank has developed an Early Warning System (EWS) framework at an account level to detect and monitor account level behaviour patterns. This framework aids in identifying early signs of stress in loan accounts for early intervention and follow-up. -.
- With the availability of credit and loan performance data in the post pandemic period, the Bank has restarted its risk analytics journey for development of statistical application scorecards. Application scorecards are being redeveloped with post pandemic data for microfinance, vehicle and housing loans. Leveraging on the EWS outputs, the Bank also intends on developing behavioural scorecards
- The credit risk models are intended to aid the Bank in quantifying, aggregating and managing risk across geographical and product lines. The outputs of these models also play increasingly important roles in the Banks' risk management and performance measurement processes, customer profitability analysis, risk-based pricing, active portfolio management and capital structure decisions. Credit risk modelling will aid in better internal risk management and have the potential to be used in the supervisory oversight of banking operations. The Bank has commenced development of scorecard in GL and completed the IL scorecard. IL and VF scorecards are directly used in pricing models warranting regular review. As part of ECL preparedness, the Bank has developed PD and LGD models using historical data and statistical techniques. Therefore, the Bank's Board has approved a policy to govern Model development, validation and ongoing monitoring. The Credit risk model validation essentially has qualitative as well as quantitative components.

### 6.2. Quantitative Disclosures

The overall distribution of Gross advances and Gross Loan Book was as under:

	Rs. in lakh			
Vertical	Gross Advances	%	Gross Loan Book	%
Micro Finance (GL+IL+Agri)	19,97,969.40	54%	19,97,969.40	54%
FIG Lending	2,66,104.53	7%	2,66,104.53	7%
Housing	9,40,301.91	25%	9,56,038.29	26%
MSME	2,86,469.37	8%	2,86,469.37	8%
Personal Loans	1,243.34	0%	1,243.34	0%
Staff Loan	29,301.97	1%	29,318.69	1%
Vehicle Finance	85,410.16	2%	85,410.16	2%

Loan/OD Against Deposit + Busimoni	27,429.93	1%	27,429.93	1%
Gold Loan	55,696.53	2%	55,696.53	2%
<b>Grand Total</b>	<b>36,89,927.13</b>	<b>100%</b>	<b>37,05,680.24</b>	<b>100%</b>

**Exposure summary: Facility type**

Exposure Type	Domestic (Rs. in Lakh)	Overseas
Fund- Based exposure	52,65,378	--
Non- Fund Based Exposure*	1,83,925	--
LESS: CRM DEDUCTIONS (GNPA Provisions held)	-80,131	
<b>Total</b>	<b>53,69,172</b>	<b>--</b>

\*Non-fund-based exposure for purpose of computation of CRAR includes undrawn and yet to be disbursed portion.

**Geographic Distribution of advances (State-wise)<sup>14</sup> (Rs in lakh)**

States	Advances	% Share
Tamil Nadu	4,82,424	13.02%
Karnataka	4,73,816	12.79%
West Bengal	4,28,246	11.56%
Maharashtra	3,69,457	9.97%
Gujarat	3,20,327	8.64%
Uttar Pradesh	2,64,740	7.14%
Bihar	2,27,829	6.15%
Delhi	2,03,208	5.48%
Haryana	1,83,242	4.94%
Rajasthan	1,71,561	4.63%
Kerala	87,540	2.36%
Jharkhand	87,449	2.36%
Punjab	82,131	2.22%
Odisha	73,106	1.97%
Madhya Pradesh	69,418	1.87%
Tripura	51,121	1.38%
Assam	45,687	1.23%
Telangana	24,884	0.67%
Uttarakhand	18,793	0.51%
Chhattisgarh	13,338	0.36%
Pondicherry	10,862	0.29%
Chandigarh	5,991	0.16%
Himachal Pradesh	4,240	0.11%
Meghalaya	4,196	0.11%

<sup>14</sup> Geography wise loans and advances is including IBPC, Securitization and DA i.e. AUM basis

Goa	1,043	0.03%
Andhra Pradesh	1,030	0.03%
<b>Grand Total</b>	<b>37,05,680</b>	<b>100.00%</b>

#### Maturity pattern of assets and liabilities

Rs. in lakh

Buckets	Net Advances	Investments	Deposits	Borrowings
Day - 1	4,423	3,24,221	15,094	86,258
2-7 Days	46,855	14,540	80,449	-
8-14 Days	63,737	19,191	89,333	-
15-30 Days	85,667	36,088	1,09,274	-
31 Days and up to 2 months	2,24,897	22,463	1,82,589	-
Over 2 months and up to 3 months	1,93,211	28,730	3,02,355	3,911
Over 3 Months and up to 6 months	4,39,498	1,47,804	3,85,842	6,775
Over 6 Months and up to 1 year	7,07,492	2,45,904	13,68,360	13,549
Over 1 Year and up to 3 years	9,14,004	3,25,886	16,76,406	69,796
Over 3 Year and up to 5 years	1,86,017	3,997	7,569	27,352
Over 5 years	7,56,995	8,007	1,217	30,649
<b>Total</b>	<b>36,22,796</b>	<b>11,76,831</b>	<b>42,18,488</b>	<b>2,38,290</b>

#### Gross non-performing assets (NPA)

Rs. In Lakh

Category of Gross NPA	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Sub-standard	70,945.14	58,385.47	70,917.39	70,834.92	73,086.82
Doubtful	9192.6	10,161.08	11,443.72	12,155.30	13,049.90
Loss	985.11	1,041.98	1,073.83	1,320.92	1,802.54
<b>Total</b>	<b>81,122.85</b>	<b>69,588.53</b>	<b>83,434.94</b>	<b>84,311.14</b>	<b>87,939.26</b>

