IndusInd Bank

DISCLOSURES UNDER BASEL III CAPITAL REGULATIONS –
June 30, 2025

DF-2: Capital Adequacy

Qualitative Disclosures:

Risk Management is defined as the ability of the Bank to identify, measure, monitor and control risks. The Bank, through its Board, management and officials, shall be able to respond to changing circumstances and to address risks that might arise from changing business or economic conditions, a decline in the effectiveness of internal controls; the initiation of new business activities or the offering of new products and services. Bank views risk management as a core competency and tries to ensure that risks are identified, assessed and managed well in time. It is important to the success of the Bank's Risk Management efforts that risks be defined consistently throughout the Bank.

The Bank is committed to ensure that effective risk management remains central to all its business plans / strategies and the activities and is a core management competency. The aim is to ensure that risk management is embedded in the Bank's processes and culture, thus contributing to the achievement of its core objectives. The diversified business segments require Bank to identify, assesses and manage risks at both an enterprise level ('top-down') and business level ('bottom-up').

The Enterprise-wide Risk Management Policy ensures the implementation of an effective risk management framework that is consistent with the Bank achieving its policy and operating objectives. In doing so, it follows accepted standards and guidelines for managing risk, particularly those used by public and financial institutions. Bank has established an Enterprise-wide Risk Management Department responsible for Bank-wide risk management covering Credit risk, Market risk, ALM risk, Operational risk and Business Continuity Management, independent of the Business segments.

Risk Appetite

Bank's risk appetite is the single most influencing factor in its fundamental risk attitude. Risk appetite is defined as the Bank's willingness to take on financial risks as quantified by the appropriate indicators (i.e. as a measure of the Bank's risk-seeking behavior). The definition of a suitable risk appetite is a basic operational prerequisite for the Bank to set risk limits.

The top-management is committed to assessing the risk appetite statement, risk management strategy and overall business strategy are integrated and clearly understood by management and staff at all levels and effectively embedded in the decision-making and operations of the business.

To ensure coherence between the Bank's strategic considerations regarding risk-taking and day-to-day decisions on transactions with customers, Bank has defined its risk appetite as a strategic tool. Risk appetite basically expresses the maximum risk that the Bank is willing to assume to meet business targets.

Bank's risk appetite is derived after duly considering the following factors:

- It is a process based on a thorough analysis of its current risk profile.
- Capital required, including future capital, as a protection towards the risks.
- Amount of risk the Bank is willing to assume given the Average rate of return.

Policy on ICAAP

The Bank has in place a robust internal capital assessment and allocation process. The Bank set capital targets that are commensurate with the Bank's risk profile and control environment. Therefore, the Bank identifies the relevant risks and has in place a process for Internal Capital Adequacy Assessment to supplement the capital requirements computed as per Pillar-I. ICAAP is a self-assessment process to prove the Bank's capital adequacy by demonstrating the appropriateness of its risk management practices, which are employed to manage all the risks associated with its businesses' objectives.

At the time of review of ICAAP, Bank carries out comprehensive review of its risk appetite against the desired/target level. Based on ICAAP, if the Bank finds any deficiency in the capital requirements, additional capital are brought to supplement its risks. However, infusing additional capital is not the only criteria or solution. The Bank also

(i) strengthen its risk management process
(ii) strengthen its control environment
(iii) apply internal limits / reduce risks and
(iv) strengthen the level of provisions and reserves, as capital is not a substitute to effective risk management.

Stress Testing

Stress testing is a key element of the ICAAP and an integral tool in the Risk Management framework that provides management a better understanding of how portfolios perform under adverse economic conditions. Based on the stress testing framework, the Bank conducts stress tests on its various portfolios to gauge the credit quality of the borrowers under extreme conditions.

Applicable Regulations:

The Bank is subject to the capital adequacy guidelines stipulated by RBI, which are based on the framework of the Basel Committee on Banking Supervision. As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.50% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB) effective 1st October 2021. These guidelines on Basel III have been implemented from 1st April 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the quarter ended 30th June 2025 is 11.50% with minimum Common Equity Tier 1 (CET1) of 8.0% (including CCB of 2.50%).

Basel III Capital Regulations:

Basel III Capital regulations continue to be based on three-mutually reinforcing pillars, viz., minimum capital requirements, supervisory review of capital adequacy, and market discipline. This circular also prescribes the risk weights for the balance sheet assets, non-funded items and other off-balance sheet exposures and the minimum capital funds to be maintained as ratio to the aggregate of the risk weighted assets and other exposures, as also, capital requirements in the trading book, on an ongoing basis and operational risk. These guidelines also incorporate instructions regarding the components of capital and capital charge required to be provided for by the banks for credit, market and operational risks.

Minimum capital requirements:

The Bank is subject to the capital adequacy guidelines laid down by Reserve Bank of India, which are based on the framework of the Basel Committee on Banking Supervision. As per Basel III Capital Regulations, the Bank is required to maintain a minimum Capital to Risk Weighted Assets (CRAR) of 11.50% alongwith with minimum Common Equity Tier 1 (CET1) of 8.0% (including CCB of 2.5%).

Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes stress testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, interest rate, derivatives and forex on its profitability and capital adequacy.

The assessment of future capital needs is effectively done based on the business projections, asset mix, operating environment, growth outlook, new business avenues, regulatory changes and risk and return profile of the business segments. The future capital requirement is assessed by taking cognizance of all the risk elements viz. Credit, Market and Operational risk and mapping these to the respective business segments.

Risk Exposure and Assessment

As a financial intermediary, the Bank is exposed to various types of risks including credit, market, liquidity, interest rate risk in banking book, operational, etc. The objective of the risk management framework at the Bank is to ensure that various risks are understood, measured and monitored and mitigated that the policies and procedures established to address these risks are strictly adhered to.

The Board of Directors has the overall responsibility for managing risks within the Bank. It is aided by the Risk Management Committee of the Board (RMC) in policy formulation and overseeing the risk management functions performed by the official level committees of the Bank entrusted with the responsibility of managing risks on a day-to-day basis.

