

BASEL III- Pillar 3 Disclosures for the year ended 30 June 2025

The BASEL III- Pillar 3 disclosures contained herein relate to Mashreqbank psc. – India Branch (the “Bank”) for the year ended 30 June 2025. Mashreqbank psc. – India Branch is a branch of Mashreqbank psc, which is incorporated in UAE with limited liability.

DF-1: Scope of application:

Qualitative Disclosures:

These disclosures compiled in accordance with Reserve Bank of India (the “RBI”) regulations on Pillar 3 as given in ‘Master Circular – Basel III Capital Regulations dated 1 April 2025 and amendments thereto issued from time-to-time by RBI.

- a) List of group entities considered for consolidation as on 30 June 2025:

Not Applicable

- b) List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation as on 30 June 2025

Not Applicable

Quantitative Disclosures:

- c) List of group entities considered for consolidation as on 30 June 2025:

Not Applicable

- d) The aggregate amount of capital deficiencies in all subsidiaries, which are not, included in the regulatory scope of consolidation i.e. that deducted and the name(s) of such subsidiaries.

Not Applicable

- e) The aggregate amount of the Bank’s total interests in insurance entities which are risk-weighted as well as their name, their country of incorporation or residence, principal activity of the entity, total balance sheet equity (as stated in the accounting balance sheet of the legal entity), the proportion of ownership interest and, if different, the proportion of voting power in these entities and quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method.

Not Applicable

- f) Restrictions or impediments on transfer of funds or regulatory capital within the banking group as of 30 June 2025:

Not Applicable

BASEL III- Pillar 3 Disclosures for the year ended 30 June 2025

Capital Structure:

Capital funds are classified into Tier-I and Tier-II capital under the capital adequacy framework.

Qualitative Disclosures:

(a) Summary information and main features of capital instruments of the Bank are given below:

- Tier I Capital: Being a Foreign Bank, the Bank's Tier I Capital consists of interest free deposits received from Head Office, Statutory Reserve, Capital Reserve, Remittable surplus retained in India for CRAR requirements, Additional Tier I capital and Regulatory deductions on account of intangible assets (Software) and Deferred Tax Assets.
- Tier II Capital: Tier II Capital consists of provision for Standard Advances, provision for Country risk exposures, provision for Unhedged Foreign Currency Exposure, Investment Reserve Account and Investment Fluctuation Reserve account restricted to 1.25% of the total Credit Risk Weighted Assets under the standardized approach.

(b) The details of Tier I & Tier II capital with separate disclosures of each component are as under:

The composition of the capital structure:		INR. in lacs
Sr. No	Particulars	As at 30 June 2025
A	Total Tier 1 Capital	1,35,245
A.1	Common Equity Tier 1 (CET I) Capital	1,28,076
	Of Which	
	- Paid up Capital (Funds from Head Office)	97,754
	- Statutory reserve	10,076
	- Remittable surplus retained in India for CRAR requirements	20,892
	- Capital Reserve	208
	- AFS Investment Reserve	297
	Regulatory Adjustment to CET I	(1,151)
	(Deferred Tax Asset & Intangible Assets)	
A.2	Additional Tier 1 Capital	7,168
B	Tier 2 Capital	2,335

BASEL III- Pillar 3 Disclosures for the year ended 30 June 2025

	Investment Reserve Account, Investment Fluctuation Reserve account, Provision for Standard assets, Unhedged Foreign Currency Exposure and Country exposure (Restricted to 1.25% of the total Credit Risk Weighted Assets under the standardized approach)	
C	Total Regulatory Capital (A+B)	1,37,579

DF-2: Capital Adequacy:

Qualitative Disclosures:

The Bank is subject to the Capital Adequacy norms as per Master Circular on Basel-III Capital Regulations issued by the Reserve Bank of India ('RBI'). The Basel III capital regulation is being implemented in India from April 1, 2013, in phases and it was fully implemented as on 30 June 2025.

The Bank has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. The process ensures that the Bank has adequate capital to support all the material risks and an appropriate capital cushion. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through a robust risk management framework, control mechanism and an elaborate process for capital calculation and planning. The Bank has put in place the Internal Capital Adequacy Assessment Process (ICAAP) Policy and the same is reviewed on a regular basis. The Bank's ICAAP covers the capital management policy of the Bank and also sets the process for assessment of the adequacy of capital to support current and future business projections / risks for 3 years. The Bank has a structured process for the identification and evaluation of all risks that the Bank faces, which may have an adverse material impact on its financial position.

