

Kotak Mahindra Bank Limited
BASEL III (PILLAR 3) DISCLOSURES (CONSOLIDATED)
As at 30th September, 2025

Scope of Application and Capital Adequacy

Pillar 3 disclosures apply to Kotak Mahindra Bank Limited (KMBL) and its consolidated entities for regulatory purposes, wherein KMBL is the controlling entity in the group and is prepared in accordance with applicable guidelines issued by the Reserve Bank of India (RBI).

Basis of Consolidation for capital adequacy

The Bank consolidates all subsidiaries as defined in Accounting Standard-21 (AS-21) *Consolidated Financial Statements* on a line by line basis by adding together like items of assets, liabilities, income and expenses. Further, investments in Associates are consolidated using the equity method of accounting as defined by Accounting Standard – 23 (AS-23) *Accounting for Investments in Associates in Consolidated Financial Statements*. KMBL and its subsidiaries, which have been consolidated, constitute the “Group”. However, for computation of capital adequacy in accordance with the RBI guidelines, the insurance and non-financial entities have been excluded and entities which carry on activities of financial nature are included, for consolidation for capital adequacy purpose as stated in the scope for preparing consolidated prudential reports.

The list of entities considered for consolidation along with their treatment in consolidated capital adequacy computation is as under:

Name of the entity	Country of incorporation	Included under accounting scope of consolidation (Yes / No)	Method of accounting consolidation	Included under regulatory scope of consolidation (Yes / No)	Method of regulatory consolidation	Reasons for consolidation under only one of the scopes of consolidation
Kotak Mahindra Prime Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Securities Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Capital Company Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Life Insurance Company Limited	India	Yes	Fully consolidated	No	NA	Insurance entity and not required to be consolidated for regulatory reporting. Investment in this entity is deducted from capital for capital adequacy purposes
Kotak Mahindra Investments Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Asset Management Company Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Trustee Company Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA

Name of the entity	Country of incorporation	Included under accounting scope of consolidation (Yes / No)	Method of accounting consolidation	Included under regulatory scope of consolidation (Yes / No)	Method of regulatory consolidation	Reasons for consolidation under only one of the scopes of consolidation
Kotak Mahindra (International) Limited	Mauritius	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra (UK) Limited	UK	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra, Inc.	USA	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Asset Management (Singapore) Pte Limited	Singapore	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Alternate Asset Managers Limited (Formerly known as Kotak Investment Advisors Limited)	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Trusteeship Services Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Infrastructure Debt Fund Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Pension Fund Limited	India	Yes	Fully consolidated	Yes	Fully consolidated	NA
Kotak Mahindra Financial Services Limited	UAE	Yes	Fully consolidated	Yes	Fully consolidated	NA
Sonata Finance Private Limited ⁶	India	Yes	Fully consolidated	No	NA	Non-financial entity and not required to be consolidated for regulatory reporting. Investment in this entity is deducted from capital for capital adequacy purposes
BSS Microfinance Limited	India	Yes	Fully consolidated	No	NA	Non-financial entity and not required to be consolidated for regulatory reporting. Investment in this entity is deducted from capital for capital adequacy purposes
IVY Product Intermediaries Limited	India	Yes	Fully consolidated	No	NA	Non-financial entity and not required to be consolidated for regulatory reporting. Investment in this entity is deducted from capital for capital adequacy purposes

Name of the entity	Country of incorporation	Included under accounting scope of consolidation (Yes / No)	Method of accounting consolidation	Included under regulatory scope of consolidation (Yes / No)	Method of regulatory consolidation	Reasons for consolidation under only one of the scopes of consolidation
Infina Finance Private Limited #	India	Yes	Equity method	No	NA	Risk weighted for capital adequacy
Phoenix ARC Private Limited #	India	Yes	Equity method	No	NA	Risk weighted for capital adequacy
Zurich Kotak General Insurance Company (India) Limited (Formerly known as Kotak Mahindra General Insurance Company Limited) #	India	Yes	Equity method	No	NA	Risk weighted for capital adequacy
Kotak Karma Foundation	India	No*	NA	No	NA	NA

#consolidated as per Equity Method of accounting prescribed by AS 23 wherein assets and liabilities of the investee company are not consolidated.

*Being a Section 8 Company and as per terms of articles, Kotak Karma Foundation would operate with restrictions to transfer funds to the parent, hence in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements", the Company is excluded from consolidation.

§with effect from 11th October 2025, Sonata Finance Private Limited merged with BSS Microfinance Limited. The appointed date of the merger is 1st April 2025.

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

₹ in million

Name of the entity	Country of incorporation	Principle activity of the entity	Total balance sheet equity	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets
Kotak Karma Foundation	India	Section 8 company for furtherance of CSR objects	7.7	100%	Investment in this entity is deducted from capital for capital adequacy purposes	7.9

List of group entities considered for regulatory scope of consolidation:

₹ in million

Name of the entity	Principle activity of the entity	Total Equity Shareholders' Fund	Total Assets
Kotak Mahindra Prime Limited	Non-Banking Finance Co.	106,872.8	473,355.1
Kotak Securities Limited	Stock-broking Services	107,620.3	384,140.2
Kotak Mahindra Capital Company Limited	Investment Banking	17,363.9	18,432.1
Kotak Mahindra Investments Limited	Non-Banking Finance Co.	40,636.7	134,015.5
Kotak Mahindra Asset Management Company Limited	Asset Management Company	33,277.9	36,315.6
Kotak Mahindra Trustee Company Limited	Trustee of Mutual Funds	8,655.5	8,700.9
Kotak Mahindra (International) Limited	Investment Advisory and Management and investments on own account	12,053.6	12,119.7
Kotak Mahindra (UK) Limited	Distribution of financial products and dealing in securities	6,120.9	6,758.8
Kotak Mahindra, Inc.	Broker-dealer activities	1,089.6	1,150.8
Kotak Mahindra Asset Management (Singapore) Pte Limited	Investment Advisory and Management	5,414.9	5,809.8
Kotak Alternate Asset Managers Limited (Formerly known as Kotak Investment Advisors Limited)	Alternate Asset Management / Investment Advisory	13,514.0	23,212.0
Kotak Mahindra Trusteeship Services Limited	Trustee of Private Equity Fund, Similar Funds and Family Trusts	442.1	485.1
Kotak Infrastructure Debt Fund Limited	Infrastructure Debt Financing	6,028.6	19,143.0
Kotak Mahindra Pension Fund Limited	Pension Fund Management Company	578.3	602.4
Kotak Mahindra Financial Services Limited	Arranging Deals in Investments Advising on Investments or Credit, Arranging Custody, Arranging Credit, Insurance Intermediation	24.1	59.4

Capital Deficiencies

As at 30th September, 2025 the Bank and all of its subsidiaries are adequately capitalised. There are no capital deficiencies in consolidated as well as non-consolidated subsidiaries in the Group. To maintain oversight over its subsidiaries the Bank has constituted a Subsidiary Oversight and Governance Committee ('SOGC'), which is a Board level committee. Further, the Bank has representation on respective subsidiary Boards and the Senior Management of the Bank is regularly updated.

Investment in Insurance entities which are risk weighted:

₹ in million

Name of the insurance entities	Country of incorporation	Principle activity of the entity	Total balance sheet equity	% of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
Zurich Kotak General Insurance Company (India) Limited	India	General Insurance	23,266.4	30%	-0.02%

The Group's investment in insurance subsidiaries namely *Kotak Mahindra Life Insurance Company Limited* as at 30th September, 2025 is deducted from regulatory capital for capital adequacy purpose under Basel III.

Restrictions or impediments on transfer of funds or regulatory capital within the group

The transfer of regulatory capital and funding within the Group is subject to restrictions imposed by local regulatory requirements. In particular, RBI establishes prudential limits on the level of exposure that the Bank may have to a related entity. There are no restrictions or other major impediments on the transfer of funds within the Group.

Capital Adequacy

The Group's approach to capital adequacy is driven by strategic and organisational requirements while taking into account the regulatory and macro-economic environment.

The Group manages its capital position to maintain strong capital ratios well in excess of regulatory and Board approved minimum capital adequacy at all times. Capital management practices are built on an assessment of all identified risks and consider the risk reward balance. The objective is to maintain a strong capital base to support long-term stability, planned business growth and risks inherent in various businesses. The Group's approach to capital management ensures that businesses are adequately capitalised to meet their business plans at all times, while holding adequate capital buffers to absorb the impact of stress events. The strong Tier I capital position of the Group is a source of competitive advantage and provides assurance to regulators, credit rating agencies, depositors and shareholders.

In accordance with the RBI Master Circular – Basel III Capital Regulations, the Bank adopts the Standardized Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Standardised Duration Approach for Market Risk.

Capital planning is an important element of overall financial planning and capital requirements of businesses are assessed based on the growth plans.

Each legal entity within the Group, manages its capital base to support planned business growth and meet regulatory capital requirements. The Capital utilisation and requirement is monitored every quarter to ensure sufficient capital buffer above regulatory and internal requirements. The Bank and each legal entity in the Group are adequately capitalised above existing regulatory requirements.

Basel III Capital regulations are applicable to Banks in India from 1st April, 2013. With a view to strengthen the financial system and improve the shock absorbing capability, going forward, Banks are also expected to hold Capital buffers [Capital conservation buffer (CCB), countercyclical capital buffer (CCyB)] and additional

buffer for Domestic Systemically Important Banks(DSIB) out of common equity. The CCB requirement is at the level of 2.5%. There are restrictions on banks, including those on dividend distribution, if the buffer is not maintained. The CCyB may be activated and increased by the regulator, when they judge aggregate credit growth to be excessive and to be associated with a build-up of system-wide risk. The RBI decided that it is not necessary to activate CCyB at this point in time.

Detailed guidelines on Basel III Capital Regulations and Guidelines on Composition of Capital Disclosure Requirements are issued by RBI and consolidated under the Master Circular – Basel III Capital Regulations.

The minimum capital requirements under Basel III are phased-in as per the guidelines prescribed by RBI. Accordingly, the Bank is required to maintain a minimum CET1 capital ratio of 8.0%, a minimum Tier 1 capital ratio of 9.5% and a minimum total capital ratio of 11.5% as of September 30, 2025. The given minimum capital requirement includes capital conservation buffer of 2.5%.

Approach to Capital Adequacy Assessment to support business activities

The Group views risk management as a core competency and tries to ensure that risks are identified, assessed and managed well in time. The success of the Group is built on sound management of a broad range of inter-related risks. The diversified business activities require the Group to identify, measure, aggregate and manage risks effectively and to allocate capital among its businesses appropriately. The risk management framework lays emphasis on the Group's risk philosophy, proper organizational structure, risk and reward balance and is supported by dedicated monitoring and risk measuring mechanism.

The Group manages Risk under an Enterprise wide Risk Management (ERM) framework that aligns risk and capital management to business strategy, protects its financial strength, reputation and ensures support to business activities for adding value to customers while creating sustainable shareholder value.

The ERM framework sets the direction by defining clear standards, objectives and responsibilities for all areas. It supports the MD & CEO and Group CRO in embedding strong risk management and risk culture. The ERM framework lays down the following components for effective Risk Management across the Group

- An Independent Risk organization and governance structure with a clear common framework of risk ownership and accountability
- Governance standards and controls to identify, measure, monitor and manage risks
- Policies to support and guide risk taking activities across the Group
- Risk Appetite Statements
- Risk metrics and risk reports to identify and communicate risks
- Periodic stress testing to assess the impact of adverse business conditions on earnings, Capital and liquidity

Managing risk is a collective responsibility and business and risk management work together to ensure that business strategies and activities are consistent with approved policies and defined risk appetite. The enterprise-wide risk management aligns with the three lines of defence model towards risk management. Responsibilities for risk management at each line of defence are defined, thereby providing clarity in the roles and responsibilities towards risk management function. The Group believes that all employees must play their part in risk management, regardless of position, function or location.

