(Please scan the QR code to view the Letter of Offer)

Letter of Offer
February 21, 2024
For Eligible Equity Shareholders only

The South Indian Bank Limited

Our Bank was incorporated at Thrissur as "The South Indian Bank Limited" on January 25, 1929 under the Indian Companies Act, 1913. For details of changes in registered office of our Bank, see "*General Information*" on page 43.

Registered and Corporate Office: SIB House, Mission Quarters, T.B. Road, Thrissur 680 001, Kerala, India**; Tel**: + 91 487 2420 020/ 2429 333
Contact Person: Mr. Jimmy Mathew, Company Secretary and Compliance Officer
E-mail: ho2006@sib.co.in; **Website**: www.southindianbank.com
Corporate Identity Number: L65191KL1929PLC001017

OUR BANK IS A PROFESSIONALLY MANAGED COMPANY AND DOES NOT HAVE A PROMOTER IN TERMS OF THE SEBI ICDR REGULATIONS OR THE COMPANIES ACT, 2013

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE SOUTH INDIAN BANK LIMITED (THE "BANK" OR THE "ISSUER") ONLY

ISSUE OF UP TO 52,31,85,254 EQUITY SHARES OF FACE VALUE OF ₹1 EACH OF OUR BANK (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹22 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹21 PER RIGHTS EQUITY SHARE) AGGREGATING UP TO ₹1151.01 CRORE* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR BANK IN THE RATIO OF 1 RIGHTS EQUITY SHARES FOR EVERY 4 FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON TUESDAY, FEBRUARY 27, 2024 ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, SEE "*Terms of the Issue*" ON PAGE 273.

**Assuming full subscription with respect to Rights Equity Shares*

WILFUL DEFAULTERS OR FRAUDULENT BORROWERS

Neither our Bank nor any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Bank and the Issue, including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (the "**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of investors is invited to the statement of "*Risk Factors*" on page 17.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Bank and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). Our Bank has received the "in-principle" approvals from BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to the Issue through their letters dated February 14, 2024. Our Company will also make applications to BSE and NSE to obtain trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
IIFL Securities Limited 24th Floor, One Lodha Place, Senapati Bapat Marg Lower Parel (West) Mumbai 400 013 Maharashtra, India **Tel**: (+ 91 22) 4646 4728 **E-mail**: sib.rights@iiflcap.com **Investor Grievance ID**: ig.ib@iiflcap.com **Website**: www.iiflcap.com **Contact person**: Pawan Kumar Jain/ Mukesh Garg **SEBI Registration No.**: INM000010940	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai 400 083 Maharashtra, India **Tel:** +91 810 811 4949 **E-mail:** sib.rights2024@linkintime.co.in **Investor Grievance E-mail:** sib.rights2024@linkintime.co.in **Website:** www.linkintime.co.in **Contact Person:** Ms. Shanti Gopalkrishnan **SEBI Registration No.:** INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON**
Wednesday, March 6, 2024	Thursday, March 14, 2024	Wednesday, March 20, 2024

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat accounts of the Renouncees on or prior to the Issue Closing Date.*

***Our Board or the Capital Planning and Infusion Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification will be deemed to include all amendments, supplements, re-enactments and modifications thereto from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time thereunder. The words and expressions used but not defined in this Letter of Offer will have the same meaning as assigned to such terms under the Companies Act, the SEBI Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations made thereunder, as applicable.

The following list of capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Terms used in "Summary of Letter of Offer", "Statement of Special Tax Benefits", "Financial Statements", "Outstanding Litigations and Defaults" and "Terms of the Issue" on pages 15, 52, 74, 254 and 273, respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections.

General Terms

Term	Description
"Bank", "Our Bank", "the Bank", or "Issuer"	The South Indian Bank Limited, a public limited company incorporated under the Indian Companies Act, 1913 whose registered office is situated at SIB House, Mission Quarters, T.B. Road, Thrissur 680 001, Kerala, India.
"We", "Our", "Us", or "our Group"	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Bank along with our Subsidiary on a consolidated basis, as applicable, as at and during the relevant Fiscal.

Bank Related Terms

Term	Description
"Articles of Association" or "Articles"	Articles of association of our Bank, as amended from time to time
Audit Committee	The audit committee of our Board
Audited Consolidated Financial Statements	The consolidated financial statements of the Bank and its Subsidiary, which comprise the consolidated balance sheet as at March 31, 2023, the consolidated profit and loss account, the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, prepared in accordance with Indian GAAP, the Banking Regulation Act, the circulars and guidelines issued by the RBI from time to time, and the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013.
Audited Standalone Financial Statements	The standalone financial statements of the Bank, which comprise the standalone balance sheet as at March 31, 2023, the standalone profit and loss account, the standalone cash flow statement for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information, prepared in accordance with Indian GAAP, the Banking Regulation Act, the circulars and guidelines issued by the RBI from time to time, and the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013.
"Auditors" or "Statutory Auditors"	The joint statutory auditors of our Bank, namely, M/s. CNK & Associates LLP, Chartered Accountants and M/s. K Venkatachalam Aiyer & Co, Chartered Accountants
"Board of Directors", or "Board" or "our Board"	The board of directors of our Bank or any duly constituted committee thereof.
Capital Planning and Infusion Committee	The capital planning and infusion committee of our Board
Director(s)	The director(s) on our Board, as disclosed in "*Our Management*" on page 69
Enforcement Directorate or ED	Directorate of Enforcement, Mumbai Zonal Office -I or Directorate of Enforcement, Mumbai Zonal Office -II or Directorate of Enforcement, Bengaluru Zonal Office, as the case may be
Executive Director(s)	Executive Director(s) of our Bank, being the Managing Director and Chief Executive Officer of our Bank, unless otherwise specified.
Executive Vice President/EVP	The executive vice president of our Bank, being Mr. Thomas Joseph K
Equity Shares	Equity shares of face value of ₹1 each of our Bank
Chief Financial Officer	The chief financial officer of our Bank, being Ms. Chithra Hariharan.
Group Companies	Group companies of our Bank as determined in terms of Regulation 2(1)(t) of SEBI ICDR

Term	Description
	Regulations
Independent Directors	An independent Director appointed as per the Companies Act, 2013 and the SEBI Listing Regulations. For details of the Independent Directors, see "*Our Management*" beginning on page 69
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Bank in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, as disclosed in "*Our Management*" on page 72
Managing Director and Chief Executive Officer	The Managing Director and Chief Executive Officer of our Bank, being Mr. Peruvemba Ramachandran Seshadri
Memorandum of Association	Memorandum of Association of our Bank, as amended from time to time
Non-Executive Director(s)	A Director, not being an Executive Director of our Bank.
Registered and Corporate Office	Registered and Corporate office of our Bank situated at SIB House, Mission Quarters, T.B. Road, Thrissur, 680001, Kerala, India.
Reformatted Audited Consolidated Financial Statements	The reformatted consolidated financial statements of the Bank and its Subsidiary, as of and for the year ended March 31, 2023, as prepared on the basis of the Audited Consolidated Financial Statements.
Reformatted Audited Standalone Financial Statements	The reformatted standalone financial statements of the Bank as of and for the year ended March 31, 2023, as prepared on the basis of the Audited Standalone Financial Statements.
Senior Management Personnel	Senior management personnel of our Bank determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, and as disclosed in "*Our Management*" on page 72
"Shareholders" or "Equity Shareholders"	The holders of the Equity Shares from time to time
SIB ESOS - 2008	Employee Stock Option Scheme instituted by our Bank in 2008 to issue employee stock options from time to time, as amended from time to time
Subsidiary	Subsidiary of our Bank being, SIB Operations and Services Limited
Unaudited Interim Condensed Consolidated Financial Statements	The unaudited interim condensed consolidated financial statements of the Bank and its Subsidiary as at and for the nine-month period ended December 31, 2023, which comprise the unaudited interim condensed consolidated balance sheet as at December 31, 2023, the unaudited interim condensed consolidated profit and loss account and the unaudited interim condensed consolidated cash flow statement for the nine month period ended December 31, 2023, and summary of select explanatory notes.
Unaudited Interim Condensed Standalone Financial Statements	The unaudited interim condensed standalone financial statements of the Bank as at and for the nine-month period ended December 31, 2023, which comprise the unaudited condensed standalone balance sheet as at December 31, 2023, the unaudited interim condensed standalone profit and loss account and the unaudited interim condensed standalone cash flows statement for the nine month period ended December 31, 2023, and summary of select explanatory notes.

Issue Related Terms

Term	Description
"Abridged Letter of Offer" or "ALOF"	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Bank with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement
"Allotment" or "Allot" or "Allotted"	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Accounts	The account(s) opened with the Banker to the Issue, into which the Application Money, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013
Allotment Account Bank(s)	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, The South Indian Bank Limited.
Allotment Advice	The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue
"Applicant(s)" or "Investor(s)"	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of the Letter of Offer
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form used by an Applicant to make an

Term	Description
	application for the Allotment of Rights Equity Shares in this Issue
Application Money	Aggregate amount payable at the time of Application in respect of the Rights Equity Shares applied for in this Issue
“Application Supported by Blocked Amount” or “ASBA”	Application (whether physical or electronic) used by Applicant(s) to make an application authorising the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI ICDR Master Circular (to the extent it pertains to the rights issue process) and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard.
Banker to the Issue	Collectively, Allotment Account Bank and the Refund Bank, being The South Indian Bank Limited.
Banker to the Issue Agreement	Agreement dated February 21, 2024 entered into by and among our Bank, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange in this Issue, as described in “*Terms of the Issue*” on page 294
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on SEBI updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time
Demographic Details	Details of Investors including the Investor’s address, PAN, DP ID, Client ID, bank account details and occupation, where applicable.
Designated Branch(es)	Such branches of the SCSBs which shall collect the Applications, as the case may be, used by the Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Stock Exchange	BSE
Eligible Equity Shareholder(s)	Existing Equity Shareholders as at the Record Date. For further details, please see “*Notice to Investors*” and “*Restrictions on Purchases and Resales*” on pages 10 and 302, respectively.
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Fraudulent Borrower	Fraudulent Borrower(s) as defined under Regulations 2(1)(lll) of the SEBI ICDR Regulations
“Issue” or “Rights Issue”	This issue of up to 5,231,85,254 Equity Shares of face value of ₹1 each of our Bank for cash at a price of ₹22 (including a premium of ₹21 per Rights Equity Share) aggregating to ₹1151.01 crore* on a rights basis to the Eligible Equity Shareholders of our Bank in the ratio of 1 Rights Equity Share for every 4 fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date. **Assuming full subscription with respect to Rights Equity Shares*
Issue Agreement	Issue agreement dated February 21, 2024 between our Bank and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	Wednesday, March 20, 2024
Issue Materials	Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue
Issue Opening Date	Wednesday, March 6, 2024
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Application, in accordance with the SEBI ICDR Regulations.
Issue Price	₹22 per Equity Share
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	The issue of up to 5,231,85,254 Rights Equity Shares aggregating up to ₹1151.01crore* **Assuming full subscription with respect to Rights Equity Shares*
Lead Manager	IIFL Securities Limited
Letter of Offer	This letter of offer dated February 21,2024 filed with the Stock Exchanges and SEBI
Listing Agreement	The uniform listing agreements entered into between our Bank and the Stock Exchanges in terms of the SEBI Listing Regulations
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, please see “*Objects of the Issue*” on page 49
Non-Institutional Investors	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as