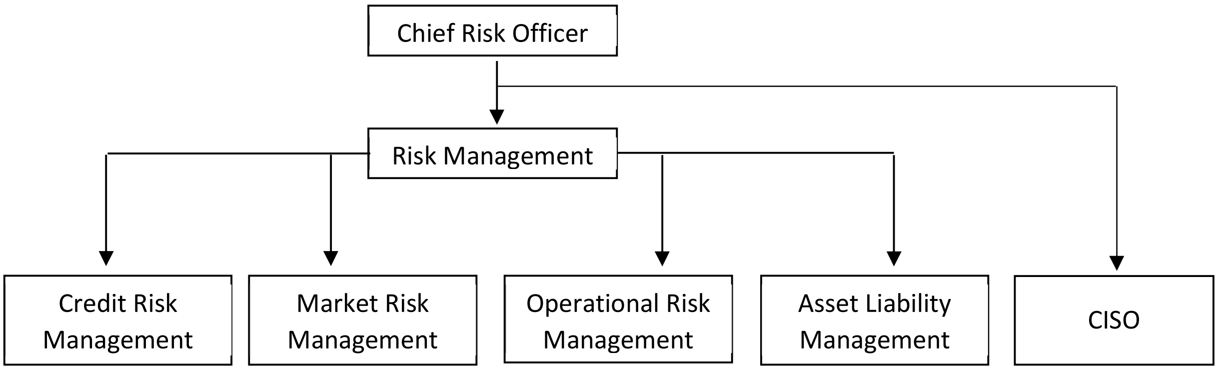
General Qualitative Disclosure Requirement

Risk Management Department: Objectives and Organization Structure

The Bank has established a Risk Management Department, independent of the Business segments, responsible for Bank-wide risk management covering Credit risk, Market risk, ALM risk, Operational risk and Business Continuity Management. The Risk Management Department focuses on identification, measurement, monitoring and controlling of risks across various segments. The Bank has been progressively adopting the best international practices so as to continually reinforce its Risk Management functions.

Organization Structure:

The set-up of Risk Management Department is hereunder:



The Chief Risk Officer (CRO) reports to MD and CEO of the Bank. The Risk Management Committee (RMC) has a complete oversight on the functioning of various sub committees set up for identification, measurement, management and mitigation of risks faced by the Bank.

The Bank undertakes a range of business activities necessitating it to identify, measure, control, monitor and report risks effectively. The Board of Directors and Risk Management Committee have oversight on the risk assumed by the Bank. Separate Committees, as specified below, are set up to manage and control various risks:

- Risk Management Committee (RMC)
- Credit Risk Management Committee (CRMC)
- Market Risk Management Committee (MRMC)
- Asset Liability Management Committee (ALCO)
- Operational Risk Management Committee (ORMC)
- Business Continuity Management Steering Committee
- Critical Account Committee (CAC)

The following table provides a brief overview on the roles of the various Risk Committees:

Committee	Roles in brief
Credit Risk Management Committee (CRMC)	Management of Credit Risk on a Bank wide basis, Credit Risk Rating Framework, Credit Risk Policies, Industry & Sector Analysis, Credit Portfolio Analysis, and Basel guidelines implementation and methodology.
Market Risk Management Committee (MRMC)	Reviewing Market Risk policy, Market Risk Appetite, Market Risk Limits utilisation, Portfolio Sensitivity for movement in Market Factors, Valuation Methodologies, VaR and Stressed VaR framework, Model Validation, Credit Exposure due to Market Related Instruments, Market Risk capital charge.
Asset Liability Management Committee (ALCO)	Liquidity Risk; Interest Rate Risk – Strategy and Management; Funding Strategy; Asset-Liability Strategy and Gap Management; Composition and Pricing for Assets, Liabilities and Off Balance Sheet instruments, Maturity Profiles, reviewing stress test

	scenarios & results, Contingency Funding strategies, monitoring of risk limits including limits on liquidity and interest rate positions for the banking book and Asset-Liability Management (ALM) Policy.
Operational Risk Management Committee (ORMC)	Operational Risk Management Committee (ORMC) has oversight on effective management of Operational Risk, the Committee oversees the Operational Risk profile, Monitors the adequacy and effectiveness of Management of Operational Risk and Internal Controls, and ensures the development and ongoing review of appropriate Operational Risk related policies taking into account Bank's core business goals and objectives.
Business Continuity Management Steering Committee	The BCM Steering Committee leads the optimization of Business Continuity Management (BCM) for the Bank. It oversees the effective management of BCM across the Bank and development of the Bank's Business Continuity Management initiatives through policies and directions. Considering Bank's core business goals and strategic objectives, the BCM Steering Committee is responsible for overseeing the Business Continuity Plans and allocating responsibility and measuring effectiveness of the same.
Critical Account Committee (CAC)	Reviews credit under watch based on various EWS triggers and suggesting remedial actions

Bank has articulated various risk policies which specify the risks, controls and measurement techniques. The policies are framed keeping risk appetite as the central objective. Against this background, the Bank identifies a number of key risk components. For each of these components, the Bank determines a target that represents the Bank's perception of the component in question.

The risk policies are vetted by the sub-committees, viz. CRMC, MRMC, ALCO, etc. and are put forth to RMC, which is a sub-committee of the Board. Upon vetting of the policies by RMC, the same are placed for the approval of the Board of Directors and implemented. The respective policies cover strategies and techniques to assess, monitor and mitigate/hedge the risks as applicable. Bank has also put in place risk policies for its IBU operations basis applicable IFSCA Guidelines.

Bank has put in place a comprehensive policy on ICAAP, which presents a holistic view of the material risks faced, control environment, risk management processes, risk measurement techniques, capital adequacy and capital planning. The Capital Management framework is complemented by the Risk Management framework which covers the policies, processes, methodologies and frameworks established for management of material risks. The Bank also undertakes Stress Testing as an integral part of the ICAAP to assess the impact of extreme but possible scenarios on the capital adequacy position of the Bank.

Policies are periodically reviewed and revised to address the changes in the economy / banking sector and Bank's risk profile. Monitoring of various risks is undertaken at periodic intervals and a report is submitted to Top Management / Board.

During previous quarter, disclosures like Derivative accounting discrepancy, reversal of Micro Finance interest, balances in other assets and other liabilities, etc. were made by the Bank and its effects were appropriately considered.