The risk management process is the responsibility of the Board of Directors which approves risk policies and the delegation matrix. The Board is supported by various management committees as part of the Risk Governance framework. The Bank and every legal entity in the Group, operates within overall limits set by the Board and Committees to whom powers are delegated by the Board. The Group Risk Management committee (GRMC) ensures that there is a holistic view of risks at overall group level. Every quarter, the Group CRO reports to the Board, on the risk appetite levels and the risk profile. Besides this, formal updates on various portfolios are provided to the Board periodically.

Risk Appetite

The Group faces a variety of risks across businesses. Defining acceptable levels of risk is fundamental to delivering consistent and sustainable performance over the long term. The success of the Group is dependent on its ability to manage the broad range of interrelated risks.

The Risk Appetite is an expression of the risks, the organisation is willing to take in pursuit of its financial and strategic objectives. The Risk Appetite thus sets the outer boundaries for risk taking. The risk appetite is set by the Board and is a top-down process consisting of specific quantitative and qualitative factors and provides an enforceable risk statement on the amount of risk the Group is willing to accept in support of its financial and strategic objectives. The Risk Appetite is set in a manner to facilitate sustainable growth and to manage risks in a way that sustains the confidence of all internal and external stakeholders. The Bank assumes risks that are mainly associated with executing its objectives. In its risk-taking, the Bank emphasizes moderation, responsibility and careful action so that it could reasonably foresee the financial result and serve its customers in even exceptionally difficult circumstances. To ensure the organization stays within its risk appetite, performance against approved risk appetite is measured every quarter and reviewed by the Senior Management, Risk Management Committee (RMC) & Board. Action is taken as needed, to maintain balance of risk and return. Risk Appetite forms a key input to the business and capital planning process by linking risk strategy to the business strategy, through a set of comprehensive indicators.

Risk Appetite is defined both quantitatively and qualitatively and covers key risk parameters. The risk appetite is cascaded to individual business segments and in addition to formal risk appetite, early triggers are built into the framework to alert of potential issues before they reach the formal risk appetite limit. These triggers are designed for proactive risk management and help initiate early interventions to avoid breach of risk appetite threshold..

The financial plans for the forthcoming year are tested against key Risk Appetite measures to ensure business strategy and plans are within approved Risk Appetite.

The framework is operational at the consolidated level as well as for key legal entities thereby ensuring that the Group's aggregate risk exposure is within the Group's desired risk bearing capacity.

ICAAP

The ICAAP encompasses Management's assessment of material risks and their governance, measurement and mitigants. It is linked to overall business planning for maintaining appropriate capital levels during the business horizon. The Group identifies risks to which it is exposed and determines the method and extent of risk mitigation. Risk mitigation takes place through strengthening policies, procedures, improving risk controls and having suitable contingency plans. Finally, the Group determines the risks that will be covered by capital and the level of capital sufficient to cover those risks. There are methodologies implemented that help in capital allocation towards quantifiable Pillar II risks.

Capital planning under ICAAP takes into account the demand for capital from businesses for their growth plans and ensures that the Group on an aggregate basis as well as the major legal entities on a standalone basis are sufficiently capitalized for the specified time horizon and hold sufficient capital buffers to withstand stress conditions.

The key risks assessed as part of the ICAAP are:

- Credit Risk
- Market Risk

- Operational Risk
- Credit Concentration risk
- Underestimation of Credit Risk under Standardised Approach
- Currency induced credit risk
- Interest Rate Risk in the Banking Book (IRRBB)
- Liquidity Risk
- Settlement Risk
- Reputation risk
- Strategic & Business Risk
- Model Risk
- Compliance Risk
- Country Risk
- Pension Obligation Risk
- Conduct Risk
- IT / Cyber Risks
- Group Risk

Based on the Group ICAAP outcome; the Group is well capitalized to cover Pillar I & Pillar II risks.

Stress Testing

Stress testing is a key element of the ICAAP and an integral tool in the Risk Management framework as it provides management a better understanding of how portfolios perform under adverse economic conditions. Stress testing is integral to strengthening the predictive approach to risk management and supplements other risk management tools by providing an estimate of tail risks. The Bank is guided by a comprehensive Board approved stress testing policy, which is aligned to regulatory guidelines. The Bank tests its portfolio across a range of historical and hypothetical stress scenarios that provide for severe shocks to various risk parameters.

Impact of the stress scenarios is then assessed on profit and loss and capital levels to determine the level of additional capital if any, that will be needed to absorb losses experienced during a stress condition. Key companies within the Group also perform stress tests relevant to their portfolios. Stress-testing provides senior management with an assessment of the financial impact of identified extreme events. The stress tests determine the level of capital needed to absorb losses that may be experienced during stress conditions.

The Bank performs Reverse Stress testing across key risk areas to test the stress levels at which capital falls below the internal capital threshold. While this identifies likely scenarios with an unacceptably high risk, there will be suitable measures to prevent or mitigate these that the Bank may implement. Results of stress tests are reported to management and the Board.

The stress testing exercise provides an opportunity to the Bank to develop suitable mitigating response prior to onset of actual conditions exhibiting the stress scenarios.

Capital requirements for various risk categories @ 11.5% as at 30th September, 2025

₹ in million

Items	Amount
(a) Capital requirements for credit risk	
Portfolios subject to standardised approach	680,537.0
Securitisation exposures	1,328.0
(b) Capital requirements for market risk	
Using standardised duration approach	
Interest rate risk	6,051.3
Equity position risk	24,772.9
Foreign exchange risk (including gold)	1,426.2
(c) Capital requirements for operational risk	
Measured using basic indicator approach	93,911.9

Computed as per Basel III guidelines

Capital Adequacy Ratios	Consolidated	Standalone
Common Equity Tier I	21.8%	20.9%
Tier I	21.8%	20.9%
Total CRAR	22.8%	22.1%

Credit Risk

Credit risk arises as a result of failure or unwillingness on part of customer or counterparties' to fulfill their contractual obligations. These obligations arise from wholesale, retail advances and off balance sheet items. Credit risks also emanate from investment and trading portfolio by way of issuer risk in debt paper, settlement risk on OTC trades and downgrade risk on non SLR investments and OTC contracts. The Group assumes credit risk in a wide range of lending and other activities in diverse markets.

Credit risk is managed through committees that approve credit and an enterprise wide risk management framework which sets out policies and procedures covering the measurement and management of credit risk. The Group has a comprehensive top down credit risk framework defined by Credit policies & Standards that sets out the principles and control requirements under which credit is extended to customers in various business divisions. The policies and standards cover all stages of the credit cycle including Origination; client ratings, risk assessment; credit approval; risk mitigation; documentation, administration, monitoring and recovery. The Group aims to have a consistent approach across legal entities when measuring, monitoring and managing credit risk. Formal credit standards apply to all credit risks, with specific standards in major lending areas.

Credit and investment decisions must comply with established policies, guidelines, business rules and risk assessment tools used to help make these decisions. Managing credit risk is the responsibility of several levels of employees - from those who deal directly with clients to authorizing officers. Authorities are delegated to positions commensurate with their function and the level of credit knowledge and judgement that employees holding that position are required to possess. The delegation of authority is reviewed at least annually.

The credit policies and process notes articulate the credit risk strategy and thereby the approach for credit origination, approval and maintenance. These policies define the overall credit sanction criteria, including

the general terms and conditions. The policies / processes generally address such areas as target markets / customer segmentation, qualitative-quantitative assessment parameters, portfolio mix, prudential exposure ceilings, concentration limits, structure of limits, approval authorities, exception reporting system, prudential accounting and provisioning norms, etc. They take cognizance of prudent and prevalent banking practices, relevant regulatory requirements, nature and complexity of the activities, market dynamics, etc.

The Credit philosophy in the Group mandates that lending is based on credit analysis, with full understanding of the purpose of the loan and is commensurate to customer financials and ability to repay. The Bank's credit exposure is primarily categorised into wholesale and retail borrowers.

Wholesale and retail portfolios are managed separately owing to difference in the risk profile of the assets. Wholesale lending is managed on a name-by-name basis for each type of counterparty and borrower Group. Internal credit rating models provide a consistent and structured assessment, which, supplemented with expert judgment determines Credit Approval. The credit rating model consider a variety of criteria (quantitative, qualitative, financial and non-financial) to standardize credit decisions and focus on the quality of borrowers. Financial considerations include financial variables and ratios based on customer's financial statements and non-financial considerations include, among other things, the industry to which the borrower's businesses belong, the borrower's competitive position in its industry, its operating and funding capabilities, the quality of its management, technological capabilities and labor relations. Wholesale credit is monitored at an aggregate portfolio, industry, and individual client, borrower Group level. Annual credit reviews of borrowers are a key credit control measure. Parameters for new underwritings are clearly specified and internal ratings are assigned when a credit is initially approved. The ratings are reviewed at least once annually, with updated information on financial position, market position, industry economic condition and account conduct. Besides client account reviews, sector outlook and performance of borrowers within sectors are monitored and reported to senior management.

Retail portfolios typically consist of a large number accounts of relatively small value loans. They comprise of mortgage loans, vehicle loans, personal loans, credit cards, small business loans etc. These are mainly schematic lending within pre-approved parameters. The credit assessment in such portfolios is typically done using a combination client scoring, product characteristics, collateral, borrowers track record with the bank, loan status, product policy, external credit reporting information such as credit bureaus where available and is supplemented by Credit officer's judgment, where required. Internal historical information from previous borrowers also forms an input into credit decisions. There are specific guidelines in place for each product, the credit decision will take into account the parameters like loan to value, borrower demographics, transaction history with the Bank and other financial institutions, income, loan tenor, availability of guarantors etc. There is a loan origination system (LOS) on which cases are tracked for completion and policy deviations if any.

Retail clients are monitored on a portfolio basis. Business-specific credit risk policies and procedures including client acceptance criteria, approving authorities, frequency of reviews, as well as portfolio monitoring frameworks and robust collections and recovery processes are in place.

Credit Risk Management Process

The Group focuses on ensuring that credit risk taking is in line with approved policies, while meeting risk-reward objectives. The Group expects to achieve its earnings objectives and to satisfy its customers' needs while maintaining a sound portfolio.

The Board has delegated credit approval authority to the Senior Management, Credit Committee and other approval authorities. Credit Committee may further delegate the responsibility as required from time to time.

The Bank's credit process is divided into three stages - pre-sanction, sanction and post -sanction.

At the pre-sanction stage, the independent credit function within respective businesses conduct credit

appraisal and assign a credit rating based on internal rating model. The appraisal note prepared by Credit, analyses the credit risk, financial status of borrower, industry risk, the quantum of financing needed etc. Reference checks, bureau data and NCIF checks are completed as part of the credit appraisal process.

Based on the independent credit risk assessment, appropriate credit decisions are taken by the sanctioning authorities. The Bank has a tiered credit sanction process where credit approvals are reported to the next higher level.

As part of the post sanction process, the credit administration team processes documentation, on the completion of which, credit is disbursed.

In accordance with credit policies, the borrowers are subject to periodic review with updated information on financial position, market position, industry and economic condition, delinquency trends and account conduct.

The delinquency status of borrowing accounts, a key indicator of credit quality, are closely monitored. An account is considered delinquent when payment has not been received in full, by the payment due date. Any delinquent account, including a revolving credit facility with limit excesses, is monitored and managed through a disciplined process by officers from business units and the collections function.

Retail monitoring teams monitor the retail portfolio through delinquency monitoring, early warning indicators identification, collection efficiency analysis, churning and utilization.

