



**BASEL-III DISCLOSURES UNDER PILLAR 3 (as on March 31, 2026)**

**DF-2: CAPITAL ADEQUACY**

**(i) Qualitative Disclosures**

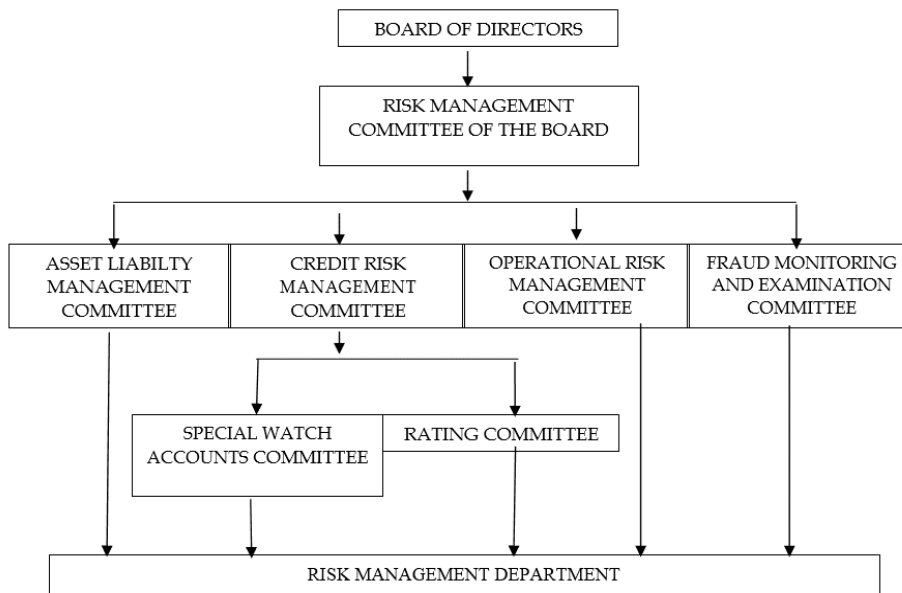
**1. Capital Adequacy**

The Bank maintains and manages capital as a cushion against the risk of probable losses and to protect its stakeholders, depositors, and creditors. The future capital requirement of the Bank is projected as a part of its annual business plan, in accordance with its business strategy.

In line with the Basel III guidelines, which are effective from July 01, 2024, the Bank has been calculating its capital ratios as per the extant RBI guidelines. The focus of Basel III norms is on the quality and quantity of Tier I capital. The Bank’s risk governance architecture focuses on the key areas of risk such as credit, market (including liquidity) and operational risk and quantification of these risks, wherever possible, for effective and continuous monitoring and control.

**2. Organization Structure for Risk Management function**

The following organization structure has been evolved after considering the size and nature of business undertaken by the Bank.



Board at the apex level: The responsibility for establishing and supervising risk management and control systems shall be with the Board of Directors of the Bank. The Board shall approve the

enterprise risk management framework of the Bank along with its constituent policies and set various risk limits.

Risk Management Committee of the Board (RMCB): The Board of Directors has established a Risk Management Committee of the Board (RMCB) to oversee the bank's risk management processes. The RMCB ensures the robustness of financial models, monitors performance against risk tolerance limits, and evaluates internal controls and risk management systems. Additionally, the RMCB regularly assesses the bank's overall risk profile and recommends risk management policies to the Board for approval.

Risk Management Department: implements enterprise risk management framework of the Bank along with its constituent policies and shall be independent of all business functions. It has three functions, one each for Market Risk, Credit Risk and Operational Risk

Bank has put in place an organizational framework for Bank-wide management of risk on integrated basis. The structure ensures coordinated process for measuring and managing all material risks on an enterprise-wide basis to achieve organizational goals. The structure is designed in tune with the regulatory guidelines. The Board approves risk management policies of the Bank and sets risk exposure limits based on Bank's risk appetite and risk bearing capacity.

The Bank has Board-approved policies for credit risk, market risk, operational risks, investments and borrowing, etc. This solidifies Bank's resolve to have a comprehensive approach to management of material risks.