Term	Description
	defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI ICDR Master Circular, circulars issued by the Depositories from time to time and other applicable laws. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI ICDR Master Circular, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before Thursday, March 14, 2024
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares in the Issue, being Tuesday, February 27, 2024
Refund Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being The South Indian Bank Limited
Registrar Agreement	Agreement dated February 21, 2024 between our Bank and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue
Registrar to the Issue / Registrar	Link Intime India Private Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on Thursday, March 14, 2024 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Retail Individual Investor / RII	An individual Investor who has applied for Rights Equity Shares for an amount not more than ₹ 2,00,000 (including an HUF applying through karta) in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlement(s)	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being 1 Rights Equity Shares for every 4 Equity Shares held by an Eligible Equity Shareholder
Rights Equity Shares	Fully paid-up Equity Shares of our Bank to be Allotted pursuant to this Issue, on Allotment
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Bank
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being, BSE and NSE
Transfer Date	The date on which the Application Money held in the escrow account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalisation of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI
Working Days	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

Business and Industry Related Terms

Term/Abbreviation	Description/ Full Form
ANBC	Adjusted net bank credit
BCP	Business Continuity Planning
CASA	Current Accounts and Savings Accounts

Term/Abbreviation	Description/ Full Form
CASA Ratio	CASA deposits as a percentage of total deposits, as of the relevant date
CRAR	Capital to risk weighted assets ratio
CRM	Customer relationship management
CRR	Cash reserve ratio
FCNR (B)	Foreign currency non-resident (bank)
Gross NPA Ratio	Gross NPA as a percentage of gross advances, as of the relevant date
LAP	Loans against property
LCR	Liquidity coverage ratio
MCLR	Marginal cost of funds based lending rate
MSME	Medium, Small and Micro Enterprise
Net Interest Income	Interest earned minus interest expended, for the relevant period
Net Interest Margin	Net interest margin is the Net Interest Income, divided by the daily average of interest-earning assets, for the relevant period
Net NPA Ratio	Net NPA as a percentage of net advances, as of the relevant date
NRE Account	Non-resident external account
NRO Account	Non-resident ordinary account
NSFR	Net stable funding ratio
ROA	Return on assets
ROE	Return on equity
SLR	Statutory Liquidity Ratio
SMA2	Special Mention Accounts Category 2

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
AI	Artificial Intelligence
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the SEBI AIF Regulations
AS or Accounting Standards	Accounting standards, as prescribed under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013, in so far as they apply to our Bank.
Banking Regulation Act	The Banking Regulation Act, 1949
BSE	BSE Limited
CAGR	Compounded annual growth rate
Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
Category II FPIs	FPIs who are registered as “Category II foreign portfolio investors” under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
CBDT	Central Board of Direct Taxes, Government of India
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CBO	Chief Business Officer
CFO	Chief Financial Officer
CGM	Chief General Manager
CIO	Chief Information Officer
CGU	Cash Generating Unit
CIN	Corporate Identity Number
Civil Code	Code of Civil Procedure, 1908
Client ID	The client identification number maintained with one of the Depositories in relation to the demat account
Companies Act 1956	The Companies Act, 1956, read with the rules, regulations, clarifications and modifications notified thereunder
Companies Act or Companies Act, 2013	The Companies Act, 2013, read with the rules, regulations, clarifications and modifications notified thereunder
Depositories Act	Depositories Act, 1996
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant Identity

Term/Abbreviation	Description/ Full Form
"DP" or "Depository Participant"	Depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India
ECB	External Commercial Borrowings
ECB Guidelines	The FEMA, the FEMA Borrowing and Lending Regulations, the ECB Master Directions and the FEMA Reporting Master Directions, taken together
ECB Master Directions	Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 issued by the RBI, as amended from time to time
EGM	Extraordinary general meeting
EPS	Earnings Per Share
EUR	Euro
FCCB Scheme	The Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended and the clarifications issued thereunder by the Government of India from time to time, including a notification dated November 27, 2008 issued by the Government of India
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign direct investment
FDI Circular 2020	Consolidated FDI Policy Circular of 2020
FDI Policy	Consolidated Foreign Direct Investment Policy notified by DPIIT through notification dated October 28, 2020 issued by DPIIT, effective from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999
FEMA Borrowing and Lending Regulations	The Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time
FEMA Reporting Master Directions	The Master Direction on Reporting under the FEMA dated January 1, 2016, as amended from time to time
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended from time to time
"Financial Year" or "Fiscal Year" or "Fiscal" or "FY	Period of 12 months ending March 31 of that particular year
FIR	First information report
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors registered under the SEBI FVCI Regulations
GAAP	Generally Accepted Accounting Principles in India
Gazette	Official Gazette of India
GDP	Gross domestic product
GIR	General Index Register
GOI	Government of India
Government	Central Government and/ or the State Government, as applicable
GST	Goods and services tax
IBC	The Insolvency and Bankruptcy Code, 2016
ICDS	Income Computation and Disclosure Standards
IPC	Indian Penal Code, 1860
ICAI	Institute of Chartered Accountants of India
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards
Income-tax Act	Income Tax Act, 1961
India	Republic of India
Indian GAAP	Indian Generally Accepted Accounting Principles (GAAP) as applicable to the respective entities in accordance with the regulations under which they operate and in relation to our Bank, as applicable to banking companies in India.
ISIN	International Securities Identification Number
IST	Indian Standard Time
IT	Information Technology
KYC	Know Your Customer
LOC	Letter of comfort
MCA	Ministry of Corporate Affairs, Government of India
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net Asset Value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares
NDPS	The Narcotic Drugs and Psychotropic Substances Act, 1985
NEFT	National Electronic Fund Transfer
Net Worth	Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and share premium, after deducting the aggregate value of deferred taxes (net),

Term/Abbreviation	Description/ Full Form
	intangible assets and MAT Credit as per the audited / unaudited balance sheet, as the case may be, but does not include reserves created out of revaluation of assets.
NOF	Net owned funds
NPCI	National Payments Corporation of India
NR	Non-resident or person(s) resident outside India, as defined under the FEMA
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
OCI	Overseas Citizen of India
ODI	Off-shore Derivate Instruments
p.a.	Per annum
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBPT	The Prohibition of Benami Property Transactions Act, 1988
PMLA	Prevention of Money Laundering Act, 2002
PSU	Public Sector Undertaking
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies, Kerela at Ernakulum
RoCE	Return on capital employed
ROE	Return on equity
RoNW	Return on Net Worth
"Rs." "₹" or "Rupees" or "INR"	Indian Rupee
RTGS	Real Time Gross Settlement
SAFEMA	Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI ICDR Master Circular	SEBI master circular bearing number SEBI/HO/CFD/PoD- 2/P/CIR/2023/00094 dated June 21, 2023
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations
Securities Act	U.S. Securities Act of 1933
SGM	Senior General Manager
SRE 2410	Standard on Review Engagements (SRE) 2410, "Review of Interim Financial. Information Performed by the Independent Auditor of the Entity" issued by ICAI
State Government	Government of a State of India
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
TAN	Tax deduction account number
TDS	Tax deductible at source
Trademarks Act	Trade Marks Act, 1999
"US" or "U.S." or "USA" or	The United States of America and its territories and possessions, including any state of the

Term/Abbreviation	Description/ Full Form
"United States"	United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia
"USD" or "U.S.$" or "US$" or "$"	United States Dollar, the official currency of the United States
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
WDV	Written down value method of valuation

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. For details, see "*Restrictions on Purchases and Resales*" on page 302.

This Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue (collectively, the "**Issue Materials**") will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Bank. In case such Eligible Equity Shareholders have provided their valid e-mail address to us, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent the Issue Materials.

Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Bank, the Registrar, the Lead Manager, and the Stock Exchanges.

Our Bank, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials (including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form) in the event the Issue Materials have been sent on the registered e-mail addresses of such Eligible Equity Shareholders or if there are electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials may not be distributed, in whole or in part, in (i) the United States or (ii) any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in (i) the United States or (ii) any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed, in part or full. Accordingly, persons receiving a copy of the Issue Materials should not distribute or send the Issue Materials in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Bank or its affiliates or the Lead Manager or their affiliates to any filing or registration requirement (other than in India). If Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares. For more details, see "*Restrictions on Purchases and Resales*" beginning on page 302.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that such person is outside the United States and is authorized to acquire the Rights Entitlements or Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Bank or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in the "*Restrictions on Purchases and Resales*" section beginning on page 302.

Our Bank, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Bank or its agents to have been executed in, electronically transmitted from or dispatched from the United States or jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with the Issue; or (iii) where either a registered Indian address is not provided or where our Bank believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Bank shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the receipt of this Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Bank's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. The contents of this Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. Prospective Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of the Rights Equity Shares or the Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Bank nor the Lead Manager or their affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by any regulatory authority, nor has any regulatory authority passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

This Letter of Offer is, and any other Issue Materials will be, supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S SECURITIES ACT**") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT TO ELIGIBLE EQUITY SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE IS PERMITTED UNDER THE LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER INTO THE UNITED STATES AT ANY TIME.

Neither our Bank, nor any person acting on behalf of our Bank, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Bank, or any person acting on behalf of our Bank, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer or where any action would be required to be taken to permit the Issue. Our Bank is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Bank. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any U.S. federal or state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

In making an investment decision, investors must rely on their own examination of our Bank and the terms of the Issue, including the merits and risks involved.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) the 'US' or "USA" or 'U.S.' or the 'United States' are to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year. Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer.

Please note:

- One million is equal to 1,000,000 or 10 lakhs;
- One crore is equal to 10 million or 100 lakhs; and
- One lakh is equal to 100,000.

Financial Data

Unless stated otherwise, the financial information in relation to Fiscals 2022 and 2023 included in this Letter of Offer is derived from our Reformatted Audited Standalone Financial Statements. All financial information in related to nine-month periods ended December 31, 2022 and December 31, 2023 has been derived from our Unaudited Interim Condensed Standalone Financial Statements, as applicable. Although the Bank has one Subsidiary as on date of this Letter of Offer, the impact of the Subsidiary on the Bank's consolidated financial statements is not significant. Accordingly, the Bank primarily utilizes the Bank's standalone financial information to monitor the operational strength and performance of the Bank's business. For more information on the Bank's financial performance on a consolidated basis, see the Bank's Reformatted Audited Consolidated Financial Statements for the financial year ended March 31, 2023, and the Unaudited Interim Condensed Consolidated Financial Statements for the nine-month period ended December 31, 2023, which have been included in this Letter of Offer on pages 166 and 220, respectively.

Each of our Reformatted Audited Consolidated Financial Statements and Reformatted Audited Standalone Financial Statements, the underlying Audited Consolidated Financial Statements and Audited Standalone Financial Statements, the Unaudited Interim Condensed Consolidated Financial Statements and Unaudited Interim Condensed Standalone Financial Statements are prepared in accordance with in accordance with Indian GAAP, and the provisions of the Banking Regulation Act, read with relevant guidelines and directions issued by the RBI and the Companies Act, 2013. There are significant differences between Indian GAAP, Ind AS, U.S. GAAP and IFRS.