Credit Risk

The Bank is exposed to credit risk in its lending activities. Credit risk is the risk of loss that may occur from the failure of any counterparty to abide by the terms and conditions of any financial contract with the Bank, principally the failure to make required payments as per the terms and conditions of the contracts Bank manages credit risk comprehensively; both at Transaction level and at Portfolio level. Some of the major initiatives taken are listed below:

- Bank uses a robust Risk rating framework for evaluating credit risk of the borrowers. The Bank uses segment-specific rating models that are aligned to target segment of the borrowers.
- Risks on various counter-parties such as corporates, banks, are monitored through counter-party exposure limits, also governed by country risk exposure limits in case of international trades.
- Bank manages risk at the portfolio level too, with portfolio level prudential exposure limits to mitigate concentration risk.
- Retail Credit is management through robust product programmes. For larger segments of credit, the Bank has implemented Application Score Card (A- Score) for onboarding customers basis their risk profile. Behavioural Scorecard (B- Score) are implemented for some of the products which supports risk assessment, post disbursement for taking timely actions.
- Bank has a well-diversified portfolio across various industries and segments, as illustrated by the following data.
    - Retail and schematic exposures (which provide wider diversification benefits) account for as much as 59% of the total fund-based advances.
    - Bank's corporate exposure is fully diversified over 86 industries, thus insulated/minimised from individual industry cycles.

Above initiatives support qualitative business growth while managing inherent risks within the risk appetite.

Market Risk

Key sources of Market Risk are Liquidity Risk, Interest Rate Risk, Price Risk and Foreign Exchange Risk. Bank has implemented state-of-the-art Treasury and Market Risk Management systems that support robust risk management capabilities and facilitates Straight-through Processing.

Market Risk is effectively managed through comprehensive framework which supports various measures such as Mark-to-Market, Sensitivity analysis, Value-at-Risk, Back testing, Stress Testing and monitoring through operational limits such as stop-loss limits, exposure limits, deal-size limits, PV position limits, etc. Market risk measurement and monitoring is governed through a comprehensive Market Risk Management Policy.

Market Risk Management Committee are convened on a periodic basis wherein detailed discussion on the Market movements and outstanding Treasury portfolio and the risk associated with it are deliberated.

As per RBI Master Circular – Basel III capital regulations applicable from Apr 01, 2024, Market Risk Capital Charge has been computed for the risks pertaining to Interest rate related Instruments and equities in the Trading Book; and Foreign Exchange Risk for both Banking & Trading Book. Trading Book for the purpose of Capital Adequacy includes all Instruments that are classified as Held for Trading (HFT).

Asset Liability Management (ALM)

Bank's ALM system supports effective management of liquidity risk and interest rate risk, covering 100% of its assets and liabilities.

- Liquidity Risk Management aims to meet all commitments as they fall due and also be able to fund asset growth by raising sufficient funds in the form of increasing fresh liabilities or by expeditious asset sell-off at fair market value without incurring unacceptable losses, both under normal and adverse conditions. These objectives are ensured by setting up policies, operational level committees, measurement tools and monitoring and reporting mechanism using effective use of IT systems.
- Liquidity Risk is monitored through flow and stock approaches. Liquidity is monitored through structural liquidity gaps, net funding gaps & Dynamic Liquidity position under the flow approach. All the assets and liabilities are bucketed basis the cash flow / maturity dates. Non-maturing assets / liabilities are bucketed basis behavioural analysis undertaken for such assets / liabilities.
- Liquidity risk is monitored through various ratios e.g. Liquidity Coverage Ratio (LCR), Liquidity Ratios & Net Stable Funding Ratio (NSFR) under the stock approach. Bank has adopted Basel III framework on liquidity standards and has put in place systems and processes for computation & monitoring of LCR & NSFR basis the extant guidelines.
- The concentration of large deposits is monitored on a periodic basis. The Bank's ability to meet its obligations and fund itself in a crisis scenario is critical and accordingly, liquidity stress tests are conducted under different scenarios at periodical intervals to assess the impact on liquidity to withstand stressed conditions.
- Interest Rate Sensitivity is monitored on Earning perspective and Economic Value perspective through prudential limits for Rate Sensitive Gaps, Modified Duration and other risk parameters.
- Interest Rate Risk on the Investment portfolio is monitored through Value at Risk and Risk Sensitivities on a daily basis. Optimum risk is assumed through duration, to balance between risk containment and profit generation from market movements.
- Bank has put in place a board approved comprehensive Contingency Funding Plan (CFP). Bank monitors objective CFP triggers that are a combination of internal & external factors on regular basis. Contingency Management Group (CMG) has been constituted by the Bank to take corrective action in case of any liquidity contingency.

ALCO meetings are convened frequently wherein detailed analysis are presented on liquidity position, interest rate risks, product mix, business growth v/s budgets, interest rate outlook, which helps to review the business strategies regularly and undertake new initiatives.

Operational Risk

RBI has defined Operational Risk (OR) as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". The Bank has also adopted the same definition for the purpose of management of operational risk. It includes risk of loss due to legal risk but excludes strategic and reputational risk. The Bank has put in place Board approved governance and organizational structure with clearly defined roles and responsibilities to mitigate operational risk arising out of the Bank's business and operations.

1. Operational Risk Management and related committees:

- **Operational Risk Management Committee (ORMC)**

Operational Risk Management Committee (ORMC) has oversight on effective management of Operational Risk, the Committee oversees the Operational Risk profile, Monitors the adequacy and effectiveness of Management of Operational Risk and Internal Controls, and ensures the development and ongoing review of appropriate Operational Risk related Policies taking into account Bank's core business goals and objectives.

- **Other related Committees**

Business Continuity Steering Management Committee (BCM SC) comprising of senior functionaries of the Bank monitors implementation of BCM Framework in the Bank.

The Bank has a Business Continuity policy which documents the Bank’s approach to Business Continuity Management (BCM) and provides a consistent, overarching structure to develop, implement, maintain and continually improve the Bank’s Business Continuity Management. The Policy document frames guidelines to develop a resilient management framework to achieve an effective and functional Business Continuity of critical processes of the Bank.

Business Continuity Strategies and Recovery Plans have been put in place to ensure timely recovery of the Bank’s critical operations in the event of any significant disruption. Regular mock drills are carried out to ascertain preparedness of the recovery teams and validate the effectiveness of the recovery strategies.

- **Product and Process Approval Committee:**

The Bank has also put in place a structure to effectively manage various risks through the formation of several internal committees e.g. Product and Process Approval Committee (PPAC).

2. Risk Measurement and Monitoring:

While the day-to-day operational risk management lies with First line of Defence i.e. business lines, and operations and support functions, the ORM is responsible for overseeing the implementation of the operational risk management framework across the Bank. It designs and develops tools required for implementing the framework including policies and processes, guidelines towards implementation and maintenance of the framework. More specifically, ORM plays the role of the Second line of Defence for management of Operational Risk within the Bank.

The key elements in the operational risk management framework as defined in the Policy include:

- Identification and assessment of operational risks and controls through risk and control self-assessments (RCSA) and product and process approval;
- Measurement through incident reporting and loss data management;
- Monitoring through key risk indicators; and
- Mitigation through process and controls enhancement, outsourcing and insurance.