Borrowers are monitored regularly, commensurate with their level of risk. Credit managers use a variety of measures to conduct follow-up on accounts. The Bank has an enterprise wide Early Warning Signal (EWS) framework that helps identify signs of credit weakness at an early stage for the Bank to take suitable remedial actions. In case of loans where there is significant deterioration, the Bank employs various recovery mechanisms, including transferring the account to an internal unit specialized in managing problem accounts, to maximize collection from these accounts. Accounts categorized under EWS are discussed at the EWS committee meetings and have enhanced monitoring. Compliance and progress against the committee decisions is reported regularly to management.

Besides the EWS framework, the Bank has a Loan Review Mechanism (LRM) that does an assessment of the overall credit across credit appraisal, assessment, sanction, post sanction activities and also checks compliance with internal policies and regulatory framework. The LRM framework helps to identify weaknesses if any in the credit value chain and suitable controls are implemented to strengthen the credit process. To maintain a diversified portfolio, the Bank operates within Board approved limits in its credit portfolio. The Bank also reviews its concentration across borrowers, groups, portfolio segments, geography, sectors and ratings. This helps the Bank maintain a diversified portfolio.

Credit Risk Management Principles

The Bank measures and manages its credit risk based on the following principles:

- The Bank has a Basic Customer Acceptance Criteria for appraisal of corporate, mid-market and SME customers. The Retail business is governed by approved product papers in selection of customers.
- The approval of all limits to counterparties should be in line with the credit policy of the Bank. Such approval should generally be within the Bank's portfolio guidelines and credit strategies.
- The credit worthiness of borrowers is regularly reviewed and monitored at least once a year. Customers with emerging credit problems are identified early and classified accordingly. For retail loans, delinquency trends are monitored on an ongoing basis to identify any deterioration of portfolio quality. Remedial action is initiated promptly to minimize the potential loss to the Bank.
- All business units have a credit monitoring function which monitors conduct of the account post disbursement.

Credit Risk measurement systems

Credit Rating is an integral part of the lending decision. The Bank has a two scale internal rating model for wholesale exposures that assigns obligor ratings & facility ratings. The rating model is capable of rating large and emerging corporates, traders, brokers, Non-Banking Finance Companies (NBFCs), real estate clients and service sector clients. Ratings are supported by financial analysis and combined with senior credit officer's judgment to arrive at the final rating for a borrower / counterparty. The Bank uses an 18 point scale to grade borrowers.

The obligor rating provides an estimate of the probability of default of the borrower. The obligor rating is independent of the type/nature of facilities and collaterals offered. The obligor rating consists of quantitative and qualitative factors and includes assessment of customer's financial position including Net Worth, Profitability, Cash Flows, Repayment Capacity, Debt protection metrics and credit standing. Besides financial parameters, industry in which the customer operates business & management risks are also considered while arriving at the obligor rating. The underwriting process is based on obligor rating.

The facility ratings take into account structuring features of specific facilities and the collaterals offered. The facility rating provides an estimate of the loss given default (LGD) for the facility.

The product of the obligor rating (Probability of Default) and Facility rating (LGD) provides an estimate of the expected loss against each facility.

The Bank has governance structure covering the rating models and framework for changes to the model or enhancements and operates under the Board approved Model Risk Policy. The rating model is drawn up in accordance with the Basel framework.

For the retail portfolio, the Bank has processes for risk assessment of retail loan exposures. These are through product notes, processes or policies, that specify entry criteria for loan origination, bureau data, scorecards, minimum margins on collaterals, maximum Loan to Value Ratios (LTV) for products, product tenor etc. The Bank aims to constantly improve the quality of origination through better understanding of its portfolio and improved underwriting standards. Portfolio delinquency trends are monitored periodically.

All credit proposals are put up under the approved framework of policies. Discussions are also done on whether the credit portfolio is within the overall Board approved risk appetite. Performance against key Board approved limits are periodically reported and discussed at the Board. This enables the Board to analyse exceptions level and also assess compliance with its policies.

The Bank has a defined stress testing policy that lays down the framework for stress testing. Credit risk framework covers corporate as well as retail portfolio and the portfolios are stressed on approved scenarios to assess the impact of stress conditions on profitability and capital adequacy. The stress tests are performed periodically and results of these stress tests are placed before the RMC & the Board.

Credit Risk Concentration

Credit concentrations are managed at two levels: portfolio level and individual credit level. Concentration of credit risk arises when a number of obligors are engaged in similar activities, or operate in the same geographical areas or belong to the same industry. The Bank has defined internal limits for managing borrower concentrations, which are tighter than regulatory norms. Risk appetite of the Bank mandates a well-diversified portfolio and has quantitative metrics for credit concentration. The Bank operates within Board approved limits in its loan portfolio that cover obligor concentration, group concentration, substantial exposures, sector concentration & unsecured lending. These limits are monitored periodically and reported to senior management. Assessment of credit concentration risk is part of the ICAAP.

Risk Profile

The Bank prepares its risk profile on a periodic basis and monitors the level of credit risk (low / moderate / high) and direction of change in credit risk (increasing / decreasing / stable) at the portfolio level on a regular basis. The risk profile is reported to the senior management, RMC and the Board.

Definition and Classification of Non-Performing Assets (NPA)

The Bank classifies its advances into performing and non-performing advances in accordance with extant RBI guidelines.

An NPA is defined as a loan or an advance where;

- interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan;
- the account remains 'out of order' – in respect of an overdraft/cash credit (OD/CC); and
- the bill remains overdue for more than 90 days in case of bills purchased and discounted.
- the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops and 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; and
- 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;

An existing NPA account is upgraded to standard category only on collection of all overdues. In respect of NBFCs, the loans are classified into sub-standard, doubtful, and loss as required by RBI guidelines.

Out of Order

An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit / drawing power for a continuous period of 90 days or the outstanding balance in the CC/OD account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

Overdue

Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank.

Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. A sub-standard asset is one, which has remained NPA for a period less than or equal to 12 months. An asset is classified as doubtful if it has remained in the sub-standard category for a period exceeding 12 months. A loss asset is one where loss has been identified by the Bank or internal or external auditors or during RBI inspection but the amount has not been written off fully. The advances of subsidiaries are classified as non-performing in accordance with the guidelines prescribed by their respective regulators.

Impairment of other assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. Impairment loss, if any, is recognised in the profit and loss account to the extent carrying amount of assets exceeds their estimated recoverable amount.

Total credit risk exposures as at 30th September, 2025

₹ in million

Overall credit exposure	Fund based	Non-Fund based	Total
Total gross credit exposures	6,199,261.2	848,345.1	7,047,606.3

Includes all entities considered for Basel III capital adequacy computation

Exposure is comprised of outstanding loans & advances, NSLR investments, Balances with banks (excluding with RBI), guarantees, acceptances & endorsements, letters of credit and credit equivalent of foreign exchange and derivative exposures

Credit exposure include term loans, working capital facilities (i.e. funded facilities like cash credit, demand loans, temporary limits, credit substitutes, non-funded facilities like letter of credits, acceptances and guarantees) and current exposure for derivatives.

Exposure management measures

The Corporate Credit policy of the Bank defines the exposure management measures. Exposure includes credit exposure (funded and non-funded credit limits), investment exposure (including underwriting and similar commitments) and derivatives exposure which includes MTM and Potential Future exposure.

To avoid undue concentration in credit exposures and maintain diversification, the Bank operates within Board approved limits or operational controls in its loan portfolio. Concentration limits represent the maximum exposure levels the Bank will hold on its books. Key portfolio limits include:

- Single borrower limits
- Exposure to borrower groups
- Substantial exposure limits
- Limits on capital market exposure
- Limits on real estate exposure
- Limits on exposure to NBFCs
- Limits on Unsecured lending
- Country / Bank exposure limits

Performance against these limits are monitored periodically and reported to the appropriate authorities. The risk appetite of the Bank mandates a diversified portfolio and has suitable metrics for avoiding excessive concentration of credit risk.

The Bank has a policy on exposure to Borrowers with Unhedged Foreign Exchange. The Corporate Credit Policy stipulates review of unhedged forex exposure as part of every credit appraisal for sanction of facilities to a borrower. The Bank maintains provisions and capital on its exposure to borrowers with unhedged foreign currency exposure, as per regulatory guidelines. To manage credit risk exposure on treasury contracts, the Bank operates within approved limits on Countries, Inter Bank counterparties and corporates.

Geographic distribution of exposures as at 30th September, 2025

₹ in million

Exposures	Fund based	Non-fund based	Total
Domestic	6,055,500.5	840,694.6	6,896,195.1
Overseas*	143,760.7	7,650.5	151,411.2
Total	6,199,261.2	848,345.1	7,047,606.3

Includes all entities considered for Basel III capital adequacy computation

** Includes overseas subsidiaries, overseas branch in Dubai International Financial Centre (DIFC) and international banking unit in Gujarat International Finance Tec-City ("GIFT City")*

Industry-wise distribution of exposures as at 30th September, 2025

₹ in million

Industry	Fund Based	Non-Fund Based	Total
Banks	373,563.3	90,975.9	464,539.2
Commercial Real Estate, of which	221,212.2	6,922.9	228,135.1
<i>LRD</i>	51,515.1	-	51,515.1
NBFCs	259,438.5	1,461.8	260,900.3
Automobiles incl ancillaries	146,014.8	28,136.0	174,150.8
Engineering	159,883.1	78,218.3	238,101.4
Wholesale Trade	225,146.3	19,962.0	245,108.3
Iron and steel	119,446.6	40,916.9	160,363.5
Food Processing	127,386.7	6,388.9	133,775.6
Drugs and Pharmaceuticals	90,508.9	12,458.9	102,967.8
Logistics and Auxiliary transport activities	137,573.0	7,888.3	145,461.3
Crude oil Petroleum and Natural Gas	10,342.1	25,339.3	35,681.4
Construction	100,138.6	61,997.1	162,135.7
Infrastructure ex telecom, power, roads and ports	15,711.1	59,253.6	74,964.7
Other Industries	1,869,496.2	408,425.2	2,277,921.4
Auto loans	712,996.2	-	712,996.2
Personal and Other retails loans (including Agri)	718,578.9	-	718,578.9
Home loans/Loan against property	780,130.8	-	780,130.8
Credit cards	131,693.9	-	131,693.9
Total Gross Exposure	6,199,261.2	848,345.1	7,047,606.3

(i) Includes all entities considered for Basel III capital adequacy computation

(ii) Other industries include entities from sectors such as Agriculture Related Service Activity, Retail Trade, Apparels and Accessories, Fertilisers, Chemicals, Cables, Financial Intermediation, etc.

Exposure to industries (other than retail assets) in excess of 5% of total exposure

₹ in million

Industry	Fund based	Non-fund based	Total
Banks	373,563.3	90,975.9	464,539.2

Residual contractual maturity break-down of assets as at 30th September, 2025

₹ in million

Maturity Pattern	Cash and balances with monetary authority	Balances with other banks	Investments	Advances	Fixed Assets	Other Assets
1 day	174,462.8	131,456.5	509,072.4	25,004.6	-	16,769.1
2 to 7 days	8,318.1	-	107,872.5	87,322.4	-	12,584.1
8 to 14 days	5,981.7	-	36,018.5	92,689.8	-	19,881.6
15 to 30 days	9,482.9	85.7	200,338.0	129,267.3	-	12,824.2
31 days to 2 months	8,252.5	-	42,452.3	244,270.3	-	26,272.0
Over 2 months & upto 3 months	8,313.9	-	54,614.5	273,742.4	-	14,861.3
Over 3 months & upto 6 months	22,720.2	5,563.3	109,287.3	361,811.0	-	22,340.0
Over 6 months & upto 1 year	31,397.6	398.1	158,019.0	704,229.1	-	24,479.3
Over 1 year & upto 3 years	92,888.9	211.7	451,621.7	2,015,749.8	-	21,241.6
Over 3 year & upto 5 years	2,212.7	201.0	24,870.7	541,919.9	-	12,732.3
Over 5 years	2,171.5	-	68,954.7	865,617.5	24,776.8	15,759.7
Total	366,202.8	137,916.3	1,763,121.6	5,341,624.1	24,776.8	199,745.2

Consolidated figures for lending entities, other entities are primarily engaged in fee based activities only.