The MCA (defined hereinafter) has notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Further, a press release was issued by MCA on January 18, 2016 outlining the roadmap for implementation of Indian Accounting Standards ("**Ind AS**") converged with International Financial Reporting Standards ("**IFRS**") for banks. Banks in India were required to comply with the Ind AS for financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. On April 5, 2018, the RBI announced deferment of implementation date by one year for scheduled commercial banks. Subsequently, the RBI, through its notification dated March 22, 2019, decided to further defer the implementation of Ind AS until further notice for all scheduled commercial banks. Further, there may be regulatory guidelines and clarifications in some critical areas of Ind AS application, which the Bank will need to suitably incorporate in its implementation project as and when those are issued. The Ind AS financial information that we may be required to prepare when applicable to us in the future will therefore not be comparable to the financial information we currently prepare.

Our Bank's financial year commences on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' are to the financial year ended March 31. Our Bank publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in Rupees, in crore.

Non-GAAP Measures

We use certain supplemental non-GAAP measures included in this Letter of Offer such as return on equity, return on assets, cost of deposit ratio, cost of funds ratio, CASA, CASA Ratio, Net Interest Income, and Net Interest Margin to evaluate our ongoing operations and for internal planning and forecasting purposes. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Indian GAAP and may not be comparable to similarly titled measures presented by other companies.

These non-GAAP measures are supplemental measures that are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from or as a substitute for analysis of our historical financial performance, as reported and presented in our financial information presented in accordance with Indian GAAP. Therefore, these non-GAAP financial measures should not be viewed as substitutes for performance or profitability measures under Ind AS or as indicators of our operating performance, cash flows, liquidity or profitability.

Currency of Presentation

All references to:

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of the Republic of India; and
- 'U.S.$', 'USD', '$' and 'U.S. dollars' are to the legal currency of the United States of America.

Conversion Rates for Foreign Currency:

This Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

Set out below is information with respect to the exchange rate between Rupee and other currencies, as at the dates indicated.

S. No.	Currency	Exchange Rate (₹)			
		As at March 31,		As at December 31,	
		2023	2022	2023^	2022^
1	1 USD	82.22	75.81	83.12	82.79
2	1 Euro	89.61	84.66	92.00	88.15

Source: www.fbil.org.in
^The price for the period end refers to the price as on the last trading day of the respective period.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to' 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Bank are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Bank's expected financial conditions, result of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Bank's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Bank or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Bank to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Bank that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Bank's expectations include, among others:

- volatility in interest rates and other market conditions could materially and adversely impact our net interest income, and consequently our cash flows and results of operations;

- our exposure to non-uniform movement in interest rate benchmarks;

- any decrease in value of collateral or delays in enforcing the sale of collateral;

- our failure to control the level of NPAs in our portfolio, or inability to improve our provisioning coverage as a percentage of gross NPA; and

- inability to recover unsecured advances in a timely manner or at all.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" and "*Our Business*" on pages 17 and 59, respectively. The forward-looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Bank. Whilst our Bank believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as at the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Bank undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Bank's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Bank could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Bank are expressly qualified in their entirety by reference to these cautionary statements. In accordance with SEBI and Stock Exchange requirements, our Bank and the Lead Manager will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchange.

SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures and terms of the Issue included in this Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including "*Risk Factors*", "*Objects of the Issue*", "*Our Business*" and "*Outstanding Litigation and Defaults*" on pages 17, 49, 59 and 254, respectively.

Primary Business of our Bank

Our Bank is a scheduled commercial bank, providing banking services pan-India, with predominant presence in Kerala and South India. As on December 31, 2023, our Bank has 948 branches across 26 states and four UTs, five satellite and ultra small branches, 1,315 ATMs and 57 business correspondents.

For details, see "*Our Business*" on page 59.

Objects of the Issue

Our Bank intends to utilise the Net Proceeds from the Issue of up to ₹ 1,151.01 crore towards our Bank's Tier-I capital base to meet our capital requirements which are expected to increase out of growth in our assets, primarily loans/advances and investment portfolio, and to ensure compliance with Basel III regulations and/or other RBI guidelines. For further details, please see *"Objects of the Issue"* on page 49.

Intention and extent of participation by our Promoters and Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their right entitlement.

Our Bank is a professionally managed company and does not have a promoter in terms of the SEBI ICDR Regulations or the Companies Act, 2013.

Summary of outstanding litigation and defaults

A summary of outstanding legal proceedings involving our Bank and our Subsidiary as at the date of this Letter of Offer is set forth in the table below:

Nature of cases	Number of cases	Amount involved (*₹ crore*)
Bank		
Proceedings that would materially and adversely affect the operations or the financial position of our Bank if they result in an adverse outcome	NIL	NIL
Proceedings involving issues of moral turpitude or criminal liability on the part of our Bank	1	NIL
Material violations of the statutory regulations by our Bank	4	NIL
Matters involving economic offences where proceedings have been initiated against our Bank	1^	NIL^
Civil proceedings where the amount involved is equivalent to or in excess of ₹14.70 crore	43	2,084
Total	**48**	**2,084**
Subsidiary		
Proceedings that would materially and adversely affect the operations or the financial position of our Bank if they result in an adverse outcome	NIL	NIL
Proceedings involving issues of moral turpitude or criminal liability on the part of our Subsidiary	NIL	NIL
Material violations of the statutory regulations by our Subsidiary	NIL	NIL
Matters involving economic offences where proceedings have been initiated against our Subsidiary	NIL	NIL
Civil proceedings where the amount involved is equivalent to or in excess of ₹14.70 crore	NIL	NIL
Total	**NIL**	**NIL**

**To the extent quantifiable.*
^ This includes the case filed by ED against our Bank as disclosed under 'Proceedings involving material violations of the statutory regulations by our Bank' on page 254

For further details, please see "*Outstanding Litigation and Defaults*" starting on page 254.

Risk Factors

For details, please see "*Risk Factors*" on page 17. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

Contingent liabilities

For details regarding our contingent liabilities as per Accounting Standard (AS) 29 as of and for , please see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Contingent Liabilities*" on pages 74 and 252, respectively.

Related party transactions

For details regarding our related party transactions entered into by our Bank in Fiscals 2022 and 2023, as per the requirements under Related Party Disclosures (Accounting Standard – 18) please see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Related party transactions*" on pages 74 and 253, respectively.

Issue of Equity Shares for consideration other than cash

Our Bank has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of filing this Letter of Offer.

SECTION II: RISK FACTORS

RISK FACTORS

Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in this Letter of Offer before making any investment decision relating to our Equity Shares. You should therefore carefully consider this section, read together with "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 59 and 231, respectively, as well as all of the other information contained in this Letter of Offer, including the financial statements prepared in accordance with Indian GAAP and included in this Letter of Offer.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations and cashflows. If any or some combination of the following risks, or other risks that we do not currently know about or believe to be material, actually occur, our business, financial condition and results of operations and cashflows could suffer, the trading price of, and the value of your investment in, our equity shares could decline, and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of us and the terms of this Issue, including the merits and risks involved.

Unless otherwise indicated or the context requires, the financial information for Fiscal 2023 and Fiscal 2022 is derived from our Reformatted Audited Standalone Financial Statements for the financial year ended March 31, 2023, with previous year comparatives, and the financial information for nine-month periods ended December 31, 2023 and December 31, 2022 is derived from our Unaudited Interim Condensed Standalone Financial Statements for the nine-month period ended December 31, 2023, with previous period comparatives, as included in this Letter of Offer.

Certain non-GAAP measures are presented in this section are a supplemental measure of our business, performance and liquidity that are not required by, or presented in accordance with, Indian GAAP, or IFRS. Further, these non-GAAP measures are not a measurement of our financial performance or liquidity under Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Indian GAAP, or IFRS. In addition, these non-GAAP measures are not standardized terms and hence a direct comparison of similarly titled non-GAAP measures between companies may not be possible. Other companies may calculate the non-GAAP measures differently from us, limiting their usefulness as a comparative measure.

Unless otherwise specified, references herein to "we", "our", "us", "our Bank" are to the Bank on a standalone basis. Although the Bank has one Subsidiary as on date of this Letter of Offer, the impact of the Subsidiary on the Bank's consolidated financial statements is not significant. Accordingly, the Bank primarily utilizes the Bank's standalone financial information to monitor the operational strength and performance of the Bank's business. For more information on the Bank's financial performance on a consolidated basis, see the Bank's Reformatted Audited Consolidated Financial Statements for the financial year ended March 31, 2023, and the Unaudited Interim Condensed Consolidated Financial Statements for the nine-month period ended December 31, 2023, which have been included in this Letter of Offer on pages 166 and 211, respectively.

Risks Relating to our Business

1. Our results of operations and cash flows depend to a great extent on our net interest income. Volatility in interest rates and other market conditions could materially and adversely impact our cash flows and results of operations.

Our results of operations largely depend on our net interest income. For Fiscals 2022 and 2023, our net interest income (i.e. total interest earned minus total interest expended) represented 29.39% and 37.44% of our total income. For the nine month periods ended December 31, 2022 and December 31, 2023, our net interest income represented 37.62% and 32.73%, respectively, of our total income. Set forth below are details of the Bank's net interest income for each of the corresponding periods:

Particulars	Fiscal		As of and for nine-month period ended December 31,	
	2023	2022	2023	2022
	(₹ in crores, except percentages)			
Interest earned				
Interest / discount on advances / bills	5,712.15	5,069.34	5,070.05	4,122.84
Income on investments	1,285.73	1,039.81	1,144.52	941.55

Particulars	Fiscal		As of and for nine-month period ended December 31,	
	2023	2022	2023	2022
	(₹ in crores, except percentages)			
Interest on balances with RBI and other inter-bank funds	132.10	333.73	66.41	113.07
Others	103.20	143.66	57.15	82.76
Total interest earned	**7,233.18**	**6,586.54**	**6,338.13**	**5,260.22**
Interest expended				
Interest on deposits	3,853.32	4,062.37	3,595.41	2,840.06
Interest on RBI / inter-bank borrowings	1.66	4.04	6.18	1.48
Others	366.12	280.37	279.16	263.78
Total interest expended	**4,221.10**	**4,346.78**	**3,880.75**	**3,105.32**
Net Interest Income	**3,012.08**	**2,239.76**	**2,457.38**	**2,154.90**

Any decrease in the interest rates applicable to our assets, without a corresponding decrease in the interest rates applicable to our liabilities or any increase in the interest rates applicable to our liabilities without a corresponding increase in the interest rates applicable to our assets, will result in a decline in our net interest income and consequently reduce our net interest margin.