3. Approach for Operational Risk Capital Assessment:

As per the applicable RBI guidelines, the Bank is following the Basic Indicator Approach (BIA) for computing capital for Operational Risk. Master Direction on Minimum Capital Requirements for Operational Risk has been issued by the RBI in Jun 2023. The effective date of implementation of these Directions shall be communicated separately by the RBI.

Systems Risk

The Bank is dedicated to maintain a stringent Information Security measure that comply with regulatory and industry standards, continually enhancing its tools and practices to protect its IT infrastructure and sensitive information.

The Bank has comprehensive Information Security Policy, Cyber Security Policy and Cyber Crisis Management Plan in place that aligns with the RBI cyber security framework and applicable regulatory guidelines. These policies and procedures are communicated to all employees, supported by regular and ongoing security awareness programs to foster a culture of vigilance and compliance.

To address data privacy risks, the Bank has implemented a comprehensive board approved Privacy Policy aligned with the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011, under the IT Act. The policy is subjected to regular internal and external review. This policy governs the collection, processing, storage, and sharing of personal data, ensuring compliance with current regulatory requirements. The Bank has also completed a gap assessment of its products and processes and is actively working to align its privacy policies and operational procedures with the anticipated requirements of the forthcoming Digital Personal Data Protection Act, 2023 (DPDPA). These efforts include enhancements in consent management and the protection of data principal rights—such as the rights to access, correct, and erase personal data—as well as the implementation of grievance redressal mechanisms and compliance with cross-border data transfer obligations under the Act.

The Bank has established a robust framework for responding to incidents effectively, ensuring resilience against cyber threats. The Bank is committed to leverage best-in-class information security capabilities, continuously striving for excellence in the tools and practices used to safeguard its IT infrastructure and sensitive information.

The Bank is focused towards maintaining robust information security hygiene, by adopting industry best practices such as ISO/IEC 27001 standard, PCI-DSS, etc. The implementation of these standards has helped the Bank to ensure compliance, business resiliency, security, privacy and meet Cyber related risks.

The Bank has established a state-of-the-art centralized Security Operations Centre (SOC) operating 24x7x365, which has capability to detect and respond to cyber risks in real time.

Bank also actively engaged with regulatory bodies and enforcement agencies like CERT-In and CSITE of RBI, NCIIPC, SEBI, NPCI etc. and has a process in place for communicating attacks and potential threats through email, phone, or online submission as applicable.

With advanced threat detection, DDoS protection, and a detailed Disaster Recovery Strategy, the Bank proactively safeguards against various risks, ensuring minimal disruption and robust business continuity.

Focusing on secure development life cycle helps reduce security vulnerabilities in the applications being developed and helps mitigates the risks due to insecure coding. The Bank employs a structured Vulnerability Management Plan to proactively identify and address vulnerabilities in applications or systems. Performing periodic assessment and Penetration testing plays a crucial role in detecting and resolving potential issues. Bank also conducts Red Team exercises to proactively identify potential issues and remediate.

The Bank has also partnered with external experts for Cyber Security Incident Response Management. The Incident Response Plan outlines the major categories of incidents and incident handling procedures. In the event of a critical cybersecurity incident, external expert's arrangements are in place to assist the Bank and offer crucial expertise during the incident response. The Bank has Cyber Security incident insurance in place to help cover some of the expenses incurred after a data breach.

The Bank has onboarded Breach and Attack Simulation (BAS) solution as a service to enhance organizational security posture by simulating cyber-attacks to evaluate an organization's security controls and by providing actionable information to help the bank prevent and respond to cyberattacks respectively.

The Bank has also initiated a special service to monitor feeds from the Dark Web through its Threat Intelligence Services to stay ahead of potential threats.

The Bank is also using cloud security services which have similar protection capabilities when compared to on premise infrastructure security. These security layers provide dedicated protection to the vulnerabilities that may occur in the cloud environments.

These various capabilities ensure that the Bank is deploying a safe and secure banking experience to the customers and building trust in the digital properties of the Bank.

Model Risk

Bank has a dedicated model risk management unit which undertakes the validation of all models and is operational as per the Model Risk Management Framework. This unit is independent of Credit/Business.

Quantitative Disclosures:

In line with the guidelines of the Reserve Bank of India, the Bank has adopted Standardized Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Standardized Duration Approach for Market Risk for computing CRAR.

The Summary of Capital requirements for Credit Risk, Market Risk and Operational Risk as on June 30, 2025 is mentioned below:

Risk Type	Rs in mio.
Capital requirements for Credit Risk	**3,15,481**
Portfolio Subject to Standardised approach	3,15,481
Securitisation exposures	
Capital requirements for Market Risk:	
Standardised Duration Approach	**6,100**
Interest Rate Risk	3,316
Foreign Exchange Risk (including gold)	2,784
Equity Risk	-
Capital requirements for Operational Risk	**47,248**
Basic Indicator Approach	47,248
Minimum Capital requirements at 9%	**3,68,830**
Minimum CRAR + CCB at 11.5%	**4,71,282**

Risk Type	Rs in mio.
Total Capital Funds	**6,81,690**
Total CRAR #	***16.63%***
Tier 1 CRAR #	***15.48%***
CET 1 CRAR #	***15.48%***

including exposure at IFSC Banking Unit (GIFT City)

The Capital Adequacy position of the Bank is reviewed by the Board of the Bank on quarterly basis.

DF-3: Credit Risk: General Disclosures

Qualitative Disclosures:

"Credit Risk" is defined as the probability / potential that the borrower or counter-party may fail to meet its obligations in accordance with agreed terms. It involves inability or unwillingness of a borrower or counter-party to meet commitments in relation to lending, trading, hedging, settlement and other financial transactions.

Credit Risk is made up of two components:

1. **Transaction Risk (or Default Risk),** which represents the risk arising from individual credit exposures and

2. **Portfolio Risk,** which represents the risk inherent in the portfolio of credit assets (concentration of assets, correlation among portfolios, etc.).

Credit risk is found in a variety of transactions across Bank's portfolio including not only loans, off balance sheet exposures, investments and financial guarantees, but also the risk of a counterparty in a derivative transaction becoming unable to meet its obligations. Credit risk constitutes the largest risk to which the Bank is exposed. Bank has adequate system support which facilitates credit risk management and measurement across its portfolio. The system support is strengthened and expanded as and when new exposures are added to the Bank's portfolio.