ICAAP establishes framework for the Bank to perform a comprehensive assessment of the risk they face and to relate Capital adequacy to these risks. Furthermore, the capital analysis performed by the Bank is expected to encompass all risks, not only those risks captured by Pillar 1- Minimum regulatory capital calculation.

The Bank's stress testing analysis involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible ("stressed") business conditions. Typically, this relates, among other things, to the impact on the Bank's profitability and capital adequacy. Stress Tests are conducted on a regular basis on the Bank's on and off - balance sheet exposures to test the impact of Credit risk, Liquidity risk and Interest Rate Risk in the Banking book (IRRBB). The stress test results are put up to the Risk Management Committee (RMC) and Asset and Liability Committee (ALCO) wherever applicable, for their review and guidance under the oversight of Management Committee (MANCO). The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of market conditions. The

BASEL III- Pillar 3 Disclosures for the year ended 30 June 2025

stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP.

As per Basel III guidelines, the minimum capital required to be maintained by the Bank as per Transitional Arrangements for the year ended 30 June 2025 is 11.5 % with minimum Common Equity Tier 1 (CET1) of 8% (including CCB of 2.5%). As at 30 June 2025, the Capital Funds of the Bank is higher than the minimum capital requirement as per Basel III guidelines.

Quantitative Disclosures:

The Bank's capital requirements and capital ratios as of 30 June 2025 are as follows: -

Composition of Capital	INR in Lacs
	As at 30 June 2025
1. Capital requirements for Credit Risk	
- Portfolios subject to Standardized Approach	52,282
- Securitization Exposures	-
2. Capital requirements for Market Risk (Subject to Standardized Duration Approach)	
- Interest rate risk	-
- Foreign exchange risk (including gold)	74
- Equity risk	-
3. Capital requirements for Operational Risk (Subject to Basic Indicator Approach)	2,599
Total Capital Requirements at 11.50% (1+2+3)	54,955
Total Capital	1,37,579
Common Equity Tier I capital ratio (%)	26.80%
Tier I Capital Adequacy Ratio (%)	28.30%
Total Capital Adequacy Ratio (%)	28.79%

Risk Exposure and assessment:

The Bank considers the following risks as material risks it is exposed to in the normal course of its business and therefore, factors these while assessing / planning capital:

- Credit Risk (including credit related concentration risks)
- Market Risk
- Operational Risk

BASEL III- Pillar 3 Disclosures for the year ended 30 June 2025

- Liquidity Risk
- Interest Rate Risk in the Banking Book

The Bank's Risk Management policies and procedures are subject to a high degree of oversight and guidance to ensure that all types of risks are systematically identified, measured, analysed and actively managed. Specific details relating to all major business functions are elaborated in the respective policies and manuals of the Bank, which may be guided by for specific business activities.

Risk Management is the responsibility of every member of the management as well as part of the job of each staff members of the Bank. The objective of Risk Management is to have optimum balance between risk and return. It entails the identification, measurement and management of risks across the various businesses of the Bank. The Head Office has the responsibility for coordination of overall risk management with respect to the business of the India branch of the Bank.

Risk Management framework

The Bank has a separate and independent Risk Management Committee (RMC) in place, which oversees all risks identified by the Bank as material. RMC is primarily responsible for managing the risk emerging from inadequate or failed processes, human factors or external events. The risk monitoring framework is integral to the operations of the Bank. Risks are proactively managed within the Bank. Credit risk at the Bank is approved, controlled and monitored by Head office. Operational, market, liquidity and other related risk are managed and monitored by the Bank under Head Office guidance and support.

DF 3: Credit Risk:

Qualitative Disclosures:

Credit Risk is the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, credit risk arises mostly from Corporate Banking and Trade Finance activities of the bank, if a borrower is unable to meet his financial obligation to the lender. The goal of credit risk management is to maximize the Bank's risk adjusted rate of return by maintaining credit-risk exposures within acceptable parameters. The bank negotiates Bills under LC's of other banks, lends to corporates in its funded advances, confirms and issues Letters of Credit and Guarantees in its non-funded assets.

