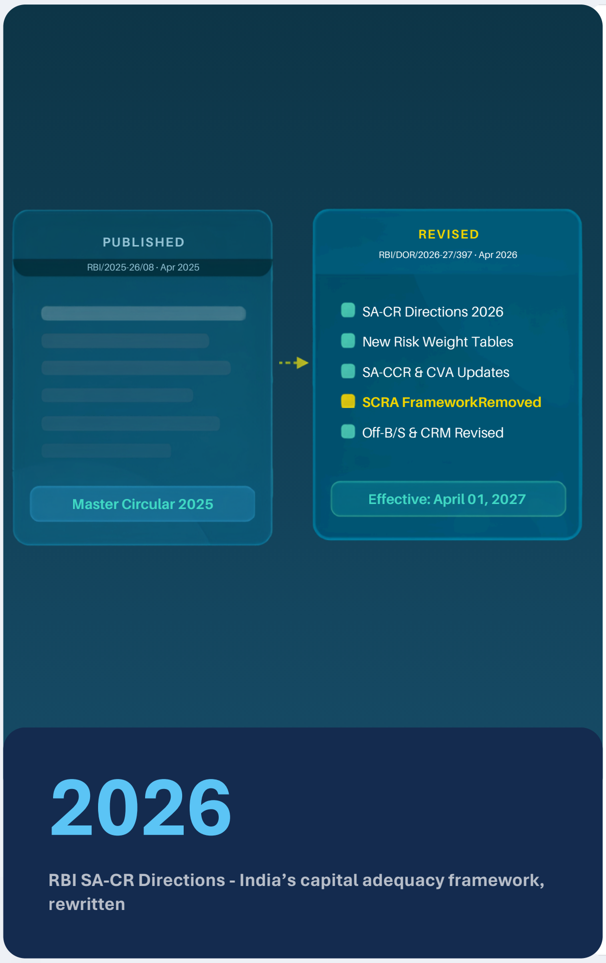
• Q1 2026 • APRIL – JUNE

Surya Insights

What's shaping banking regulation, risk, and technology - distilled into actionable insights for finance and risk professionals across 25+ markets.

PRA Model Risk | NII & Liquidity Q2 | MCLR in FintelliVue | Data Harmoniser Guide | Capital Adequacy | Implementation Story | Basel 3.1



• REGULATORY RADAR

RBI's new SA-CR Directions 2026 replace the Master Circular - effective April 2027.

In 30 seconds: RBI has issued finalised Standardised Approach Credit Risk Directions (RBI/DOR/ 2026-27/397, April 27, 2026), replacing the 2025 Master Circular for all commercial banks. Effective April 1, 2027

The Directions overhaul risk weight tables, refine CRM and off-balance sheet treatment, and introduce SA-CCR and CVA charge updates aligned with Basel III final reforms - giving Indian banks a clear 12-month implementation window.

Critically, the SCRA (Supervisory Credit Risk Assessment) framework - Grades A/B/C for unrated bank exposures proposed in the October 2025 draft - has been completely removed from the final Directions. Banks that had begun SCRA system builds should deprioritise that work immediately

⚡ WHERE CapAd HELPS

CapAd's rule engine is pre configured for the SA-CR Directions 2026 - new risk weight tables, revised off-B/S factors, and updated CRM treatment - ready for April 2027 go-live

Product Update

• PRODUCT UPDATE

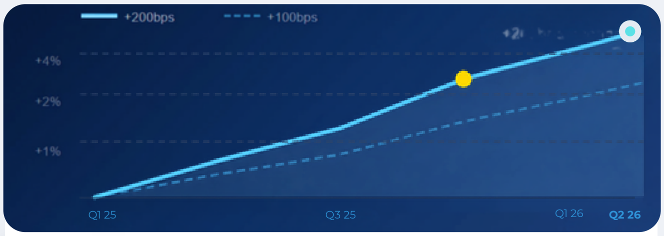
Rate Curve Generators - Built for Governance, Not Just Numbers

Banks generating rate curves like MCLR are one formula error away from a governance failure. Surya’s Rate Curve Generator solution replaces fragmented manual cycles with a structured, auditable platform - from input capture to board-ready publication. Every component visible. Every approval traced. Every tenor covered.

What it does:

- Consolidates input data like deposits, CASA, borrowings, CRR/SLR, OpEx and cost of equity into one governed workflow
- Generates tenor-wise curves from overnight to 1 year+
- Maker-checker approval with full calculation history for audit and regulatory review

Risk & Balance Sheet - Q2 2026

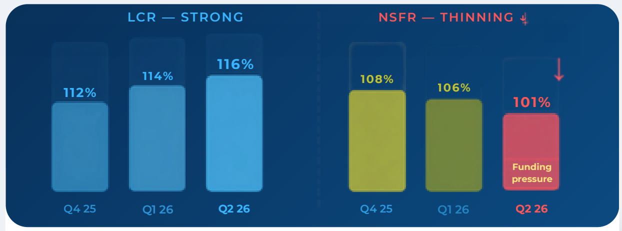


• RISK & ALM

Deposit repricing is eating your NII margin - even as rates hold high

Asset-sensitive banks expected higher interest rates to drive stronger net interest income (NII). While NII did increase, deposit repricing (averaging +52 bps in Q2) outpaced asset repricing across several markets, compressing the expected margin uplift. The benefit is real - but more modest than many models had projected.

> ⚡ **WATCH IN Q2**
>
> Deposit migration from current to term accounts is the dominant liability-side risk. If your repricing gap model doesn't capture this, your NII forecast is likely overstated.