Amount of non-performing advances as at 30th September, 2025

₹ in million

Particulars	Amount
(A) Gross NPA	
Substandard	40,469.9
Doubtful 1	10,733.6
Doubtful 2	7,488.9
Doubtful 3	14,942.8
Loss	2,378.0
Total	76,013.2
(B) Net NPA	20,065.2
(C) NPA Ratio (%)	
Gross NPA Ratio (%)	1.42%
Net NPA Ratio (%)	0.38%
(D) Movement of Gross NPAs	
Opening balance as at 1 st April, 2025	71,122.8
Additions	39,434.1
Reductions	(34,543.7)
Closing balance as at 30 th September, 2025	76,013.2

Includes all entities considered for Basel III capital adequacy computation

Gross NPA ratio is computed as a ratio of gross non-performing advances to gross advances

Net NPA ratio is computed as a ratio of net non-performing advances to net advances

Movement of Specific and General Provision as on 30th September, 2025

₹ in million

Particulars	Specific Provision	General Provision
Opening balance as at 1 st April, 2025	53,607.3	22,109.6
Provisions made during the year	28,628.1	3,322.0
Write-off/ Write back of excess provisions	(26,287.4)	(131.6)
Closing balance as at 30 th September, 2025	55,948.0	25,300.0

₹ in million

Particulars	Q2FY26
Write offs booked directly to income statement	12,337.0
Recoveries booked directly to income statement	949.4

Amount of Non-performing investments (NPI)

₹ in million

Particulars	Amount
Gross NPI as at 30 th September, 2025	1,465.3
Amount of provisions held for NPI	1,465.3
Net NPI as at 30 th September, 2025	-

Movement of provisions for depreciation/appreciation on revaluation of investments (Other than Non-performing Investment)

₹ in million

Particulars	Amount
Opening balance as at 1 st April, 2025	(37,534.0)
Additional provisions during the year	-
Write off /Write back of provisions during the year*	(21,526.6)
Closing balance as at 30 th September, 2025	(59,060.6) [#]

* includes MTM on AFS and FVTPL category as per RBI circular on Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023' dated 12th September 2023.

[#] represents net Positive MTM on revaluation of Investments.

Geographic distribution

₹ in million

Particulars	Domestic	Overseas	Total
Gross NPA	76,013.2	-	76,013.2
Provisions for NPA	55,948.0	-	55,948.0
Provision for standard assets	25,300.0	-	25,300.0

Industry-wise distribution

₹ in million

Particulars	Gross NPA/NPI	Specific Provision	General Provision	Specific Provision during the period*	Write-off during the period
Top 5 Industries [#]	3,438.8	2,873.7	3,746.2	71.5	2.1

[#] Considered basis gross exposure to top 5 industry

* Net of any reversal due to change in client's category

Credit risk – portfolios subject to the standardised approach

External Ratings

As per the RBI Master Circular – Basel III Capital Regulations, the Bank has adopted standardised approach for measurement of credit risk. The risk weights under this approach are based on external ratings of borrowers. As of 30th September, 2025, the following External Credit Assessment Institutions (ECAIs) are approved rating agencies for risk weighting purposes:

- a. Domestic credit rating agencies: CRISIL, ICRA, CARE, India Ratings (erstwhile FITCH India) Brickwork Ratings India Private Limited (Brickwork)⁺, Acuite Ratings and Research Limited (Erstwhile SMERA Ratings Limited); and INFOMERICS Valuation and Rating Private Limited (INFOMERICS),
- b. International rating agencies: S&P, FITCH and Moody's

⁺ In line with RBI circular dated 9 June 2025

The bank has assigned risk weight based on long-term and short-term rating of the borrower, as appropriate for the transaction and the risk weights are derived in accordance with the rules laid down by RBI. Only Bank loan ratings are used for assigning risk weight to corporate claims [advances and non-fund facilities]. If the Bank has exposure in the rated issue, then long term facilities are assigned risk weight based on the long-term rating of the borrower and short-term facilities are assigned rating based on the short-term rating of the borrower. For transactions with original maturity of up to one-year, short-term rating is used. For cash credit, overdraft facilities and transactions with contractual maturity of more than one-year, long-term rating is used.

If an issuer has a external rating that warrants a risk weight of 150 per cent, all unrated claims on the same counter-party, whether short-term or long-term, should also receive a 150 per cent risk weight, unless the bank uses recognized credit risk mitigation techniques for such claims.

For risk-weighting purposes, short-term ratings are deemed to be issue specific. Any unrated short-term claim on a counterparty will attract a risk weight of at least one level higher than the risk weight applicable to the rated short term claim on that counterparty.

Credit exposures by risk weights as at 30th September, 2025

₹ in million

Exposure category	Fund Based	Non-fund based	Total
Below 100% risk weight	2,564,089.2	449,425.5	3,013,514.7
100% risk weight	2,313,819.9	132,749.6	2,446,569.5
More than 100% risk weight	1,237,347.8	163,235.1	1,400,582.9
Deducted	-	-	-
TOTAL	6,115,256.9	745,410.2	6,860,667.1

Includes all entities considered for Basel III capital adequacy computation, net of risk mitigation as per the standardised approach

Credit Risk Mitigation

Risk mitigation, begins with proper customer selection through assessment of the borrower, based on financial and non-financial parameters, to meet commitments. A number of methods to mitigate credit risk are used, depending on suitability of the mitigant for the credit, legal enforceability, type of customer and the internal experience to manage the particular risk mitigation technique.

When granting credit facilities, the sanctioning authorities base their decision on credit standing of the borrower, source of repayment and debt servicing ability. Based on the risk profile of the borrower while unsecured facilities may be provided, within the Board approved limits for unsecured lending, collateral is taken wherever needed, depending upon the level of borrower risk and the type of loan granted. Common

credit risk mitigation techniques are facility structuring, obtaining security / collateral, guarantees and lending covenants. Mitigating mechanisms like syndication, loan assignments as well as reduction in the amount of credit granted are also used. The credit policies lay down parameters for acceptable level of credit risk.

The Bank has a credit risk mitigation policy that lists possible credit risk mitigation techniques and associated haircuts as envisaged in RBI guidelines. The objective of this Policy is to enable classification and valuation of credit risk mitigants in a manner that allows regulatory capital adjustment to reflect them. The Policy adopts the Comprehensive Approach, which allows full offset of eligible collateral wherever applicable against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. The collateral values are suitably adjusted by (appropriate haircuts to take account of possible future fluctuations in their value due to market movements).

Legal enforceability of collateral obtained is critical, to improve recoveries in the event of a default. The Bank has specific requirements in its internal policies with regards to security verification and appropriate legal documentation. The control process for various credit risk mitigation techniques includes credit review and approval requirements, specific credit product policies, credit risk monitoring and control.

The list of eligible financial collaterals recognised by the Bank for risk Mitigation is as follows:

- Cash / Fixed deposits with the Bank
- Gold – including Bullion & Jewelry
- Central & State Government securities
- Kisan Vikas Patra and National Savings Certificates
- Life Insurance policies with a declared surrender value of an insurance company which is regulated by the insurance sector regulator
- Debt securities rated investment grade or better
- Mutual Fund units where investment is in debt instruments

Where available, the Bank also makes use of credit mitigation by way of guarantees / letters of credit provided by other eligible guarantors / banks as per RBI guidelines. Where eligible guarantees are used towards credit mitigation, the Bank follows a substitution approach and applies the risk weight of the guarantor in lieu of the obligor risk weight. The collateral obtained is released on repayment of all dues or on collection of the entire outstanding credit facility, provided no other existing right or lien for any other claim exists against the borrower.

The Bank has taken ₹186,939.2 million of eligible financial collateral benefit in the capital computation as at 30th September, 2025.

The highest share of Financial Collaterals considered for Credit Risk Mitigation, is by way Cash/FD's and thus there is not much risk concentration envisaged on account of these mitigants.

₹ in million

Type of Credit exposure	Covered by Eligible financial collateral after haircut	Covered by Guarantees/Credit derivatives
Total Exposure	186,939.2	86,428.9

Securitisation

A. General qualitative disclosure with respect to securitization:

a) Securitisation objectives and policies

Securitisation of assets is undertaken with the following objectives:

- **Meeting credit needs of borrowers** – Due to various constraints such as single party and group exposure norms, paucity of capital, internal sectoral exposure norms, etc, at times the Group is unable to meet the entire credit requirements of the borrowers. Securitisation helps in overcoming such constraints and provide structured solutions to meet customer's credit needs.
- **Assistance in management of asset-liability mismatches** – With traditional on balance sheet borrowing and lending, the maturity of assets tends be much longer than that of the liabilities. Securitisation effectively makes Group's assets more liquid providing scope to more flexibly manage maturity mismatches.
- **Reduction of credit risk, interest rate and liquidity risk** – Through Securitisation, the Group can transfer credit, interest rate and liquidity risks to third parties.
- **Contingency plan** – Securitisation of retail asset portfolio is considered as an important element of the contingency funding plan of the Group.
- **Underwriter**
The Bank may underwrite in whole or part of an issuance of securitised debt instruments, with the intent of selling them at a later stage subject to stipulations under the extant RBI guidelines
- **Credit Enhancement provider**
Under the revised securitisation guidelines, the Bank may provide credit enhancement on Securitisation 'sale' transactions undertaken by the Bank / a third party for meeting shortfalls arising on account of delinquencies and prepayment losses in the underlying pool sold. The Bank may also undertake to be a credit enhancement provider for securitisation transactions originated by third parties.
- **Investor/trader/market-maker**
The Bank may acquire investment grade securitised debt instruments backed by financial assets originated by third parties for purposes of investment/ trading/ market-making with the aim of developing an active secondary market in securitised debt.
- **Structurer**
Structuring appropriately in a form and manner suitably tailored to meet Bank/investor requirements, while being compliant with extant regulations

b) The major risks inherent in securitisation/loan assignment transactions are given below:

- **Credit Risk**
Investors in a securitisation transaction may bear a loss in the event of shortfall in credit enhancement provided. Where credit enhancement is provided in the form of a corporate guarantee, the investor is exposed to risk of a downgrade in the rating of the corporate guarantee provider. In case of loan assignment transactions, the assignee bears the loss arising from defaults/delinquencies by the underlying obligors.

Market Risk:

- **Liquidity Risk**
This is the risk arising on account of absence of a secondary market for asset backed securities, which provides exit options to the investor/participant.
- **Interest Rate Risk**
Fluctuation in interest rates impacts the valuation of securitisation and may lead to mark to market losses.
- **Prepayment Risk**
Prepayments in the securitised /assigned pool result in early amortisation and loss of future interest (reinvestment risk) to the investor.