### **3. Risk exposure & Capital Adequacy**

The Bank has an Internal Capital Adequacy Assessment Process (ICAAP) policy, which reviews the capital adequacy relative to risk profile of the Bank. This policy identifies, quantifies, and estimates current and future risks under Standardized Approach. It also outlines a roadmap for comprehensive stress testing, including regulatory stress conditions, to assess the impact of severe but plausible scenarios on the Bank's risk profile and capital position.

The Bank's ICAAP policy defines the following material risks under Pillar II:

- a. Credit Concentration Risk
- b. Interest Rate Risk in Banking Book
- c. Reputation Risk
- d. Strategic and Business Risk
- e. Compliance Risk
- f. Liquidity Risk
- g. Pension Obligation Risk
- h. Cyber Security Risk

### **I. CREDIT RISK**

Credit risk is the current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of contracts for any credit facilities with the lending institution or its failure to honor its obligation.

For banks, loans are the largest and the most obvious source of credit risk; however, other sources of credit risk exist throughout the activities of a Bank, including in the banking book and in the trading book, and both on and off-balance sheet. Banks increasingly face credit risk (or counterparty risk) in various financial instruments.

## **II. MARKET RISK**

Market risk is the risk that the value of 'on' or 'off' balance sheet positions will be adversely affected by movements in equity and interest rate markets, interest rate changes, currency exchange rates. Thus, market risk is the risk to the Bank's earnings and capital due to changes in the market level of interest rates or prices of securities, foreign exchange, and equities, as well as the volatilities of those changes.

Market Risk Management framework at the Bank defines prudential limits for Value at Risk, PV01 for the Bank's Trading portfolio classified under "Held for Trading" (HFT) and "Available for Sale" (AFS) categories.

## **III. OPERATIONAL RISK**

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal, fraud, and technology risks but excludes strategic and reputational risk.

## **IV. COUNTERPARTY CREDIT RISK**

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before final settlement of the transaction's cash flows. An economic loss would occur if the transaction or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty.

The Bank has laid out the framework for managing risk associated with derivatives primarily used for hedging purposes. The Derivative policy lists out permitted derivative instruments and internal controls around them. The Bank shall hold capital to protect against:

- Default Risk Charge - is the risk that the counterparty defaults.
- Mark-to-market counterparty risk - includes credit valuation adjustment (CVA) risk.

## **V. INTEREST RATE RISK IN BANKING BOOK**

Interest Rate Risk in Banking Book refers to the current or prospective risk to earnings and capital arising from adverse movements in interest rates affecting the banking book assets, liabilities, and off-balance-sheet positions.

As a part of assessment, the Bank has adopted the Modified Duration Gap approach for analyzing the changes in Economic Value of Equity, which requires the mapping of assets and liabilities into different time buckets as specified by the Bank (as per RBI guidelines).

#### 4. Assessment of capital adequacy

Capital requirements that the Bank is required to comply with are as follows:

	<b>Regulatory Capital</b>	<b>As % to RWAs</b>
(i)	Minimum Common Equity Tier 1 Ratio	5.5
(ii)	Additional Tier 1 Capital	1.5
(iii)	Minimum Tier 1 Capital Ratio [(i)+(ii)]	7.0
(iv)	Tier 2 Capital	2.0
(v)	Minimum Total Capital Ratio (MTC) [(iii)+(iv)]	9.0

The minimum capital required to be maintained by the Bank is 9%. Bank's CRAR is above the regulatory minimum as stipulated in Based III Capital Regulations and Capital Ratios as on 31-03-2026 are given below.