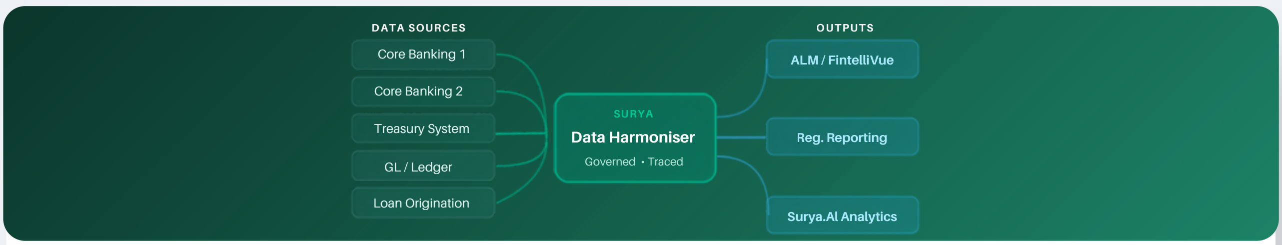
• BALANCE SHEET

LCR looks fine. But NSFR buffers are quietly thinning - and the LCR won't tell you.

Average LCR sits at 116% across our client base - comfortable. But NSFR compressed to 101% in Q2 in markets where term deposit repricing lagged wholesale funding costs. The headline ratio hides the pressure building.

> ⚡ **WATCH IN Q2**
>
> If long-term funding matures and isn't replaced at similar tenor, NSFR can deteriorate faster than LCR signals. Run the scenario now, not in September.

Guides & Views



• EVALUATION GUIDE

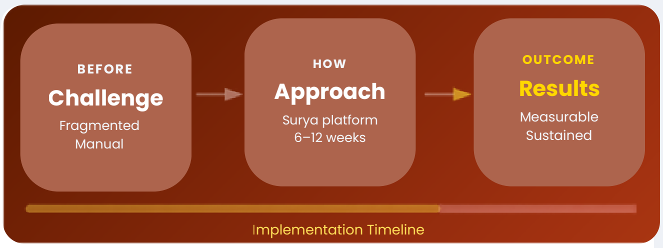
Data Harmoniser vs. the alternatives - an honest guide for banks with fragmented data

Four options. Here's how they compare across implementations worldwide.

Capability	Manual/Excel	Generic ETL	Data Harmonizer
Bank data model pre-built	✗	Config needed	✓ **Included**
Multi-core banking	✗	High effort	✓ **Built-in**
RBI / PRA / SAMA output	✗ Manual	✗ Not pre-built	✓ **Templates**
Audit trail & lineage	✗	Add-on	✓ **Native**
Go-live timeline	Never done	3-9 months	**6 -12 weeks**

Excel works - until a regulatory review exposes your data lineage gaps. That's usually the tipping point.

Deep Dives



HOW WE SOLVED IT

Client Go-Live | Leading African Banking Institution

DH · BALM · BASEL LR · BA - Now Live in Production

A leading African bank relied on manual spreadsheets to manage critical risk and regulatory processes, creating data quality issues and increasing the burden of evolving reporting requirements. Surya's team worked onsite alongside business, BI, and technical stakeholders to identify and resolve data reconciliation challenges, streamline reporting, and deliver accurate regulatory outputs in real time.

The result: All four modules live in production, now entering the Hypercare & Stabilisation phase.

What made the difference:

- Onsite engagement to resolve issues at source
- Daily action tracking across business and technical teams
- Hands-on resolution of data, reporting, and reconciliation challenges

From spreadsheets to production - delivered.

PLAIN LANGUAGE

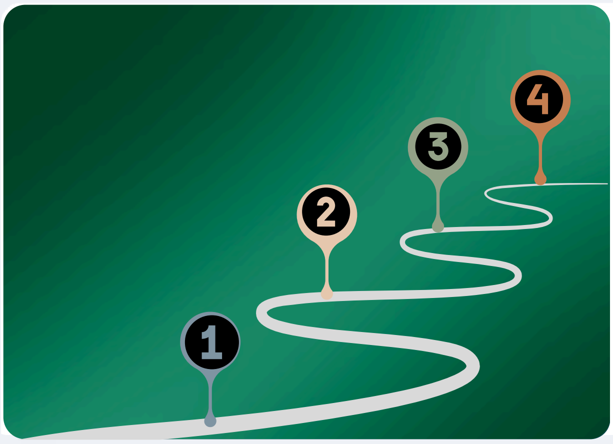
Basel 3.1: the one number reshaping bank capital - and what your bank actually needs to do

Despite the name, this is the biggest change to bank capital rules in a decade. The headline is 72.5% - the output floor limiting how far internal models can reduce capital below standardised approach levels.

YOUR 3-STEP CHECKLIST

1. Know your jurisdiction's Basel 3.1 implementation timeline. The UK, EU, India, and GCC jurisdictions are progressing at different paces and may adopt different implementation approaches, timelines, and national adjustments.
2. Run an RWA gap analysis under revised SA rules.
3. Fix data inputs first - clean source data before model changes.

New Customer Milestone



NEW CUSTOMER MILESTONE

Expanding Our Customer Portfolio

During the quarter, we welcomed Central Bank of India, one of India's oldest and leading public sector banks, along with a leading private sector bank in India, a prominent digital payments and financial services platform, and a leading financial institution in Southern Africa to our growing customer base - further strengthening our presence across key financial markets. These new engagements reflect the continued trust that financial institutions place in our expertise and reinforce our commitment to delivering innovative solutions that support risk management, regulatory compliance, and digital transformation.

Where We'll Be - Q2 2026

Upcoming Events

1 event this quarter

22nd -23rd SEPT	CeFPro Events: Balance Sheet Management Europe 2026 London, United Kingdom	Associate Sponsors