Disclosure under Basel III norms as on 30th September 2023

1: Scope of Application

The South Indian Bank Limited is a commercial bank, which was incorporated on January 25, 1929 in Thrissur, Kerala.

As per capital adequacy guidelines under Basel III, insurance and non-financial subsidiaries / joint ventures / associates etc. of banks are not to be consolidated. The Bank's Subsidiary, M/s SIB Operations and Services Limited, is a non-financial entity, and hence not consolidated for capital adequacy purpose.

Name of the entity / country of incorporation	Whether entity is included in the accounting scope of consolidation	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
M/s SIB Operations and Services Limited/India	Yes	AS-21	No	NA	NA	The Bank's Subsidiary, is a non-financial entity, and hence not consolidated for capital adequacy purpose

2: Capital Adequacy

I. Qualitative Disclosure

RBI Guidelines on capital adequacy

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 and RBI guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB) of 2.5%}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including

CCB). These guidelines on Basel III have been implemented completely. Thus the minimum CRAR required to be maintained by the Bank as on 30th September 2023 is 11.50 %.

The bank's approach in assessment of capital adequacy

The bank is following standardized approach, Standardized Duration approach and Basic Indicator approach for measurement of capital charge in respect of credit risk, market risk and operational risk respectively. Besides, computation of 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, profitability and capital adequacy. The bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on quarterly basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar- II of Basel guidelines. The adequacy of banks capital funds to meet the future business growth is also assessed in the ICAAP document.

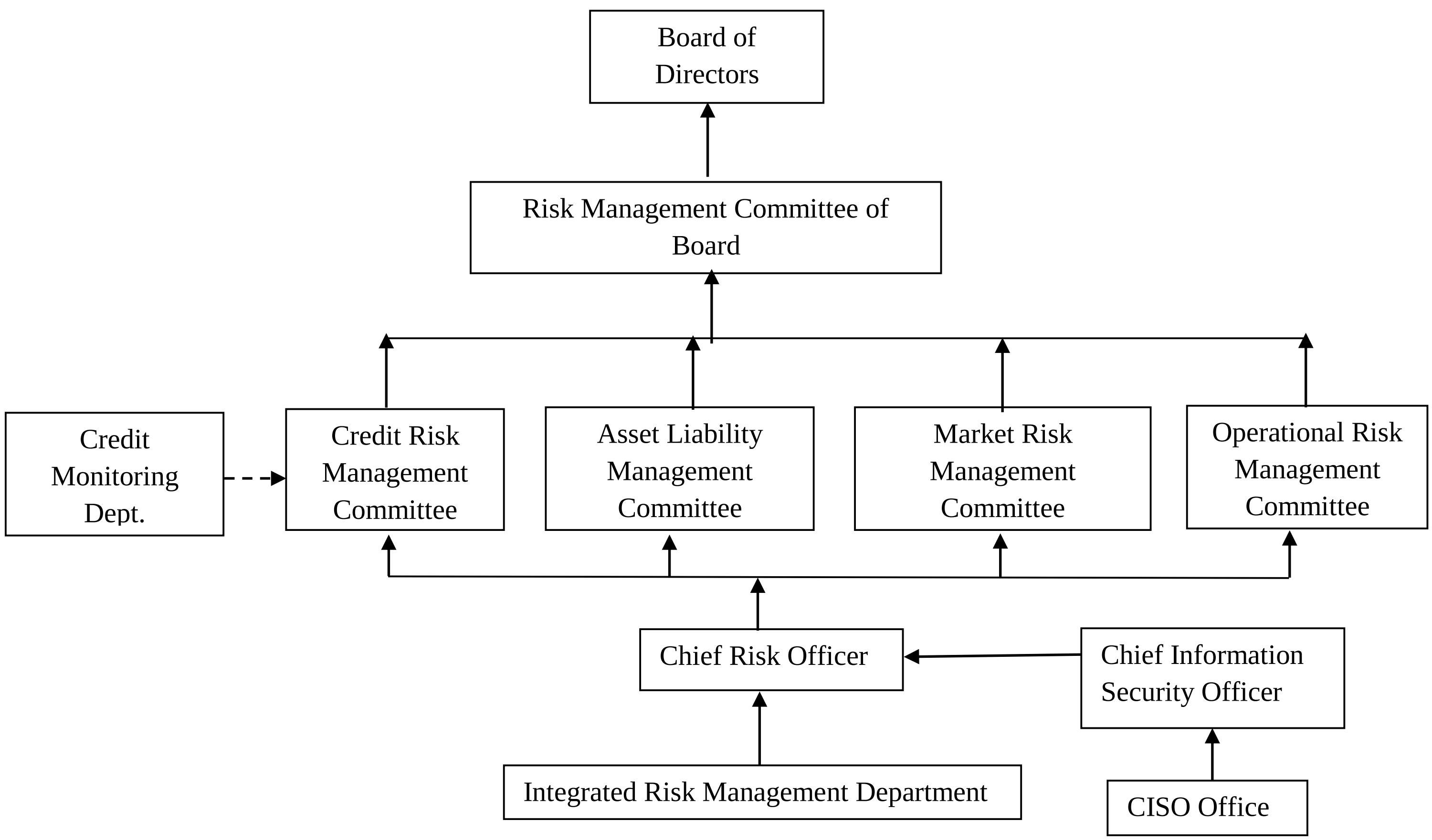
Quantitative Disclosure

	Particulars	Amount in ₹ Million
(a)	Capital requirements for Credit Risk	44,206.02
	Portfolios subject to standardized approach	44,206.02
	Securitization exposures	0.00
(b)	Capital requirements for Market Risk (Standardised duration approach)	2,589.50
	Interest Rate Risk	1,986.84
	Foreign Exchange Risk (including gold)	97.03
	Equity Risk	505.63
(c)	Capital requirements for Operational Risk (Basic Indicator Approach)	7,551.60
	Total Capital Requirement at 11.5%{ (a)+ (b)+(c) }	54,347.12
	Total Capital Fund	78,881.33
	Common Equity Tier- I CRAR %	13.17 %
	Total Tier- I CRAR %	14.22 %
	Additional Tier I CRAR %	1.06 %
	Tier- II CRAR %	2.47 %
	Total CRAR %	16.69 %

Risk Management: Objectives and Organisation Structure

Risk is an integral part of banking business in an ever dynamic environment, which is undergoing radical changes both on the technology front and product offerings. The main risks faced by the bank are credit risk, market risk and operational risk. The bank aims to achieve an appropriate trade-off between risk and return to maximize shareholder value. The relevant information on the various categories of risks faced by the bank is given in the ensuing sections. This information is intended to give market participants a better idea on the risk profile and risk management practices of the bank.

The bank has a comprehensive risk management system set up to address various risks and has set up an Integrated Risk Management Department (IRMD), which is independent of operational departments. Bank has a Risk Management Committee functioning at apex level for formulating, implementing and reviewing bank's risk management measures pertaining to credit, market and operational risk. Apart from the Risk Management Committee of the Board at apex level, the Bank has a strong Bank-wide risk management structure comprising of Asset Liability Management Committee, Credit Risk Management Committee, Market Risk Management Committee and Operational Risk Management Committee at senior management level, risk-cum-compliance officers in all Regional Offices/branches and dedicated mid office at Treasury Department and International Banking Division (IBD) at operational level. The structure and organization of Risk Management functions of the bank is as follows:



3. Credit Risk: General Disclosures

I. Qualitative Disclosure

Definition of Non Performing Assets

The bank follows extant guidelines of the RBI on income recognition, asset classification and provisioning.

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), (out of order - An account is treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts are treated as "out of order".)

iii. the bill remains overdue for a period of more than 90 days in the case of bills Purchased and discounted, (overdue - Any amount due to the bank under any credit facility is "overdue" if it is not paid on the due date fixed by the bank.)

iv. The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops, (overdue - Any amount due to the bank under any credit facility is "overdue" if it is not paid on the due date fixed by the bank.)

v. The instalment of principal or interest thereon remains overdue for one crop season for long duration crops, (overdue - Any amount due to the bank under any credit facility is 'Overdue' if it is not paid on the due date fixed by the bank.)

vi. Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

vii. The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of RBI guidelines on Securitization dated February 1, 2006.

viii. 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.

ix. A credit card account will be treated as non-performing asset if the minimum amount due, as mentioned in the statement, is not paid fully within 90 days from the payment due date mentioned in the statement.

A loan for an infrastructure project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), unless it is restructured and becomes eligible for classification as 'standard asset' in terms of conditions laid down in the related RBI guidelines. A loan for an infrastructure project will be classified as NPA if it fails to commence commercial operations within two years from the original Date of Commencement of Commercial Operations ('DCCO'), even if it is regular as per record of recovery, unless it is restructured and becomes eligible for classification as 'standard asset' in terms of conditions laid down in the related RBI guidelines.

A loan for a non-infrastructure project (other than commercial real estate exposures) will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), unless it is restructured and becomes eligible for classification as 'standard asset' in terms of conditions laid down in the related RBI guidelines. A loan for a non-infrastructure project (other than commercial real estate exposures) will be classified as NPA if it fails to commence commercial operations within one year from the original DCCO, even if is regular as per record of recovery, unless it is restructured and becomes eligible for classification as 'standard asset' in terms of conditions laid down in the related RBI guidelines.

A loan for commercial real estate project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), or if the project fails to commence commercial operations within one year from the original DCCO or if the loan is restructured.