Rs. In Lakh

NNPA	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Net NPA	33,494	28,243	36,035	35,992	33,808
NNPA after factoring Floating Provisions	16,494	15,243	22,612	22,500	20,808

NPA Ratios	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Gross NPA to Gross Advances (excluding IBPC/Securitisation/DA) <sup>15</sup>	2.68%	2.18%	2.52%	2.45%	2.38%
Net NPA to Net Advances (excluding IBPC/Securitisation/ DA) <sup>16</sup>	0.56%	0.49%	0.70%	0.67%	0.57%

#### Movement of Net NPAs (Quarterly basis)

<sup>15</sup> Gross NPA to Gross Loan Book (including IBPC/Securitisation/Direct Assignment) was 2.38% as on December 31, 2025

<sup>16</sup> Net NPA to Net Loan Book (including IBPC/Securitisation/Direct Assignment) was 0.57% as at December 31, 2025

Rs. In lakh					
Particulars	Dec-24	Mar-25	Jun-25	Sept-25	Dec-25
Year Opening Balance	7,629	7,629	15,243	15,243	15,243
Additions during the period	39,088	67,803	24,140	35,094	42,019
Reductions during the period	25,223	59,190	16,348	27,345	36,454
Closing Balance	16,494	15,243	22,612	22,500	20,808

#### Movement of Provisions for NPAs (excluding provisions on standard assets)

Rs. in lakh					
Particulars	Dec-24	Mar-25	Jun-25	Sept-25	Dec-25
Opening Balance	41,623	41,623	41,346	41,346	41,346
Provisions made during the period	41,399	47,558	22,883	33,782	46,077
Write back of excess provisions	35,394	47,836	16,829	26,808	33,291
Closing Balance	47,629	41,346	47,400	48,319	54,131

#### Provision Coverage Ratio (PCR)

Rs. in lakh						
Category	Gross Advances *	GNPA on gross advances	GNPA Provisions on gross advances	Floating Provisions Considered for NNPA	PCR% on gross advances	PCR% on gross Loan Book
Micro Finance (GL+IL+Agri)	19,97,969	63,497	40,637	13,000	84.5%	84.5%
FIG Lending	2,66,105	442	442	0	100.0%	100.0%
Housing	9,40,302	10,033	4,551	0	45.4%	45.8%
MSME	2,86,469	11,751	6,841	0	58.2%	58.2%
Personal Loans	1,243	211	158	0	74.8%	74.8%
Staff Loan	29,302	23	19	0	83.6%	83.6%
Vehicle Finance	85,410	1,508	1,088	0	72.2%	72.2%
Loan/OD Against Deposit + Busimoni	27,430	362	338	0	93.3%	93.3%
Gold Loan	55,697	113	57	0	51.0%	51.0%
<b>Grand Total</b>	<b>36,89,927</b>	<b>87,939</b>	<b>54,131</b>	<b>13,000</b>	<b>76.3%</b>	<b>76.2%</b>

\*After netting off IBPC, Securitization & Direct Assignment

#### Write off:<sup>17</sup>

Rs. in lakh	
Particulars	Total Write off undertaken
Q1 FY 2025-26	15946.97
Q2 FY 2025-26	21,971.80
Q3 FY 2025-26	50,466.67

<sup>17</sup> Write off includes actual write off and technical write off

### Non-performing Investments (NPI):

Amount of non-performing investments	NIL
Amount of provision held for non-performing investments	NIL

### Movement of provisions for depreciation on investments:

Particulars	Amount
Opening Balance	--
Provisions made during the period	--
Write-off	--
Write- Back of excess provisions	--
Closing Balance	--

## 6. Table DF-4: Credit Risk: Disclosures for Portfolios subject to the Standardised Approach

### 6.1 Qualitative Disclosures

- The Bank has adopted Standardized Approach for computation of capital charge under Credit Risk as per RBI guidelines. These guidelines envisage different risk weights for different asset classes, which have been duly applied.
- The loan book of the Bank predominantly comprises retail category loans. Therefore, the risk weights as applicable to Regulatory Retail, claims under Residential Mortgage and staff loans are applied. For consumer loans within its microfinance portfolio, the applicable risk weight is applied.
- Institutional lending is risk-weighted as per ratings assigned by Eligible Credit Rating Agencies (ECRA) as prescribed by RBI.
- Housing loans risk weights are assigned in compliance to Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Directions, 2025 (Updated as on January 09, 2026) wherein rationalization of risk weights measures taken by RBI over a period of time are consolidated.

### 6.2 Quantitative Disclosures

Amount of the Bank's Exposures (rated & unrated) in major risk buckets – under Standardized Approach, after factoring Risk Mitigants (i.e. Provisions).

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk Weight – Position as on December 31, 2025		
Sl. No.	Risk Weight	Rs. in lakh
1	Below 100% Risk Weight	38,77,762
2	100% Risk Weight	8,09,573

3	More than 100% Risk Weight	6,94,837
4	Deductions (Floating PROVISION)	-13,000
5	<b>Total</b>	<b>53,69,172</b>

## 7. *Table DF-5: Credit Risk Mitigation: Disclosures for Standardised Approach*

### 7.1 Qualitative Disclosures

The Group Loan and Individual Loan portfolio, under microfinance is unsecured. Loans to the Affordable Housing segment are collateralized by a mortgage over the property financed. There are primarily secured product variants under MSME loans. Loans to Financial Institutions are secured by a charge over book debts which are registered with CERSAI. Vehicle loans are collateralised by a charge over the vehicle financed.