Interest rates are sensitive to many factors beyond our control, including India's GDP growth, inflation, liquidity, the RBI's monetary policy, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Our sources of funding have primarily been customer deposits (including current deposits, savings deposits and term deposits), borrowings, share capital, and reserves and surplus. Our cost of funds is sensitive to interest rate fluctuations, which exposes us to the risk of a reduction in spreads. An increase in interest rates could result in an increase in interest expense relative to interest earned if we are not able to increase the rates charged on our loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets. A decrease in interest rates could result in a decrease in interest revenue relative to interest expense due to the repricing of our loans at a pace faster than the rates we pay on our interest-bearing liabilities. The quantum of the changes in interest rates for our assets and liabilities may also be different. The differences between repricing maturities of rate sensitive liabilities and rate sensitive assets, called repricing gaps, exposes our business to interest rate risk. In addition, attracting customer deposits in the Indian banking industry is competitive. The rates that we must pay to attract deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. If we fail to achieve or sustain continued growth of our deposit base, we may be forced to rely on more expensive sources of funding, such as the wholesale market, which could materially and adversely affect our profitability and business. In addition, interest-earning assets tend to re-price more quickly than interest-bearing liabilities. Our ability to pass on any increase in interest rates depends on our borrowers' willingness to pay higher rates and the competitive landscape in which we operate. We cannot assure you that we will be able to adequately manage our interest rate risk in the future. Volatility and changes in market interest rates could disproportionately affect the interest we earn on our assets as compared to the interest we pay on our liabilities. An increase in interest rates may also adversely affect the rate of growth of important sectors of the Indian economy such as the corporate, retail and agricultural sectors, which may adversely impact our business.

Furthermore, in the event of rising interest rates, our borrowers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay their loans from us if they are able to switch to more competitively priced advances. In the event of falling interest rates, we may face more challenges in retaining our customers if we are unable to switch to more competitive rates as compared to other banks in the market. Any inability to retain customers as a result of changing interest rates may also adversely impact our earnings and cash flows in future periods.

In addition, under the regulations of RBI, we are required to maintain a minimum specified percentage, currently 18.00% of our net demand and time liabilities in Government securities and other approved assets as a statutory liquidity ratio ("**SLR**"). Yields on these investments, as well as yields on our other interest-earning assets, are dependent to a large extent on interest rates and valuation. In a rising interest rate environment, especially if the increase is sudden or sharp, and/or due to changes in valuation of the investments/assets we could be adversely affected by a decline in the market value of our Government securities portfolio and other fixed income securities and may be required to further provide for depreciation in the Available for Sale and Held for Trading categories.

2. We are exposed to non-uniform movement in interest rate benchmarks.

Our business is exposed to interest rate risk in the form of non-uniform movement in different interest rate benchmarks that are used for pricing of our assets and liabilities. As the repricing maturities of our liabilities and assets are spread over different time periods, we are exposed to interest rate risk in the form of non-parallel movement in yield curves.

Such scenarios would lead to a reduction in our net interest income and net interest margin. Exposure of our business to interest rate risks as mentioned above would also impact on the long-term economic value of our equity. Further, any inability to competitively price our loans and credit substitutes could negatively affect our targeted volume growth, which could materially adversely affect our net profits. The quantum of the changes in interest rates for our assets and liabilities may also be different, leading to a decrease in the interest margin. During Fiscals 2022, 2023 and nine month periods ended December 31, 2022 and 2023, our floating rate loans comprised 61.36%, 55.22%, 55.52% and 53.72% of our total loans, respectively. Our floating rate loans are generally pegged to the RBI repo rate, Treasury Bill and the marginal cost of funds based lending rate ("**MCLR**") of which repo rate comprised 30.08%, 25.75%, 26.00% and 25.19% of our total loans for Fiscals 2022, 2023 and nine month periods ended December 31, 2022 and 2023, respectively, and Treasury Bill comprised Nil, 6.77%, 5.05% and 8.93% of our total loans for Fiscals 2022, 2023 and nine month periods ended December 31, 2022 and 2023, respectively. MCLR comprised 26.54%, 17.84%, 19.66% and 14.14% of our total loans for Fiscals 2022, 2023 and nine month periods ended December 31, 2022 and 2023, respectively. In determining the interest rates to be charged to our borrowers, we also consider the type of exposure, credit rating and the tenor of the loan.

In December 2015, the Reserve Bank of India ("**RBI**") released guidelines on the computation of lending rates based on the marginal cost of funds methodology, which is applicable on incremental lending from April 1, 2016. Further, on December 5, 2018, the RBI published a report recommending referencing floating rate advances to certain external benchmarks which came into effect on October 1, 2019. To give effect to the aforesaid, the RBI, by way of its notification dated September 4, 2019, amended the Master Direction on Interest Rate on Advances, dated March 3, 2016, pursuant to which, it linked all new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans to micro and small enterprises extended by banks with effect from October 1, 2019, to external benchmarks ("**September Circular**"). Further, on February 26, 2020, the RBI stipulated that all new floating rate loans to the medium enterprises extended by banks from April 1, 2020, shall be linked to the external benchmarks as indicated in the September Circular. As such, we have priced certain loans falling within the mandated categories of personal or retail loans and floating rate loans to micro, small and medium enterprise borrowers at a rate which is linked to the RBI repo rate as prescribed by regulations, and we have also charged different interest rates to borrowers operating in the same sectors, based on the credit risk. Moreover, changes in interest rates could affect our fixed income portfolio and treasury income. As a result of these factors, fluctuations in interest rates could materially and adversely affect our net interest margin and our results of operations.

In addition, as a result of the RBI-mandated reserve requirements, the Bank is also more structurally exposed to interest rate risks. Under the RBI regulations, the Bank's liabilities are subject to the statutory liquidity ratio ("**SLR**") requirement such that a minimum specified percentage, currently 18.00%, of a bank's net demand and time liabilities must be invested in government securities and other approved securities. These securities generally carry fixed coupons and, in an environment of rising interest rates, the value of Government securities and other fixed income securities would decline. As at December 31, 2023, fixed rate bonds formed substantially all of the Bank's SLR portfolio. A decline in the valuation of the Bank's trading book as a result of rising interest rates may adversely impact the Bank's future financial performance and the trading price of the Equity Shares.

3. The value of collateral may decrease or we may experience delays in enforcing the sale of collateral when borrowers default on their obligations to us, which may result in failure to recover the expected value of collateral security, exposing us to a potential loss.

As of March 31, 2022, March 31, 2023 and December 31, 2023, 94.76%, 84.80% and 83.68% of our loans to corporate customers were secured by assets, including property, plant and equipment. Our loans to corporate customers also include working capital credit facilities that are typically secured by a first lien on inventory, receivables and other current assets. In some cases, we may have taken further security of a first or second lien on fixed assets or a pledge of financial assets like marketable securities. As of March 31, 2022, March 31, 2023 and December 31, 2023, 92.15%, 81.75% and 75.21%, respectively, of our loans to retail customers were secured by collateral, which consists of liens on inventory, receivables and other current assets, and charges on fixed assets, such as property, movable assets (such as vehicles) and financial assets (such as marketable securities). The recoverability and/or value of assets that have been pledged to us as collateral could decline as a result of a deterioration in global and regional economic conditions or of asset values, or as a result of adverse changes in the credit quality of our borrowers and counterparties. Among other factors, we consider a mix of cash flow and availability of collateral when making lending decisions. In the event of a decline in any of these sectors, some of our loans may exceed the value of their underlying collateral. Changes in asset prices may cause the value of our collateral to decline.

We use a technology-based risk management system and follow strict internal risk management guidelines on portfolio monitoring, which include periodic assessment of loan to security value for business loans, gold loans and loans against securities on the basis of conservative market price levels, limits on the amount of margin, ageing analysis and pre-determined margin call thresholds. However, we may not be able to realize the full value of our collateral as a result of, among other factors:

- delays in bankruptcy and foreclosure proceedings;
- defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from third parties);
- fraud by borrowers;
- decreases in value of the collateral, which may be particularly relevant in the case of gold and traded securities;
- an illiquid market for the sale of the collateral; and
- current legislative provisions or changes thereto and past or future judicial pronouncements.

The RBI assesses compliance by banks with extant prudential norms on income recognition, asset classification and provisioning as part of its supervisory processes. As a part of such review, the RBI may identify divergences in our Bank's asset classification and provisioning as reported in its financial statements. The RBI further requires such divergences to be reported in the financial statements if the divergences exceed a specified threshold as per the RBI norms. Accordingly, for the financial statements for the year ended March 31, 2023, the disclosure would have been required if either the additional provisioning requirement assessed by the RBI exceeds 10.00% of the reported profits before provisions and contingencies for the period, or the additional gross NPAs identified by the RBI exceed 10.00% of the reported incremental gross NPAs for the reference period, or both. However, neither of these thresholds were met and, as such, there is no such disclosure in our Bank's financial statements for the year ended March 31, 2023. Any such divergences identified by the RBI in its future review process may lead to an increase in the level of NPAs and an increase in provisions of our Bank in the subsequent financial year, which may adversely impact our Bank's financial performance.

4. *If we are not able to control the level of NPAs in our portfolio effectively or if we are unable to improve our provisioning coverage as a percentage of gross NPA, our business may be adversely affected.*

As of March 31, 2022, March 31, 2023 and December 31, 2023, gross NPAs were ₹ 3,648.09 crores, ₹ 3,708.26 crores, and ₹ 3,682.40 crores, respectively, representing 5.90 %, 5.14 %, and 4.74 %, respectively, of gross customer assets of our Bank as of such dates. Our NPAs may increase in the future due to several factors, including inconsistent industrial and business growth in recent years, high levels of debt involved in financing of projects, a large number of frauds, regulatory and legal changes affecting our Bank's loan portfolio, adverse effects on our borrowers' businesses or incomes resulting from epidemics or pandemics, such as the COVID-19 pandemic, a rise in unemployment, slow business growth, changes in customer behaviour, challenging economic conditions affecting our Bank's project finance loan portfolio or other key sectors and demographic patterns and changes in central and state government policies and regulations. Any of these factors could further increase our Bank's NPA levels and have a material, adverse impact on the quality of our Bank's loan portfolio and have a material, adverse effect on our business, financial condition, results of operations and cash flows. Additionally, if the systems and processes established by our Bank to identify NPAs fail or are not able to identify the NPAs correctly and in a timely manner, our Bank's financial position could be adversely affected.

As of March 31, 2022, March 31, 2023 and December 31, 2023, our provision coverage as a percentage of NPAs (including accounts technically written off) was 69.55%, 76.78% and 77.97, respectively. There can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of gross NPAs or otherwise or that the percentage of NPAs that we will be able to recover will be similar to our past NPA recovery experience.

5. *A portion of our advances are unsecured. If we are unable to recover such advances in a timely manner or at all, our financial condition and results of operations may be adversely affected.*

As of March 31, 2022, March 31, 2023 and December 31, 2023, 5.78% (i.e. ₹ 3,469.76 crore), 16.28% (i.e. ₹ 11,362.18 crore) and 16.33% (i.e. ₹12,301.40 crore), respectively, of our net advances were unsecured. While we have been selective in our lending policies and strive to satisfy ourselves with the credit worthiness and repayment capacities of our customers, there can be no assurance that we will be able to recover the interest and principal advanced by us in a timely manner. Any failure to recover the unsecured advances given to our customers would expose us to a potential loss, which could adversely affect our financial condition and results of operations.