Special Mention Accounts

As prescribed by RBI, the Bank is required to identify incipient stress in the account by creating a Sub Asset category named as 'Special Mention Accounts' (SMA). It is considered as a corrective action plan to arrest slippages of standard assets to NPA. Accordingly, Bank is identifying three sub categories under SMA as below:

1. SMA-0- Principal or interest payment or any other amount wholly or partly overdue between 1-30 days.
2. SMA-1- Principal or interest overdue between 31-60 days.
3. SMA-2- Principal or interest overdue between 61-90 days.

Credit Risk Management Practices of our Bank

The bank has a comprehensive credit risk management policy which deals with identification, assessment, measurement and mitigation of credit risk. The policy has defined credit risk as the possibility of losses associated with the diminution in the credit quality of the borrower or the counter party or the failure on its part to meet its obligations in accordance with the agreed terms. The Credit Risk Management Committee, an executive level committee is entrusted with the task of overseeing various risk management measures envisaged in the policy. The Credit Risk Management Committee also deals with issues relating to credit risk management policy and procedures and analyse, manage and control credit risk on a bank wide basis. Credit risk management policy primarily addresses the credit risk inherent in advances. The principal aspects covered under this policy include credit risk rating, credit risk monitoring, credit risk mitigation and country risk management.

The major specific credit risk management measures followed by bank, as listed out in the credit risk management policy are given in following points.

- The credit/country risk associated with exposures, like inter-bank deposits and export bill discounting, to different countries are consolidated regularly and monitored by the Board.

- 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 transactions.

- The bank manages risk at the portfolio level too, with portfolio level prudential exposure limits to mitigate concentration risk.

II. Quantitative Disclosure

a) Gross Credit Risk Exposures as on 30th Sep 2023

(₹ in Million)

Category	Exposure
Fund Based [1]	10,56,289.97
Non Fund Based [2]	53,442.99
Total	**11,09,732.96**

Note :

1. Fund based credit exposure excludes Cash in hand, Balance with RBI, SLR investments, shares, deposits placed NABARD, SIDBI & NHB, Fixed and Other assets.

2. Non-fund based exposure includes Letter of Credit, Acceptances, Bank Guarantee exposures and Forward Contracts. The value of forward contracts is arrived based on Current Exposure Method (CEM).

b) Geographic Distribution of Credit Risk Exposure as on 30th Sep 2023

(₹ in Million)

Particulars	
Domestic	11,09,732.96
Overseas	0.00
Total	**11,09,732.96**

c) Industry wise Distribution of gross advances and NPAs as on 30th Sep 2023

(₹ in Million)

Industry Name	Total Funded Exposure (including Investment)	Total Non Funded Exposure	Total Credit Exposure
A. Mining and Quarrying	1,877.67	24.86	1,902.54
A.1 Coal	271.46	2.50	273.96

A.2 Others	1,606.21	22.36	1,628.57
B. Food Processing	4,926.37	527.29	5,453.67
B.1 Sugar	9.40	0	9.40
B.2 Edible Oils and Vanaspati	145.56	17.64	163.20
B.3 Tea	86.25	3.00	89.25
B.4 Coffee	123.35	0	123.35
B.5 Others	4,561.79	506.65	5,068.45
C. Beverages (excluding Tea & Coffee) and Tobacco	1,786.44	17.70	1,804.14
C.1 Tobacco and tobacco products	397.40	0	397.40
C.2 Others	1,389.03	17.70	1,406.73
D. Textiles	21,445.40	1,753.40	35,371.14
D.1 Cotton	9,118.92	500.87	9,619.79
D.2 Jute	631.63	435.00	1,066.63
D.3 Man-made	153.63	3.88	157.52
D.4 Others	11,541.21	813.64	12,354.85
Out of D (i.e., Total Textiles) to Spinning Mills	11,166.80	1,005.51	12,172.32
E. Leather and Leather products	726.01	3.57	729.58
F. Wood and Wood Products	791.55	143.72	935.27
G. Paper and Paper Products	3,709.29	321.00	4030.29
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	18,531.79	1,500.00	20,031.79
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	9,800.52	1,702.86	11,503.39
I.1 Fertilizers	77.84	1400.00	1,477.84
I.2 Drugs and Pharmaceuticals	2,672.77	102.61	2,775.39

I.3 Petro-chemicals (excluding under Infrastructure)	0	0	0
I.4 Others	7,049.90	200.25	7,250.15
J. Rubber, Plastic and their Products	8,146.11	1,624.11	9,770.22
K. Glass & Glassware	100.63	0	100.63
L. Cement and Cement Products	5,069.40	1100	6,169.40
M. Basic Metal and Metal Products	34,919.78	2,742.86	37,662.64
M.1 Iron and Steel	23,640.48	1,471.50	25,111.99
M.2 Other Metal and Metal Products	11,279.29	1,271.35	12,550.65
N. All Engineering	15,044.57	2,588.47	17,633.00
N.1 Electronics	50.30	0	50.30
N.2 Others	14,994.26	2,588.47	17,582.74
O. Vehicles, Vehicle Parts and Transport Equipments	2,187.19	481.12	2,668.32
P. Gems and Jewellery	2,680.57	27.37	2,707.94
Q. Construction	4,099.89	1,177.66	5,277.55
R. Infrastructure	26,305.56	2,110.97	72,771.52
R.a Transport (a.1 to a.8)	2,636.76	55.60	2,692.36
R.a.1 Roads and Bridges	1,235.64	55.60	1,291.24
R.a.2 Ports	0	0	0
R.a.3 Inland Waterways	0	0	0
R.a.4 Airport	1,401.12	0	1,401.12
R.a.5 Railway Track, tunnels, viaducts, bridges	0	0	0
R.a.6 Urban Public Transport (except rolling stock in case of urban road transport)	0	0	0
R.a.7 Shipyards	0	0	0

R.a.8 Logistics Infrastructure	0	0	0
R.b. Energy (b.1 to b.6)	21,527.98	145.91	21,673.89
R.b.1 Electricity Generation	21,361.48	95.91	21,457.40
R.b.1.1 Central Govt PSUs	0	0	0
R.b.1.2 State Govt PSUs (incl. SEBs)	500.82	0	500.82
R.b.1.3 Private Sector	20,860.66	95.91	20,956.57
R.b.2 Electricity Transmission	166.49	50	216.49
R.b.2.1 Central Govt PSUs	0	0	0
R.b.2.2 State Govt PSUs (incl. SEBs)	60.34	0	60.34
R.b.2.3 Private Sector	106.15	50	156.15
R.b.3 Electricity Distribution	0	0	0
R.b.3.1 Central Govt PSUs	0	0	0
R.b.3.2 State Govt PSUs (incl. SEBs)	0	0	0
R.b.3.3 Private Sector	0	0	0
R.b.4 Oil Pipelines	0	0	0
R.b.5 Oil/Gas/Liquefied Natural Gas (LNG) storage facility	0	0	0
R.b.6 Gas Pipelines	0	0	0
R.c. Water and Sanitation (c.1 to c.7)	133.69	1000.00	1,133.69
R.c.1 Solid Waste Management	0	0	0
R.c.2 Water supply pipelines	0	0	0
R.c.3 Water treatment plants	133.69	1000.00	1,133.69
R.c.4 Sewage collection, treatment and disposal system	0	0	0
R.c.5 Irrigation (dams, channels, embankments etc)	0	0	0

R.c.6 Storm Water Drainage System	0	0	0
R.c.7 Slurry Pipelines	0	0	0
R.d. Communication (d.1 to d.3)	40.85	8	48.85
R.d.1 Telecommunication (Fixed network)	0	0	0
R.d.2 Telecommunication towers	0	0	0
R.d.3 Telecommunication and Telecom Services	40.85	8	48.85
R.e. Social and Commercial Infrastructure (e.1 to e.12)	0	0	0
R.e.1 Education Institutions (capital stock)	0	0	0
R.e.2 Hospitals (capital stock)	0	0	0
R.e.3 Tourism - Three-star or higher category classified hotels located outside cities with population of more than 1 million	0	0	0
R.e.4 Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets	0	0	0
R.e.5 Fertilizer (Capital investment)	0	0	0
R.e.6 Post harvest storage infrastructure for agriculture and horticultural produce including cold storage	0	0	0
R.e.7 Terminal markets	0	0	0
R.e.8 Soil-testing laboratories	0	0	0
R.e.9 Cold Chain	0	0	0
R.e.10 Sports Infrastructure	0	0	0
R.e.11 Tourism - Ropeways and Cable Cars	0	0	0
R.e.12 Affordable Housing	0	0	0
R.f. Others, if any, please specify	1,966.26	901.46	2,867.72
Other Infrastructure	1,966.26	901.46	2,867.72

S. Other Industries, pl. specify	4,739.20	165.67	4,904.87
Other industries	4,739.20	165.67	4,904.87
All Industries (A to S)	1,66,888.02	18,012.71	1,84,900.73
Residuary other exposure (to tally with gross exposure)	5,82,585.15	20,274.68	6,02,859.83
Total	7,49,473.17	38,287.39	7,87,760.50

d) <u>Major Industry breakup of NPA</u>

₹ in Million

Industry	**Gross NPA**	**Specific Provision**
Top 5 Industries	34,050.30	23,005.84

e) Residual Contractual Maturity breakdown of Assets as on 30th Sep 2023

(₹ in Million)

Time band	Cash and Balance with RBI	Balance with Banks	Investments	Loans & Advances	Fixed Asset	Other Assets
Next Day	6,833.91	22,683.99	55,787.31	15,160.24	-	93.17
2 - 7 Day	-	1,090.41	5,758.41	7,441.47	-	172.67
8 - 14 Day	-	162.44	500.00	14,889.58	-	830.99
15 - 30 Day	2,823.48	1,435.66	10,629.37	37,741.78	-	1,329.72
31 - 2 Months	1,493.39	1,791.52	6,228.62	63,924.63	-	905.63
2 - 3 Months	1,230.16	1,113.93	6,077.89	64,595.80	-	1,487.50
3 - 6 Months	1,194.65	856.48	8,344.37	1,09,651.74	-	3,446.78
6 - 12 Months	2,162.34	22.72	10,213.11	77,090.71	-	2,762.03
1 - 3 Year	4,657.59	-	18,792.91	73,379.38	-	11,856.75
3 - 5 Year	3,328.06	-	14,988.01	39,928.85	-	7,411.61
Over 5 Year	28,596.21	-	1,21,977.19	2,22,071.77	8,862.35	21,622.76
Total	52,319.79	29,157.15	2,59,297.19	7,25,875.95	8,862.35	51,919.61

f) The composition of Gross NPAs and NPIs, Net NPAs, NPA ratios and provision for GNPAs and GNPIs as on 30th Sep 2023 and movement of gross NPAs and provisions during the quarter ended 30th Sep 2023 are given in following table.