#### (ii) Quantitative Disclosures

<b>S. No.</b>	<b>Items</b>	<b>Amount (in Crores) as on March 31, 2026</b>
(a)	Capital requirements for Credit Risk	
	· Portfolios subject to Standardized Approach	2,657.96
	· Securitization Exposures	-
(b)	Capital requirements for Market Risk	
	· Standardized Duration Approach	387.04
	- Interest Rate Risk	13.29
	- Foreign Exchange Risk	11.21
	- Equity Risk	362.54
(c)	Capital requirements for Operational Risk	
	· Basic Indicator Approach	359.66
(d)	Common Equity Tier 1, Tier 1 and Total Capital	
	· Group	
	- CET 1 Capital	-
	- Tier 1 Capital	-
	- Tier 2 Capital	-
	- Total Capital	-
	· Standalone	
	- CET 1 Capital	16,707.44
	- Tier 1 Capital	16,707.44
	- Tier 2 Capital	369.16
	- Total Capital	17,076.60
(e)	Common Equity Tier 1, Tier 1 and Total Capital ratios:	
	· Group CRAR	
	- CET 1 Ratio	-
	- Tier 1 Ratio	-

S. No.	Items	Amount (in Crores) as on March 31, 2026
	- Tier 2 Ratio	-
	- CRAR	-
	· Standalone CRAR	
	- CET 1 Ratio	42.99%
	- Tier 1 Ratio	42.99%
	- Tier 2 Ratio	0.95%
	- CRAR	43.94%

## DF-3: CREDIT RISK - GENERAL DISCLOSURES

### (i) Qualitative Disclosures

#### 1. Definitions of past due and impaired (for accounting purposes):

The Bank classifies its loans & investments into performing and non-performing loans in accordance with the extant RBI guidelines.

#### 2. Credit Risk

Credit risk is most simply defined as the potential that a bank's borrower or counterparty may fail to meet its obligations in accordance with agreed terms. It is the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or a counterparty to meet commitments in relation to lending, trading, settlement, and other financial transactions. Alternatively, losses result from reduction in portfolio arising from actual or perceived deterioration in credit quality.

#### Discussion of the Bank's Risk Management Policy

Bank has put in place a detailed Enterprise Risk Management Framework to act as an umbrella for all the risk management policies of the Bank. The goal of this policy, inter-alia, is to create a transparent framework for identification, assessment, and effective management of credit risk in all operations of the Bank and to secure organizational strength and stability in the long run. The policy details out the nature of Bank's lending business, credit rating models, the composition of Rating Committee, roles, and responsibilities of Credit Risk Management Committee (CRMC), and capital computation methodology as per Basel 3 guidelines.

#### Credit Risk Rating Models

For extending financial assistance, the Bank has framed internal credit risk rating models for various categories of borrowers wherein the borrowers are being evaluated by an internal rating committee. Similarly, for all non-SLR investments, the issuer/counterparty will be rated on a suitable internal credit risk rating model. Internal credit risk rating models being followed presently for various categories of Primary Lending Institutions (PLIs) & borrowers.

#### Credit Sanction and Related Processes

- a. Credit Appraisal Standards: The processes relating to the sanction, disbursements, collection and MIS are governed by the Standard Operating Procedure (SOP). Sanction memorandums prepared are as per the format prescribed in SOP. The parameters for appraisal and sanction includes compliance of the basic eligibility criteria and key financial parameters.
- b. Exposure Limits: Counterparty exposure norms are determined based on external ratings/internal ratings of the counterparty and maximum exposure limit is arrived as per the Enterprise Risk Management Framework of the Bank. Exposure norms have been prescribed for various categories of PLIs viz; HFCs, SCBs, RRBs etc. in the Enterprise Risk Management Framework.

- c. Sanctioning Powers: Sanctioning powers are defined in the Credit Risk Management Policy through various Committees.

### **Credit Monitoring Framework:**

Credit monitoring is an on-going process for ensuring the quality of the Bank's loan portfolio. To strengthen oversight the Bank has established onsite and offsite surveillance mechanisms. These systems ensure timely analysis of the portfolio and enable control over underlying securities and overall credit exposure.