- **Commingling Risk**
Risk arising from co-mingling of funds belonging to the investors with other funds of the originator and/or servicer. This risk occurs when there is a time lag between collection of amounts due from the obligors and payout made to the investors/assignee.
- **Servicer Risk**
Risk arising on account of inability of Servicer to collect monies from the underlying obligors and operational difficulties in processing the payments. Particularly in long tenor pools, the investor is exposed to the risk of servicer defaulting or discontinuing its operations in totality.

c) Role played by the Group in the securitisation process:

- **Structurer:** The Bank scans the market to identify potential investors and structures the transaction to meet their requirements in compliance with the extant guidelines.
- **Investor & Underwriter:** Bank invests in investment grade securitisation assets where underlying loans are originated by other RBI regulated entities

d) Processes for monitoring risks in securitisation exposures

▪ **Credit Monitoring**

The Bank assesses the performance of all instruments purchased under securitisation or the loan assignment route basis information received from the servicer and / or trustee. The performance of pools is measured by analysing parameters such as collection ratios, delinquency rates, credit enhancement utilisation and level of available credit enhancement (where applicable). The Bank undertakes escalation to the issuer of the instruments on performance of pools which show concerning trends (if any). The Bank has established appropriate risk management processes to monitor the risks on securitisation exposures, which includes

- i. monitoring of monthly performance reports which are circulated to investors/assignees/rating agencies.
- ii. independent risk assessment of the pools by the rating agencies based on amortisation level, collection efficiency, credit enhancement utilisation levels and credit cover available for the instrument's tenure.
- iii. periodic stress tests for the securitisation exposures

Corrective action, if required, may include modification to exposure ceilings to certain type of asset class underlying securitization, modification to ceilings applicable to originators.

▪ **Market Risk**

Investor to be guided by Board approved policies to assign valuation to the investment positions in securitization notes. The Bank ascertains market value of securitisation exposures based on extant norms, which is compared with their book value to assess the mark to market impact of these exposures at monthly interval.

▪ **Credit risk mitigation for retained securitisation exposures**

The Bank has not used credit risk mitigants to mitigate risks retained through securitisation exposures.

B. Summary of Group's accounting policies for securitisation activities

a) Whether the transactions are treated as sales or financings

Assets transferred through securitisation and direct assignment of cash flows 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. The Bank invests in Pass Through Certificates (PTCs) issued by Special Purpose Vehicles (SPVs). PTCs are accounted at acquisition cost and are classified as investments. The

Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised based on effective interest rate method.

- b) Methods and key assumptions (including inputs) applied in valuing positions retained or purchased.

Valuation of securitised instrument exposures is carried out in accordance with the Fixed Income Money Market and Derivatives Association (FIMMDA)/RBI guidelines. The Bank ascertains market value of the securitisation exposures based on extant norms, which is compared with the book value to assess the mark-to-market impact of these exposures, on a periodic basis. The valuation of pass-through certificates (PTCs) wherever linked to the Yield-to-Maturity (YTM) rates, is computed with a mark-up (reflecting associated credit risk) over the YTM rates for government securities published by Fixed Income Money Market and Derivatives Association (FIMMDA)/Financial Benchmark India Private Limited (FBIL).

- c) Changes in methods and key assumptions from the previous period and impact of the changes. There is no change in the methods and key assumptions applied in valuing retained/purchased interests from previous period
- d) Policies for recognising liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitized assets.

The Bank may provide credit enhancement in the form of cash collateral and/or by subordination of cash flows to senior pass through certificate holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure shall be made at the time of sale in accordance with AS-29 'Provisions, contingent liabilities and contingent assets.

C. Rating of the securitisation transactions:

The ratings declared / issued by the below ECAI were used for all kinds of securitisation and loan assignment exposures.

Following are the domestic ECAIs specified by RBI:

- CRISIL Ratings Limited
- CARE Ratings Limited
- ICRA Limited
- India Ratings and Research Private Limited
- Acuite Ratings and Research Limited
- Informerics Valuation and Rating Private Limited

Breakup of the exposure securitised by the Group during the year and subject to securitization framework:
A. Banking Book

Aggregate amount of securitisation exposures retained or purchased and outstanding as at 30th September, 2025 is given below:

₹ in million

S No.	Exposure type	On Balance Sheet Amount	Off Balance Sheet Amount
1.	Total amount of exposures securitised	-	-
2.	Losses recognised during the current period for exposures securitised earlier	-	-
3.	Amount of assets intended to be securitised within a year Of which amount of assets originated within a year before securitisation	-	-
4.	The total amount of exposures securitised (by exposure type) and unrecognised gain or losses on sale	-	-
5.	Aggregate amount of exposures purchased by the Group	13,325.8	-
6.	Securitisation exposures outstanding		
	Micro Finance	4,786.5	-
	Vehicle Loans	14,671.0	-
	Tractors	-	-
	Mortgage Loans	1,554.9	-
	Others	4,518.4	-
7.	Liquidity facility	-	-
8.	Credit commitments (cash collateral)	-	-
9.	Other commitments	-	-

Risk-weight wise and bucket wise details of the securitisation exposures on the basis of book value

₹ in million

Exposure type	Amount	Capital requirement
Below 100% risk weight	25,052.6	640.6
100% risk weight	-	-
More than 100% risk weight	478.2	687.4
Deductions	-	-
-Entirely from Tier I capital	-	-
-Credit enhancing I/Os deducted from total capital	-	-
- Credit enhancement (cash collateral)	-	-

Includes all entities considered for Basel III capital adequacy computation

B. Trading Book

Breakup of the exposure securitised by the Group during the year and subject to securitisation framework:

₹ in million

Sr. No.	Type of Securitisation	Amount
1.	Aggregate amount of exposures purchased by the Group and which is subject to the market risk approach	-

Aggregate amount of securitisation exposures retained or purchased and outstanding as at 30th September, 2025 is given below:

₹ in million

S No.	Exposure type	On Balance Sheet Amount	Off Balance Sheet Amount
1	Total amount of exposures retained	-	-
2	Securitisation exposures outstanding	-	-
	Micro Finance	-	-
	Vehicle Loans	-	-
	Tractors	-	-
	Mortgage Loans	-	-
	Others	-	-
3	Liquidity facility	-	-
4	Credit commitments (cash collateral)	-	-
5	Other commitments	-	-

Risk-weight wise and bucket wise details of the securitisation exposures on the basis of book value

₹ in million

Exposure type	Amount	Capital charge
Below 100% risk weight	-	-
100% risk weight	-	-
More than 100% risk weight	-	-
Deductions	-	-
-Entirely from Tier I capital	-	-
-Credit enhancing I/Os deducted from total capital	-	-
- Credit enhancement (cash collateral)	-	-

Includes all entities considered for Basel III capital adequacy computation

Market Risk in Trading Book

Market risk management policy

Market Risk is the risk that earnings and/or capital will be affected by adverse changes in market variables such as interest rates, foreign exchange rates, commodity and equity prices & implied volatilities.

Market Risk for the Bank and each of its major subsidiaries is managed in accordance with policies approved by the respective Boards or ALCO. These policies ensure that transactions in Debt, Equity, Foreign Exchange, Derivatives & other markets are conducted in accordance with sound & acceptable business practices and are as per the extant regulatory guidelines & laws governing transactions. The policies are reviewed regularly to incorporate changes in regulatory guidelines and business and economic environment.

Market Risk Management encompasses the following imperatives:

- Managing Interest Rate Risk in Trading & Banking Books
- Managing Currency & other Trading Book Risks
- Proper Valuation & Measurement
- Compliance with regulatory & Board guidelines
- Oversight over the operation and execution of market transactions

For Regulatory capital purposes, the Group calculates its Market Risk Capital as per the Calculation Rules prescribed by the RBI in "Master circular – Basel III Capital Regulations dated April 01 2025.

Structure and organization of the Market Risk Management function

The Risk Management Architecture for the Bank and each of its major subsidiaries is overseen by the

respective Boards of Directors. The Board approves appropriate policies for the management of risk. The Risk Management Committee of the Bank approves and reviews performance against the Bank's Market Risk Appetite. The Asset Liability Management Committee (ALCO) is entrusted with overseeing market risks in the banking book as well as the trading book. This committee approves & periodically reviews the market risk and limit framework.

Appropriate and comprehensive risk limits & triggers are set – in the context of market environment, strategy, the size and complexity of the portfolios. In the Bank, the risk limits & triggers include sensitivity limits (on PV01, Modified Duration, Option Greeks, etc), position limits, gap limits, tenor ceilings, holding period limits, Value-at-Risk (VaR) limits, loss triggers & limits etc.

The independent Market Risk Management & Treasury Middle-office units of the Bank report directly to the Chief Risk Officer and ensure that all market risks are identified, assessed, monitored and reported for management decision making. The Market Risk Management & Treasury Middle-office units are responsible for identifying and escalating any risks, including limit breaches on a timely basis. Treasury Middle-office unit also carries out rate-scan of traded products. Major market risk limits of the Bank like PV01, Bond Position Limits, Desk-wise Fx Position limits, Greek limits etc. are monitored on an intraday basis.

The Bank's Board Committee for Derivative Products and Senior Management Committee for Derivatives – are responsible for the oversight of the derivatives business. The Bank also has a Board approved Customer Suitability & Appropriateness Policy in place – which lays down the framework within which the Bank assesses Suitability & Appropriateness and offers derivative products to clients.

Value at Risk

The Bank uses Value-at-Risk (VaR) to estimate the potential loss from adverse movements in market variables.

The VaR model is based on Historical simulation with a 99% confidence level for a one-day holding period. The VaR model is validated through the process of Back-testing.

Stress Testing

Stress Testing & Scenario analysis are important tools used by the Bank to evaluate market risk. Stress testing quantifies the impact of extreme but low-probability market movements. Both historical and hypothetical stress scenarios are used for this purpose. The stress tests are governed by the Bank's Board-approved Stress Testing Policy.

Liquidity Risk

Liquidity refers to the Group's ability to fund increase in assets or withdrawals of liabilities and meet both expected and unexpected cash and collateral obligations at reasonable cost without adversely affecting its financial condition and liquidity risk arises where the Group is unable to meet such obligations. The efficient management of liquidity is essential to the Group in order to retain the confidence of the financial markets and maintain the sustainability of the business.

There is a Group liquidity risk management policy which lays down the structure for liquidity risk governance and its management for the Group. The Group follows a decentralized model of liquidity management where in each entity is responsible for its own liquidity planning and fund management. The entities have either Asset Liability Management Committee (ALCO) or senior management, who is responsible for establishing framework for managing and monitoring liquidity risk.

Liquidity risk management in the Bank (standalone) is governed by Board approved Asset Liability Management (ALM) policy which provides the framework for its monitoring & management. The Bank actively manages its liquidity risk covering both market funding risk and market liquidity risk. The Bank maintains a diversified funding profile with emphasis on building retail franchise to increase customer

deposits. The Bank ensures that there is sufficient liquidity headroom available, including liquid assets, at all times to manage any contingency.

The Bank dynamically manages the daily funds inflows and outflows, prioritizing critical payment transactions, assessing the drawing power of intraday liquidity facilities, etc. Considering the inter-dependencies that exist among systems, which may lead to liquidity dislocations that cascade quickly across many systems, especially banks, ALCO has set thresholds for inter-bank liabilities, call money borrowing and lending limits.

Liquidity risk is assessed from both structural and dynamic perspective and the Bank uses various approaches like stock approach, cash flow approach & stress test approach to assess liquidity risk. Cash flow management is critical for liquidity risk management and the Bank has developed models on advances and deposits for predicting cash flows for products with indeterminate maturity, products with embedded options, contingents, etc. The outcomes of the models are periodically back tested to test their effectiveness.

The Bank uses liquidity gap analysis to measure cash flow mismatches at different time bands. The cash flows are bucketed based on the residual maturity of the cash flows or the projected behaviour of assets, liabilities and off-balance sheet items. Bank also manages its liquidity on a dynamic basis to supplement the liquidity gap analysis by estimating net cash outflow or inflows for business units considering their business projection for the next 3 months. The Bank also employs stock approach to assess various aspects of liquidity risk such as stability of funds, liquid assets cover, funding concentration, etc.