(₹ in Million)

1	**Amount of Gross NPAs**	**37,138.69**
	• Substandard	9,331.46
	• Doubtful-I	4,606.57
	• Doubtful-2	17,573.71
	• Doubtful-3	4,621.89
	• Loss	1,005.06
2	**Net NPA**	**12,340.04**
3	**NPA Ratios**	
	• Gross NPA to Gross Advance (%)	**4.96%**
	• Net NPA to Net Advance (%)	**1.70%**
	Movement of N PA (Gross)	
	• **Opening Gross NPA (balance as on 01.04.2022)**	**37,082.65**
	• Additions to Gross NPA	8,012.49
	Reductions to Gross NPA	7,956.45
	• Up gradations	1,438.03
	• Recoveries (excluding recoveries made from upgraded accounts)	4,065.93
	• Technical/prudential write offs	2,452.49
	• Reduction by sale of assets to ARCs	0.00
	• **Closing Balance of Gross NPA**	**37,138.69**

<u>Movement of Specific & General Provision – Position as on 30th Sep 2023</u>

(₹ in Million)

Movement of Provision	**Specific Provision**	**General Provision**
• **Opening Balance as on 01.04.2023**	**22,858.69**	
• Provision made in 2023-24	5,747.08	
• Write off/ Write back of excess provision	5,026.08	
• **Closing Balance as on 30.09.2023**	**23,579.69**	

NPIs and Movement of Provision for Depreciation on Investments – Position as on 30th Sep 2023

(₹ in Million)

1	**Amount of Non Performing Investments (Gross)**	**452.39**
2	**Amount of Provisions held Non Performing Investments**	**440.92**
3	**Movement of Provisions for Depreciation on Investments**	
	• Opening Balance (as on 01.04.2023)	13,199.76
	• Provision made in 2023-24	22.93
	• Write-offs / Write-back of excess provisions during the period	
	• Closing Balance (as on 30.09.2023)	13,222.69

Geographical Distribution of NPA and Provision Position as on 30th Sep 2023

(₹ in Million)

Geography	Gross NPA	Specific Provision	General Provision
Domestic	37,138.69	23,579.69	
Overseas	0.00	0.00	
Total	**37,138.69**	**23,579.69**	

Details of write-offs and recoveries that have been booked directly to the income statement- for the quarter ending 30th Sep 2023

(₹ in Million)

Write-offs that have been booked directly to the income statement	287.95
Recoveries that have been booked directly to the income statement	619.22

4: Credit Risk: Disclosure for Portfolios under Standardized Approach

I. Qualitative Disclosure

a. Names of credit rating agencies used

Bank has approved all the seven External Credit Rating Agencies accredited by RBI for the purpose of credit risk rating of domestic borrowal accounts that forms the basis for determining risk weights under Standardized Approach. External Credit Rating Agencies approved are:

1. Credit Rating Information Services of India Limited (CRISIL)
2. Credit Analysis and Research Limited (CARE)
3. India Ratings and Research Private Limited
4. ICRA Limited (ICRA)
5. Acuite Ratings and Research Ltd
6. Infomerics Valuation and Rating Pvt Limited

The 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. The Bank follows below mentioned procedures as laid down in the Basel III guidelines for use of external ratings:

- The external rating assigned by an agency is considered if it fully takes into account the credit exposure of the bank.
- If an issuer has a long- term exposure with an external long term rating that warrants a risk weight of 150 percent, all unrated claims on the same counter-party, whether short term or long-term, should also receive a 150 percent risk weight, unless the bank uses recognized credit risk mitigation techniques for such claims.
- If an issuer has a short-term exposure with an external short term rating that warrants a risk weight of 150 per cent, all unrated claims on the same counter-party, whether long-term or short-term, should also receive a 150 per cent risk weight, unless the bank uses recognized credit risk mitigation techniques for such claims.
- The unrated short term claim of 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 counter-party. If a short-term rated facility to counterparty attracts a 20 per cent or a 50 per cent risk weight, unrated short-term claims to the same counter-party cannot attract a risk weight lower than 30 per cent or 100 per cent respectively.

b. Process used to transfer public issue ratings onto comparable assets in the banking book

(i) In circumstances where the borrower has a specific assessment for an issued debt - but the bank's claim is not an investment in this particular debt - the rating applicable to the specific debt (where the rating maps into a risk weight lower than that which applies to an unrated claim) may be applied to the bank's un-assessed claim only if this claim ranks pari passu or senior to the specific rated debt in all respects and the maturity of the un-assessed claim is not later than the maturity of the rated claim, except where the rated claim is a short term obligation. If not, the rating applicable to the specific debt cannot be used and the un-assessed claim will receive the risk weight for unrated claims.

(ii) If either the issuer or single issue has been assigned a rating which maps into a risk weight equal to or higher than that which applies to unrated claims, a claim on the same counterparty, which is unrated by any chosen credit rating agency, will be assigned the same risk weight as is applicable to the rated exposure, if this claim ranks pari-passu or junior to the rated exposure in all respects.

II. Quantitative Disclosures

Amount of exposure (after risk mitigation) outstanding as on 30th Sep 2023 under major three risk buckets

(₹ in Million)

Description of risk bucket	
Below 100% Risk Weight	7,29,927.24
Risk Weight at 100%	1,46,895.11
More than 100% Risk Weight	55,003.50
Deducted if any	0.00

(Amount of exposures includes cash in hand, balance with RBI, investments, loans and advances, Fixed and other assets, off balance sheet items and forward contracts)

5: Credit Risk Mitigation: Disclosures for Standardised Approaches

I. Qualitative Disclosure

Policies and processes for collateral valuation and management

Bank has put in place a comprehensive policy on Credit Risk Mitigants and Collaterals for recognizing the eligible collaterals and guarantors for netting the exposures and reducing the credit risk of obligors. Basic procedures and descriptions of controls as well as types of standard/acceptable collaterals, guarantees necessary in granting credit, evaluation methods for different types of credit and collateral, applicable "haircuts" to collateral, frequency of revaluation and release of collateral are stipulated in the bank's credit policy, policy on collateral management and credit risk mitigant policy. The bank uses net exposure for capital calculations after taking cognizance of eligible financial collaterals. All collaterals and guarantees are recorded and the details are linked to individual accounts.

Collateral valuation

As stipulated by the RBI guidelines, the Bank uses the comprehensive approach for collateral valuation. Under this approach, the Bank reduces its credit exposure to counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible collateral as specified in the Basel III guidelines.

The Bank adjusts the value of any collateral received to adjust for possible future fluctuations in the value of the collateral in line with the requirements specified by RBI guidelines. These adjustments also referred to as 'haircuts', to produce volatility-adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

Types of collateral taken by the Bank

The Bank determines the appropriate collateral for each facility based on the type of product and risk profile of the counterparty. In case of corporate and small and medium enterprises financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance. For project finance, security of the assets of the borrower and assignment of the underlying project contracts is generally taken. In addition, in some cases, additional security such as pledge of shares, cash collateral, charge on receivables with an escrow arrangement and guarantees is also taken.

For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the security of the property/automobile being financed. The valuation of the properties is carried out by an empanelled valuer at the time of sanctioning the loan.

The Bank also offers products which are primarily based on collateral such as shares, specified securities, warehoused commodities and gold jewellery. These products are offered in line with the approved product policies, which include types of collateral, valuation and margining.

The Bank extends unsecured facilities to clients for certain products such as derivatives, credit cards and personal loans. The decision on the type and quantum of collateral for each transaction is taken by the credit approving committees as per the credit approval authorisation approved by the Board of Directors. For facilities provided as per approved product policies, collateral is taken in line with the policy.

Credit Risk Mitigation techniques

The RBI guidelines on Basel III allow the following credit risk mitigants to be recognised for regulatory capital purposes:

A. Eligible Financial Collaterals

- Cash and fixed deposit receipts, issued by our bank.

- Gold: Gold would include both bullion and jewellery. However, the value of the collateralized jewellery should be arrived at after notionally converting these to 99.99% purity.
- Kisan Vikas Patra and National Savings Certificates provided no lock-in period is operational and if they can be encashed within the holding period.
- Life Insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.
- Securities issued by Central and State Governments.