Bank has articulated comprehensive guidelines for managing credit risk as a part of Credit Risk Policy and related policies framework, Bank Risk Policy, Country Risk Policy, Policy on Collateral Management, Policy for Sector Review and Additional Provisions for Stressed Sector Assets, Policy on Exposure to Real Estate Sector, Policy on Unhedged Foreign Currency Exposures and NPA Management and Recovery Policy. Credit risk management systems used at the Bank have been implemented in accordance with these guidelines and best market practices. Credit risk management process focuses on both specific transactions and on groups of specific exposures as portfolios.

The broad objectives of evolving Bank's Credit Risk Policy are:

- To build a high quality portfolio in line with the Bank's risk appetite and strategy.
- To identify, measure, monitor, manage and control risk effectively and to ensure that the Bank gets compensated for the risk assumed
- To maximize Bank's Risk-Adjusted Return by maintaining credit risk exposure within acceptable parameters.
- To develop a greater ability to recognize and avoid potential problems.
- To support sustainable business growth within the overall Risk appetite of the Bank.

- Diversifying the risk profile across different segments of Products, Geographies, Group etc. in order to minimise the concentration risk and maximise returns.
- To facilitate Bank in adoption of more risk sensitive approaches for measurement of credit risk under Basel III norms.

Credit Risk Management at specific transaction level

The central objective for managing credit risk at each transaction level is development of risk measurement and monitoring systems that cover the entire life cycle of the exposure, i.e. opportunity for transaction, assessing the credit risk, granting of credit, disbursement and subsequent monitoring, identifying the obligors with emerging credit problems, remedial action in the event of credit quality deterioration and repayment or termination of the obligation.

The Credit Risk and related Policies of the Bank stipulates applicability of various norms for managing credit risk at a specific transaction level and more relevant to the target segment of the obligors. It covers all the types of obligors, viz. Corporate, SME, Trader and Schematic Loans such as Loan against Property, Business Loan, Retail Agri, LAS, Gold Loan, Home Loan, Personal Loan, Vehicle Loan, etc.

Beside the acceptability norms defined in the policies/manual for an individual transaction, Bank has also implemented various credit related product programmes which enables efficient appraisal, assessment, delivery, supervision and control of tailor made loan products targeted at specific customer segments. Customers covered under Business Banking product programme are evaluated using a scoring/rating model developed based on segment specific risk profile.

Consumer Finance Division appraises loan application based on robust set criteria defined in the respective product programmes. Further as a mechanism to assess the credit quality, customers are also evaluated through application scoring models which are segment specific. Further, post disbursement, the quality of the account is tracked by means of a Behavioral score.

Customers under Credit Cards segment are evaluated by means of robust customer selection criteria that include variety of factors.

Customers applying for credit cards are assessed using comprehensive selection criteria that encompass a range of factors, including risk categories, exposure levels, delinquency status, credit utilization, charge-offs history, credit enquiries, internal score, external score etc. Additionally, after acquisition, proactive management of the portfolio is carried out as BAU to minimize exposure to high-risk segments through measures such as credit line decreases and limiting new transactions for delinquent customers. The overall health of the portfolio is meticulously tracked using behaviour scores and various other risk related metrics.

Personal loans qualification and eligibility are rigorously evaluated basis key parameters such as income, obligations, company category, external delinquencies, write off history, internal score, external score etc. Further the portfolio health is monitored basis risk metrics on regular basis and acquisition strategies are periodically realigned basis portfolio performance.

Bank has also put in place a detailed policy for portfolio acquisition which stipulates various criteria for asset selection including due diligence, transfer of risks and rewards of the underlying portfolio, credit enhancements, portfolio risk management and monitoring in accordance with RBI guidelines.

Credit Approval Committee

In general, the Bank has put in place the principle of 'Committee' or 'Approval Grids' approach while according sanctions to credit proposals. This provides for an unbiased, objective assessment/evaluation of credit proposals. Such Committees include at least one official from an independent department, which has no volume or profits targets to achieve. The official of the independent department is a mandatory member of the Credit Committee. The spirit of the credit approving system is that no credit proposals are approved or recommended to higher authorities unless all the members of the 'Committee' or 'Approval Grids' agree on the acceptability of the proposal in all respects. In case of disagreement the proposal is referred to next higher Committee whose decision to approve or decline with conditions is final.

All approvals are by constituted Credit Committees, with representation from Business as well as Risk Departments.

Following Credit Committees are constituted:

- **Corporate & Commercial Banking Segment (Committees are shown in descending order of sanctioning powers):**
  - Committee of Directors (COD)
  - Executive Credit Committee (ECC)
  - Corporate Office Credit Committee (COCC)
  - Credit Committee 2 (CC2)
  - Credit Committee 1 (CC1)

- **Consumer Finance Division (CFD)**
  - Committee of Directors (COD)
  - Executive Credit Committee (ECC)
  - Corporate Office Credit Committee II - Consumer Finance Division (COCC II-CFD)
  - Corporate Office Credit Committee I - Consumer Finance Division (COCC I-CFD)
  - Central Credit Committee – Consumer Finance Division (CCC-CFD)
  - Zonal Credit committee – Consumer Finance Division (ZCC –CFD)
  - State Credit Committee/Regional Credit Committee –Consumer Finance Division (RCC/SCC-CFD)
  - Area Credit Committee - ACC
  - Branch Credit Committee – Consumer Finance Division (BCC-CFD)

- **Consumer Banking & Supply Chain Finance (other than CFD, PL & Cards)**
  - Committee of Directors (COD)
  - Executive Credit Committee (ECC)
  - Corporate Office Credit Committee (COCC)
  - Credit Committee -2 (CC-2)
  - Zonal Credit Committee (ZCC)
  - Joint Approvals

Apart from this, Bank has schematic loans also like Gold Loan & LAD which are sanctioned by branches/operations upto defined limit of exposure under the respective product program. These are relatively smaller loans and fully secured by liquid collaterals.

Scheme of delegation of power applicable for all business segments are approved by Board of Directors.

The credit proposals which are beyond the delegated powers of ECC are placed to Committee of Directors (COD) for approval.

Risk Classification

There exists a structured credit approval process including a comprehensive credit risk assessment process, which encompasses analysis of relevant quantitative and qualitative information to arrive at the internal credit rating of the Borrower. Bank monitors the overall health of its customers on an on-going basis to ensure that any signal of weakening of a customer's earnings or liquidity is detected as early as possible. As part of the credit process, customers are classified according to the credit quality in terms of internal rating, and the classification is regularly updated on receipt of new information/ changes in the factors affecting the position of the customer.