- a) Credit Inspections: Credit inspections are carried out after the first tranche disbursement for every sanctioned facility. For existing borrowers who have outstanding limits but have not applied for any enhancement or fresh limits, inspections are conducted annually. This ensures periodic assessment of borrower operations, security conditions, and end-use of funds. However, in respect of new clients, credit inspection is conducted after every sanction, prior to the first disbursement.
- b) Monitoring of Special Watch Accounts (SWA): The purpose of SWA classification is to identify loan accounts showing early signs of stress based on predefined SWA parameters. This enables the Bank to take corrective measures promptly to prevent further asset quality deterioration. The Bank periodically monitors these parameters across its portfolio to detect emerging weaknesses in line with SWA norms.
- c) Annual Loan Review for All Outstanding Accounts: The Loan Review Mechanism (LRM) is a tool for evaluating the quality of the Bank's credit portfolio. Under this mechanism, all outstanding loan accounts undergo an annual review. The process assesses PLI's performance, adherence to prudential refinance limit, and emerging risks, thereby strengthening portfolio oversight.
- d) Analysis of Returns (Offsite Surveillance): Return analysis is one of the components of the Bank's offsite surveillance framework. The Bank periodically analyzes various returns prescribed for different categories of Primary Lending Institutions (PLIs). These returns are scrutinized to assess the adequacy of underlying security vis a vis outstanding refinance amount and identify emerging trends or risk indicators. Insights derived from this analysis enable the Bank to detect shortfalls in available security and highlight operational or financial issues that may require timely corrective action.

### **3. Eligible Collateral**

Bank uses a number of techniques to mitigate the credit risks to which it is exposed. For example, exposures may be collateralized by first priority claims, guaranteed by a third party etc.

Credit Risk Mitigation (CRM) implies reduction of credit risk in exposure by way of creating a safety net of tangible and realizable securities including third party guarantee and assuming the status of secured creditor in the event of bankruptcy/insolvency/liquidation of the obligor.

At present, the below-mentioned instruments/collaterals accepted by NHB, are eligible for Credit Risk Mitigation (CRM) under BASEL III guidelines issued by RBI:

- Bank Guarantee(s)
- Corporate Guarantee of parent institution
- Government guarantees issued by Central/State Governments

**(ii) Quantitative Disclosures**

**a. Total Gross Credit Risk Exposure**

Particulars	Amount (in Crores) as on March 31, 2026
Fund Based Exposures	1,18,199.82
Non-fund Based Exposures*	35,698.53
<b>Total Gross Credit Exposures**</b>	<b>1,53,898.35</b>

\*Non-fund Based Exposures includes accepted sanction amount remaining unavailed pertaining to Refinance, Project Finance and Urban Infrastructure Development Fund.

\*\*Gross Credit Exposures includes loans & advances (net of provisions for NPAs).

**b. Geographic Distribution of Exposures**

Exposures	Amount (in Crores) as on March 31, 2026		
	Fund Based Exposures	Non-fund Based Exposures	Total
Domestic operations	1,18,199.82	35,698.53	1,53,898.35
Overseas operations	-	-	-
<b>Total</b>	<b>1,18,199.82</b>	<b>35,698.53</b>	<b>1,53,898.35</b>

**c. Industry Type Distribution of Exposures**

INDUSTRY	Amount (in Crores) as on March 31, 2026	
	Fund Based Exposures	Non-Fund Based Exposures
Housing Finance Companies	89,612.62	25,021.71
Scheduled Commercial Banks	23,341.98	520.00
Urban Infrastructure Development	2,470.66	10,156.82
Project Finance	39.77	-
TREPS lending	2,734.79	-
<b>Total</b>	<b>1,18,199.82</b>	<b>35,698.53</b>

d. Credit Exposure of industries where outstanding exposure is more than 5% of the Total Gross Credit Exposure of the Bank is as follows:

As on March 31, 2026

Industry	Total Exposure (in Crores)	% Of Total Gross Credit Exposure
Housing Finance Companies	1,14,634.33	74.49%
Scheduled Commercial Banks	23,861.98	15.51%
Urban Infrastructure Development Fund	12,627.48	8.21%

e. Residual Contractual Maturity Breakdown of Assets

Amount (in Crores) as on March 31, 2026				
Maturity Pattern	Investments	Loans & advances	Foreign Currency Assets	Total
1 to 7 days	0.00	3,421.72	0.00	3,421.72
8 to 14 days	0.00	0.00	0.00	0.00
15 to 28 days	100.65	0.00	0.00	100.65
29 days to 3 months	1.33	225.77	0.00	227.10
Over 3 months to 6 months	1,089.37	6,015.05	0.00	7,104.42
Over 6 months to 1 year	593.10	11,126.93	0.00	11,720.03
Over 1 year to 2 years	95.12	20,513.89	0.00	20,609.01
Over 2 years to 3 years	95.81	17,752.36	0.00	17,848.17
Over 3 years to 5 years	412.74	27,332.74	0.00	27,745.48
Over 5 years to 7 years	921.37	21,621.58	0.00	22,542.95
Over 7 years to 10 years	16.71	10,189.78	0.00	10,206.49
Over 10 years	0.00	0.00	0.00	0.00
<b>Total</b>	<b>3,326.20</b>	<b>1,18,199.82</b>	<b>0.00</b>	<b>1,21,526.02</b>

f. Amount of Non-Performing Assets (NPA)

		Amount (in Crores)
S. No.	Items	March 31, 2026
a)	<b>Gross NPAs</b>	
	• Sub-Standard	-
	• Doubtful 1	-
	• Doubtful 2	-
	• Doubtful 3	644.60
	• Loss	9.08
b)	<b>Net NPAs</b>	-
c)	NPA Ratios	-
	• Gross NPAs to Gross Advances (%)	0.55%
	• Net NPAs to Net Advances (%)	0.00%
d)	<b>Movement of NPAs (Gross)</b>	
	• Opening balance (as on 01.01.2026)	653.68
	• Additions	-
	• Reductions	-
	• Closing Balance (as on 31.03.2026)	653.68
e)	<b>Movement of Provisions for NPAs</b>	
	• Opening Balance (as on 01.01.2026)	653.68
	• Provisions made during the period	-
	• Write-off	-
	• Write back of excess provisions	-
	• Any Other Adjustments, including transfers between provisions	-
	• Closing Balance (as on 31.03.2026)	653.68
f)	Amount of Non-Performing Investments	0.53
g)	Amount of Provisions held for Non-Performing Investments	0.53
h)	<b>Movement of Provisions for Depreciation on Investments</b>	
	• Opening Balance (as on 01.01.2026)	61.04
	• Provisions made during the period	-
	• Write-off	-
	• Write Back of excess Provisions	-
	• Closing Balance (as on 31.03.2026)	61.04

g. By major Industry or Counter party type

Industry /counterparty	Gross NPA	Past Due Loans	Provisions	Write-offs during the current period
Housing Finance	644.60	Doubtful-3	644.60	-
	9.08	Loss	9.08	-
Total	653.68		653.68	-

## **DF-4 - CREDIT RISK DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH**

### **(i) Qualitative Disclosures:**

#### **Credit Risk: Use of Rating Agency under the Standardized Approach**

The Bank shall be guided by the RBI Master Directions on Prudential Norms on Capital Adequacy regarding application of external rating in capital computation process. As stipulated by RBI, the risk weights for domestic exposures shall be assessed based on the external ratings assigned by domestic ECAs (External Credit Assessment Institutions).

As stipulated in the Directions, the following domestic credit rating agencies are being considered for the purpose of risk weighting domestic exposures for capital adequacy computation:

- ACUTE Ratings & Research Ltd. (Acuité)
- Brickwork Ratings India Private Limited
- Credit Analysis and Research Limited (CARE)
- CRISIL Ratings Limited
- ICRA Limited
- India Ratings and Research Private Limited (India Ratings)
- INFOMERICS Valuation and Rating Pvt Ltd. (INFOMERICS)

Further, the following International Credit Rating Agencies are defined for the purpose of risk weighting the claims for capital adequacy computation:

- CareEdge Global IFSC Limited (for all non-resident corporate exposures)
- Fitch
- Moody's
- Standard & Poor's

The Bank shall neither make any discrimination among ratings assigned by these agencies nor will restrict their usage to any particular type of exposure.