The Bank accepts Eligible Financial Collateral<sup>18</sup> in a few instances for risk mitigation under secured Institutional lending and MSME loans. These financial collaterals are netted off for its collateralized transactions under comprehensive approach<sup>19</sup> while computing its Risk Weighted Assets (RWA). The Bank regularly reviews the health of the portfolio/ borrowers and works on mitigation of any risk associated with the portfolio or borrower in particular through a combination of limits and restrictions. The Bank has in place the following risk mitigation techniques for its loan portfolio which are as follows:

- Life insurance cover is voluntary for all the borrowers availing Bank's microfinance loans. Housing, 2-wheeler, and gold loans are provided with an option to avail a life insurance cover, though this is not a bundled offering along with the loan products.
- The Bank works with 4 Credit Information Companies (CICs) to ensure 100% application screening through the bureaus using their comprehensive credit reports.
- The Bank also undertakes independent surveys and analysis to identify negative areas/No-go areas based on historical events. These surveys enable the Bank to discourage increasing business from these areas..
- A negative list/negative area profile is maintained at a branch level to avoid exposure to those categories.

### 7.2 Quantitative Disclosures

#### 7.2.1 **Gold Loan:**

For the portfolio under Micro Banking, Gold Loan product has risk mitigant which can be considered as eligible financial collateral in computing Risk Weight. Details are as follows:

Rs in Lakh

<sup>18</sup> Refer section 7.3.5 of Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline New Capital Adequacy Framework (NCAF) dated July 1, 2015

<sup>19</sup> Refer section 7.3 of Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline New Capital Adequacy Framework (NCAF) dated July 1, 2015

Description	Outstanding Balance	Mitigant	Risk Weight
Loan against Gold Ornaments	55,584	55,569	18.35

### 7.2.2 MSME Loans:

For the portfolio under MSME, FD backed overdraft is having eligible financial collateral. Details are as follows:

Rs in Lakh			
Description	Outstanding Balance	Mitigant	Risk Weight
Loan against FD	27,009	27,007	2

## 8. Table DF-6: Securitisation: Disclosure for Standardised Approach

### 8.1 Qualitative Disclosure

#### 8.1.1 Securitisation Objectives

The Bank undertakes Securitisation transactions to increase the efficiency of capital and enhance the return on capital employed by diversifying sources of funds, managing liquidity and maximising yield on asset opportunities. The Bank has put in place appropriate policies for undertaking securitization transactions based on Master Directions – RBI (Securitisation of Standard Assets) Directions dt. 24.09.2021.(updated on November 28, 2025)

The overall framework for the Securitisation of Standard Assets for the Bank is specified in the Board approved policy on Securitisation of Standard Assets.

#### 8.1.2 The major risks inherent in Securitisation of Standard Assets and Transfer of Loans:

**Credit Risk:** In case of Securitisation transactions, where credit enhancement (CE) is provided by the originator or any third party as permitted under the revised guidelines, the investor bears the loss in case the shortfall in collections exceeds the credit enhancement provided. If CE is provided in the form of a corporate guarantee, the investor bears the loss that could arise due to default by the guarantor which is also reflected in the rating downgrade of the corporate guarantor.

#### Market Risk:

- **Liquidity Risk:** Risk arising on account of absence of a secondary market, which provides exit options to the investor/participant.
- **Interest Rate Risk:** This is the mark-to-market risk arising on account of interest rate fluctuations.

**Regulatory and Legal Risk:** These risks may arise when transactions are not compliant with applicable laws which may result in the transaction being rendered invalid. Conflict between the provisions of the transaction documents and those of the underlying financial facility agreement.

**Operational Risk:**

- **Co-mingling risk (in securitization context):** Risk arising on account of co-mingling of funds belonging to investor(s) with that of the originator and /or collection and processing servicer, when there exists a time lag between collecting amount due from the obligors and payment made to the investors.

**Reputational Risk:**

- This risk may arise due to rating downgrade of a securitised instrument due to unsatisfactory performance of the underlying asset pool.
- Inappropriate practices followed by the collection and processing agents.

**Prepayment Risk:** Risk arising on account of prepayment of dues by obligors/borrowers in the securitised pool.

In addition to above, originators are exposed to pipeline and warehousing risks which refers to the event where originating banks are unable to off-load assets, which were originated with an intention of selling thus potentially exposing them to losses arising on declining values of these assets. The Bank does not follow the “originator to distribute” model and hence is not exposed to the pipelining and warehousing risks.

The Bank has established appropriate risk management processes to monitor the risks on Securitisation of Standard Assets which include:

**Monitoring credit risk:** The Bank, in the capacity of collection and processing agent prepares monthly performance reports which are circulated to investors/ rating agencies. The securitised pools are continuously monitored and those requiring attention are subjected to specific interventions (e.g. focused collection efforts in affected geographies) to improve their performance. The pool is also monitored by the rating agencies based on amortisation level, collection efficiency, credit enhancement utilisation levels and credit cover available for balance deal tenor.

**Monitoring market risk:** The Bank ascertains market value of the securitisation exposures based on extant norms, which is compared with their book value to assess the marked to market impact of these exposures monthly.

### 8.1.3 Roles Played by the Bank

**Originator / Seller:** The Bank originates assets in its book and subsequently sells down through the securitisation or assignment route.

**Servicer:** For sold assets, the Bank undertakes the activity of collections and other servicing activities including preparation of monthly pay out reports.

**Provider of Liquidity Facilities:** The Bank may provide liquidity facility to address temporary mismatches on account of the timing differences between the receipt of cash flows from the underlying performing assets and the fulfilment of obligations to the beneficiaries.

**Credit Enhancement provider:** The Bank provides credit enhancement on Securitisation ‘sale’ transactions undertaken by the Bank for meeting shortfalls arising on account of delinquencies and prepayment losses in the underlying pool sold.