6. *The level of restructured/stressed advances in our portfolio may increase and the failure of such advances to perform as expected could adversely affect our financial condition and results of operations.*

Our standard assets include restructured standard advances. As of March 31, 2022, March 31, 2023 and December 31, 2023, our total restructured standard advances for which higher provisions are required as per applicable RBI guidelines were ₹2,417.00 crore, ₹1,516.21 crore, and ₹893.85 crore, respectively. Further regulatory changes and economic challenges in India could result in additions to restructured/stressed advances and we may not be able to control or reduce the level of restructured/stressed advances in our project and corporate finance portfolio.

The combination of changes in regulations regarding advances, provisioning, and any substantial increase in the level of restructured/ stressed assets and the failure of these restructured/ stressed advances to perform as expected, due to any reason, could adversely affect our financial condition and results of operations.

7. ***We are required to lend a minimum percentage of our adjusted net bank credit ("ANBC") to certain "priority sectors" and if we fail to meet these requirements, we must place the amount as may be allocated by the RBI by way of deposit with Government-sponsored Indian development banks or with other financial institutions specified by the RBI. These deposits typically carry interest rates lower than market rates, which would result in reduced interest income on such advances. Any change in the RBI's regulations relating to priority sector lending could have a material adverse impact on our financial condition and results of operations.***

The Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2020 dated September 4, 2020 ("**PSL Regulations**") sets out the broad policy in relation to priority sector lending. The PSL Regulations apply to all commercial banks licensed to operate in India by the RBI. In terms of the PSL Regulations, the sectors categorized as priority sectors are agriculture, micro, small and medium enterprises ("**MSME**"), export credit, education, housing, social infrastructure, renewable energy and other sectors. Further, the PSL Regulations stipulate that domestic commercial banks will have to allocate 40.00% of ANBC to priority sector lending ("**PSL**") or credit equivalent of off-balance sheet exposures, whichever is higher. Further, for agriculture sector, micro-enterprises and advance to weaker sections, the targets are 18.00%, 7.50% and 12.00% of the ANBC or credit equivalent of off-balance sheet exposures, whichever is higher, respectively. It has also prescribed sub-targets for small and marginal farmers, micro-enterprises and weaker sections. Furthermore, the RBI can make changes to the types of loans that qualify under the PSL scheme or the RBI can change the sub-target requirements. Changes that reduce the types of loans that can qualify toward meeting our PSL targets could increase shortfalls under the overall target or under certain sub-targets.

As of March 31, 2022, March 31, 2023 and December 31, 2023, our lending to "priority sectors" constituted 42.45 % (i.e. ₹ 22,667.35 crores), 53.72% (i.e. ₹ 28,868.81 crores) and 44.77% (i.e. ₹30,792.63 crore), respectively, of our ANBC, including 20.26% (i.e. ₹ 10,820.66 crore), 21.16% (i.e. ₹ 11,370.03 crore) and 19.77% (i.e. ₹13,597.02 crore), respectively, to the agricultural sector. Our Bank may experience a higher level of NPAs in our directed lending portfolio, particularly in loans to the agricultural sector, small enterprises and weaker sections, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. Our Bank's gross NPAs in PSL sectors as a percentage to gross advances in PSL sectors were 7.99% as of March 31, 2022, 6.25% as of March 31, 2023, and 6.91% as of December 31, 2023. Further expansion of the PSL scheme could result in an increase of NPAs due to our limited ability to control the portfolio quality under the directed lending requirements.

In addition to the directed lending requirements, the RBI has encouraged banks in India to have a financial inclusion plan for expanding banking services to rural and unbanked centers and to customers who currently do not have access to banking services. The expansion into these markets involves significant investments and recurring costs. The profitability of these operations depends on our ability to generate business volumes in these centers and from these customers. Future changes by the RBI in the directed lending norms may result in our inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively more risky segments and may result in an increase in non-performing loans.

8. ***Banking is a heavily regulated industry and material changes in the regulations that govern us could cause our business to suffer.***

Banks in India are subject to detailed regulation and supervision by the RBI. The RBI sets guidelines on, matters related to our business including cash reserve ratios, statutory liquidity ratios, capital adequacy ratio, priority sector lending, recognition and provisioning for NPAs, export credit, market risk and branch licensing. In addition, banks are generally subject to changes in Indian laws, regulations, government policies and accounting principles. We operate in a highly regulated environment in which the RBI, SEBI, IRDAI and other domestic and international regulators regulate our operations. As we operate under licenses or registrations obtained from appropriate regulators, we are subject to actions that may be taken by such regulators in the event of any non-compliance with any applicable policies, guidelines, circular, notifications and regulations issued by the relevant regulators. Our business could be directly affected by any changes in policies for banks in respect of directed lending, reserve requirements and other areas. For example, the RBI could change its methods of enforcing directed lending standards so as to require more lending to certain sectors, which could require us to change certain aspects of our business. In addition, we may be subject to other changes in laws and regulations, such as those affecting the extent to which we can engage in specific businesses or those that reduce our profits through a limit on either fees or interest rates that we may charge our customers or those affecting foreign investment in the banking industry, as well as changes in other governmental policies and enforcement decisions, income tax laws and regulations including retrospective amendments, foreign investment laws and accounting principles.

The laws and regulations governing the banking sector, including those governing the products and services that we provide or propose to provide, could change in the future and any such changes may adversely affect our business, our future financial performance and the trading price of the Equity Shares. Any changes in regulations in India and international markets where our Bank operates may expose our Bank to increased compliance costs and to limitations on our Bank's ability to pursue certain business opportunities and provide certain products and services.

No assurance can be given generally that laws or regulations will be adopted, enforced or interpreted in a manner that will not have a material, adverse effect on our Bank's business and results of operations. Furthermore, regulatory authorities in India have substantial discretion in how to regulate banks, and this discretion, and the regulatory mechanisms available to the regulators, have been increasing in recent years. Regulation may be imposed on an *ad hoc* basis by governments and regulators in response to a crisis, and these may especially affect financial institutions such as our Bank that may be deemed to be systemically important. In addition, the volume, granularity, frequency and scale of regulatory and other reporting requirements require a clear data strategy to enable consistent data aggregation, reporting and management. Inadequate management information systems or processes, including those relating to risk data aggregation and risk reporting, could lead to a failure to meet regulatory reporting requirements or other internal or external information demands and our Bank may face supervisory measures as a result.

9. Our Bank has a regional concentration in Southern India and any adverse change in the economy of states in Southern India could impact our results of operations and cash flows. Additionally, we may not be successful in expanding our operations to other parts of India.

Out of our 953 branches (including five satellite and ultra small branches) as of December 31, 2023, 787, or 82.58%, are located in Southern India (comprising the states of Andhra Pradesh, Telangana Karnataka, Kerala, Tamil Nadu and the union territory of Pondicherry). As of March 31, 2022, March 31, 2023, and December 31, 2023, 76.56%, 74.59% and 83.21%, respectively, of our total advances and 83.69%, 83.70% and 70.44%, respectively, of our total deposits were from Southern India. Our concentration in Southern India exposes us to any adverse economic or political circumstances in that region as compared to other public and private sector banks that have a more diversified national presence. Due to this concentration in Southern India, the success and profitability of our operations may be disproportionately exposed to regional factors. These factors include, among others: (i) changes in population, income levels, and deposits in Southern India, (ii) the continued attraction of business ventures to Southern India, (iii) general economic conditions in Southern India, (iv) laws and regulations in Southern India, (v) increased competition in Southern India, and (vi) other developments including political unrest, floods and other natural calamities. Adverse developments in any of the above factors would affect us more than they might affect banks with greater geographic diversity. Any one of these events may require us to close branches, temporarily shut down operations, or lower lending levels, and may result in a material adverse change in our business, financial condition, results of operations and cash flows.

Additionally, while we continue to expand our operation outside of Southern India, we face risks with our operations in geographic areas in which we do not possess the same level of familiarity with the economy, consumer base and commercial operations. In addition, our competitors may already have established operations in such areas and we may find it difficult to attract customers in such new areas. We may not be able to successfully manage the risks of such an expansion, which could have an adverse effect on our business, financial conditions and results of operations.

10. We may not have or may be unable to maintain or renew our statutory and regulatory permits and approvals required to operate our business.

We require certain statutory and regulatory permits and approvals to operate our business. We have a license from the RBI, which requires us to comply with certain terms and conditions for us to continue our banking operations. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may revoke this license or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations.

We also require additional approvals under a number of other legislations, including laws relating to labour and taxation. Further, under certain of our contractual arrangements, we are required to hold all necessary and applicable approvals and licenses from authorities such as the RBI and the IRDA. We may not, at all points of time, have all approvals required for our business. If we fail to obtain any applicable approvals, licenses, registrations or consents in a timely manner, we may not be able to undertake certain operations of our business which may affect our business or results of operations. The RBI issues instructions and guidelines to banks on branch authorization from time to time. With the objective of liberalizing and rationalizing the branch licensing process, the RBI, effective May 18, 2017, granted general permission to domestic banks to open branches in Tier 1 to Tier 6 centers. If we are unable to perform in a manner satisfactory to the RBI in any of the above areas, it may have an impact on the number of branches we will be able to open and would in turn have an impact on our future growth and may also result in the imposition of penal measures by the RBI. Failure by us to obtain, renew or maintain the required permits or approvals could subject us to penalties, may result in the interruption of our operations or delay or prevent our expansion plans and may have a material adverse effect on our business, financial condition and results of operations.

11. If we are unable to comply with the capital adequacy requirements stipulated by the RBI, our business, financial condition and results of operations may be materially and adversely affected.

Basel III Capital Regulations have been fully implemented in India since October 1, 2021. As per the Basel III Capital Regulations of the RBI, we are required to maintain a minimum total capital to risk weighted assets ratio ("**CRAR**") of 9.00%, along with capital conservation buffer ("**CCB**") of 2.50%. Although we have been maintaining a CRAR under the Basel III framework, which was 15.86% as of March 31, 2022, 17.25% as of March 31, 2023 and 15.60% as of December 31, 2023, as compared to the regulatory minimum requirement of 11.50% (including capital conservation buffer of 2.50%), we cannot assure you that we will be able to maintain our CRAR within the regulatory requirements. Further, any adverse developments could affect our ability to continue to satisfy the capital adequacy requirements, including deterioration in our asset quality, decline in the values of our investments or increase in applicable risk weight for different asset classes.