The Bank shall ensure consistency and conservatism while making use of external credit rating assessment. Bank will use the chosen credit rating agencies and their ratings consistently for each type of claim, for both risk-weighting and risk management purposes. The Bank shall use only those ratings that have been solicited by the counterparty and are publicly available.

The Bank shall ensure that the external rating of the facility/borrower has been reviewed at least once by the rating agency during the previous 15 months and is in force on the date of its application.

For exposures with a contractual maturity of less than or equal to one-year, short-term ratings given by chosen credit rating agencies will be used. For other exposures which have a contractual maturity of more than one-year, long-term ratings accorded by the chosen credit rating agencies will be used.

As stipulated by RBI, cash credit exposures will be reckoned as long-term exposures and accordingly, the long-term ratings accorded by the chosen credit rating agencies will be assigned.

The Bank shall use long-term ratings of a counterparty as a proxy for an unrated short-term exposure on the same counterparty. As stipulated by RBI in the guidelines, the Bank shall adhere to the rating-risk weight mapping for short-term ratings of domestic credit rating agencies.

The RBI guidelines outline specific conditions for facilities that have multiple ratings. In this context, the lower rating, where there are two ratings and the second-lowest rating, where there are three or more ratings, are used for a given facility.

All long-term and short-term ratings assigned by the credit rating agencies specifically to the Bank's long-term and short-term exposures respectively will be considered by the Bank as issue specific ratings.

The unrated short-term claim on 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.

If an issuer has a short term or long-term exposure with an external short term or long-term rating that warrants a risk weight of 150 per cent, all unrated claims on the same counterparty, whether short-term or long-term, will also receive a 150 per cent risk weight, unless the Bank has used recognized credit risk mitigation techniques for such claims.

**(ii) Quantitative Disclosure:**

Amount of the Bank's Exposures - Gross Advances (Rated & Unrated) in Major Risk Buckets - under Standardized Approach:

Amount (in Crores) as on March 31, 2026			
S. No.	Particulars	Fund based Exposure Amount <sup>^</sup>	Non-Fund based Exposure Amount
1.	Below 100% Risk Weight	1,17,670.37	35,668.53
2.	100% Risk Weight	391.90	30.00
3.	More than 100% Risk Weight	137.55	-
4.	Deducted (Risk Mitigants)	-	-
	<b>Total</b>	<b>1,18,199.82</b>	<b>35,698.53</b>

<sup>^</sup>Gross Advances (Rated & Unrated) includes exposure to Housing Finance Companies, Scheduled Commercial Banks, State Governments under Urban Infrastructure Development Fund, Project Finance clients & TREPS lending.

**DF-17: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO  
EXPOSURE MEASURE**

S. No.	Item	(Amount in Crores) as on March 31, 2026
1	Total consolidated assets as per published financial statements	1,25,609.25
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	222.36
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)	10,186.75
7	Other adjustments	(13.82)
<b>8</b>	<b>Leverage ratio exposure</b>	<b>1,36,004.54</b>

**DF-18: LEVERAGE RATIO COMMON DISCLOSURE (As on March 31, 2026)**

(Rs. In Crore)

Item		Leverage ratio framework
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,25,609.25
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(13.82)
3	<b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of lines 1 and 2)	1,25,595.43
<b>Derivative exposures</b>		
4	Replacement cost associated with all <i>derivatives</i> transactions (i.e., net of eligible cash variation margin)	193.08
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	29.28
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	<b>Total derivative exposures (sum of lines 4 to 10)</b>	222.36
<b>Securities financing transaction exposures</b>		
12	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	-
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	35,698.53
18	(Adjustments for conversion to credit equivalent amounts)	(25,511.78)
19	Off-balance sheet items (sum of lines 17 and 18)	10,186.75
<b>Capital and total exposures</b>		
20	<b>Tier 1 capital</b>	16,707.44
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	1,36,004.54
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio</b>	12.28%