Bank has operationalized following risk rating/ scoring models basis on the target segment of the borrower:

- Large Corporate, Small & Medium Enterprises, NBFC, Gems & Jewellery, MFI and Real Estate Developers
- Trading entities, Capital Market Broker and Commodity Exchange Broker
- Financial Institutions/Primary Dealers and Banks
- Retail customers (Schematic Loans) – who are assigned credit scoring

Customers under Business Banking segment, Business Loans and Loan Against Property are assessed for credit quality using a scoring/rating model. The score serves a measure to categorize the customers into various risk classes which are further calibrated to different risk grades. Bank has also implemented rating models for assessing risk under Lease Rental Discounting and Warehouse Receipts Financing products.

Rating grades in each rating model, other than the segments driven by product programmes, is on a scale of 1 to 8, which are further categorized by assigning +/- modifiers to reflect the relative standing of the borrower within the specific risk grade. Model-specific rating grades are named distinctly. Each model-specific rating grade reflects the relative ratings of the borrowers under that particular segment. For instance, L4 indicates a superior risk profile of a Large Corporate, when compared to another Large Corporate rated L5.

In order to have a common risk yardstick across the Bank, these model specific ratings are mapped to common scale ratings which facilitate measurement of risk profile of different segments of borrower by means of common risk ladder.

Various purposes for which the rating/scoring models are used are mentioned hereunder:

- Assess the quality of borrower – single point reference of credit risk of the borrower
- Minimum rating norms for assuming exposures
- Exposures limits linked to rating grades
- Portfolio Quality management
- Frequency of review in case of deterioration of the risk profile of obligor
- Determination of Credit Spread
- Performance Management (Business unit-wise and Segment-wise)
- Credit Quality Assurance and Loan Review Mechanism
- Probability of Default estimation utilized in analysis, ECL, etc.
- Target for quality of advances portfolio is monitored by way of Weighted Average Credit Rating (WACR) of the portfolio

Loan Review Mechanism:
Bank has also implemented Loan Review Mechanism (LRM), which involves independent assessment of quality of advances, effectiveness of loan administration, compliance with internal policies of Bank and regulatory framework and portfolio quality. It also helps in tracking weaknesses developing in the account for initiating corrective measures in time. LRM is carried out by the Corporate Banking Audit Domain within Internal Audit Department.

Credit Rating
Bank has adopted internal rating for credit risk management. Borrower rating corresponds to an assessment of the counterparty's level of default risk, expressed on an internal rating scale, and is a key element in the credit sanctioning process. To quantitatively measure the level of risk of borrower rating grades, each grade corresponds to a particular default probability.

Review and Monitoring
All the credit exposures are monitored on an ongoing basis to identify any signs of incipient weakness in the borrower so as to take timely remedial action. For this purpose, the Bank has implemented automated Early Warning Signals (EWS) which provides timely alerts which facilitates in deciding account level strategies.

Retail Credits are managed at the Portfolio level by carrying out analysis across various dimensions and portfolio cuts. The outcome from such analysis facilitates in identifying hot spots, focusing in remedial actions and undertaking enhancements in the retail product programmes.

Credit Risk Management at Portfolio level:
Accumulation of individual exposures leads to portfolio, which creates the possibility of concentration risk. Concentration risk, on account of borrowers/ products with similar risk profile, may arise in various forms such as Single Borrower, Group of Borrowers, Sensitive Sector, Industry–wise exposure, Unsecured exposure, Rating wise exposure, Off Balance sheet exposure, Geography wise or Product wise exposure, etc. Credit risk concentration is addressed by means of structural and prudential limits stipulated in the Credit Risk Policy and other related policies.

Concentration risk on account of exposures to counter-parties (both single borrower and group of borrowers), Industry-wise, Rating-wise, Product-wise, etc., is being monitored. For the purpose, exposures in all business units, viz. branches, treasury, investment banking, etc., by way of all instruments (loans, equity/debt investments, derivative exposures, etc.) are considered. Such monitoring is carried out at monthly intervals. Besides this, respective business units are monitoring the exposure on continuous real-time basis.

The Board approved Credit Risk Policy of the Bank specifies various limits to mitigate the Concentration risk like ceilings on exposure to Group of connected counterparties, Unsecured exposure ceilings, ceiling on long tenor exposure and aggregate value of large value exposures along with exposure ceilings to certain segments like Capital Market, Real Estate, Microfinance, etc. The actual values of the exposures are monitored and reported to Risk Management Committee and Board of Directors on a regular basis.

Concentration risk is further evaluated in terms of statistical measures and benchmarks. Detail analysis of portfolio risk and control measures is carried out on a monthly basis on various parameters. Further, a comprehensive Stress Testing framework based on several factors and risk drivers assessing the impact of stressed scenario on Credit quality, its impact on Bank's profitability and capital adequacy is placed to Top Management /Board every quarter. The framework highlights the Bank's credit portfolio under 3 different levels of intensity across default, i.e. mild, medium and severe, and analyses its impact on the portfolio quality and solvency level.

Impaired credit - Non Performing Assets (NPAs):

Bank has independent functional units that constantly monitors accounts for irregularities, identifies accounts for early warning signals for potential problems and identifies individual NPA accounts systematically.

Bank has also set up Financial Restructuring and Reconstruction (FRR) Department for managing and monitoring accounts, carrying out restructuring, wherever feasible and following up for recoveries of dues, for corporate NPAs.

Bank follows applicable RBI guidelines while classifying Non-Performing Assets (NPAs). The guidelines are as under:

a) An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank.
b) A Non-Performing Asset (NPA) is a loan or an advance where;
    i. interest and / or instalment of principal remains overdue for a period of more than 90 days in respect of a term loan,
    ii. the account remains 'out of order', in respect of an Overdraft / Cash Credit (OD/ CC),
    iii. the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
    iv. instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
    v. instalment of principal or interest thereon remains overdue for one crop season for long duration crops,
    vi. amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.
    vii. 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.

<u>Out of Order status:</u> A CC/OD account shall be treated as 'out of order' if the outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 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.

<u>Overdue</u>: 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.

Quantitative Disclosures:

Credit Risk Exposures

a) Total Gross Credit Risk Exposures as on 30th June 2025

	Rs in mio
Fund Based*	52,76,315
Non-Fund Based**	10,54,758
Total Exposures#	**63,31,073**

* Includes all exposures such as Cash Credit, Overdrafts, Term Loan, Cash, SLR securities, etc., which are held in banking book.