The Basel Committee on Banking Supervision issued a comprehensive reform package entitled "*Basel III: A global regulatory framework for more resilient banks and banking systems*" in December 2010. In May 2012, the RBI released guidelines on implementation of Basel III capital regulations in India and in May 2023, the RBI issued a master circular consolidating all relevant guidelines on Basel III. The key items covered under these guidelines include: (i) improving the quality, consistency and transparency of the capital base; (ii) enhancing risk coverage; (iii) graded enhancement of the total capital requirement; (iv) introduction of capital conservation buffer and countercyclical buffer; and (v) supplementing the risk-based capital requirement with a leverage ratio. One of the major changes in the Basel III capital regulations is that the Tier 1 capital will predominantly consist of common equity ("**Common Equity Tier 1**") of the banks which includes common shares, reserves and stock surplus. Innovative perpetual debt instruments and perpetual non-cumulative preference shares will not be considered a part of Common Equity Tier 1 capital. Basel III also defines criteria for Additional Tier 1 and Tier 2 instruments to improve their loss absorbency. The guidelines also set-out criteria for loss absorption through conversion/write-down/write-off of all non-common equity regulatory capital instruments at the point of non-viability. The point of non-viability is defined as a trigger event upon the occurrence of which non-common equity Tier 1 and Tier 2 instruments issued by banks in India under the Basel III rules may be required to be written off or converted into common equity. The capital requirement, including the capital conservation buffer, is 11.5%. Domestically, systemically important banks would be required to maintain additional Common Equity Tier 1 capital requirement, ranging from 0.2% to 0.8% of risk weighted assets. Banks will also be required to have an additional capital requirement increasing linearly up to 2.5% of the risk weighted assets, if the RBI announces the implementation of countercyclical capital buffer requirements. Additionally, the Basel III Liquidity Coverage Ratio ("**LCR**") requirements, which have been fully implemented as of January 1, 2019, require a minimum 100% ratio of the Bank's high quality liquid assets to its anticipated cash outflows measured over a 30-day stressed period. Besides the LCR, the Basel III rules also envisage the Net Stable Funding Ratio ("**NSFR**"), which aims to direct banks to fund their activities with more stable sources of funding on an ongoing structural basis. The RBI has implemented the guidelines on Basel III Framework on Liquidity Standards – Net Stable Funding Ratio ("**NSFR Guidelines**") with effect from October 1, 2021. Under the NSFR Guidelines, the minimum NSFR is 100%, which limits the reliance on short-term wholesale funding and may potentially increase the cost of funding and impact profits. The NSFR of the Bank, as at March 31, 2022, March 31, 2023 and December 31, 2023 was 153.92%, 158.92% and 154.53%, respectively, as compared to the regulatory minimum of 100%.

If we fail to meet capital adequacy requirements, the RBI may take certain actions, including restricting our lending and investment activities and the payment of dividends by us. These actions could materially and adversely affect our business, financial condition and results of operations.

12. We are required to maintain cash reserve and statutory liquidity ratios and any increase in these requirements could materially and adversely affect our business, financial condition and results of operations.

As a result of the statutory reserve requirements stipulated by the RBI, we may be more exposed structurally to interest rate risk than banks in other countries. Under the Reserve Bank of India (Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve Ratio (SLR)) Directions, 2021 dated July 20, 2021 and the notifications issued by the RBI, we are subject to a CRR requirement under which we are currently required to keep 4.50% of our net demand and time liabilities in current account with the RBI. We do not earn interest on cash reserves maintained with the RBI. The RBI may further increase the CRR requirement as a monetary policy measure and has done so on numerous occasions in the past. Increases in the CRR requirement could materially and adversely affect our business, financial condition and results of operations.

Further, the RBI requires banks to maintain a SLR of 18.00%, effective from April 11, 2020. In addition, under the Banking Regulation Act and the RBI regulations, our liabilities are subject to an SLR requirement, according to which 18.00% of our net demand and time liabilities need to be invested in Government securities, state government securities and other securities approved by the RBI from time to time. In our experience, these securities generally carry fixed coupons. When interest rates rise, the value of these fixed coupon securities depreciates. We cannot assure you that investments in such securities will provide returns better than other market instruments. Further, the RBI may increase the CRR and SLR requirements to higher proportions as a monetary policy measure. Any increases in the CRR from the current levels could affect our ability to deploy our funds or make investments, which could in turn have a negative impact on our results of operations. If we are unable to meet the reserve requirements of the RBI, the RBI may impose penal interest or prohibit us from receiving any further fresh deposits, which may have a material adverse effect on our business, financial condition and results of operations.

Our bond portfolio is principally held for fulfilling regulatory investment purposes. Investment holdings are classified as "held to maturity" ("**HTM**"), "available for sale" ("**AFS**") and "held for trading" ("**HFT**") investment in accordance with regulatory stipulations. As of March 31, 2022, 85.94% of our investment was classified as HTM, 13.47% was classified as AFS, and the balance 0.59% as HFT. As of March 31, 2023, 75.68% of our investment was classified as HTM, 23.34% was classified as AFS, and the balance 0.98% as HFT. As of December 31, 2023, 83.94% of our investment was classified as HTM, 15.47% was classified as AFS, and the balance 0.59% as HFT. While we cannot hold securities classified as HFT for more than 90 days, there are no such restrictions on the holding period or monetary limits for AFS. In respect of HTM securities, we cannot hold SLR securities classified as HTM in excess of 23% of our net demand and time liabilities. Regulatory investment requirements, high and increasing interest rates or greater interest rate volatility would adversely affect our ability to grow, our net interest margins, our net interest income, our income from treasury operations and the value of our fixed income securities portfolio. Pursuant to the coming into effect of RBI's Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 with effect from April 01, 2024, there is no ceiling on classification of investments under HTM category.

13. We face maturity mismatches between our assets and liabilities. Our funding is primarily through short-term and medium-term deposits, and if depositors do not roll over deposited funds on maturity or if we are unable to continue to increase our deposits, our business could be adversely affected.

Most of our funding requirements are met through short-term and medium-term funding sources, primarily in the form of customer deposits. A portion of our assets have long-term maturities, creating a possibility for funding mismatches. The following table sets forth our Bank's maturity profile of term deposits and non-revolving loans as of March 31, 2023 and December 31, 2023:

Particulars	Maturity of up to 12 months	Maturity of over 12 and up to 36 months	Residual maturity of more than 36 months
As on March 31, 2023			
% of Term Deposits (%)	19.57%	6.93%	73.50%
% of Non-Revolving Loans (%)	67.83%	18.55%	13.62%
As on December 31, 2023			
% of Term Deposits (%)	17.84%	10.64%	71.51%
% of Non-Revolving Loans (%)	75.29%	17.63%	7.08%

The proportions given above are bucketed, after considering the historical roll-over or premature withdrawal pattern of deposits, pre-closure of loans and advances and delay in repayment of loans. In the past, a substantial portion of our customer term deposits has been rolled over upon maturity and has been a stable source of funding. If a substantial number of our depositors do not roll over term deposits upon maturity, or if there are any sudden or large withdrawal of such deposits, including due to any geography specific issues, our liquidity position may be impacted. There can be no assurance that we will be able to obtain alternative funding in a timely manner, on terms acceptable to us, or at all, which may adversely affect our ability to replace maturing borrowing and fund new assets, thereby causing a funding mismatch. Any such mismatch may lead to a liquidity risk and have an adverse effect on our business and results of operations.

As a result, we may be required to seek more expensive sources of funding to finance our operations, which would result in a decline in our net profits and have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

In addition to short and medium-term customer deposits, our other sources of funding are primarily market borrowings such as certificate of deposits, interbank term deposits, repos, collateralized borrowing and lending obligation borrowings and refinances. Failure to obtain these sources of funding or replace them with other deposits or borrowings at competitive rates may materially and adversely affect our business, financial condition and results of operations.

14. *We have concentrations of loans to and deposits from certain customers, which exposes us to risk of defaults by these borrowers and premature withdrawal of deposits by these depositors that could materially and adversely affect our business, financial condition and results of operations.*

As of March 31, 2022, March 31, 2023 and December 31, 2023, our advances to the 20 largest borrowers accounted for approximately 7.50% (i.e. ₹ 6,261.62 crore), 9.45% (i.e. ₹ 9,109.98 crore) and 12.17% (i.e. ₹9,461.05 crore)of our total advances, respectively. We cannot assure you that there will not be any default or delay in payments of interest or principal from these borrowers.

As of March 31, 2022, March 31, 2023 and December 31, 2023, our deposits from the 20 largest depositors accounted for approximately 4.87 % (i.e. ₹ 4,343.56 crore), 2.81 % (i.e. ₹ 2,572.31 crore) and 3.88% (i.e. ₹3,850.87 crore)of our total deposits, respectively. We cannot assure you that there will not be any premature withdrawals or non-renewal of deposits from these depositors.

If any of the borrowers were to become non-performing, our net profits would decline and, due to the magnitude of the exposures, our ability to meet capital requirements could be jeopardized. In the event that any of the above risks materialise, our financial condition and results of operations may be adversely affected.

15. We are involved in various legal proceedings, which if determined against us, could have an adverse impact on our financial condition, cash flows and results of operations.

Our Bank is involved in various civil, criminal, taxation and regulatory proceedings. Most of these proceedings are incidental to our business and banking operations and have generally arisen in relation to recovery of dues from our borrowers, claims and consumer complaints from our customers and in relation to certain claims from dismissed employees.

In addition, the Enforcement Directorate has initiated proceedings under the FERA and has filed a criminal case against our Bank and certain officers, for alleged violations of various provisions of FERA and procedures laid down by RBI. There are also certain tax proceedings pending before various forums relating to disallowance of deduction from our income in relation to our previous assessments years. Moreover, our Bank has filed 820 criminal cases against certain customers for submission of counterfeit documents. We have also filed a case against an employee for undertaking unauthorized transactions amounting to ₹ 28.07 crores. A first information report ("**FIR**") dated December 18, 2023 has been filed by the Police Station in Noida, Sector-24 in this matter under Section 18A of the Prevention of Corruption Act, 1988. Our Bank also filed an FIR against certain employees of our Dehradun branch and a chargesheet dated August 27, 2014 was filed in the Court of Chief Judicial Magistrate, Dehradun for siphoning of funds amounting to Rs. 34 crores. Furthermore, we are also a party to certain consumer and labour matters currently pending before various fora. See the section entitled "*Outstanding Litigation and Defaults*" on page 254 of this Letter of Offer for details of material civil criminal, regulatory and tax proceedings against our Bank. If any new developments arise, such as a change in the applicable laws or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities.

We cannot assure you that these legal proceedings will be decided in our favour. Such legal proceedings could divert management time and attention, and consume financial resources in their defence or prosecution. In addition, should any developments arise, such as changes in Indian law or rulings against us by the regulators, courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our financial condition and results of operations could be adversely affected.

16. Deterioration in the performance of any industry sector in which we have significant exposure may materially and adversely affect our financial condition and results of operations.

Our total exposure to borrowers is dispersed across various sectors, the most significant of which are agriculture and allied activities, manufacturing industry, trade, infrastructure, NBFCs and professional services, which represented 18.01 % (i.e. ₹ 18,282.89 crore), 26.97% (i.e. ₹ 27,375.60 crore), 10.42% (i.e. ₹ 10,582.90 crore), 4.82% (i.e. ₹ 4,894.47 crore), 8.81% (i.e. ₹ 8,944.13 crore) and 5.61% (i.e. ₹ 5,691.82 crore) respectively, of our total exposures as of December 31, 2023.

Despite monitoring our level of exposure to sectors and borrowers, any significant deterioration in the performance of a particular sector driven by events not within our control, such as natural calamities, regulatory action or policy announcements by central or state government authorities, would adversely impact the ability of borrowers within that industry to service their debt obligations to us. If we experience a downturn in an industry in which we have concentrated exposure, our net profits will likely decline significantly, and our financial condition may be materially adversely affected.

We cannot assure you that we will be able to diversify our exposure over different industry sectors in the future. Failure to maintain diverse exposure resulting in industry sector concentration may adversely impact our business, financial condition and results of operations, in case of any significant deterioration in performance of such industry sector.