#### 8.1.4 Significant Accounting Policy for Securitisation and Direct Assignment of Standard Assets

The Bank as originator sells assets to a special purpose entity only on cash basis. Standard Assets transferred through securitisation are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received. Sales / transfers that do not meet true sale criteria are accounted for as borrowings. Standard assets transferred through direct assignment are de-recognised in the Balance Sheet of the Bank to the extent a portion of the rights, title and interest of the Bank in the underlying loans has been assigned. The Bank follows the accounting treatment specified in the revised securitisation guidelines and transfer of loan exposure guidelines for any realised and unrealised gain arising from the securitisation transactions.

The Bank transfers advances through inter-bank participation with risk. In the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances.

#### 8.1.5 Rating of Securitisation Transaction

The Bank used the ratings provided by CARE Ratings limited for the securitisation of retail pools and there has been no change to this rating since origination.

### 8.2 Quantitative Disclosures

#### Details of Securitisation exposures in the Banking Book

Rs.in Lakh

<b>Total Exposures Securitised by the Bank*</b>	-
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\* Represents total exposure of loans securitised and sell-downs via Direct Assignment during Q3 FY 2025-26

#### For exposures securitised, losses recognised by the Bank during the current period broken by the exposure type

Rs.in Lakh

Exposure type	Losses
Pass Through Certificate (underlying assets being Loan against property)	-

#### Assets to be securitised within a year as on December 31, 2025

Rs.in Lakh

Exposure type	Amount
Amount of assets intended to be securitized within a year	-
Of which amount of assets originated within a year before Securitization	-

#### Total outstanding exposures securitised by the Bank and the related unrecognised gains/(losses)

Rs.in Lakh

Exposure Type	Amount*	Unrecognised gains / (losses)
PTC (underlying assets being Loan against property)	10,617	-
Direct Assignment	5,706	-
<b>Total</b>	<b>16,324</b>	-

\*The total outstanding for Securitization and Direct Assignment as on December 31, 2025.

**Securitisation exposures retained or purchased** Rs.in Lakh

Exposure Type	On Balance Sheet*	Off Balance Sheet	Total
Equity Tranche	1,263	-	1,263
Overcollateralization	758	-	758
Direct Assignment	571	-	571
<b>Total</b>	<b>2,592</b>	<b>-</b>	<b>2,592</b>

\* Represents total principal amount of investment in Equity Tranche, Overcollateralization and Direct Assignment outstanding under risk sharing as at December 31, 2025.

**Risk weight (RW) bands break-up of securitisation exposures retained or purchased**Rs. In lakh

Exposure Type	50% RW	75% RW	114% RW*	125% RW	Total
Equity Tranche (underlying assets being Loan against property)			1,263		1,263
<b>Total</b>			<b>1,263</b>		<b>1,263</b>

\* Calculated as per formula prescribed in Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2022

**Securitisation exposures deducted from capital –**

Exposure Type	Exposure deducted entirely from Tier-1 capital	Credit enhancing interest-only strips deducted from total capital	Other exposures deducted from total capital
Overcollateralization	758	-	-
First Loss Credit Enhancement	1,263	-	-
<b>Total</b>	<b>2,021</b>	<b>-</b>	<b>-</b>

**Details of Securitisation Exposures in the Trading Book: NIL**

## 9. *Table DF-7: Market Risk in Trading Book*

### 9.1 Qualitative Disclosures

#### 9.1.1 **Overview of Market Risk Management**

The Bank defines Market Risk as the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market process, in particular, changes in interest rates, exchange rates and equity and commodity prices. The Bank has adopted the Standardized Duration Approach (SDA) for Market Risk capital charge computation. While this is not a regulatory requirement as per SFB guidelines, the Bank has considered it prudent to undertake capital adequacy assessment for all Pillar

I risk i.e. Credit, Market and Operational Risk from a governance perspective.

The Bank has a well-defined Investment and Market Risk Management Policy. This policy covers all important areas of market risk identification, monitoring and measurement. The policies set various prudential exposure limits and risk limits for ensuring that the investment and trading operations are in line with the Bank's expectations of return and risk appetite.

The Treasury Department of the Bank comprises 3 independent units i.e. Front Office, Middle Office and Back office. The Front Office is responsible for trading, investment and fund management activity. Front Office is headed by Head of Treasury and is guided by Board approved Investment Policy. Middle Office is responsible for limit monitoring, valuation, regulatory / internal reporting and risk evaluation. Middle Office reports to Chief Risk Officer. Back office is responsible for settlement and reconciliation activities which reports to Head of Operations.

**Investments:** The Bank has a Board approved policy to make investments in both SLR and Non SLR securities. The Bank had investments in the following instruments: Government of India Securities (G Sec), Treasury Bills (T Bills), State Development Loans (SDL), Certificate of Deposits (CD), Commercial Papers (CP), Debt Mutual Funds (MF), Non-Convertible Debentures (NCD), Equity IPO's and one legacy investment in an unquoted equity. The Bank had also made a token investment in a New Umbrella Entity (NUE) in association with National Payment Corporation of India (NPCI) and investment of Rs. 1,263 lakhs as Pass through Certificates as part of the Securitisation deal executed during FY 2022. The Bank resumed investments in non SLR securities such as certificates of deposit, commercial papers, NCDs and Mutual Funds after successfully completing the automation of NPI module. Earlier, the Bank also secured necessary approvals to commence investments in select IPOs as a way to deploy short term surpluses and generate the alpha. The Bank has also got the approval of its Board to commence equity trading within the ambit of the regulations.