The Board-approved Contingency Liquidity Plan (CLP) is another liquidity measurement and management framework. The CLP incorporates ratio-based early warning indicators (EWIs) to forewarn emerging stress liquidity conditions. CLP articulates the management action plan to be adopted in case of liquidity crises. Potential contingency liquidity sources are identified to be tapped under liquidity stress and the Bank has identified Control & Response Teams to manage such eventuality.

The Bank follows scenario based approach for Liquidity Stress Testing. These scenarios & assumptions are employed to evaluate the impact of stress on the existing liquidity position of the Bank. Market Liquidity Risk is considered through haircuts to sell liquid assets considering instrument type, expected change in interest rate in liquidity crisis, etc. Bank also assess the impact on P&L in utilizing liquidity mitigates (e.g. selling liquid assets, marginal standby facility, refinance head rooms, etc.) with appropriate haircuts and increased cost of funding.

The Bank has implemented the Basel III liquidity standards i.e. liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). LCR measures the adequacy of high quality liquidity asset to cover short term net outflows under severe stress conditions. These measures have been incorporated as part of Bank's risk appetite definitions and thresholds. The Bank has implemented LCR framework across group companies from Jan 2016 and consolidated LCR level is well above the minimum regulatory requirement for the LCR.

The Net Stable Funding Ratio (NSFR), measures the ratio between available stable funding (>1 year) and the required stable funding (> 1 year) to support long-term lending and other long-term assets. For banks in India, the NSFR came into effect from October 1, 2021 and the minimum regulator threshold is 100%. The Group has implemented the NSFR and is above the minimum regulatory requirement.

Hedging and Risk mitigation

The Bank has defined limits for positions that can be taken. Hedging transactions are regularly evaluated for effectiveness in accordance with relevant regulatory and internal guidelines.

Market risk capital charge

₹ in million

Risk category	Capital charge
Interest rate risk	4,209.6
Equity position risk	17,233.3
Foreign exchange risk	992.1
Total capital Charge	22,435.0

Includes all entities considered for Basel III capital adequacy computation

Operational Risk Management (ORM)

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. This definition includes legal risk but excludes reputational risk. In line with risk management framework and best practices, operational risk in the Bank is composed of the following risk types: people, process, technology, legal, compliance, outsourcing risk. The Bank has put in place Board approved Operational Risk Management Policy and framework for identification, assessment, measurement, mitigation, monitoring and reporting of Operational Risk. The said policy also prescribes governance structure for management of Operational Risk.

For effective management of Operational Risk, the Bank has developed a comprehensive framework, which details the governance structure and the process of identifying, measuring and monitoring of Operational risk. The framework is supported by policies and processes that help manage operational risk within approved tolerances, on behalf of its stakeholders.

The independent Operational Risk Management function reporting directly to the Group CRO lays down the operational risk management policies, standards, processes, procedures; and operational risk management framework.

The following are some of the key techniques applied by Bank and / or group companies to manage operational risks -

- The Bank has built into its operational process segregation of duties, clear reporting structures, well defined processes, clearly defined approval authority structure, operating manuals, staff training, and strong audit trails to control and mitigate operational risks.
- New Product notes prepared by business units are reviewed by all concerned departments including compliance, risk management. All concerned departments coordinate and discuss key operational risk issues so as to minimize them or ensure adequate controls over them.
- The Operational risk team performs detailed risk analysis and root cause analyses on key operational risk events, reported by business units, to identify inherent areas of risk and suggest suitable risk mitigating actions which are monitored for resolution. The Bank wide unusual event reporting (which includes near miss events) forms the basis for this analysis. All such unusual events are captured in the Unusual Event database. The Bank now has a loss database of more than 10 years. The Operational risk team also proactively scans information on external events occurring in the industry to ensure that the Bank can respond suitably to similar incidents.
- The Bank has in place a 'Risks and Controls Self-Assessment program for formally assessing operational risks and related controls to mitigate these risks. The self-assessments are performed by individual business units and functions in accordance with the minimum standards established by the ORM function. The ORM team provides independent challenge to the RCSAs. For areas with high risk potential, appropriate mitigating measures are taken up. Further the Bank also has defined Key Risk Indicators that are monitored regularly.

- The Bank continuously takes various steps to increase the overall level of operational risk awareness amongst staff at all levels using various tools like awareness mailers, trainings, workshops, risk assessment exercise and process related compliance certification / testing, etc. Operational risk profile for key business domains are reviewed and discussed with the domains senior management at the respective Operational Risk Executive Committee (OREC) meetings. This enables the Bank to detect changes to the domains risk profile at an early stage and take necessary corrective actions. The Bank believes that this process helps build a strong risk management culture and increased level of risk awareness amongst work force.
- The Bank has implemented a KRIs and risk indicators are identified and defined in a structured manner for key operational risks across the Bank. The KRI's include measurable metrics and are regularly monitored. This is supplemented with qualitative review and discussion with business units to improve controls and reduce risks to an acceptable level.

In the larger group entities, Risk Department identifies and monitors risk on an ongoing basis including sample checks and control testing.

- There is also a Committee on Frauds, which reviews all frauds above a threshold amount. Further there is also an Executive level Fraud Risk Management Committee.
- Bank also transfers risk via insurance to mitigate operational risk exposure. The Operational Risk team helps to review and provide inputs on key insurance coverage basis trends and triggers emerging from unusual events or changes in risk profile basis introduction of new products or developments in the external environment.

Business Continuity Management (BCM)

The Bank has established and put in place a robust and resilient Business Continuity Management System's (BCMS) framework which proactively identifies and mitigate risks that can cause disruption, to minimize the impact during such disruption and ensure continuity of its key products or services at an acceptable level while meeting the expectations of stakeholders within the prevailing legal & regulatory framework.

The BCM policy is maintained and reviewed annually for its continual improvement by the BCM Committee. The committee oversees the activities for implementation and maintenance of BCMS.

A mandatory training module helps in embedding BCM culture among the Bank's business processes across all verticals and promote BCM awareness in the bank.

Outsourcing Risk Management

The Bank has an Outsourcing Policy which covers selection of service providers based on comprehensive due diligence, parameters for defining material outsourcing and role of the Risk Management Committee and senior management. The Bank also has an IT Outsourcing Policy in line with RBI's Master Direction on Outsourcing of Information Technology Services.

The Outsourcing Framework is in place which covers processes to be followed from vendor on-boarding till the end of vendor engagement.

Technology and Cyber Risks

The advancement of information technology ("IT") has brought about rapid changes to the way businesses and operations are being conducted within the Bank. It is a key enabler for business strategies including reaching out to and meeting customer needs.

An effective Risk Management Framework is an important aspect of a successful Technology, and Cyber security program. Objective of the Technology and Cyber security program is to identify and manage the exposure, including defining the technology processes necessary to assess, manage and monitor technology initiatives.

Governance Framework

The Governance Framework for managing Technology and Cyber risks has 3 lines of defense as follows:

- First Line of Defense - IT/Business Units
- Second Line of Defense - CISO function reporting to the Chief Risk Officer
- Third line of Defense – Internal Audit

The various committees that have been constituted to address technology and Cyber risks are as follows:

- Risk Management Committee – Chaired by Independent Director
- IT Strategy & Digital Payments Promotion Committee - Chaired by Independent Director
- Information Technology Risk and Information Security Committee – Chaired by the Chief Risk Officer.

Policies and Processes

- Technology and Cyber Security framework is based on industry standards and best practices.
- The framework covers policy, standards and procedures.
- These processes are reviewed at least annually.
- Risk assessment framework is established for identifying and mitigating risks related to people, process and technology.

Technology Architecture and related processes

- The bank has layered technology architecture for protecting against cyber-attacks at the Network, Application and Endpoints.
- The systems are assessed for security requirements at the time of on-boarding and on an ongoing basis.
- The security operations center (SOC) operates around the clock for identifying and responding to security incidents.
- Periodic cyber drills are conducted to assess the effectiveness of the controls.
- The access to business applications is provisioned by an independent team. The access is provided based on the roles and segregation of duties. Technology and Operational controls are implemented to manage privileged access to systems
- Business Continuity and Disaster Recovery plans have been established for critical businesses to ensure continuity of operations and minimal disruption to customer services. These plans are periodically tested and reviewed to ensure their effectiveness to mitigate unforeseen risks arising out of disruptions.
- End of Life/out of support systems pose operational and security risks such as vendor support, patch management, bug fixes etc. The Bank has a process for planned upgrades for out of support systems.
- Security awareness is conducted for staff, customers and third parties supporting the bank IT Infrastructure.

Interest Rate Risk in the Banking Book (IRRBB)

The impact of adverse movements in interest rates on financials is referred to as interest rate risk. The very nature of the financial intermediation business makes the Group susceptible to interest rate risk and unmanaged risk could potentially pose a significant threat to the Group's earnings and capital.

Interest rate risk results from both trading book and banking book. The impact of interest rate risk on trading book is actively measured through a variety of risk metrics like PV01, option greeks, VaR. etc. The tolerance with respect to exposure to market risk in the trading book is articulated through various risk limits and monitored through different MIS reports. The Group also provides for capital for exposure to market risk in the trading book.

For banking book, interest rate risk arises through mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL) and rate sensitive off-balance sheet items. The intensity of the impact depends largely on timing mismatches in the maturity and repricing of assets and liabilities and off-balance sheet positions. The aim of managing interest-rate risk is to limit the sensitivity of the balance sheet to interest rate fluctuations. As interest rate risk can impact both net interest income (NII) and value of capital, it is assessed and managed from both earning and economic perspective.

Bucketing of liabilities and assets with indeterminate maturity for interest rate risk is based on the behavioral approaches for determining the core and non-core portion. Bucketing of core and non-core portions in the interest rate sensitivity statements are as guided by the ALCO. Assumptions on prepayment and early redemption as appropriate are applied in the calculations.

ALCO is the guiding body for management of IRRBB in the Bank and sets the overall policy and risk limits. Balance Sheet Management Unit (BMU), which is part of the treasury, is entrusted with the responsibility of IRRBB and works out appropriate strategies including hedging in consultation with ALCO to mitigate the risk. ALM Risk unit, which is a part of risk management team independently measures and monitors the interest rate risk. As a policy, no interest rate risk is retained within the business units other than treasury and it is transferred from business units to BMU using Funds Transfer Pricing (FTP). FTP rates are reviewed by the ALCO in its meetings periodically and are calibrated considering the markets, business needs and overall balance sheet plans.

Earning at Risk (EaR) is a short term interest rate risk measure which assesses the change in NII by estimating the impact on interest income from rate sensitive assets and interest expense on rate sensitive liabilities including off-balance sheet items. The Bank has set limit for change in NIM for given change in interest rates to manage the re-pricing gaps. Basis the overall NIM limit, re-pricing gap limits are also set for various re-pricing time bands.

Group uses Economic Value of Equity (EVE), which is a long term risk measure to assess the change in value of equity due to change in economic value of asset and liabilities. The duration gap approach is used to determine the sensitivity of EVE. Modified duration is computed for all assets, liabilities (excluding equity capital) and rate sensitive derivatives to assess the Leveraged Duration Gap / Duration of Equity. Leveraged Duration gap is computed including and excluding trading book and are subjected to interest rate shocks to assess the impact on EVE. The Group has incorporated change in EVE as percentage of Tier I capital in its risk appetite definition and set a threshold for it for a given change in interest rate.

The Bank EaR & EVE reports are submitted to the ALCO on a monthly basis.

Details of increase (decline) in earnings and economic value of equity for upward (downward) rate shocks based on Consolidated Balance Sheet as at 30th September, 2025 are given below:

- Earnings Perspective

Impact on earnings of 200 bps parallel shift in yield curve as on 30th September, 2025.