The Bank adopts the definition of 'past due' and 'impaired credits' (for accounting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and Provisioning (IRAC) norms.

Credit Risk Management Policy:

BASEL III- Pillar 3 Disclosures for the year ended 30 June 2025

The Bank's Head Office has well defined policies and procedures for identifying, measuring, monitoring and controlling credit risk in all its activities. Credit limits are approved by the Head Office after thorough assessment of the risk profile of the borrower or counterparty including the purpose and structure of credit and its source of repayment and other support given the current events, conditions and expectations.

It is the Bank's policy to ensure that provisions for credit loss are maintained at adequate levels. Experienced and skilled staff members manage recovery of non-performing and Loss loans, whenever applicable. The Bank's credit administration unit supported by the Head Office ensures that credit facilities are released after proper approval and against proper documentation. It also monitors excesses over limits, past dues, expired credits and highlights corrective action immediately.

The Bank's credit manual covers following:

- a) Clearly defined policies
- b) Credit approval authorities
- c) Limits target markets
- d) Risk acceptance criteria
- e) Credit origination and maintenance procedures

Risk Monitoring and Reporting:

The Bank's Head Office and Branch monitors concentration risk by setting up limits for maximum exposure to individual borrower or counterparty, country, bank or industry. These limits are approved by the Head Office after detailed analysis and are monitored regularly. Bank also undertakes credit concentration related stress testing.

The Bank has risk asset rating guidelines provided by the Head Office and all credits are assigned an internal rating in accordance with the defined criteria. All lending relationships are reviewed regularly and more frequently for stressed and Non-Performing Assets. Also, the Bank has Internal Auditors, who undertake reviews/checks on ongoing basis.

Quantitative Disclosures:

Total gross credit risk exposure as on 30 June 2025: INR in Lacs

Particulars	Exposure
Fund based*	493,871
Non fund based	57,429

* Represents book value as at 31 March 2025 (Excluding Investments, RBI Balances, Fixed Assets & Other Assets)

BASEL III- Pillar 3 Disclosures for the year ended 30 June 2025

Notes:

1. Non-fund-based exposure includes Bank Guarantee exposures, exposures on confirmed Letters of Credit (LCs) and credit equivalent of Forward Contracts.

Geographic distribution of exposure as on 30 June 2025:

INR in Lacs		
Particulars	Funded	Non-Funded
Overseas	5,761	2,290
Domestic	488,110	55,139

Industry wise distribution of advances and off-balance sheet credit exposure as at 30 June 2025 (Gross)

INR in Lacs			
Industry Name	Fund Based Exposure*	Non-Fund Based Exposure	Total Exposure
Engineering	111,336	31,164	142,500
Petroleum	117,500	16,600	134,100
Trade	65,950	-	65,950
Real Estate	50,000	-	50,000
Pharma	48,500	-	48,500
Manufacturing	46,605	-	46,605
Metals	46,000	-	46,000
Banks	7,980	9,664	17,645
Total	493,871	57,429	551,300

* Represents book value as at 31 March 2025 (Excluding Investments, RBI Balances, Fixed Assets & Other Assets)

Notes:

1. Fund based credit exposure excludes Balance with RBI, Balances with Banks, SLR investments, Tax free bonds, Fixed Assets and Other assets.
2. Non-fund-based exposure includes Bank Guarantee exposures, exposures on confirmed Letters of Credit (LCs), Unutilized limits and derivative exposure.

As on 30 June 2025, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure:

Sr. No.	Industry Classification	Percentage of the Total Gross Credit Exposure
1	Engineering	25.85%

BASEL III- Pillar 3 Disclosures for the year ended 30 June 2025

2	Petroleum	24.32%
3	Trade	11.96%
4	Real Estate	9.07%
5	Pharma	8.80%
6	Manufacturing	8.45%
7	Metals	8.34%

Residual contractual maturity breakdown of assets:

Maturity Bucket	INR.in lacs				
	Cash, Balances with RBI and Other Banks	Advances	Investments	Fixed Assets	Other Assets (Net)
Day 1	25,009	50	25,207	-	2,567
2 to 7 days	0	22,680	-	-	-
8 to 14 days	0	12,150	-	-	172
15 to 30 days	81	24,645	402	-	-
31 days to 2 months	21	193	103	-	-
2 Months to 3 Months	65	54,650	326	-	-
Over 3 months to 6 months	2,298	47,317	11,455	-	666
Over 6 months to 12 months	1,232	55,386	6,142	-	-
Over 1 year to 3 years	219	22,093	1,092	-	5,115
Over 3 years to 5 years	0	52,354	-	-	-
Over 5 years	25	0	124	2,040	-
Total	28,949	291,518	44,851	2,040	8,520

Movement of NPA (Gross) and Provision for NPAs – 30 June 2025:

- NPA outstanding and provision for NPA as on 30 June 2025 are NIL.
Therefore, percentage to Net NPA to Net advance as at 30 June 2025 is 0.00%
- There has been no new NPA and upgradations from existing NPA to standard assets during the quarter ended 30 June 2025.

There has been no technical write off during the year ended 30 June 2025

BASEL III- Pillar 3 Disclosures for the year ended 30 June 2025

Movement of General Provision – Position as on 30 June 2025

INR. in lacs

Movement of Provisions	Specific Provisions	General Provisions*
Opening balance as on 1st April 2024	-	1,307
Provision made in 2024-25	-	235
Write-offs	-	-
Write-back of excess provision in 2024-25	-	-
Any other adjustments, including transfers between provisions	-	-
Closing balance as on 30 June 2025	-	1,542

* Excludes country risk provision but including standard assets provision and provision for unhedged foreign currency exposure

No write-offs and recoveries that have been booked directly to the income statement for year ending 30 June 2025

NPI (Gross), Provision for NPI and Movement in Provision for Depreciation on investments –30 June 2025

NPI outstanding and provision for NPI as on 30 June 2025 are NIL (Previous year: Nil).

Therefore, percentage to Net NPI to Net advance as at 30 June 2025 is 0.00% (Previous year: 0.00%)

DF 4 – Credit Risk: Disclosures for portfolios subject to standardized approach

The Bank has used the ratings of the following international credit rating agencies (arranged in alphabetical order) for the purposes of risk weighting the credit exposures relating to trade finance operations having exposure on Banks/FIs for capital adequacy purposes where specified:

Fitch;

Moody's; and

Standard & Poor's

For the purpose of risk weighting the credit exposures relating to corporate advances, the Bank utilizes the ratings assigned to its sanctioned facilities from eligible domestic credit rating agencies, as informed by RBI, from time to time.

A description of the process used to transfer public issuer ratings onto comparable assets in the banking book:

- Bank has used short term ratings for assets with maturity upto one year and long-term ratings for assets maturing after one year as accorded by the approved external credit rating agencies.
- Bank has not cherry-picked ratings. Bank has not used one rating of a CRA (Credit Rating Agency) for one exposure and another CRA's rating for another exposure on the same counterparty.
- Bank has used only solicited rating from the recognized CRAs. In case the issuer has multiple ratings from CRAs, the Bank has a policy of choosing (if there are two or more ratings) lower rating.

BASEL III- Pillar 3 Disclosures for the year ended 30 June 2025

Quantitative Disclosures:

Details of credit exposures (funded and non-funded) classified by risk buckets

The table below provides the break-up of the Bank's net exposures into three major risk buckets.

INR in Lacs

Sr. No.	Exposure amounts after risk mitigation	Fund Based Exposure*	Non-Funded Exposure
1	Below 100% risk weight exposure outstanding	150,155	7,180
2	100% risk weight exposure outstanding	9,304	-
3	More than 100% risk weight exposure outstanding	215,779	246,838
	Total	375,238	254,018

*Represents book value as at 30 June 2025 as per Capital Adequacy report.

Leverage Ratio:

The Basel III leverage ratio is defined as the capital measure (Tier-1 capital of the risk-based capital framework) divided by the exposure measure, with this ratio expressed as a percentage:

As per RBI guidelines, leverage ratio for the Bank at 30 June 2025, is as follows:

INR in Lacs

Tier I Capital	135,271
Exposure Measure	440,652
Leverage Ratio	30.70%

For Mashreqbank psc – India Branch

Tushar Vikram

Country Head & CEO

Place: Mumbai