- Debt securities rated by a chosen Credit Rating Agency in respect of which banks should be sufficiently confident about the market liquidity where these are either:

  a. Attracting 100 per cent or lesser risk weight i.e., rated at least BBB(-) when issued by public sector entities and other entities (including banks and Primary Dealers); or

  b. Attracting 100 per cent or lesser risk weight i.e., rated at least CARE A3 / CRISIL A3 / India Ratings and Research Private Limited (India Ratings) A3 /ICRA A3/ Acuite A3 for short-term debt instruments.

- Debt Securities not rated by a chosen Credit Rating Agency in respect of which banks should be sufficiently confident about the market liquidity where these are:

  a. issued by a bank; and

  b. listed on a recognised exchange; and

  c. classified as senior debt; and

  d. all rated issues of the same seniority by the issuing bank are rated at least BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/Acuite A3/Infomerics A3 by a chosen Credit Rating Agency; and

  e. The bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/Acuite A3 (as applicable) and;

  f. Banks should be sufficiently confident about the market liquidity of the security.

➢ Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the banks operation mutual funds where:

a. A price for the units is publicly quoted daily i.e., where the daily NAV is available in public domain; and

b. Mutual fund is limited to investing in the instruments listed in this paragraph.

B. **On-balance sheet netting**, which is confined to loans/advances and deposits, where banks have legally enforceable netting arrangements, involving specific lien with proof of documentation.

C. **Guarantees**, where these are direct, explicit, irrevocable and unconditional. Further, the eligible guarantors would comprise:

a. Sovereigns, sovereign entities (including Bank for International Settlements, the International Monetary Fund, European Central Bank and European Community as well as those Multilateral Development Banks, Export Credit Guarantee Corporation of India and Credit Guarantee Fund Trust for Small Industries, Credit Risk Guarantee Fund Trust for Low Income Housing), banks and primary dealers with a lower risk weight than the counterparty;

b. Other entities that are externally rated except when credit protection is provided to a securitisation exposure. This would include credit protection provided by parent, subsidiary and affiliate companies when they have a lower risk weight than the obligor.

II. Quantitative Disclosure

a. Details of exposure covered by eligible financial collateral and information about (credit or market) concentration within the mitigation taken as on 30th Sep 2023 is given in table below

(₹ in Million)

S No	Nature of Exposure	Exposure	Amount of Risk Mitigants	Risk Weighted Assets
1	Exposure covered by Gold	1,49,896.18	1,56,985.78	50.39
2	Exposure covered by deposits	19,889.45	22,099.39	0.00
3	Loan against KVP /NSC/ LIC	96.78	129.04	0.00

6: Securitisation Exposures: Disclosure for Standardised Approach

Not applicable since the bank does not undertake securitisation activity.

7: Market Risk in Trading Book

I. Qualitative disclosures

Market Risk Management Policy

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices. The market risk for the Bank is managed in accordance with the Market Risk Management policy, Investment Policy and ALM Policy which are approved by the Board. The policies ensure that operations in securities, foreign exchange etc are conducted in accordance with sound and acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial securities and the financial environment. The policies contain the limit structure that governs transactions in financial instruments. The policies are reviewed periodically to incorporate changed business requirements, economic environment and changes in regulations.

Structure and organisation of the market risk management function

The Market Risk Management Committee (MRMC), which is an independent function, reports to the Risk Management Committee. MRMC exercises independent control over the process of market risk management and recommends changes in risk policies, controls, processes and methodologies for quantifying and assessing market risk. There is clear functional separation of:

- Trading i.e. front office; and
- Monitoring, control, settlements and accounting i.e. Treasury back office.

Strategies and processes

- The Bank has put in place a comprehensive Market risk management Framework to address the Market risks (bank wide) including that of the Trading Book.
- Within the above Framework, various policies of the Bank prescribes Limits like Value at Risk (VaR) for Central Government securities & Currencies, maximum holding period,

duration, minimum holding level for liquid assets, defeasance period, exposure limits, Forex open position limits (day light/overnight), stop-loss limits etc .

- Risk profiles are analyzed and the effectiveness of risk mitigants is regularly monitored.

- The Bank's Board/ Market Risk Management Committee (MRMC)/ Investment Management Committee (IMC) approves the volume composition holding/ defeasance period etc. of the trading book.

The scope and nature of risk reporting and /or measurement system risk reporting

Adherence to limits are being monitored by dedicated mid office, reporting exceptions to Chief Risk Officer (CRO), independent of Treasury operational units.

Risk Measurement

- Values at Risk (VaR) numbers are arrived for Trading book Central Government securities, T Bills and Currencies.

- The positions are marked to market at stipulated intervals. The Duration/Modified Duration is computed and its adherence to the prescribed duration limits is ensured.

- The bank is computing capital charge on "Held for Trading" and "Available for Sale" categories using Standardized Duration Approach as required under RBI guidelines for Basel III.

- Stress testing analyses are done by applying rate shocks for parallel shift in the yield curve under current economic and political scenario.

II. Quantitative disclosures

Capital requirements for different categories of Market Risks

(₹ in million)

S No	**Particulars**	**Capital Requirement**
1	Interest rate risk	1,986.84
2	Foreign Exchange Risk	97.03
3	Equity Position Risk	505.63

5. Operational Risk

Operational risk management framework

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk includes legal risk but excludes strategic and reputation risk. Operational risk is inherent in the Bank's business activities in both domestic as well as overseas operations and covers a wide spectrum of issues.

Objectives

The objective of the Bank’s operational risk management is to manage and control operational risks in a cost effective manner within targeted levels of operational risk consistent with the Bank’s risk appetite as specified in the Operational Risk Management Policy (the Policy) approved by the Board of Directors. The Policy aims to:

- Define Bank level operational risk appetite;
- Establish clear ownership and accountability for management and mitigation of operational risk;
- Help business and operations to improve internal controls, reduce likelihood of occurrence of operational risk incidents and minimise potential impact of losses;
- Minimise losses and customer dissatisfaction due to failure in processes;
- Develop comprehensive operational risk loss database for effective mitigation;
- Meet regulatory requirements as set out in the guidance note on management of operational risk issued by the RBI; and
- Compute capital charge for operational risk as per the guidelines issued by the RBI.

9: Interest Rate Risk in the Banking Book (IRRBB)

I. Qualitative disclosures

IRRBB refers to the risk arising on account of adverse interest rate fluctuations on interest rate sensitive assets and interest rate sensitive liabilities, which are held in banking book. In short term perspective -Traditional Gap Analysis (TGA) approach- it is the risk of an adverse impact on net interest income arising from timing differences in re-pricing of various items of assets liabilities. In long term perspective -Duration Gap Analysis (DGA) approach - it is the risk arising from adverse impact on the Bank's economic value of equity, due to duration gap between assets and liabilities.

Interest rate risk on banking book assumes the form of basis risk, yield curve risk, re-pricing risk or embedded options risk. For purposes of measuring the impact of these risks on net interest income under TGA approaches, the risk position is identified as the gap between rate sensitive assets and liabilities in different maturity buckets. For purposes of measuring the impact of these risks on economic value of net worth under DGA approach, the risk position is defined as the modified duration of equity which is derived from the modified duration gap, which in turn requires computation of the weighted average modified duration of assets and weighted average modified duration of liabilities.

The bank calculates the impact on the earnings by gap analysis with the assumed change in yield over one year. Bank has put in place prudential limits for probable reduction in Net Interest Income (NII) for buckets below one year due to adverse change in interest rates. Earnings at Risk (EaR) are being calculated using Traditional Gap Analysis as per ALM guidelines of RBI.

The bank calculates the impact on the Market value of equity by Duration Gap Analysis and the impact is calculated by applying a notional interest rate shock of 200 basis points as per ALM guidelines of RBI.

Risk evaluation and adherence to risk limits are reported to Market Risk Management Committee/ALCO through Chief Risk Officer.

II. Quantitative Disclosures

(₹ in Million)

Particulars	As on 30th Sep 2023
Change in NII	
Probable impact on Net Interest income for 100 Bps downward movement in interest rate	1,681.78
Change in MVE	
Probable impact on Market Value of equity	1,671.77

(MVE) for a 200 Bps movement in interest rates.	

10: General Disclosure for Exposures Related to Counterparty Credit Risk

I. Qualitative disclosures

Bank has put in place Counterparty Credit Risk limits for banks as counterparty, based on internal rating considering a number of financial parameters like net worth, capital adequacy ratio, rating etc of the counterparty bank and with the approval of the Board. Counterparty exposures for other entities are subject to comprehensive exposure ceilings fixed by the Board. Capital for Counterparty Credit Risk is assessed based on the Standardized Approach.