(₹ million) Currency	If interest rate were to go down by 200 bps	If interest rate were to go up by 200 bps
INR	(44,401.8)	44,401.8
USD	(1,864.3)	1,864.3
Others	431.9	(431.9)
Total	(45,834.2)	45,834.2

- Economic Value Perspective {Market Value of Equity (MVE)}

(₹ million) Currency	If interest rate were to go down by 200 bps	If interest rate were to go up by 200 bps
INR	(673.0)	673.0
USD	(2,242.8)	2,242.8
Others	10,703.7	(10,703.7)
Total	7,787.8	(7,787.8)

Exposures Related to Counterparty Credit Risk

Financial institutions are interrelated because of trading, clearing, counterparty, funding or other relationships. As a result, defaults of one or more financial institutions, or even rumours or questions about, one or more financial institutions may lead to market wide liquidity problems and could lead to further losses or defaults. In addition to traditional banking activities, the Bank is active in transactions in securities, derivatives, foreign exchange, commodities or securities lending/repurchase transactions. In this context further risks could arise from settlement or performance that is not provided at all or in a timely manner by the counterparty as well as from system failures at clearing agencies/houses, stock exchanges or other financial intermediaries. The Bank has exposure to many counterparties in the financial industry, directly and indirectly, including clearing houses, commercial banks, investment banks, mutual funds, and other clients with which it regularly executes transactions. The Bank is conservative when choosing market counterparts.

As per the Investment Policy of the bank, ALCO of the bank fixes counterparty limits for inter-bank participants based on their capital adequacy, resource raising ability, asset quality, earning, management & systems evaluation, liquidity, asset liability management etc., These limits are reviewed from time to time. The policy also stipulates that the bank will adopt Current Exposure method for calculating counterparty credit exposures arising out of foreign exchange and derivative transactions. These exposures will be tracked against the prescribed limits for the counterparty.

Settlement risk is the risk of losing the principal on a financial contract due to default by the counterparty, after irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or security is confirmed. This risk is managed by close supervision of settlement transactions or by settling transactions on a delivery vs payment basis where possible, based on accepted market practices.

The Bank uses derivatives to meet customer needs, generate revenues from trading activities, manage market and credit risks arising from its lending, funding and investment activities. The Bank uses several

types of derivative products, including interest rate swaps and options, to hedge interest rate risk exposure. Forward contracts, swaps and options are used to manage foreign currency risk exposures. The Bank enters into derivative contracts to support customers in the management of their financial exposures. The Bank also uses derivatives to protect cash flows and values of financial assets and liabilities in its own book from market fluctuations. Existing derivatives contracts entered into by the Bank, generally, do not have provisions for posting additional collaterals in case of a credit rating downgrade.

Counterparty credit risk in derivative contracts is the risk of a counterparty not living up to its contractual obligations where the Bank has a claim on the counterparty. The claim on the counterparty corresponds to a positive exposure in favour of the Bank. Credit risks arising from derivatives cannot be determined with certainty at the outset, because during the tenure of a transaction the value of the counterparty's obligation to the Bank will be affected by changes in the markets (such as changes in interest rates, and exchange rates). Since the market value of a derivative fluctuates during the term to maturity, the uncertainty of future market conditions must be taken into account. The potential future exposure (PFE) is calculated by applying an add-on to notional value. The add-on is generated either through internal method or by applying a standard add-on fixed by the regulator (standardised method), depending on product type and time to maturity which reflects potential market movements for the specific contract.

Derivatives are generally transacted under industry standard International Swaps and Derivatives Association (ISDA) master netting agreements. The ISDA allows for a single net settlement of all transactions covered by that agreement in the event of a default or early termination of the transactions. An ISDA Credit Support Annex (CSA), the terms of which may vary according to each party's view of the other party's creditworthiness, frequently accompanies the ISDA agreements. The CSA details the types of collateral that are acceptable to each party, and the haircuts that will be applied against each collateral type. The terms of the ISDA master netting agreements and CSAs are taken into consideration in the calculation of counterparty credit risk exposure. These agreements may also reduce settlement exposure (e.g. for foreign exchange transactions) by allowing payments on the same day in the same currency to be set-off against one another.

Where collaterals are available against derivative contracts, for capital purposes, eligible financial collaterals go towards reducing the credit exposure to a counterparty. The Bank also has a defined NPA recognition, provisioning policy for establishing credit reserves in line with regulatory guidelines.

The credit valuation adjustment (CVA) is an adjustment to the value of OTC derivative transaction contracts to reflect, within fair value, the possibility that the counterparty may default or migrate to a lower credit grade, and the Bank may not receive the full market value of the transactions. The bank computes a separate CVA for each counterparty for its market related off balance sheet exposures as per RBI Basel III Guidelines.

As part of counterparty credit risk exposure, an additional risk known as wrong-way risk can arise. This risk occurs when the exposure to a counterparty increases as the credit quality of the counterparty deteriorates. Specific wrong-way risk arises when the credit quality of the counterparty and the market risk factors affecting collateral or other risk mitigants display a high correlation, and general wrong-way risk arises when the credit quality of the counterparty, for non-specific reasons, is highly correlated with macroeconomic or other factors that affect the value of the risk mitigant. Specific wrong-way risk in transactions is evaluated at the time of transaction assessment. The Bank seeks to avoid specific wrong-way risk where possible. For example, the issuer of the collateral and the counterparty on whom exposure is taken, should be neither the same nor connected. General wrong way risk is mitigated through monitoring of concentration of counterparty credit exposures on account of derivatives.

RBI vide circular dated 30th March 2021, permitted Bilateral Netting of Qualified Financial contracts, from 31st March 2021. Effective 30th June 2021, the Bank computes counterparty exposures as of quarter end dates under the Bilateral Netting Method and based on Current Exposure Method for all other dates of the quarter.

₹ in million

Particulars	Currency Derivatives	Interest Rate Swaps
Gross Positive Fair Value of Contracts	19,861.7	5,179.7
Netting Benefits	185,592.8	14,006.5
Netted Current Credit Exposure	57,862.9	9,131.3
Collateral held (e.g. Cash, G-sec, etc.)	1,485.8	1,731.2
Net Derivatives Credit Exposure	56,377.1	7,400.1
Exposure amount (under CEM)	243,455.7	23,137.8
Notional Value of Credit Derivative hedges	-	-
Credit derivative transactions that create exposures to CCR	-	-

Detailed Capital Disclosures Template- As at 30th September, 2025

DF-11 : Composition of Capital (₹ in million)			Ref No.
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	266,216.2	A=a1+a2-a3
2	Retained earnings	912,160.7	B=b1-b2
3	Accumulated other comprehensive income (and other reserves)	386,690.8	C=c1+c2
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies) (not applicable to commercial banks in India)	-	
	Public sector capital injections grandfathered until January 1, 2018	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory adjustments	1,565,067.7	
Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments	1,751.0	
8	Goodwill (net of related tax liability)	34.2	D=d1+d2
9	Intangibles (net of related tax liability)	3,483.9	E=e1+e2
10	Deferred tax assets	-	
11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	1,241.4	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	
20	Mortgage servicing rights (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which : significant investments in the common stock of financial entities	-	
24	of which : mortgage servicing rights	-	
25	of which : deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (26a+26b+26c)	23,498.6	

DF-11 : Composition of Capital (₹ in million)			Ref No.
26a	of which : Investments in the equity capital of unconsolidated insurance subsidiaries	16,715.7	F
26b	of which : Investments in the equity capital of unconsolidated non-financial subsidiaries	6,782.9	G
26c	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	Total regulatory adjustments to Common equity Tier 1	30,009.1	
29	Common Equity Tier 1 capital (CET1)	1,535,058.6	
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	-	
31	of which : classified as equity/capital under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	a3
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which : instruments issued by subsidiaries subject to phase out	-	
36	Additional Tier 1 capital before regulatory adjustments	-	
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41	National specific regulatory adjustments (41a+41b)	-	
41a	Of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	
41b	Of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	Total regulatory adjustments to Additional Tier 1 capital	-	
44	Additional Tier 1 capital (AT1)	-	
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44)	1,535,058.6	
Tier 2 capital : instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	

DF-11 : Composition of Capital (₹ in million)			Ref No.
47	Directly issued capital instruments subject to phase out from Tier 2	-	H
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	I
49	of which : instruments issued by subsidiaries subject to phase out	-	
50	Provisions, Investment Reserve, Investment Fluctuation Reserve	65,300.0	J=j1+j2
51	Tier 2 capital before regulatory adjustments	65,300.0	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments (56a+56b)	-	
56a	of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-	
56b	of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	65,300.0	
59	Total capital (TC = T1 + T2) (45 + 58)	1,600,358.6	
60	Total risk weighted assets (60a + 60b + 60c)	7,026,324.2	
60a	of which : total credit risk weighted assets	5,929,260.8	
60b	of which : total market risk weighted assets	280,437.8	
60c	of which : total operational risk weighted assets	816,625.6	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	21.8%	
62	Tier 1 (as a percentage of risk weighted assets)	21.8%	
63	Total capital (as a percentage of risk weighted assets)	22.8%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	-	
65	of which : capital conservation buffer requirement	-	
66	of which : bank specific countercyclical buffer requirement	-	
67	of which : G-SIB and D-SIB buffer requirement	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-	
National minima (if different from Basel III)			

DF-11 : Composition of Capital (₹ in million)			Ref No.
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	-	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	-	
71	National total capital minimum ratio (if different from Basel III minimum)	-	
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	24,444.0	
73	Significant investments in the common stock of financial entities	82,897.2	
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	2,328.1	
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	25,300.0	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	74,115.8	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Notes to the template

Row No. of the template	Particular	(₹ in million)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which : Increase in Common Equity Tier 1 capital	16,715.7
	of which : Increase in Additional Tier 1 capital	-
	of which : Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then :	-
	(i) Increase in Common Equity Tier 1 capital	6,782.9
	(ii) Increase in risk weighted assets	84,786.3
50	Eligible Provisions included in Tier 2 capital	65,300.0
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	65,300.0

As at 30th September, 2025

DF-12 : Composition of Capital- Reconciliation Requirements (₹ in million)		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
A	Capital & Liabilities		
i.	Paid-up Capital	9,943.0	9,943.0
	of which : eligible for CET1	9,943.0	9,943.0
	of which : eligible for AT1	-	-
	Reserves & Surplus	1,669,409.4	1,603,461.3
	Employees' Stock Options (Grants) Outstanding	1,001.8	1,001.8
	Minority Interest	-	-
	Total Capital	1,680,354.2	1,614,406.1
	Policy Holders Funds	898,491.1	-
ii.	Deposits	5,244,996.9	5,256,006.2
	of which : Deposits from banks	57,096.9	57,096.9
	of which : Customer deposits	5,187,900.0	5,198,909.3
	of which : Other deposits (pl. specify)	-	-
iii.	Borrowings	827,000.3	828,000.3
	of which : From RBI	-	-
	of which : From banks	253,071.6	253,071.6
	of which : From other institutions & agencies	573,728.7	574,728.7
	of which : Others (Sub Debt/ Upper Tier II Bonds)	200.0	200.0
	of which : Capital instruments	-	-
iv.	Other liabilities & provisions	478,681.6	450,570.5
	Total	9,129,524.1	8,148,983.1
B	Assets		
i.	Cash and balances with Reserve Bank of India	366,299.0	366,202.9
	Balance with banks and money at call and short notice	272,910.4	253,203.3
ii.	Investments :	2,848,432.5	1,922,636.5
	of which : Government securities	1,748,500.2	1,291,179.7
	of which : Other approved securities	-	-
	of which : Shares	357,375.5	103,709.6
	of which : Debentures & Bonds	325,471.8	112,836.9
	of which : Subsidiaries / Joint Ventures / Associates	25,396.5	46,776.4
	of which: Others (Commercial Papers, Mutual Funds etc.)	391,688.5	368,133.9
iii.	Loans and advances	5,294,162.8	5,292,161.6
	of which : Loans and advances to banks	-	-
	of which : Loans and advances to customers	5,294,162.8	5,292,161.6
iv.	Fixed assets	28,383.4	26,032.9
v.	Other assets	309,858.4	288,711.7
	of which : Goodwill and intangible assets	521.6	153.3
	of which : Deferred tax assets	3,171.4	2,328.1
vi.	Goodwill on consolidation	9,477.6	34.2
vii.	Debit balance in Profit & Loss account	-	-
	Total Assets	9,129,524.1	8,148,983.1