** Off-Balance items such as Letter of Credit, Bank Guarantee and credit exposure equivalent of Inter-bank forwards, merchant forward contracts and derivatives, etc. and undrawn exposures.

Includes all entities considered for Basel III capital adequacy computation.

b) Geographic Distribution of Exposures as on 30th June 2025

	Domestic (Rs in mio)	**Overseas* (Rs in mio)**
Fund Based	51,73,272	1,03,043
Non-Fund Based	9,81,614	73,144
Total Exposures	**61,54,886**	**1,76,187**

* Exposures pertaining to IBU GIFT City Branch

c) Industry-Wise Distribution of Exposures as on 30th June 2025

Industry Name	**Fund Based (Rs in mio)**	**Non-Fund Based (Rs in mio)**
NBFCs		
NBFCs (other than HFCs)	1,66,260	12,636
NBFC - Gold Loans	33,445	1,057
NBFC – MFI	3,299	10
Construction		
Construction related to infra.- EPC	15,627	66,791
Roads/other infra project	12,223	19,194
Contract Construction – Civil	10,962	34,761
Real Estate		
Real Estate Developers	1,17,874	32,030
Lease Rental Discounting - Real Estate	12,864	
Housing Finance Companies	25,745	1,390
RE Infra (Affordable Housing, Warehousing, etc.)	12,285	4,045

Industry Name	Fund Based (Rs in mio)	Non-Fund Based (Rs in mio)
Power		
Power Generation:		
- Renewable	51,367	64,850
- Non-Renewable	50,109	12,462
Power Transmission	13,493	9,595
Power Distribution	7,684	3,640
Power Trading	12	3,011
Cables		
Telecom Cables	1,142	1,718
Power Cables	2,942	1,938
Steel		
Steel – Long Products	11,686	8,552
Steel Flats – CR,GP/GC	12,615	3,526
Steel Flats- HR	9,308	14,688
Steel – Alloy	7,194	2,702
Steel Pipes	5,308	10,372
Sponge Iron	6,479	306
Casting & Forgings	4,857	1,272
Stainless Steel	8,931	2,880
Pig Iron	1,947	165
Textiles		
Textiles – Readymade Garments	9,617	663
Textiles – Cotton fabrics	4,257	362
Textiles – Cotton fibre / yarn	4,209	529
Textiles – Manmade fibres / yarn	3,477	2,873
Textiles – Texturising	240	1
Textile – Blended Yarn	1,414	148
Textile – Jute	113	7
Textiles – Synthetic Fabrics	1,554	191
Textile – Silk	158	0
Textile – Machinery	188	2
Cotton ginning, Cleaning, Baling	263	-
Telecom		
Telecom – Cellular	23,257	12,813
Telecom – Fixed	28,500	414
Telecom Infrastructure	13,023	2,963
Telecom Equipment	1,436	2,389
Pharmaceuticals		
Pharmaceuticals – Bulk Drugs	12,539	2,784

Industry Name	Fund Based (Rs in mio)	Non-Fund Based (Rs in mio)
Pharmaceuticals – Formulations	11,724	1,986
Fertilisers		
Fertilisers – Phosphatic	848	7,338
Fertilisers – Nitrogenous	20,326	9,041
Paper		
Paper – Writing and Printing	4,584	5,158
Paper – Industrial	4,100	874
Paper Newsprint	42	-
Chemicals	27,328	9,497
Petroleum & Products	22,940	9,820
Gas Distribution	107	62,542
Engineering & Machinery	14,530	40,819
Gems and Jewellery	89,935	9,268
Edible Oils	7,980	35,119
Agriculture	40,360	2,515
Auto Ancillaries/Components	27,669	10,799
Diversified	5,920	12,865
Food Credit	6,350	-
Capital Market Brokers	3	21,301
Lease Rental Disc (Equipments)	207	-
Plastic & Plastic Products	11,080	2,188
Food Products & Beverages and Food Processing	51,532	10,127
Sugar	2,333	1,556
SME - Miscellaneous-Mfg.	6,209	1,222
Electronic components	2,722	3,101
Commodity Market Brokers	151	-
Hotels & Tourism	16,218	2,164
Shipping	3,620	6,308
Educational Institutions	33,372	3,744
Coal	165	488
IT Enabled Services	9,486	5,633
Petrochemicals	23,411	4,269
Banks	1,99,011	1,79,603
Mining, Quarrying & Minerals	26,279	28,257
Construction Equipment	2,543	2,080
Airlines	3,242	648
Transport Services	7,836	4,366
Oil & Gas	3,538	23,494
Electric Equipment	4,339	6,215
Media, Entertainment & Advertisement	24,360	301
Organised Retail	16,440	688

Industry Name	Fund Based (Rs in mio)	Non-Fund Based (Rs in mio)
Road Projects - Operational	17,299	10,714
Trading - Wholesale	27,605	5,964
Trading - Retail	15,526	583
Services	31,557	17,791
Cement and Cement Products	9,536	3,836
Other Industries	2,46,009	1,50,746
Residual Exposures		
Credit Cards	1,10,590	-
JLG Loans	2,55,860	-
Micro Finance Loans #	28,220	-
Merchant Advances	73,040	-
Other Retail Assets (PL, BL, AHL, etc.)	2,26,950	-
Consumer Finance	10,88,380	-
GOI Securities / Reverse Repo and Balances with RBI	13,88,110	-
Residual Assets	3,14,890	-
Total Assets	**52,76,315**	**10,54,758**

Loans to borrowers with Household Income (HHI) below Rs 3 lacs.

d) Exposures to industries (other than Consumer Finance) in excess of 5% of total exposure

Industry	Fund Based(Rs in mio)	Non-Fund Based (Rs in mio)
Banks	1,99,011	1,79,603

e) Residual Contractual Maturity breakdown of assets

(Rs in mio)

Time Bucket	Cash	Balances with RBI	Balances with other Banks	Investments	Advances*	Fixed Assets	Other Assets	Total
Day 1	13,225	2,94,379	53,587	2,71,215	29,138	-	70,998	7,32,541
2 to 7 Days	-	4,040	92,255	18,030	1,02,188	-	7	2,16,519
8 to 14 Days	-	3,958	8,576	17,068	70,766	-	-	1,00,368
15 to 30 Days	-	4,696	5,945	22,649	1,59,626	-	12,529	2,05,445
31 days to 2 months	-	6,057	-	31,133	2,30,155	-	3,879	2,71,224
Over 2 months to 3 months	-	9,653	-	44,056	1,92,241	-	19,498	2,65,448
Over 3 months to 6 months	-	29,207	2,972	1,34,666	2,71,885	-	1,37,024	5,75,754