II. Quantitative Disclosures

The credit equivalent amounts of derivatives that are subjected to risk weighting are calculated as per the Current Exposure Method (CEM). The balance outstanding and the current exposure thereof are as follows:

(₹ in Million)

Particulars	**Notional value**	**Current exposure**
Foreign exchange contracts	3,67,094.34	10,813.41
Interest rate derivative contracts	2,500.00	25.00
Total	**3,69,594.34**	**10,838.41**

Table DF 11. Composition of capital as on 30th Sep 2023

(₹ in Million)

Basel III common disclosure template			**Ref No**
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	19,761.71	
2	Retained earnings	37,153.74	
3	Accumulated other comprehensive income (and other reserves)	6,015.07	
4	*Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)*	0.00	

5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.00	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**62,930.52**	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	0.00	
8	Goodwill (net of related tax liability)	0.00	
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	687.59	
10	Deferred tax assets	0.00	
11	Cash-flow hedge reserve	0.00	
12	Shortfall of provisions to expected losses	0.00	
13	Securitization gain on sale	0.00	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0.00	
15	Defined-benefit pension fund net assets	0.00	
16	Investments in own shares (if not already netted off paid- in capital on reported balance sheet)	0.00	
17	Reciprocal cross-holdings in common equity	5.01	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0.00	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0.00	
20	Mortgage servicing rights (amount above 10% threshold)	0.00	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0.00	
22	Amount exceeding the 15% threshold	0.00	
23	*of which: significant investments in the common stock of financial entities*	0.00	
24	*of which: mortgage servicing rights*	0.00	
25	*of which: deferred tax assets arising from temporary differences*	0.00	

26	National specific regulatory adjustments (26a+26b+26c+26d)	5.00	
26a	*of which:* Investments in the equity capital of the unconsolidated insurance subsidiaries	0.00	
26b	*of which:* Investments in the equity capital of unconsolidated non-financial subsidiaries	5.00	
26c	*of which:* Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0.00	
26d	*of which:* Unamortized pension funds expenditures	*0.00*	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.00	
28	**Total regulatory adjustments to Common equity Tier 1**	**697.60**	
29	**Common Equity Tier 1 capital (CET1)**	**62,232.92**	
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	5,000.00	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0.00	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	5,000.00	
33	*Directly issued capital instruments subject to phase out from Additional Tier 1*	0.00	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0.00	
35	*of which: instruments issued by subsidiaries subject to phase out*	0.00	
36	**Additional Tier 1 capital before regulatory adjustments**	**5,000.00**	
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	0.00	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0.00	

39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0.00	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
41	National specific regulatory adjustments (41a+41b)	0.00	
41a	*of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries*	0.00	
41b	*of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank*	0.00	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0.00	
43	**Total regulatory adjustments to Additional Tier 1 capital**	0.00	
44	**Additional Tier 1 capital (AT 1)**	**5,000.00**	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	**67,232.92**	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	7,620	
47	Directly issued capital instruments subject to phase out from Tier 2	0.00	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0.00	
49	*of which: instruments issued by subsidiaries subject to phase out*	0.00	
50	Provisions and investment fluctuation reserve	4028.41	
51	**Tier 2 capital before regulatory adjustments**	**11,648.41**	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments	0.00	

54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0.00	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
56	National specific regulatory adjustments (56a+56b)	0.00	
56a	*of which:* Investments in the Tier 2 capital of unconsolidated subsidiaries	0.00	
56b	*of which:* Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	0.00	
57	**Total regulatory adjustments to Tier 2 capital**	**0.00**	
58	Tier 2 capital (T2)	**11,648.41**	
59	**Total capital (TC = T1 + T2) (45 + 58)**	**78,881.33**	
60	**Total risk weighted assets (60a + 60b + 60c)**	**4,72,583.67**	
60a	*of which: total credit risk weighted assets*	3,84,400.19	
60b	*of which: total market risk weighted assets*	22,517.42	
60c	*of which: total operational risk weighted assets*	65,666.06	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	**13.17%**	
62	Tier 1 (as a percentage of risk weighted assets)	**14.22%**	
63	Total capital (as a percentage of risk weighted assets)	**16.69%**	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirement plus G-SIB buffer requirement , expressed as a percentage of risk weighted assets)	**0.00**	
65	*of which: capital conservation buffer requirement*	**2.50%**	
66	*of which: bank specific countercyclical buffer requirement*	**0.00**	
67	*of which: G-SIB buffer requirement*	**0.00**	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	**7.67%**	
National minima (if different from Basel III)			

69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	**5.50%**	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	**7.00%**	
71	National total capital minimum ratio (if different from Basel III minimum)	**9.00%**	
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	**0.00**	
73	Significant investments in the common stock of financial entities	**0.00**	
74	Mortgage servicing rights (net of related tax liability)	**0.00**	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	**0.00**	
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	**2,763.10**	
77	Cap on inclusion of provisions in Tier 2 under standardized approach	**5,907.29**	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	**0.00**	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	**0.00**	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	*Current cap on CET1 instruments subject to phase out arrangements*	**0.00**	
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	**0.00**	
82	*Current cap on AT1 instruments subject to phase out arrangements*	**0.00**	
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	**0.00**	
84	*Current cap on T2 instruments subject to phase out arrangements*	**0.00**	
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	**0.00**	

Notes to the Template

(₹ in Million)

Row No of the Template	Particular	
10	Deferred tax assets associated with accumulated losses	**0.00**
	Deferred tax assets (excluding those associated with accumulated losses) net off deferred tax liability	**0.00**
	Total as indicated in row 10	
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	**0.00**
	of which: Increase in Common Equity Tier 1 capital	**0.00**
	of which: Increase in Additional Tier 1 capital	**0.00**
	of which: Increase in Tier 2 capital	**0.00**
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	**0.00**
	(i) Increase in Common Equity Tier 1 capital	**0.00**
	(ii) Increase in risk weighted assets	**0.00**
50	Eligible Provisions included in Tier 2 capital	**2,763.10**
	Eligible Investment Fluctuation Reserve included in Tier 2 capital	**1,265.31**
	Total of row 50	**4,028.41**

Table DF-12 Composition of Capital- Reconciliation Requirements

Step I

As on the reporting date there is consolidation and hence the bank is not required to disclose the reported balance sheet under the regulatory scope of consolidation.

Step II *(₹ in Million)*

		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		As on reporting date	As on reporting date	
A	**Capital & Liabilities**			
i.	Paid-up Capital	2,092.74		**(a)**
	of which : Amount eligible for CET1	*2,092.74*		**(a) (i)**
	of which : Amount eligible for AT1			
	Reserves & Surplus	68,796.80		**(b)**
	of which : Amount eligible for CET1	*6,083.77*		
	Statutory Reserve	13,618.24		**(b)(i)**
	Share Premium	17,668.96		**(b)(ii)**
	General Reserve	15,551.88		**(b) (iii)**
	Capital Reserve	6,015.07		**(b)(iv)**
	Special reserve under Section 36(i)(viii) of Income Tax Act	4,793.90		**(b)(v)**
	Balance in P/L a/c. at the end of the previous financial year	1,617.05		**(b)(vi)**
	Current Financial Year carry forward Profit	4,771.56		**(b)(vii)**
	Investment Fluctuation Reserve Account (part of Tier 2 Capital)	1,265.32		**(b)(viii)**
	Revaluation Reserve (part of Tier I Capital, at a discount of 55 per cent is Rs 1572.67)	3,494.82		**(b)(ix)**
	Minority Interest			

	Total Capital	70,889.54		**(a)+(b)**
ii	Deposits	970,852.51		**(c)**
	of which: Deposits from banks	*4,322.85*		**(c)(i)**
	of which: Customer deposits	*966,529.65*		**(c)(ii)**
	of which: Other deposits (pl. specify) CD			
iii	Borrowings	58,981.84		**(d)**
	of which: From RBI	-		**(d)(i)**
	of which: From banks	*973.00*		**(d)(ii)**
	of which: From other institutions & agencies	*56,886.08*		**(d)(iii)**
	of which: Others (pl. specify) Borrowings from outside India	*1,122.76*		**(d)(iv)**
	of which: Capital instruments			**(d)(v)**
iv.	*Other liabilities & provisions & ESOP*	26,708.13		**(e)**
	of which: Standard Asset provision included under Tier 2 Capital	*3,757.52*		**(e)(i)**
	of which : DTLs	*634.66*		**(e)(ii)**
	of which : Details related to intangible assets			
	Total	**11,27,432.02**		**(a)+(b)+(c)+(d)+(e)**
B	*Assets*			
i	*Cash and balances with Reserve Bank of India*	52,919.80		**(f)**
	Balance with banks and money at call and short notice	28,557.14		**(g)**
ii	*Investments:*	259,297.17		**(h)**
	of which: Government securities	*233,779.71*		**(h)(i)**
	of which: Other approved securities	-		**(h)(ii)**

	of which: Shares	*1,516.47*		**(h)(iii)**
	of which: Debentures & Bonds	*16,864.44*		**(h)(iv)**
	of which: Subsidiaries / Joint Ventures /Associates	*5.00*		
	of which: Others (Commercial Papers, Mutual Funds etc.)	*7,131.54*		**(h)(v)**
iii	*Loans and advances*	725,875.96		**(i)**
	of which: Loans and advances to banks	*5,449.94*		
	of which: Loans and advances to customers	*720,426.02*		**(i)(i)**
iv	*Fixed assets*	8,862.35		**(j)**
v	*Other assets*	51,919.61		**(k)**
	of which: Goodwill and intangible assets			
	Out of which :			
	Goodwill			**(k)(i)**
	Other Intangibles (excluding MSRs)	*616.72*		**(k)(ii)**
	Deferred tax assets			**(k)(iii)**
vi	*Good will on consolidation*			**(l)**
vii	*Debit balance in Profit & Loss account*			**(m)**
	Total Assets			**(f)+(g)+(h)+(i)+(j)+(k)+(l)+(m)**