As at 30th September, 2025

DF-12 : Composition of Capital- Reconciliation Requirements (₹ in million)		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No
A Capital & Liabilities				
i.	Paid-up Capital	9,943.0	9,943.0	a1
	of which : eligible for CET1	9,943.0	9,943.0	
	of which : eligible for AT1	-	-	a3
	Reserves & Surplus	1,669,409.4	1,603,461.3	
	of which :			
	Balance in Profit and Loss Account	984,808.1	918,646.6	b1
	of which : balance in profit and loss relating to insurance subsidiary and associate not considered for regulatory consolidation	65,948.1	-	
	of which : current period profits not reckoned for capital adequacy purpose	-	6,485.9	b2
	Securities Premium	256,658.3	256,273.2	a2
	Foreign Currency Translation Reserve	7,381.9	7,403.1	
	<i>of which : eligible for CET1</i>	-	5,552.3	c1
	Investment Reserve and Investment Fluctuation Reserve	40,000.0	40,000.0	j1
	Other Reserves and Surplus	380,561.1	381,138.4	c2
	Minority Interest			
	<i>of which : considered in capital</i>	-	-	
	Employees' Stock Options (Grants) Outstanding	1,001.8	1,001.8	
	Total Capital	1,680,354.2	1,614,406.1	
ii.	Deposits	5,244,996.9	5,256,006.2	
	of which : Deposits from banks	57,096.9	57,096.9	
	of which : Customer deposits	5,187,900.0	5,198,909.3	
	of which : Other deposits (pl. specify)	-	-	
ii.	Borrowings	827,000.3	828,000.3	
	of which : From RBI	-	-	
	of which : From banks	253,071.6	253,071.6	
	of which : From other institutions & agencies	573,728.7	574,728.7	
	of which : Capital instruments	200.0	200.0	
	of which :			
	Eligible AT1 capital	-	-	
	Eligible T2 capital issued by Bank	-	-	H
	Eligible T2 capital issued by subsidiary	-	-	I
iv.	Policyholders' Reserves	898,491.1	-	
v.	Other liabilities & provisions	478,681.6	450,570.5	
	of which : DTLs related to goodwill	-	-	
	of which : DTLs related to intangible assets	-	-	
	of which : provision against standard assets	25,300.6	25,300.0	j2
	Total	9,129,524.1	8,148,983.1	

B	Assets			
i.	Cash and balances with Reserve Bank of India	366,299.0	366,202.9	
	Balance with banks and money at call and short notice	272,910.4	253,203.3	
ii.	Investments :	2,848,432.5	1,922,636.5	
	of which : Government securities	1,748,500.2	1,291,179.7	
	of which : Other approved securities	-	-	
	of which : Shares	357,375.5	103,709.6	
	of which : Debentures & Bonds	325,471.8	112,836.9	
	of which : Subsidiaries / Joint Ventures / Associates	25,396.5	46,776.4	
	<i>of which: investment in unconsolidated insurance subsidiary</i>	-	16,715.7	F
	<i>of which: investment in unconsolidated non-financial subsidiary</i>	10.0	6,782.9	G
	<i>of which: goodwill included as part of carrying amount (net)</i>	-	-	d1
	of which : Others (Commercial Papers, Mutual Funds etc.)	391,688.5	368,133.9	
iii.	Loans and advances	5,294,162.8	5,292,161.6	
	of which : Loans and advances to banks	-	-	
	of which : Loans and advances to customers	5,294,162.8	5,292,161.6	
iv.	Fixed assets	28,383.4	26,032.9	
	of which: Intangibles	4,078.7	3,330.6	
v.	Other assets	309,858.4	288,711.7	
	of which : Deferred tax assets	3,171.4	2,328.1	
	of which: Intangibles	521.6	153.3	
vi.	Goodwill on consolidation	9,477.6	34.2	
vii.	Debit balance in Profit & Loss account	-	-	
Total Assets		9,129,524.1	8,148,983.1	

Kotak Mahindra Bank - Main features of regulatory capital instruments – Ordinary Shares

1	Issuer	Kotak Mahindra Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE237A01028
3	Governing law(s) of the instrument	Indian Law
	Regulatory treatment	
4	Transitional Basel III rules	NA
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo / group / group & solo	Group & solo
7	Instrument type	Ordinary Shares
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹ 9,943.0 million
9	Par value of instrument (Paid-up equity share capital)	₹ 9,943.0 million
10	Accounting classification	Equity Share Capital
11	Original date of issuance	Various dates, refer table below
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	Dividend
17	Fixed or floating dividend / coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Represents the most subordinated claim in liquidation
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

Find the detailed terms and conditions of the issue here: <https://www.kotak.com/content/dam/Kotak/investor-relation/governance/Policies/memorandum-and-articles-of-association.pdf>

Capital issuances post conversion into Bank

Equity share capital as on 31st March, 2003 was ₹ 592.1 million (118.4 million* equity shares)

Date of issue	Nature of issue	Number of equity shares million	Amount ₹ million
April, 2006	GDR	30.0*	4,500.5
October, 2007	QIP	34.0*	16,150.0
August, 2010	Preferential issue	32.8*	13,661.2
April, 2013	Preferential issue	20.0	12,960.0
April, 2015	Issue to eVBL	139.2	696.0
May, 2017	QIP	62.0	58,032.0
May, 2020	QIP	65.0	74,425.0

* adjusted for split of equity shares from ₹ 10 fully paid up to ₹ 5 fully paid up

Disclosure Requirements for Remuneration

Remuneration details are disclosed as part of Annual Financial Statements. The link to this section is: <https://www.kotak.com/en/investor-relations/financial-results/annual-reports.html?source=website>

Equities – Disclosure for Banking Book Position

Overview

The Group makes direct investments in public and private equity securities, as well as in real estate entities. These investments are generally long-term in nature and are primarily held for capital appreciation. Accordingly, they are classified as banking book investments for regulatory capital purposes. In addition, the Group makes investment commitments mainly in private equity, real estate, and other asset classes both directly and predominantly through funds that it raises and manages.

Risk Management

Group equity investments and investment commitments are subject to comprehensive risk management processes through which group assesses investment opportunities, and monitor, evaluate and manage the risks associated with such investments.

Risk management governance starts with the Board, which plays an important role in reviewing and approving risk management policies and practices, both directly and through its committees.

Prior to making an investment, or entering into an investment commitment, opportunities are subjected to rigorous due diligence, review and, where appropriate, approval by the relevant investment, capital and/or risk committee as per the investment policy. Such committees are specific to the relevant entity within the group. The committees consider, among other matters, the risks and rewards of the opportunity, as well as factors such as balance sheet usage and risk measures such as stress tests.

On an ongoing basis, group's equity exposures are reviewed by senior management, including Group CFO, JMD and VC & MD. Other critical components of Group's risk management processes and procedures include setting limits (such as balance sheet limits).

Valuation and Accounting Policies

Basis the RBI "Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions)", dated 12th September, 2023, the Banking Book position consists of Available for Sale (AFS) and Fair Value Through Profit and Loss ('FVTPL') (Non HFT) categories. Changes in fair value of investments in AFS and FVTPL have been recognised through AFS reserve and Profit and Loss Account respectively.

Regulatory Capital Measurement

If an equity investment in a nonconsolidated financial entities is 10% or more of that entity's common equity (or equivalent), then it is regarded as "significant." Group is required to deduct from its CET1 any excess of the aggregate of such significant investments in the common stock of nonconsolidated financial entities that exceed 10% of a measure of group's capital, and all non-common significant investments must be deducted from Tier 1 or Tier 2 capital using the corresponding deduction approach. Aggregate of all such significant investments in the common stock of nonconsolidated financial entities that do not exceed 10% of a measure of group's capital, are risk weighted at 250%.

If an equity investment in a non-financial entity is 10% or more of that entity's common equity (or equivalent), it is risk weighted at 1250%. An equity investment in a non-financial entity that is less than or equal to 10% or more of that entity's common equity (or equivalent), it is risk weighted at 125%.

Risk weights are applied to the market value of the equity exposure.

₹ in million

Equity investments	As on 30 th September, 2025	
	Balance sheet value	Fair value
Value of listed (publicly traded) equities	76,377.2	76,377.2
Value of unlisted (privately held) equities	26,969.1	26,969.1

₹ in million

Realised gains (losses) on equity investments	Period ended 30 th September, 2025
Realised gains (losses) arising from sales and liquidations	2,544.9

₹ in million

Unrealised gains (losses) on equity investments	Period ended 30 th September, 2025
Unrealised gains (losses) recognised in the balance sheet but not through the profit and loss account*	68,803.7
Unrealised gains (losses) not recognised either in the balance sheet or through the profit and loss account	-
Any amount of the above included in Tier 1 and/or Tier 2 capital#	58,405.5

* includes transitional Gain/Loss (pre tax) on implementation of the RBI Master Directions dated 12th September, 2023 transferred directly to AFS/General reserve.

Unrealised Gain/Loss (post tax) directly taken to balance sheet (including transitional Gain/Loss transferred directly to AFS/General reserve) but does not include Gain/Loss on level 3 equity instruments.

The above does not include amount with respect to unconsolidated insurance subsidiaries and non-financial subsidiaries, which are deducted from capital.

Disclosure on Leverage Ratio

Leverage ratio

₹ in million

Particulars	As at 30 th September, 2025
Tier I Capital	1,535,058.6
Exposure Measure	9,141,594.3
Leverage Ratio	16.8%

Table 1- Summary comparison of accounting assets vs. leverage ratio exposure measure		₹ in million
Item		
1	Total consolidated assets as per published financial statements	9,129,524.1
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	976,069.9
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	48,262.2
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	969,886.8
7	Other adjustments	30,009.0
8	Leverage ratio exposure	9,141,594.3

₹ in million

Table 2 – Leverage ratio common disclosure template		
Item		Leverage ratio framework
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	8,121,601.3
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(30,009.0)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	8,091,592.3
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	18,732.0
5	Add-on amounts for PFE associated with all derivatives transactions	48,262.2
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-

7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	66,994.3
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	13,120.9
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	CCR exposure for SFT assets	
15	Agent transaction exposures	
16	Total securities financing transaction exposures (sum of lines 12 to 15)	13,120.9
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	3,643,927.2
18	(Adjustments for conversion to credit equivalent amounts)	(2,674,040.4)
19	Off-balance sheet items (sum of lines 17 and 18)	969,886.8
Capital and total exposures		
20	Tier 1 capital	1,535,058.6
21	Total exposures (sum of lines 3, 11, 16 and 19)	9,141,594.3
Leverage ratio		
22	Basel III leverage ratio	16.8%

₹ in million

Reconciliation of total published Balance Sheet size and on Balance Sheet exposure		
	Item	Amount
1	Total consolidated assets as per published financial statements	9,129,524.1
2	Replacement cost associated with all derivatives transactions, i.e. net of eligible cash variation margin	(18,732.0)
3	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	(13,120.9)
4	Adjustment for entities outside the scope of regulatory consolidation	(976,069.9)
5	On-balance sheet items(excluding derivatives and SFTs, but including collateral)	8,121,601.3