As on December 31, 2025, the investment holdings in various SLR and Non SLR instruments were as under:

<b>Rs. in lakh</b>								
Instruments *	AFS		HFT		HTM		FVTPL	
	BV	MV	BV	MV	BV	MV	BV	MV
<b>SLR</b>								
<b>G Sec</b>	0.0	0.0	12,221.3	12,221.3	572,712.5	569,852.8	0.0	0.0
<b>SDL</b>	0.0	0.0	465.1	465.1	373,493.4	371,733.5	0.0	0.0
<b>T Bill</b>	14,751.8	14,751.8	3,334.7	3,334.7	0.0	0.00	0.0	0.0
<b>Total SLR</b>	<b>14,751.8</b>	<b>14,751.8</b>	<b>16,021.1</b>	<b>16,021.1</b>	<b>946,205.9</b>	<b>941,586.4</b>	<b>0.0</b>	<b>0.0</b>
<b>Non-SLR</b>								
<b>PTC</b>	0.0	0.0	0.0	0.0	0.0	0.0	1,262.9	1,386.9
<b>Equity</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CP</b>	0.0	0.0	21,954.1	21,954.1	0.0	0.0	0.0	0.0
<b>CD</b>	0.0	0.0	99,539.3	99,539.3	0.0	0.0	0.0	0.0

MF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NCD	0.0	0.0	77,095.9	77,095.9	0.0	0.0	0.0	0.0
Total non-SLR	0.0	0.0	198,589.4	198,589.4	0.0	0.0	1,262.9	1,386.9
Total	14,751.8	14,751.8	214,610.4	214,610.4	946,205.9	941,586.4	1,262.9	1,386.9

\* In the above table, Security Receipts amounting to Rs. 1609 lakh is not included as the same is fully provided for in books of accounts.

During Q3 FY 2026, in the SLR segment, besides trading, the Bank opted for 5% sale of HTM book. The HTM book was maintained at an average of ~23.91% of NDTL. Average SLR maintained exceeded regulatory requirements, reflecting a prudent liquidity stance.

The investment into SLR securities is undertaken for the purpose of regulatory compliance i.e., SLR maintenance and for Asset Liability Management (ALM). Investment in SLR securities is held as both HTM and AFS; majority of investments in AFS is in the form of Treasury Bills with small part of the AFS portfolio held in Central Government securities. The mandatory requirement for maintenance of SLR as stipulated by RBI is 18.00% of Net Demand and Time Liabilities (NDTL). The Bank has complied with the regulatory SLR requirement and has maintained SLR much above the requirement. During the quarter, the average SLR requirement and maintenance was as below:

Rs. in lakh			
Month	Average SLR requirement	Average SLR maintenance	Average SLR requirement maintained as a % of NDTL
Oct-25	684,071	865,781	22.78%
Nov-25	695,786	945,674	24.46%
Dec-25	712,889	969,757	24.49%

The maintenance of SLR was higher than the minimum requirement which is in line with its Board directive. The Bank maintains a higher SLR on account of two reasons viz. 1) risk management, in that, to ensure a cushion in case of a contingency, to keep a healthy Liquidity Coverage Ratio (LCR) at all times and also to ensure that the regulatory thresholds for the Structural Liquidity Statement (SLS) limits are not breached and 2) availability of liquid assets for non-SLR investments as an avenue to optimise the yield on investment portfolio.

**Trading:** The Bank is actively trading in G-sec market on an intraday basis and also carries overnight position in HFT portfolio; the trading positions are governed by stop loss limits to minimise the loss should there be a volatility in the market. The trading limits in the form of duration limits, PV01 limits, trading book limit, exposure limits and Value at Risk (VaR) are monitored regularly by the Middle Office. Any instance of breach in limits is brought to the notice of stakeholders and remedial measures taken.

The Bank's non SLR investments made in CD, CP, NCD and debt and liquid mutual funds. The investment is undertaken with an objective of diversifying the investment portfolio and maximising

the yield on the investment portfolio by deploying surplus liquidity. The transactions in non SLR investments were within the Board approved policies and regulatory thresholds. The Bank had made selective investments in equity IPO during Q3 of FY 2026 and the investments were within the Board approved policies and thresholds.

**FX/AD1 Business** – during Q3 FY 2026 the Bank commenced FX AD1 operations and is currently carrying out remittances for Bank’s customers and select proprietary trading in currency pairs. The operation is governed by Board approved Net Overnight Open Position (NOOPL) and Aggregate Gap Limit (AGL). Besides this, the Bank has put in place relevant policies and SOPs with clear segregation of roles and responsibilities between Front Office, Back Office and Mid Office. The limit monitoring is done by Mid Office and status report is presented to ALCO.

### 9.1.2 Liquidity and Liquidity Risk Management:

Treasury Department is primarily responsible for the day-to-day liquidity and fund management with an oversight by the ALM desk. The day-to-day fund excess or shortfall is arrived at based on a daily liquidity statement prepared by Front Office in co-ordination with Finance department. Based on the daily shortage or excess funds, Front Office undertakes money market borrowing and lending activity. The source of borrowing and lending amongst Call money, Repo, TREPS and CROMS is decided based on the most favourable rate. The regulatory limit on Call/Notice money borrowing and lending is monitored on a daily basis by Middle office and reported to all stakeholders. Market Risk team keeps the senior management and the Board apprised of the Liquidity situation of the Bank through regular updates to the ALCO and RMCB.

Liquidity Risk Management is governed as per the provisions of the ALM policy. The ALM position for the Bank was well managed and regulatory thresholds complied during the quarter.

## 9.2 Quantitative Disclosures

### Liquidity Coverage Ratio (LCR) Q3 FY 2026:

The objective of the LCR is to promote the short-term resilience of a bank’s liquidity risk profile, ensuring that it has adequate stock of unencumbered high-quality liquid assets that can easily be converted into cash to meet its liquidity needs in an acute stress scenario lasting for 30 days.