Table DF 13: Main Features of Regulatory Capital Instruments

Series II

1	Issuer	The South Indian Bank Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE683A08028
3	Governing law(s) of the instrument	Indian Law
	Regulatory treatment	
4	Transitional Basel III rules	Sub-ordinated Tier 2 Bonds
5	Post-transitional Basel III rules	Eligible

6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Unsecured Redeemable Non-Convertible Subordinated Tier II Lower Bonds
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	Rs. 1800 Million
9	Par value of instrument	Rs. 10,00,000
10	Accounting classification	Liability
11	Original date of issuance	30-09-2015
12	Perpetual or dated	Dated
13	Original maturity date	31-10-2025
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	10.25%
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	PONV
32	If write-down, full or partial	Full
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other creditors
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

Series III

1	Issuer	The South Indian Bank Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE683A08036
3	Governing law(s) of the instrument	Indian Law
	Regulatory treatment	
4	Transitional Basel III rules	Sub-ordinated Tier 2 Bonds
5	Post-transitional Basel III rules	Eligible
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Non-convertible, Redeemable, Fully Paid-Up, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures for augmenting Tier 2 capital of the Issuer with face value of Rs.1,00,000 each .
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	Rs.4,900 Million
9	Par value of instrument	Rs.1,00,000
10	Accounting classification	Liability
11	Original date of issuance	28-11-2017
12	Perpetual or dated	Dated
13	Original maturity date	28-05-2028
14	Issuer call subject to prior supervisory approval	YES
15	Optional call date, contingent call dates and redemption amount	On the fifth anniversary from the Date of Allotment i.e. November 28, 2022
16	Subsequent call dates, if applicable	On every anniversary of coupon payment date after first call option due date
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	9.50 % p.a
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	NA
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA

28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	PONV
32	If write-down, full or partial	Full
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and other creditors
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

Series IV

1	Issuer	The South Indian Bank Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE683A08044
3	Governing law(s) of the instrument	Indian Law
	Regulatory treatment	
4	Transitional Basel III rules	Sub-ordinated Tier 2 Bonds
5	Post-transitional Basel III rules	Eligible
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Non-convertible, Redeemable, Fully Paid-Up, Unsecured, Basel III compliant Tier 2 Bonds with face value of Rs.1,00,000 each
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	Rs.2500 million
9	Par value of instrument	Rs.1,00,000
10	Accounting classification	Liability
11	Original date of issuance	26-03-2019
12	Perpetual or dated	Dated
13	Original maturity date	26-06-2029
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Only after a minimum period of 5 years and 3 months post allotment of the Bonds with the approval of RBI. i.e June 26, 2024

16	Subsequent call dates, if applicable	On every anniversary of Coupon Payment Date after First Call Option Due Date
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	11.75% p.a
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	NA
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	PONV
32	If write-down, full or partial	Full
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All depositors and general creditors of the Bank.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

Series V Additional Tier I Bonds

1	Issuer	The South Indian Bank Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE683A08051
3	Governing law(s) of the instrument	Indian law
	Regulatory treatment	
4	Transitional Basel III rules	Non-convertible, Fully Paid-Up, Unsecured, Perpetual, Basel III compliant Tier 1 Bond

5	Post-transitional Basel III rules	Eligible
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Non-convertible, Fully Paid-Up, Unsecured, Perpetual, Basel III compliant Tier 1 Bonds in the nature of debentures for augmenting Tier 1 capital of the issuer with face value of Rs. 1,00,000 each.
8	Amount recognised in Regulatory capital (Rs. in million, as of most recent reporting date)	Rs.5,000 million
9	Par value of instrument	Rs.1,00,000/- per bond
10	Accounting classification	Liability
11	Original date of issuance	24-01-2020
12	Perpetual or dated	Perpetual
13	Original maturity date	N.A
14	Issuer call subject to prior supervisory approval	Call option: On fifth anniversary from the deemed date of allotment or any anniversary date thereafter with prior approval of RBI, subject to tax call/regulatory call. In case of tax call or regulatory call, the date may be specified in the notice to trustees.
15	Optional call date, contingent call dates and redemption amount	On fifth anniversary from the deemed date of allotment or any anniversary date thereafter with prior approval of RBI, subject to tax call/regulatory call. In case of tax call or regulatory call, the date may be specified in the notice to trustees.
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	13.75% p.a
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	NA
22	Non-cumulative or cumulative	Non-cumulative
23	*Convertible or non-convertible*	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA

28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	*Write-down feature*	
31	If write-down, write-down trigger(s)	Trigger event is earlier of the following events: a. Write off is necessary without which the firm would become non-viable as determined by RBI b. Decision to make public sector injection of capital without which firm would become non-viable. c. The pre-specified trigger for loss absorption through conversion /write-down of Additional Tier I instruments must be at least CET 1 capital level as specified in the RBI notification DOR.BP.BC.No.15/21.06.201/2020-21 dated September 29,2020.
32	If write-down, full or partial	Full
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to the claims of depositors general creditors and subordinated debts of the bank
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	

Table DF- 14: Full Terms and Conditions of Regulatory Capital Instruments

Series II

Nature Of Instrument	10.25% Unsecured Redeemable Non-Convertible Basel III Compliant Tier 2 Bonds in the nature of Debentures
Amount Subscribed	Rs.3,000 Million
Face Value	Rs.10,00,000/-
Date of allotment	30-09-2015
Date of Redemption	31-10-2025
Coupon Rate	10.25% p.a

Put and call option	Nil
Issuance, Trading & Listing	Listed in BSE

Series III

Nature Of Instrument	Non-convertible, Redeemable, Fully Paid-Up, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures for augmenting Tier 2 capital of the Issuer with face value of Rs.1,00,000 each .
Amount Subscribed	Rs.4,900 Million
Face Value	Rs.1,00,000
Date of allotment	28-11-2017
Date of Redemption	28-05-2028
Coupon Rate	9.50% p.a
Put and call option	Put option: NA Call option: Applicable
Issuance, Trading & Listing	Listed in BSE

Series IV

Nature Of Instrument	Non-convertible, Redeemable, Fully Paid-Up, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures for augmenting Tier 2 capital of the Issuer with face value of Rs.1,00,000 each .
Amount Subscribed	Rs.2,500 million
Face Value	Rs.1,00,000/-
Date of allotment	26-03-2019
Date of Redemption	26-06-2029
Coupon Rate	11.75% p.a
Put and call option	Put Option : N.A Call option: Applicable
Issuance, Trading & Listing	Listed in BSE

Series V

Nature Of Instrument	Non-convertible, Fully Paid-Up, Unsecured, Perpetual, Basel III compliant Tier 1 Bonds in the nature of debentures for augmenting Tier 1 capital of the Issuer with face value of Rs. 1,00,000 each ("Bonds")
Amount Subscribed	Rs.5,000 million
Face Value	Rs.1,00,000/- per bond
Date of allotment	24-01-2020
Date of Redemption	N.A
Coupon Rate	13.75% p.a

Put and call option	Put option: NA Call option : Applicable
Issuance, Trading & Listing	Listed in BSE

Table DF 15: Disclosures on Remuneration

Remuneration		
Qualitative disclosures	**(*a*)**	**Information relating to the composition and mandate of the Nomination and Remuneration Committee.** **Composition:** The Nomination & Remuneration committee of the Board consists of five members of which two members from Risk Management committee of the Board facilitate effective governance of compensation. The roles and responsibilities of the Nomination & Remuneration Committee inter-alia includes the following: • Scrutinizing the declarations received from persons to be appointed as Directors as well as from the existing Directors seeking re-appointment and to decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors. and make references to the appropriate authority/persons to ensure compliance with the requirements indicated by Reserve Bank of India vide their directive dated May 23, 2011 on Fit & Proper Criteria of the Banks. • To devise a Succession Planning Policy for the Board and Senior Management. • To formulate a Nomination policy of the Board to guide the Board in relation to appointment/re-appointment/removal of Directors. • To identify persons who are qualified to become Directors/ KMPs and who may be appointed in senior management as defined in the Succession Policy in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal. • To formulate the criteria for evaluation of Independent Directors and the Board/Committees. • To devise a policy on Board diversity. • To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable. • To perform such other functions as may be necessary or appropriate for the performance of its duties.

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To oversee the framing, review and implementation of Bank’s overall compensation structure and related polices on remuneration packages payable to the WTDs/MD & CEO and other staff including performance linked incentives, perquisites, Stock option scheme etc. with a view to attracting, motivating and retaining employees and review compensation levels vis-a-vis other Banks and the industry in general.
The Committee shall work in close coordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks. The Committee will also ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
With respect to the Performance Linked Incentive Schemes, the Committee is empowered to:
a) Draw up terms and conditions and approve the changes, if any, to the Performance Linked Incentive schemes;
b) Moderate the scheme on an ongoing basis depending upon the circumstances and link the same with the recommendations of Audit Committee;
c) Coordinate the progress of growth of business vis -a-vis the business parameters laid down by the Board and Audit Committee and effect such improvements in the scheme as considered necessary;
d) On completion of the year, finalize the criteria of allotment of marks to ensure objectivity/equity.
The Committee shall also function as the Compensation Committee as prescribed under the SEBI (Share Based Employee Benefits) Regulations, 2014 and is empowered to formulate detailed terms and conditions of the Scheme, administer, supervise the same and to allot shares in compliance with the guidelines and other applicable laws.
To obtain necessary clearances and approvals from regulatory authorities, appoint Merchant Bankers and do such other things as may be necessary in respect of the Employees Stock Option Scheme.
To oversee the administration of Employee benefits, such as Provident Fund, Pension Fund, Gratuity, Compensation for absence on Privilege/Sick/Casual Leave etc., which are recognized in accordance with Accounting Standard-15 (revised) specified in the Companies (Accounting Standards) Rules, 2006.
The Committee may suggest amendments to any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;
The Committee may suggest amendments to any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board.