17. Materialization of contingent liabilities could adversely affect our financial condition.

As of December 31, 2023, we had contingent liabilities not provided for amounting to ₹ 37,523.96 crores, details of which are set forth in the table below:

Contingent Liabilities	**(₹ in crore)**
	As of December 31, 2023
I. Claims against the Bank not acknowledged as debts:	
(i) Direct tax disputes	20.50
(ii) Indirect tax disputes	19.05
(ii) Others	25.54
II. Liability on account of outstanding forward exchange contracts	34,116.37
III. Guarantees given on behalf of constituents in India	
(i) in India	2,139.67
(ii) outside India	-
IV. Acceptances, endorsements and other obligations	891.95
V. Other items for which the bank is contingently liable:	
(i) Capital commitments	75.07
(ii)Transfers to depositor education and awareness Fund	235.81
Total	**37,523.96**

The contingent liabilities have arisen in the normal course of our business and are subject to the prudential norms as prescribed by the RBI. If any of these contingent liabilities materialize, our business, financial condition and results of operations could be materially and adversely affected.

18. We could be subject to volatility in income from our treasury operations, which could have a material adverse effect on our results of operations, cash flows and our business.

Our treasury operations contributed 19.68 % and 13.52% of our total income during Fiscals 2022 and 2023, respectively, and 19.86 % of our total income for the nine months ended December 31, 2023. Our income from treasury operations comprises interest and dividend income from investments, profit from sale of investments and income from our foreign exchange operations. Our income from our treasury operations is subject to volatility due to, among other things, changes in interest rates and foreign currency exchange rates as well as other market fluctuations. For example, an increase in interest rates may have a negative impact on the value of certain investments such as Government securities and corporate bonds and may require us to mark down the value of these investments on our balance sheet and recognize a loss on our income statement. Although we have operational controls and procedures in place for our treasury operations, such as counterparty limits, position limits, stop loss limits and exposure limits, that are designed to mitigate the extent of such losses, there can be no assurance that we will not incur losses in the course of our proprietary trading on our fixed income book held in the HFT and AFS portfolios. Any such losses could adversely affect our business, financial condition and results of operations.

19. External or internal fraud and misconduct by our employees, such as hacking, phishing and trojans, disruption or failures in IT systems and/or theft of sensitive internal Bank data or customer information, could adversely affect our reputation, business, results of operations and financial condition.

Our systemic and operational controls may not be adequate to prevent adverse impact from frauds, errors, hacking and system failures. Further, our mobile and internet-based customer applications and interfaces, as well as the third-party software, platforms and services that we use, are exposed to being hacked or compromised by third parties, resulting in thefts and losses to our customers and us. Some of these cyber threats from third parties include: (a) phishing and trojans – targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt ex-filtration of account sensitive information; (b) hacking – wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (c) data theft – wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; and (d) advanced persistent threat – a network attack in which an unauthorized person gains access to our network and remains undetected for a long period of time with an intention to steal our data or information rather than to cause damage to our network or organization. For instance, in Fiscal 2023, a total of three cyber security incidents occurred against the Bank, which were reported to RBI. These were a combination of operational incidents and fraudulent attempts by external agencies on various systems of the Bank. In all the mentioned cases, the Bank was not affected and there was no monetary loss to the Bank. The frequency of such cyber threats may increase in future with the increased digitization of our services. If we become the target of any of such cyber attacks, it could materially and adversely affect our business, financial condition and results of operations.

In addition, our systems are potentially vulnerable to data security breaches, whether by employees, who may have a lack of experience with our newer information technology systems, or others, that may expose sensitive or confidential data to unauthorized persons. Data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive financial and personal information) of our customers and employees, which could result in breaches of applicable data security laws and resultant imposition of monetary penalties. Security measures could be breached by third-party actions, intrusion into our software by hackers due to software flaws or due to employee error and malfeasance. In addition, we may be required under applicable regulations to notify individuals of data security breaches involving their personal data. Any such security breaches or compromises of technology systems in the future could result in institution of legal proceedings against us and potential imposition of penalties, which may have an adverse effect on our business, results of operations and reputation. A significant system breakdown or system failure caused by intentional or unintentional acts would have an adverse impact on our revenue-generating activities and lead to financial loss.

We are heavily reliant on IT systems in connection with financial controls, risk management and transaction processing. The increasing size of our operations, which use automated control and recording systems for record keeping, exposes us to the risk of errors in control and record keeping. Given our high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. Our dependence upon automated IT systems to record and process transactions may further increase the risk that technical system flaws will result in losses that are difficult to detect. As a result, we face the risk that the design of our controls and procedures may prove inadequate, thereby causing delays in detection or errors in information.

In the past, we have experienced acts of fraud and misconduct (as defined under the applicable RBI guidelines) committed by or involving our customers, as well as by our employees. For instance, in Fiscal 2023, we reported 417 incidents of fraud to the RBI, involving an aggregate amount of ₹77.74 crores, and made a provision of ₹ 44.79 crores for such frauds. Further, during the quarter ended December 31, 2023, the Bank had identified certain irregularities in the nature of fraud at one of its branches, and the loss is determined at ₹28.63 crores. The Bank has provided for the entire amount of ₹28.63 crores during the quarter and nine month ended December 31, 2023.

There is also the risk of our customers blaming us and terminating their accounts with us for a cyber-incident that might have occurred on their own system or with that of an unrelated third party. The RBI on June 2, 2016 issued a framework for cyber-security for banks, prescribing measures to be adopted by banks to address security risks including putting in place a cyber-security policy and requiring banks to report all unusual cyber-security incidents (whether successful or attempts) to the RBI. Any cyber-security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

While we have deployed customized payments risk management solutions for real-time monitoring of fraudulent card transactions, our reputation could nevertheless be adversely affected by fraud committed by employees, customers or outsiders, or by our perceived inability to properly manage fraud-related risks.

We have established and maintain a comprehensive disaster recovery centre in Bengaluru as part of our risk management measures. However, if for any reason the switch over to the back-up system does not take place or if a calamity occurs in both Kochi and Bengaluru such that our business is compromised at both centres, our operations would be materially and adversely affected.

Further, we are dependent on various external vendors for certain non-core elements of our operations, including implementing IT infrastructure and hardware, branch roll-outs, networking, managing our data centre and back-up support for disaster recovery and are exposed to the risk that external vendors or service providers may be unable to fulfill their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees) and the risk that their (or their vendors') business continuity and data security systems prove to be inadequate. Failure to perform any of these functions by our external vendors or service providers could materially and adversely affect our business, financial condition and results of operations.

20. Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

We have implemented robust risk management policies and procedures and aim to continue do so in future. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to- market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. See also "-If we are not able to control the level of NPAs in our portfolio effectively or if we are unable to improve our provisioning coverage as a percentage of gross NPA, our business may be adversely affected" above.

Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. As we seek to expand the scope of our operations in newer geographies or new product areas, we also face the risk that we will be unable to develop risk management policies and procedures that are properly designed for those new geographies or areas or products or to manage the risks associated with the growth of our existing businesses. Implementation and monitoring may prove particularly challenging with respect to our expansion and the products that we plan on developing. Any misspecification, deficiencies or inaccuracies in the models or the data, or inability to develop risk management policies and procedures, might have a material adverse effect on our business, financial condition or results of operation.

21. Any non-compliance with mandatory AML and KYC policies could expose us to additional liability and harm our business and reputation.

In accordance with the requirements applicable to banks, we are mandated to comply with applicable anti money laundering ("**AML**") and know your client ("**KYC**") regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers in order to detect and prevent the use of our banking networks for illegal money-laundering activities, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities.

Although, we believe that we have adequate internal policies, processes and controls in place to prevent and detect AML activity and ensure KYC compliance, and have taken necessary corrective measures, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to whom we report, including the Ministry of Finance, Department of Revenue, Financial Intelligence Unit – India. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements. Further, the RBI made observations in certain of its past inspection reports that there were deficiencies in capturing key customer information in our KYC database.

22. *If we fail to effectively manage our growth, it may adversely impact our business.*

In the past, we have witnessed growth in both our business and our branch network. The number of branches has grown from 928 as of March 31, 2022 to 940 as of March 31, 2023, and subsequently to 948 as of December 31, 2023. Our total income has grown from ₹ 7,620.64 crore for Fiscal 2022 to ₹ 8,045.81 crore for Fiscal 2023, whereas our net profit has grown from ₹ 44.98 crores for Fiscal 2022 to ₹ 775.09 crores for Fiscal 2023. Out total income and net profit for nine month ended December 31, 2023 amounted to ₹7,507.62 crore and ₹ 782.52 crore, respectively. Our gross advances have grown from ₹ 61,815.76 crore as of March 31, 2022 to ₹ 72,092.06 crore as of March 31, 2023, whereas our total deposits have grown from ₹ 89,142.11 crores as of March 31, 2022 to ₹ 91,651.35 crores as of March 31, 2023. Our gross advances and total deposits as on December 31, 2023 amounted to ₹ 77,685.92 crores and ₹ 99,154.66 crores, respectively.

Our ability to effectively manage our growth depends primarily upon our ability to manage key issues, such as selecting and retaining skilled manpower, establishing additional branches, identifying and implementing fintech partnerships and co-lending arrangements based on our requirements and in compliance with applicable law, further developing our non-branch distribution network, achieving cost efficiencies, maintaining an effective technology platform that can be continually upgraded, developing profitable products and services to cater to the needs of our existing and potential customers, improving our risk management systems, developing a knowledge base to face emerging challenges and ensuring a high standard of customer service. The business and future prospects of our Bank should be considered in light of the risks, uncertainties and challenges that we may face in managing these issues in a fast growing and competitive financial services industry in India.

23. *A significant reduction in our credit rating could adversely affect our business, financial condition, cashflows and results of operations.*

Some of our debt is rated by various agencies, as follows:

Instrument type	Amount rated (in ₹ crore)	Ratings	Rating Agency
Tier-II Bonds (Basel III)-I#	300.00	CARE A+; Stable	CARE
Tier-II Bonds (Basel III)-II#	490.00	CARE A+; Stable	CARE
Tier-II Bonds (Basel III)-III#	250.00	CARE A+; Stable	CARE
Certificate of deposit	7,500.00	CARE A1+	CARE
Short Term Fixed Deposits	-	CRISIL A1+ (Reaffirmed)	CRISIL
Basel III Tier 2 Debt	1040	IND A+/Stable	India Ratings
Basel III Additional Tier 1 (AT1) perpetual bonds	500	IND A/Stable	India Ratings

The pricing on our issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings. This would limit our access to capital markets, increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis. Similarly, any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may have a similar effect on our ability to raise additional financing and the terms at which such financing is available. This could have an adverse effect on our business, profitability and the ability to fund our growth. If we fail to sustain or achieve the growth rate of our deposit base, our business may be adversely affected. The rates that we must pay to attract deposits are determined by numerous factors, such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation.