Liquidity Coverage Ratio			
	Q4 Quarterly Average		Rs. in lakhs
		Amount	Adjusted Amount
<b>A</b>	High Quality Liquid Assets		
	Level 1 Assets	<b>9,28,035.53</b>	<b>9,28,035.53</b>
<b>B</b>	Total Stock of HQLAs	-	9,28,035.53
<b>C</b>	Cash Outflows	30,70,687.97	7,23,780.37
<b>D</b>	Cash Inflows	2,17,828.87	1,41,980.08
<b>E</b>	Net Cash flow	<b>28,52,859.10</b>	<b>5,81,800.29</b>
<b>F</b>	25% of Total Cash Outflow	<b>7,67,671.99</b>	<b>1,80,945.09</b>
<b>G</b>	Higher of E or F	-	<b>5,81,800.29</b>
	<b>Liquidity Coverage Ratio</b>		<b>159.51%</b>

**Net Stable Funding Ratio (NSFR):** NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. “Available Stable Funding” (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required (“Required Stable Funding”) (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures. The minimum NSFR requirement set out in the RBI guideline is 100%.

The Bank’s NSFR as at December 31, 2025 was 123.92% as against RBI minimum requirement of 100%.

**Rs. In Lakh**

NSFR	Weighted Amount
Total Available Stable Funding (ASF)	33,79,825.84
Total Required Stable Funding (RSF)	27,27,520.41
<b>NSFR</b>	<b>123.92%</b>

## 10. Table DF – 8: Operational Risk

### 10.1 Qualitative Disclosures

#### 10.1.1 **Operational Risk Management Policy and Governance Structure:**

For effective management of Operational Risk, the Bank has constituted an Operational Risk Management Committee (ORMC) chaired by CRO. This Committee, which is convened by National Manager Operational Risk meets at least once every quarter to provide an oversight on key operational risk issues, the summary of which is presented to the Risk Management Committee of the Board (RMCB). The Bank has in place a Board approved Operational Risk Management policy updated to include the latest guidance note on Operational Risk Management and Operational Resilience published by RBI issued on 30th April 24.

Operational Risk is one of the major risks that the Bank faces in its day-to-day activities. This emanates primarily from its microfinance business, where the operating processes, especially collections/repayment remain people driven. The Bank has been progressively digitizing some of the processes, but these bring with it attendant challenges in Operational Risk and Information Security risk challenges. Over a period, the Bank has developed a framework for oversight of this critical activity. Aside from operational risk challenges seen in microfinance business, the Bank also is exposed to Operational risk in its other areas of activities including activities that are localized in the Corporate Office.

Four of the initiatives taken during the year were the following:

1. Enhanced State Level Heatmaps to record operational risk originating from the Bank’s business in each of the states. Historically, the Bank has had a process of granular operational risk management through a scorecard matrix introduced at inception. Since the Bank has a

repository of historical data from this exercise, the Bank is now leveraging outputs from an internal Data Science and Decision Management (DSDM) to provide granular insights on key operational risk triggers that affect the performance in each state. This analysis is presented on a M-o-M basis for corrective action, especially in states or branches where the risk triggers are recurring. When compared with Q3 FY'26 with Q3 FY'25, there has been a decrease of 3 states (50%) which were in red category in overall performance of key operational parameters. This reflects a positive trend in overall control effectiveness.

2. The Bank has developed Risk postures for all its critical business activities. This is an enhancement of the conventional RCSA process and includes, at a design level, an end-to-end capture of the transaction journey, including also regulatory implications, at each stage, if applicable. At a design level, this has been completed for all the business verticals. The Bank has also completed the evaluation of operating effectiveness across seven major business and support functions including Housing Loan, Vehicle Finance, Gold Loan, MSME LAP & Supply Chain, Agricultural Banking, Third Party Products, Micro Banking and Information Technology (Asset and Inventory Management) for the quarter ended December 2025. The outcomes and recommendations out of the testing have been shared with the respective business units for further enhancements of the processes and strengthening the operational efficacy. Historically, the Operational Risk team has been conducting the IFC exercise annually, in addition to having an oversight on the RCSA activity being led by the first line of defence. As such they have a repository of test samples that can be used to test the operating effectiveness.
3. Outsourcing activities and Business Continuity received additional focus during the financial year. While the Bank has an Outsourcing SOP in place, the focus hitherto has been more silo based. The transition during the year was to apprise a comprehensive risk posture of the Bank's outsourcing portfolio at an organization level. This exercise has resulted in identifying vendors that are critical to the Bank's operation, and which require greater attention from a Risk Management perspective. The Bank completed a comprehensive review of all checklists and templates used for classification and periodic monitoring along with the process enhancement.
4. The Bank has completed the annual revision exercise of the Critical Processes review and the Business Impact Analysis (BIA) and enhanced the business continuity management policy with the revised list of Critical Processes, Critical Vendors and Critical applications of the Bank. The Bank has constituted regional level business continuity management committees for more efficient management of disruption and ensuring business continuity at all times. Table top exercises were conducted for Phone Banking, Branch Banking and Treasury (Front & Back office) to validate Business Continuity Plan (BCP) preparedness, assess response effectiveness, and identify gaps for timely recovery during expected disruption scenarios.

While the above mentioned were the key initiatives taken during the year, the Operational Risk Unit continued with its Business-as-Usual activities which included process reviews, UAT testing including review of BRD, oversight of RCSA, monitoring of Key Risk Indicators both at an organizational level and at select functional level. Significantly, as required by regulation, the Bank has developed Key Risk Indicators for its Digital payment activity, the results of which are monitored at ORMC.

**Loss Data Management** is in place to record material incidents and learnings from errors and strengthening existing controls. Incidents are recorded as operational loss and near miss events. This is followed by a Root Cause Analysis (RCA) for critical incidents.

The Bank has created a separate General Ledger Code (GLC) to record losses (separate for fraud and non-fraud) on account of these incidents, and these are reported to the ORMC and Board at regular intervals.