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		• Any other matters regarding remuneration to WTDs/MD & CEO and other staffs of the Bank as and when permitted by the Board. • To conduct the annual review of the Compensation Policy. • To fulfill such other powers and duties as may be delegated to it by the Board. • To review HR Strategy aligning with business strategy of the Bank. • To review the skill gaps and talent pool creation.
	(*b*)	**Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.** The Bank has formed the compensation policy based on the Reserve Bank of India guidelines vide its Circular No. DBOD.No.BC.72/29.67.001/2011-12 dated January 13, 2012. The fixed remuneration and other allowances including retirement benefits of all subordinate, clerical and officers up to the rank of General Manager (Scale VII) is governed by the industry level wage settlement under Indian Banks Association (IBA) pattern. In respect of officers above the cadre of General Manager, the remuneration is fixed by Board / Committee. Further, the compensation structure for the Whole Time Directors (WTDs) / Managing Director & Chief Executive Officer (MD & CEO) of the bank are subject to approval of Reserve Bank of India in terms of Section 35 B of the Banking Regulation Act, 1949. The payment of compensation also requires approval of the shareholders of the Bank in the General Meeting pursuant to clause 95 of Articles of Association of the Bank read with Section 197 of the Companies Act, 2013 and Section 35B (1) of Banking Regulation Act 1949. The Reserve Bank of India vide circular DOR.Appt.BC.No.23/29.67.001/2019-20 dtd 04.11.2019 issued a detailed revised Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff. Accordingly, the Compensation Policy has been modified by incorporating the revised provisions of the RBI circular.
	(*c*)	**Description of the ways in which current and future risks are taken into account in the remuneration processes. It will include the nature and type of the key measures used to take account of these risks.** The Board of Directors through the NRC shall exercise oversight and effective governance over the framing and implementation of the Compensation Policy. Human Resource Management under the guidance of MD & CEO shall administer the compensation and Benefit structure in line with the best suited practices and statutory requirements as applicable.

		For MRTs: The Bank will refer to the Basel Committee on Banking Supervision (BCBS) report entitled Range of Methodologies for Risk and Performance Alignment of Remuneration published in May 2011 for guidance wherever required. It intends to enhance the banks' and supervisors' understanding of risk-adjusted remuneration. This report, by providing some clarification on design of risk-adjusted remuneration schemes, will support and facilitate the greater adoption of sound practices in the banking sector. Some of the key stipulations of the report are as under: 1. In order for incentive-based remuneration to work, the variable part of remuneration will be truly and effectively variable and can even be reduced to zero in line with the symmetry principle defined by the FSB. A key element that supervisors expect is the ability for banks to demonstrate that the methodologies they developed to adjust variable remuneration to risk and performance are appropriate to their specific circumstances. 2. The methodologies for adjusting remuneration to risk and performance should also be consistent with the general risk management and corporate governance framework. 3. The methodologies for adjusting remuneration to risk and performance will also be consistent with the general risk management and corporate governance framework. 4. Performance measures and their relation to remuneration packages will be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentives mechanism. The usual annual determination of bonuses will be based on rules, processes and objectives known in advance, recognizing that some discretion will always be needed. 5. Bank will use a combination of financial and non-financial measures to assess employee performance and adapt the measurement to each employee's specific situation. Qualitative factors (like knowledge, skills or abilities), might play an important role when it comes to judging and rewarding some activities-particularly when these serve to reinforce the bank's risk management goals. 6. The nature and extent to which risk adjustments are needed depends first on the extent to which performance measures capture risks, but in all cases, some form of risk adjustment is needed as remuneration is often awarded before the final outcome of an activity is known. Risks taken need to be estimated (ex

		ante), risk outcomes observed (ex post) and both ex ante estimates and ex post outcomes will affect payoffs. 7. Risk adjustments need to take into account the nature of the risks involved and the time horizons over which they could emerge. The impact of remuneration adjustments will be linked to actions taken by employees and/or business units, and their impact on the level of risk taken on by the bank. 8. The nature of the award process, which links the variable remuneration of each individual employee with bonus pools and the total amount of variable remuneration at a bank's level, is also an area that will be carefully considered by banks and supervisors, as it directly influences how and when performance and risk adjustment are or can be used. 9. Considering the above parameters, the Board may approve suitable methodologies for fixing of risk adjusted remuneration, as appropriate, based on the recommendations of Risk Management committee and review/approval of the Nomination and Remuneration Committee on the same. **The compensation structure for the *whole-time directors/ Chief Executive Officers / Material Risk Takers (MRTs)* of the bank shall be as under:** **Fixed Pay and Perquisites** Based on the recommendations of the Nomination and Remuneration Committee, and subject to the approval of Reserve Bank of India (for MD & CEO and Executive Directors), Board shall fix the fixed portion of compensation payable which is reasonable, taking into account all relevant factors including adherence to statutory requirements and industry practice. ***Variable Pay*** In order to have a proper balance between the cash and share-linked components in the variable pay, the variable pay are to be structured in the form of share-linked instrument (including Cash-linked Stock Appreciation Rights (CSARs)), or a mix of cash and share-linked instruments. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash to be exercised**.**
	(*d*)	**Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.** a) The factors taken in to account for the annual review and revision in the variable pay and performance bonus are: ➢ The performance of the Bank

		➢ The performance of the business unit ➢ Individual performance of the employee ➢ Other risk perceptions and economic considerations. The criteria for identification of MRTs are subject to the following: The persons who satisfy the qualitative criteria and any one of the quantitative criteria as detailed below: (I) Standard Qualitative criteria • Relate to the role and decision-making power of staff members (e.g., General manager, member of management body) having jointly or individually, the authority to commit significantly to risk exposures, etc. AND (II) Standard Quantitative Criteria: • Their total remuneration exceeds a certain threshold (to be recommended by MD & CEO to NRC for approval); the determination of which may be done prudently by the bank, or • They are included among the 0.3% of staff with the highest remuneration in the bank, or • Their remuneration is equal to or greater than the lowest total remuneration of senior management and other risk-takers. MD & CEO is considered as Material Risk Taker, whose compensation will be guided by the provisions applicable to WTD/CEO as per the policy. However, the Board, on recommendation of NRC, will specify additional Material Risk Takers (MRTs) whose actions have a material impact on the risk exposure of the bank from time to time. ➢ MD & CEO is considered as Material Risk Taker, whose compensation will be guided by the provisions applicable to WTD/CEO as per the policy. However, the Board, on recommendation of NRC, will specify additional Material Risk Takers (MRTs) whose actions have a material impact on the risk exposure of the bank from time to time.
	(*e*)	**A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.** ➢ Variable Pay In order to have a proper balance between the cash and share-linked components in the variable pay, the variable pay are to be structured in the form of share-linked instrument (including Cash-linked Stock

		Appreciation Rights (CSARs)), or a mix of cash and share-linked instruments. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire variable pay can be in cash to be exercised. The assessment of the variable pay will be based on 'Key Performance Indicators' (KPI) achievement of respective whole-time directors/ Chief Executive Officers / Material Risk Takers (MRTs). **a. Limit on Variable Pay:** A. For Whole-Time Directors and Chief Executive Officers i. In compliance to the RBI Guidelines and other applicable rules and regulations at least 50%, should be variable and paid on the basis of individual, business-unit and firm-wide measures that adequately measure performance. The total variable pay shall be limited to a maximum of 300% of the fixed pay (for the relative performance measurement period). ii. In case variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay; and in case variable pay is above 200%, a minimum of 67% of the variable pay should be via non-cash instruments. iii. In the event that an executive is barred by statute or regulation from grant of share-linked instruments, his/her variable pay will be capped at 150% of the fixed pay, but shall not be less than 50% of the fixed pay. iv. The deterioration in the financial performance of the bank should generally lead to a contraction in the total amount of variable compensation, which can even be reduced to zero. B. For Material Risk Takers (MRTs) i. In compliance to the RBI Guidelines and other applicable rules & regulations 50% of total pay for all MRTs is should be variable pay and paid on the basis of individual, business-unit and firm-wide measures that adequately measure performance. ii. 50% of the variable pay should be via non-cash instruments. iii. The deterioration in the financial performance of the bank should generally lead to a contraction in the total amount of variable compensation, which can even be reduced to zero.

The Board will from time to time specify the Material Risk Takers (MRTs).

b. Deferral of Variable Pay

(i) For senior executives, including WTDs, and other employees who are MRTs, a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus should also be deferred.

(ii) However, in cases where the cash component of variable pay is under Rs.25 lakh, deferral requirements is not applicable.

c. Period of Deferral Arrangement

The deferral period should for a period three years. This would be applicable to both the cash and non-cash components of the variable pay arrangements.

d. Vesting:

Deferred remuneration should be spread out over the course of the deferral period on a pro rata basis as follows:

- not more than 33.33 % of the total deferred variable pay should vest at the end of first year.
- Further, not more than 33.33 % of total deferred variable pay should vest at the end of second year.

Additionally, vesting should not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of ex post adjustments.