Over 6 months to 1 year	-	35,223	-	1,68,681	4,42,060	-	9,021	6,54,985
Over 1 year to 3 years	-	30,640	-	1,75,731	12,22,733	-	22,150	14,51,254
Over 3 years to 5 years	-	7,249	-	49,887	3,69,306	-	19,008	4,45,450
Over 5 years to 7 years	-	6,689	-	20,445	96,852	-	19,838	1,43,823
Over 7 years to 10 years	-	9,026	-	84,116	66,372	-	-	1,59,514
Over 10 years to 15 years	-	6,927	-	35,303	64,242	-	-	1,06,473
Above 15 years	-	3,490	-	18,888	19,380	23,614	-	65,372
Total	**13,225**	**4,51,234**	**1,63,335**	**10,91,868**	**33,36,943**	**23,614**	**3,13,951**	**53,94,170**

**Includes BRDS Borrowing of Rs.15,000 mn and IBPC Borrowing of Rs.78,211 mn*

f) Movement of NPAs and Provision for NPAs as on 30th June 2025

(Rs in mio)

A) Amount of NPAs (Gross)	**1,24,806**
Sub-standard	79,537
Doubtful 1	10,052
Doubtful 2	6,076
Doubtful 3	6,176
Loss	22,974
B) Net NPAs	**37,216**
C) NPA ratios	
Gross NPA to Gross advances (%)	3.64%
Net NPA to Net advances (%)	1.12%
D) Movement of NPAs (Gross)	
Opening Balance as on 01.04.2025	1,10,464
Additions during the period	25,674
Reductions during the period	11,332
Closing Balance as on 30.06.2025	**1,24,806**
E) Movement of provision for NPAs	
Opening as on 01.04.2025	77,593
Provision made till 30.06.2025	18,394
Write off	6,640
Write back of excess provisions	1,757
Any other adjustments, including transfers between provisions	-
Closing as on 30.06.2025	**87,590**

Particulars	Amount (Rs in mio)
Write offs booked directly to income statement	Refer to E above
Recoveries booked directly to income statement	900

g) Non Performing Investments and Movement of provision for depreciation on investments

(Rs in mio)

A	Amount of Non-Performing Investments	1,369
B	Amount of provisions held for non-performing investments	1,327
C	Movement of provisions for depreciation / appreciation on investments (including NPI Investments)	
	Opening as on 01.04.2025	9,968
	Add: Provisions made during the year	2,121
	Less: Write-off/ write-back of excess provisions*	(1,917)
	Closing Balance as on 30.06.2025	**10,172**

*includes transfer of opening provision to reserves and subsequent 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, applicable to the Bank.

h) Major Industry Break up of NPA and Provision

(Rs in mio)

Industry	Gross NPA	Specific Provision
NPA in Top 5 Industry	4,648	4,647

i) Geography wise Distribution of NPA and Provision

(Rs in mio)

Geography	Gross NPA	Provision
Domestic	1,23,585	86,369
Overseas*	1,221	1,221
Total	**1,24,806**	**87,590**

* Exposures pertaining to IBU GIFT City Branch

<u>DF-4: Credit Risk: Disclosures for Portfolios Subject to the Standardised Approach</u>

Qualitative Disclosures:

The Bank uses the Standardised Approach under the RBI's Basel III capital regulations for its credit portfolio. As per the Basel III guidelines on Standardised approach, the risk weight on certain categories of domestic counter parties is determined based on the external rating assigned by specified External Credit Assessment Agencies (ECAIs) assigned by any one of the accredited rating agencies, i.e. CRISIL Ratings Ltd, ICRA, CARE, India Ratings, Acuite, Infomerics and Brickwork. For Foreign counterparties and banks, rating assigned by S&P, Moody's and Fitch are used.

Types of exposure for which each agency is used

The Bank has used ratings assigned by the above approved credit rating agencies for all eligible exposures, both on balance sheet and off-balance sheet, whether short term or long term, in the manner permitted in the RBI guidelines on Basel III capital regulations.

Public issue ratings transferred onto comparable assets

Bank computes risk weight on the basis of external rating assigned, both Long Term and Short Term, for the facilities availed by the borrower. The external ratings assigned are generally facility specific. As per the recent notifications all the external rating agencies shall mention the amount of loan rated in public domain. Bank follow below mentioned procedures as laid down in Basel III guidelines for usage of external ratings:

- Ratings assigned by external credit rating agency (conservative approach is used as per regulatory guidelines in case multiple rating agency has rated the borrower) is used for all the types of claims on the borrowing entity.
- Long term ratings are used for facilities with contractual maturity of more than one year. Short term ratings are generally applied for facilities with contractual maturity of less than or equal to one year.
- If either the short term or long term ratings attracts 150% risk weight on any of the claims on the borrower, Bank assigns uniform risk weight of 150% on all the unrated claims, both short term and long term unless the exposure is subjected to credit risk mitigation.
- In case of multiple ratings, if there are two ratings assigned to the facility that maps to different risk weights, the rating that maps to higher risk weight is used. In case of three or more ratings, the ratings corresponding to the two lowest risk weights is referred to and the higher of those two risk weights is be applied. i.e., the second lowest risk weight.
- For securitized and guaranteed transactions, SO ratings assigned by the rating agency are applied for arriving at the risk weights.
- Bank also ensures that the external rating of the facility/borrower is reviewed at least once by the ECAI during the previous 15 months and is valid.

Quantitative Disclosures: Risk Weight-wise distribution of Gross Credit Exposures –

Category	Rs in mio.
Below 100% Risk Weights	41,43,281
100% Risk Weights	10,44,460
More than 100% Risk Weights	9,08,514
Deducted	2,34,818

DF-18: Leverage Ratio

Leverage ratio is a non-risk based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements.

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage.

Leverage Ratio Trend

Rs in mio

Particulars		Jun 2024	Sep 2024	Dec 2024	Mar 2025	Jun 2025
(i)	Tier 1 capital	6,27,969	6,39,749	6,51,321	6,33,419	6,34,246
(ii)	Exposure measure	63,55,997	65,03,849	65,67,019	66,30,222	64,57,321
(iii)	**Leverage ratio %**	**9.88%**	**9.84%**	**9.92%**	**9.55%**	**9.82%**

The Leverage Ratio of the bank has increased from 9.55 % as of Mar 2025 to 9.82% as of Jun 2025 on account of decrease in exposure measure to the tune of Rs. 172,901 million.