The incident reporting process enables creation of loss database as per Basel definitions. The activities broadly include the following:

- Reconciliation of General Ledgers (GL) to operational loss as recorded by ORMD
- Root Cause Analysis (RCA) of critical events
- Quarterly loss data submission to ORMC

**Loss Dashboard for YTD FY 25-26 (as on December'25)<sup>20</sup>:**

Event Type	Count of Incidents		Loss in lakhs			
	YTD Dec'24	YTD Dec'25	YTD Dec'25			YTD Dec'24
	Total	Total	Gross	Net	Ops Loss	Ops Loss
Business Disruption and Systems Failures	178	185	₹ 4.76	₹ 3.26	₹ 2.27	₹ 2.14
Clients, Products, and Business Practice	11	6	₹ 0.18	₹ 0.18	₹ 0.18	₹ 0.74
Damage to Physical Assets	22	43	₹ 0.00	₹ 0.00	₹ 0.00	₹ 0.00
Employment Practices and Workplace Safety	22	27	₹ 0.10	₹ 0.10	₹ 0.10	₹ 0.00
Execution, Delivery, and Process Management	1461	1357	₹ 66.62	₹ 16.33	₹ 5.48	₹ 20.02
External Fraud	178	462	₹ 224.36	₹ 41.49	₹ 26.07	₹ 11.83
Internal Fraud	383	147	₹ 263.60	₹ 156.51	₹ 95.34	₹ 109.40
<b>Total</b>	<b>2255</b>	<b>2227</b>	<b>₹ 559.61</b>	<b>₹ 217.88</b>	<b>₹ 129.43</b>	<b>₹ 144.12</b>

**The Ops Loss Recovery done as on date (31<sup>st</sup> Dec'25) pertaining to Operational Losses booked in previous financial years is Rs. 5.36 Lakh.**

**Key Risk Indicators (KRIs)** are measurable metrics that provide an early warning signals of potential risk exposure before it becomes critical for the Bank. KRIs were revamped in Q1 FY'26 with updated parameters and thresholds, aligned to current scenario and observed trends. KRIs are monitored on monthly basis across 8 Business departments, 2 support functions and at the Organisational level with 176 parameters. KRI dashboard is published to respective department for Q3 FY'26 and correction measures are taken in case of KRI breaches. Key Risk Indicators (KRIs) were developed and defined for two departments viz., Treasury and Third-Party Products and the dashboard was published to the respective teams.

**User Access reviews** are conducted for critical applications to ensure that access and role matrix are well defined, and that access is commensurate with the responsibility assigned.

<sup>20</sup> > Gross loss refers to total amount involved in the reported incidents, Net loss refers to loss which got netted off post recoveries and Operational loss refer to the actual loss booked in Operational loss GL (Fraud & Non-fraud) in case of unsuccessful recovery efforts.

> Out of the 2227 incidents reported in YTD December'25, 823 (~37%) were from "Cash Excess" and "Cash Shortage", owing to inclusion of all incidents reported, irrespective of amount..

In January'26, the Bank completed its Half yearly user access review for critical applications. The review aimed to ensure that system access remains appropriate to assigned roles and responsibilities thereby strengthening governance controls. The key observations and necessary recommendations were shared with respective stake holders for initiating corrective action.

**Exceptions Handling Mechanism** is an initiative commenced from July 2020 to strengthen monitoring and oversight mechanism. As per the Board's directive, exception reports are to be monitored by the respective department and Operational Risk Management team to provide the oversight. The existing list of exception reports is being shared with the relevant departments in a phased manner. In Q3 FY'26, a total of 23 reports were provided to the Branch Banking and respective department for monitoring and corrective actions for the observations identified during this process are being addressed by the respective teams.

**Internal Financial Control (IFC) Exercise:** Bank has shifted from an annual review to a quarterly exercise to assess Internal Financial Controls. The Operational Risk Management Team has executed IFC activity for 24 verticals in YTD Q3 FY'25-26 including Entity Level Control (ELC) testing. Out of 2,245 number of controls, ORM successfully tested 791 controls with a testing methodology for 100% Significant controls, 20% Financial Controls and 10% Non-Financial controls. The results of the IFC have been shared with the Operational Risk Management Committee (ORMC) and the Risk Management Committee Board (RMCB).

**Risk and Control Risk Assessment (RCSA) Exercise:** RCSA is a forward-looking tool used to identify and assess the inherent risk in activities and processes, determine the cause of risk and evaluate the status of existing controls.

RCSA provides insight into potential Operational Risk areas. Business teams, operating as the First Line of Defense (FLOD), are responsible for carrying out RCSA. To ensure a consistent risk culture, a Single Point of Contact (SPOC) is designated in each department as Business Risk and Compliance Officer (BRACO).

RCSA activity is now carried out on an ongoing basis. For FY'25-26, RCSA has commenced for 29 identified departments. As the end of Q3 FY'26, 1,796 controls were tested with 80% completion. The final result on the RCSA has been shared with ORMC and RMCB.

#### **Information Security Risk:**

The Information Security Management Committee is tasked with managing and monitoring Key Risks Indicators and Key Performance Indicators, Third Party Risk Assessments (TPA), Security Project Management, managing and monitoring the vulnerability assessment and penetration testing program of the Bank, managing the Bank's ISMS (Information Systems Management Standard), regulatory and statutory compliances, formulating policies, processes and procedures relating to information security, risk assessments etc. The Security Operations – (known as Blue team) is tasked with managing the Security Operations Centre (SOC). The key activities of SOC include and are not limited to log monitoring, threat intelligence, incident management, evaluating the effectiveness of security devices, etc.