Share-linked Instruments

Such instruments shall be included as a component of variable pay. Norms for grant of share-linked instruments should be framed by banks in conformity with relevant statutory provisions and should form part of the bank's compensation policy. The details of share-linked instruments granted should also be disclosed in terms of the disclosure requirements stipulated in these Guidelines. Share-linked instruments should be fair valued on the date of grant by the bank using Black-Scholes model.

Malus / Clawback

(a) The deferred compensation should be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the bank and/or the relevant line of business in any year.

		(b) A set of situations as detailed below are hereby identified, which require the invocation of the malus and clawback clauses that may be applicable as detailed below: i) Applying of Malus / Clawback arrangement on entire variable pay on occurrence of the following Situations: • identified fraud / misconduct by the executive (whole-time directors, Chief Executive Officers / Material Risk Takers (MRTs)) pertaining to the corresponding period for which the clause to be applied. ii) Applying of Malus / Clawback arrangement on unvested portion of deferred variable pay on occurrence of the following situation: • Reporting of operating loss or more than 50% fall in operating profit in any year iii) Applying of Malus clause on unvested portion of deferred variable pay on occurrence of the following situation: • Wherever the assessed divergence in bank's provisioning for Non-Performing Assets (NPAs) or asset classification exceeds the prescribed threshold for public disclosure as detailed below: (As referred in RBI circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019, as amended from time to time), a. the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and b. the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period Further, in such situations, no proposal for increase in variable pay (for the assessment year) shall be entertained. In case the bank's post assessment Gross NPAs are less than 2.0%, these restrictions will apply only if criteria for public disclosure are triggered either on account of divergence in provisioning (clause (a)) or both provisioning (clause (a) and asset classification (Clause (b)). As part of the criteria for the application of malus and clawback, the following period during which malus and/or clawback can be applied will be 36 months from application of the clause. covering at least deferral and retention periods (a period of time after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed)

		Members of staff engaged in financial and risk control, including internal audit, should be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the bank. Effective independence and appropriate authority of such staff are necessary to preserve the integrity of financial and risk management's influence on incentive compensation. Back office and risk control employees play a key role in ensuring the integrity of risk measures. If their own compensation is significantly affected by short-term measures, their independence may be compromised. If their compensation is too low, the quality of such employees may be insufficient for their tasks and their authority may be undermined. The mix of fixed and variable compensation for control function personnel should be weighted in favour of fixed compensation. Therefore, the requirement of minimum 50% of total compensation to be paid in the form of variable pay will not be applicable for this category of staff. However, a reasonable proportion of compensation has to be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous. For calculating the Variable Pay of Risk Control and Compliance Staff the 'Key Performance Indicators' (KPI) will be totally different and the modalities of the same will be recommended by the Nomination and Remuneration Committee to the Board for approval.
	(f)	**Description of the different forms of variable remuneration (i.e. cash and types of share linked instruments) that the bank utilizes and the rationale for using these different forms.** For MRTs) ***both cash and non-cash*** Performance Linked Incentive Schemes to those employees who are eligible for incentives., in this regard the Committee is empowered to: i) Draw up terms and conditions and approve the changes, if any, to the Performance Linked Incentive schemes; ii) Moderate the scheme on an ongoing basis depending upon the circumstances and link the same with the recommendations of Audit Committee; iii) Coordinate the progress of growth of business vis -a- vis the business parameters laid down by the Board and Audit Committee and effect such improvements in the scheme as are considered necessary;

iv) On completion of the year, finalize the criteria of allotment of marks to ensure objectivity/equity.
v) To identify Material Risk Takers (MRTs) as per the recommendations made by MD & CEO and to fix variable pay and other terms of payment including component (Cash and non-cash), deferment and divergence clause in line with compensation policy and other RBI guidelines and other policies and guidelines of the bank.

For Others

The Board will from time to time specify the Risk Control and Compliance Staff.

a) Based on the recommendations of the Committee, Board may fix the variable pay not exceeding 50% of the fixed pay in a year. Within this ceiling, at higher levels of responsibility, the proportion of variable pay will be higher. The variable pay may be in cash, or stock linked instruments or a mix of both.

b) 'Variable pay' means the compensation as fixed by the Board on recommendation of the Committee, which is based on the performance appraisal of an employee in that role, that is, how well they accomplish their goals. It may be paid as:

   i. Performance Linked Incentives’ to those employees who are eligible for incentives.
   ii. Ex-gratia for other employees who are not eligible for Performance linked Incentives.
   iii. Bonus for those staff members who are eligible for bonus under the Payment of Bonus Act, 1965
   iv. Any other incentives, by whatever name called having the features similar to the above.

c) The Board may adopt principles similar to that enunciated for WTDs/CEOs, as appropriate, for variable pay-timing, Malus/Clawback, guaranteed bonus and hedging.

		d) Employee Stock Option Scheme/Employee Stock Option Plan as may be framed by the Board from time to time in conformity with relevant statutory provisions and SEBI guidelines as applicable.

			As on 30.09.2023	As on 31.03.2023
Quantitative disclosures	(a)	• Number of meetings held by the Remuneration Committee during the period ended 30.09.2023. ie,(01.04.23 to 30.09.2023) • remuneration paid to its members (₹ in Crores)	4 0.07	10 0.15
	(h)	• Number of employees having received a variable remuneration award during the financial year. • Number and total amount of sign-on awards made during the period. ○ Number ○ Total amount • Details of severance pay, in addition to accrued benefits, if any.	2 NIL NIL	1 NIL NIL
	(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. (ii) Total amount of deferred remuneration paid out during the period.	Cash :0.38 Non-cash:0.89 (ESOS) NIL	Cash :0.38 Non-cash:0.88 (ESOS) NIL
	(j)	Breakdown of amount of remuneration awards for the period to show fixed and variable, deferred and non-deferred. (` in Crores) • Fixed • Variable	*includes retirement benefits & club membership MD Fixed: 3.07 Variable:1.50	Fixed:1.66 Variable:1.50

		• Deferred • Non Deferred	Nil 0.10	1.12 0.38
	(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments (ii) Total amount of reductions during the financial year due to ex- post explicit adjustments. (iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	Cash:0.38 Non – cash:0.89 (ESOS) Nil Nil	Cash:0.38 Non- cash:0.88 (ESOS) Nil Nil
	(l)	Number of MRTs identified.	2	1
	(m)	Number of cases where malus has been exercised. • Number of cases where clawback has been exercised. • Number of cases where both malus and clawback have been exercised.	Nil	Nil
General Quantitative Disclosure	(n)	(₹ in Crores) The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs* from the mean pay. *Gross remuneration paid to MD & CEO is considered for this purpose, which excludes the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the Bank as a whole.	0.0623 2.64	0.102 1.93

<u>Table DF-16 – Equities – Disclosure for Banking book positions</u>

In accordance with RBI circular on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks, Investments are classified at the time of purchase into Held for Trade (HFT), Available for Sale (AFS) and Held to Maturity (HTM) categories. HTM means the category of investment portfolio maintained by the banks with intention to hold securities upto maturity and these investments are classified under banking book for capital adequacy purpose. Investments in equity of subsidiaries and joint ventures (a Joint Venture would be one in which the bank, along with its subsidiaries, holds more than 25 percent of the equity) are also to be classified under HTM category.

As per RBI guidelines, investments classified under HTM category are to be carried at their acquisition cost and not marked to market. Any diminution (other than temporary) in the value of the investments in subsidiaries / joint ventures, which are included under HTM, shall be recognised and provided individually for each investment. Profit on sale of investments in this category shall be first taken to the Profit & Loss Account, and thereafter shall be appropriated to the 'Capital Reserve Account'. The amount so appropriated shall be net of taxes and the amount required to be transferred to Statutory Reserves. Loss on sale shall be recognized in the Profit & Loss Account

The book value of Bank's equity investment HTM portfolio is ₹ 5 million as on September 30, 2023. There has been no sale or liquidation of this investment during the period ended September 30, 2023.

Table DF-17 Summary comparison of accounting assets vs. leverage ratio exposure measure

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.

$$\text{Leverage Ratio} = \frac{\text{Capital Measure (Tier I Capital)}}{\text{Exposure Measure}}$$

	Item	**(Rs. in Million)**
1	Total consolidated assets as per published financial statements	11,27,426.00
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0.00

3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(697.60)
4	Adjustments for derivative financial instruments	10,838.41
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0.00
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	50,927.93
7	Other adjustments	0.00
8	**Leverage ratio exposure**	**11,88,494.74**

Table DF-18 Leverage ratio common disclosure template

	Item	Leverage ratio framework (₹ in million)
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	11,27,426.00
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(697.60)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**11,26,728.40**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	2,936.60
5	Add-on amounts for PFE associated with all derivatives transactions	7,901.81
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00
8	(Exempted CCP leg of client-cleared trade exposures)	0.00

9	Adjusted effective notional amount of written credit derivatives	0.00
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00
11	**Total derivative exposures (sum of lines 4 to 10)**	**10,838.41**
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0.00
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.00
14	CCR exposure for SFT assets	0.00
15	Agent transaction exposures	0.00
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**0.00**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	3,35,453.45
18	(Adjustments for conversion to credit equivalent amounts)	(2,84,525.52)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**50,927.93**
	Capital and total exposures	
20	**Tier 1 capital**	**67,232.92**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**11,88,494.74**
	Leverage ratio	
22	**Basel III leverage ratio**	**5.66 %**

Leverage Ratio	**September 2023**	**June 2023**	**March 2023**	**December 2022**
	5.66%	5.79%	6.05%	5.62%