The Red Team – comprised of ethical hackers whose primary responsibility is to simulate and mount attacks similar to what a malicious attacker would do in a real-world scenario, which serves two purposes:

- Assess the effectiveness of and strengthen the Blue team.
- Evaluate the security of the infrastructure from an attacker's viewpoint; and
- Identify these vulnerabilities and plug in gaps before the same can be taken advantage of.

To strengthen cyber resilience and promote a culture of security awareness, the Bank undertakes regular employee and vendor awareness initiatives. During the period, the Bank actively participated in National Cyber Security Awareness Month (NCSAM) under the “Cyber Jagrit Bharat” theme, with awareness programs conducted across the organization. These initiatives included cybersecurity pledge undertaking by all employees, leadership participation, employee outreach through gamified learnings and engagement with Data Security Council of India. The Bank also conducted a tabletop exercise covering “SWIFT specific attack scenarios and Ransomware Rapid Response” to enhance cyber incident preparedness and response capabilities. A Refresher course on Information Security was launched in LMS to reinforce information security awareness among employees.

## 11. *Table DF-9: Interest Rate Risk in the Banking Book (IRRBB)*

### 11.1 Qualitative Disclosures

Interest Rate Risk in Banking Book (IRRBB) refers to the risk of loss in earnings and economic value of a bank’s banking book as a consequence of movement in interest rates. For banking book, interest rate risk arises through mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL). The Bank has identified the risks associated with changing interest rates on its exposures in the banking book from both a short-term and long-term perspective.

The interest rate risk is measured and monitored through two approaches:

- Earnings at risk (Traditional Gap Analysis): The impact of change in interest rates on net interest income is analysed under this approach and calculated under yield curve approach. Under this approach a parallel shift of 200 bps is assumed both in assets and liabilities.
- Economic Value of Equity (Duration Gap Approach): Modified duration of assets and liabilities is computed separately to arrive at modified duration gap. A parallel shift in yield curve by 200 bps is assumed for calculating the impact on economic value of equity. Additionally, the Bank has also performed steepening of yield curve wherein a change in 100 bps was considered linearly between 14-day and over 15-year maturities and using an inversion of the yield curve wherein 1-year rates were increased by 250 bps and 10-year rates were decreased by 100 bps. Such shocks are monitored regularly to assess the impact of interest risk on the Bank’s book and its potential impact on the Bank’s business projections. These scenarios are as per the RBI guidelines on stress testing dated 02 Dec 2013.
- As a risk measurement tool, the Bank has developed an IRR VaR model to aid in applying a Pillar II capital charge under ICAAP under pre-specified breaches to internal limits.

### 11.2 Quantitative Disclosures

#### 11.2.1 Earnings at Risk (Earnings Perspective)

Rs. in Lakh

Interest Rate Risk in the Banking Book (IRRBB)			
Sl. No.	Country	Interest Rate Shock	
		+200 bps shock	-200 bps shock
1	India	-1,837.60	1,837.60
2	Overseas	-	-
	<b>Total</b>	<b>-1,837.60</b>	<b>1,837.60</b>

#### 11.2.2 Economic Value Perspective (MDG Approach)

Rs. in Lakh

Category	Items	Amount
A	Computation of Aggregate RSA	49,43,309.93
B	Computation of Aggregate RSL	44,60,623.07
C	Weighted Avg. MD of RSL across all currencies	1.0100
D	Weighted Avg. MD of RSA across all currencies	1.7500
E	Modified Duration Gap (MDG)	0.8386
F	Change in MVE as % of equity for 200 bps change in interest rate	13.77%
G	<b>Change in MVE in absolute terms</b>	<b>82,918.98</b>

### 12. Table DF-17: Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure Measure

Rs in Lakh

Summary comparison of accounting assets versus leverage ratio exposure measure		
Item	Amount	
1	Total consolidated assets as per published financial statements	39,30,657
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	12,99,228
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)	0
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	38,071
7	Other Adjustments	-44,638
8	<b>Leverage ratio exposure</b>	<b>52,23,318</b>

### 13. Table DF-18: Leverage Ratio Common Disclosure Template

Rs. in lakh

Table DF-18: Leverage ratio common disclosure template		
Item		Amount
<b>On-balance sheet exposures</b>		
<b>1</b>	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	52,29,885
	Domestic Sovereign	9,76,114
	Banks in India	46,815
	Corporates	2,75,425
	Exposure to default fund contribution of CCPs	875
	Other Exposure to CCPs	
	Others	39,30,657
<b>2</b>	(Asset amounts deducted in determining Basel III Tier 1 capital)	-44,638
<b>3</b>	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>51,85,247</b>
	Derivative exposures	-
<b>4</b>	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-
<b>5</b>	Add-on amounts for PFE associated with all derivatives transactions	-
<b>6</b>	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
<b>7</b>	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
<b>8</b>	(Exempted CCP leg of client-cleared trade exposures)	-
<b>9</b>	Adjusted effective notional amount of written credit derivatives	-
<b>10</b>	(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>
	Securities financing transaction exposures	-
<b>12</b>	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
<b>13</b>	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
<b>14</b>	CCR exposure for SFT assets	-
<b>15</b>	Agent transaction exposures	-
<b>16</b>	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>		
<b>17</b>	Off-balance sheet exposure at gross notional amount	1,83,925

<b>18</b>	(Adjustments for conversion to credit equivalent amounts)	1,45,854
<b>19</b>	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	38,071
	Capital and total exposures	
<b>20</b>	<b>Tier 1 capital</b>	5,96,716
<b>21</b>	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	52,23,318
	<b>Leverage ratio</b>	
<b>22</b>	<b>Basel III leverage ratio</b>	<b>11.42%</b>

Presently the contribution of Tier I capital to Total Basel II capital is 93.13%. The business model of the Bank is relatively simple with a significant portion as fund-based assets. The Leverage ratio is well above the benchmark of 4.5%.

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