24. *The Indian banking industry is intensely competitive and our inability to compete effectively may adversely affect our business.*

The Indian banking industry is highly competitive. We face strong competition in our business from much larger government-controlled public sector banks, Indian and foreign commercial banks, NBFCs, payment banks, small finance banks and other financial services companies as well. Public sector banks, which generally have a much larger customer and deposit base, larger branch networks and Government support for capital augmentation, pose strong competition to us. Mergers among public sector banks, including because of Government efforts to encourage and facilitate such mergers, may result in enhanced competitive strengths in pricing and delivery channels for the merged entities. For example, ten public sector banks were merged to form four banks, effective from April 1, 2020. In addition, a number of private sector banks in India have a larger customer base and greater financial resources than us, giving them a substantial advantage by enabling economies of scale and improving organizational efficiencies. If we fail to sustain or achieve the growth rate of our deposit base as a result of such competition, our business, financial condition and results of operations may be adversely affected.

The RBI has liberalized the licensing regime for banks in India and intends to issue licenses on an ongoing basis, subject to meeting the RBI's qualification criteria. The RBI is supportive of creating more specialized banks and granting differentiated banking licenses such as for payment banks and small finance banks. The RBI also has plans to create wholesale and long-term finance banks in the near future. If the number of scheduled commercial banks, public sector banks, private sector banks, payment banks, small finance banks, and foreign banks with branches in the country increases, we will face increased competition in the businesses, which could have a material adverse effect on our financial condition and results of operations.

We also compete with foreign banks with operations in India. These competitors include a number of large multinational banks and financial institutions. In November 2013, the RBI released a framework for the setting up of wholly owned subsidiaries in India by foreign banks. The framework encourages foreign banks to establish a presence in India by granting rights similar to those received by Indian banks, subject to certain restrictions and safeguards. Under the current framework, wholly-owned subsidiaries of foreign banks are allowed to raise Rupee resources through issue of non-equity capital instruments. Further, wholly-owned subsidiaries of foreign banks may be allowed to open branches in Tier 1 to Tier 6 centres (except at a few locations considered sensitive on security considerations) without having the need for prior permission from RBI in each case, subject to certain reporting requirements. The guidelines may result in increased competition from foreign banks. Any growth in the presence of foreign banks or in foreign investments in Indian banks may increase the competition that we face and as a result may have a material adverse effect on our business.

In addition, the moderation of growth in the Indian banking sector is leading to greater competition for business opportunities. We may face attrition and difficulties in hiring at senior management and other levels due to competition from existing Indian and foreign banks, as well as new banks entering the market. Due to such intense competition, we may be unable to execute our growth strategy successfully and offer competitive products and services, which may materially and adversely affect our busine ss, financial condition and results of operations.

25. We are exposed to fluctuations in foreign exchange rates.

As a financial intermediary, our Bank is exposed to foreign exchange rate risk. Moreover, several of our borrowers enter into derivative contracts to manage their foreign exchange risk exposures. Volatility in exchange rates may result in increased mark-to market losses in derivative transactions for our clients. Upon the maturity or premature termination of the derivative contracts, these mark-to-market losses become receivables owed to us. Consequently, we become exposed to various kinds of risks, including but not limited to, credit risk, market risk and exchange risk.

Some of our borrowers with foreign exchange and derivative exposures may be adversely affected by the depreciation of the rupee. These include borrowers: (i) who are adversely affected by higher rupee denominated interest or principal repayment on unhedged foreign currency borrowings; (ii) who are adversely affected by increases in the cost of raw material imports where there is limited ability to pass through such escalations to customers; (iii) who face the escalation of project costs due to higher imported equipment costs; and (iv) who may have taken adverse positions in the foreign exchange markets. Some of our borrowers with foreign exchange and derivative exposures may be adversely affected by the appreciation of the rupee. These includes borrowers: (i) who are exporters and whose goods or services will be more expensive in foreign currency terms and where there is limited ability to pass through such increases in prices to foreign customers and (ii) who may have taken adverse positions in the foreign exchange markets. The failure of our borrowers to manage their exposures to foreign exchange and derivative risk, particularly adverse movements and volatility in foreign exchange rates, may adversely affect our borrowers, and consequently, the quality of our exposure to our borrowers and our business volumes and profitability.

In January 2014, the RBI, based on an assessment of likely loss on such exposures compared to the earnings of the corporate, issued guidelines requiring higher capital and provisioning requirements for banks on their exposures to companies having unhedged foreign currency exposure. An increase in non-performing or restructured assets on account of our borrowers' inability to manage exchange rate risk and any increased capital or provisioning requirement against such exposures may have an adverse impact on our business, financial condition and results of operations.

We undertake various foreign exchange transactions to hedge our customers' business and for proprietary trading, which exposes us to various kinds of risks, including credit risk, market risk and exchange risk. We have adopted a market risk management policy and forex policy to mitigate risks through various risk limits such as counterparty limits, country wide exposure limits, daylight limits, overnight open position limits, aggregate gap limits and value at risk limits. Adverse movements in foreign exchange rates may also impact our borrowers negatively, which may in turn impact the quality of our exposure to these borrowers. Volatility in foreign exchange rates could materially and adversely affect our financial condition and results of operations.

26. We are exposed to possible losses arising out of derivative transactions, which could have a material adverse

effect on our financial condition and results of operations.

We undertake foreign exchange forward contracts for our customers and hedge them with other banks. Our outstanding open position foreign exchange forward contracts as of December 31, 2023 are set out below:

Particulars	**(₹ in crore)*#**
	As of December 31, 2023
On behalf of clients	2,008.71
Proprietary capacity	2,6032.07
Total	2,8040.78

[*]Represents notional amount

** Currency future contra position already included under Arbitrage Swap. Currency future outstanding position is ₹ 1,316.76 Crores and OIS is ₹ 75.00 Crores.*

Our proprietary derivative transactions are subject to regular monitoring by our risk assessment committee to ensure compliance with limits prescribed by the RBI. However, we cannot assure you that we will be able to anticipate the movement in foreign exchange or at all. Failure to anticipate the foreign exchange movement could cause us to incur losses in such derivatives or forward contracts, thereby adversely affecting our financial condition and results of operations.

27. We lease most of our business premises and any failure to renew such leases or their renewal on terms unfavourable to us may affect our business, financial condition and results of operations.

Our disaster recovery centre in Bengaluru, Karnataka is leased. As of December 31, 2023, we had 18 regional offices, 948 branches (including five satellite and ultra small branches) and 1,315 ATMs, a vast majority of which were on leased premises. A failure to renew these lease agreements or a failure to renew these lease agreements on terms favourable to us may require us to relocate operations. If we are required to relocate operations, this may cause a disruption in our operations or result in increased costs, or both, which may adversely affect our business, financial condition and results of operations.

We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease agreements. This may cause a disruption in our operations or result in increased costs, or both, which may adversely affect our business, financial condition and results of operations.

28. If we fail to successfully enforce our intellectual property rights, our competitive position and operating results could be adversely affected.

Any unauthorized or inappropriate use of our brand, trademarks and other related intellectual property rights by others, including third party distributors of our products, in their corporate names or product brands or otherwise could harm our brand image, competitive advantages and business and dilute or harm our reputation and brand recognition. Further, if a dispute arises with respect to any of our intellectual property rights or proprietary information, we will be required to produce evidence to defend or enforce our claims, and we may become party to litigation, which may strain our resources and divert the attention of our management. We cannot assure you that any infringement claims that are material will not arise in the future or that we will be successful in defending any such claims when they arise. If we fail to successfully enforce our intellectual property rights, our competitive position and operating results could be adversely affected.

We have registered our logo and the tagline "Experience Next Generation Banking" under the Trade Marks Act, 1999. The registrations provided to our trademarks are for a limited duration and are required to be renewed from time to time. For instance, the registration for our logo is stated to expire on January 18, 2027, and the registration for the abovementioned tagline is stated to expire on March 22, 2027. While we apply for renewal of these registrations from time to time, we cannot assure you that we will be able to obtain them in a timely manner or at all.

29. We may face labour disruptions that would interfere with our operations and have an adverse impact on our business, financial condition, cash flows and results of operations.

We are exposed to the risk of strikes and other industrial actions. Most of our employees up to Scale IV are unionised and are members of South Indian Bank Officer's Association and South Indian Bank Employees Association. While our relations have been good with our employees, we cannot guarantee that our employees will not undertake or participate in strikes, work stoppage or other industrial action in the future. The Bank also believes it has a high cost to income ratio, which was 61.89%, 60.59%, 63.93% and 60.46%, for Fiscal 2022, Fiscal 2023, and the nine-month period ended December 31, 2022, and December 31, 2023, respectively. In light of a rigid structure imposed by our unionized workforce, we may face challenges in implementing cost-cutting measures in a demanding market environment. In the event of a labor dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, possibly for a significant period of time, result in increased wages and other benefits or otherwise have an adverse effect on our business, financial condition, cash flows and results of operations.

30. We depend on the accuracy and completeness of information about customers and counterparties and any misrepresentation, errors or incompleteness of such information could cause our business to suffer.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, when deciding whether or not to extend credit to a customer, we may rely on reports of independent auditors with respect to the financial statements of the customer and other field verification reports from various agents. We also rely on credit ratings and bureau scores assigned to our customers. Our financial condition and results of operations could be negatively impacted by such reliance on information that is inaccurate or materially misleading. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a consequence, our ability to effectively manage our credit risk may be adversely affected.

The difficulties associated with the inability to accurately assess the value of collateral and to enforce rights in respect of collateral, along with the absence of such accurate statistical, corporate and financial information, may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of borrower default on our loan and decreasing the likelihood that we would be able to enforce any security in respect of such a loan or that the relevant collateral will have a value commensurate to such a loan. Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured/stressed assets, which could materially and adversely affect our business, financial condition and results of operations.

31. Our success depends, in large part, upon our management team and skilled personnel and our ability to attract and retain such persons. Further, we do not have a "key man" insurance policy.

Our performance and success depends largely on our ability to nurture and retain the continued service of our management team and skilled personnel. We comply with the RBI guidelines on Fit & Proper Criteria for Directors, relevant provisions of the Banking Regulation Act, 1949 (the "**Banking Regulation Act**") regarding Board composition, and other applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations.

There is significant competition for management and other skilled personnel in the banking industry. If one or more of our Key Managerial Personnel or Senior Management Personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skills and expertise. Further, we do not have a "key man" insurance policy to cover for loss of our senior management.

The attrition rate for our employees for Fiscal 2022, Fiscal 2023 and nine-month period ended December 31, 2023 was 4.11%, 4.88% and 3.65%, respectively. Although we have been recruiting on a large scale, we face a continuing challenge to recruit a sufficient number of suitably skilled personnel, particularly as we continue to grow. There is no assurance that we will be able to continue our successful hiring of talented and key personnel in the future. The loss of key personnel or our inability to replace such personnel effectively may materially and adversely affect our ability to grow and operate our business in an efficient manner.

32. Our introduction of new products and services may not be successful and, as a result our reputation could be harmed.

We may incur substantial costs to expand our range of products and services and cannot guarantee that such new products will be successful once they are offered as a result of circumstances beyond our control, such as general economic conditions, or due to inherent shortcomings of such products and services. In addition, we may not correctly anticipate our customers' needs or desires, which may change over time. In the event that we fail to develop and launch new products or services successfully, we may lose any or all of the investments that we have made in promoting them, and our reputation with our customers would be harmed. For instance, we launched SIB – Green in 2019, as a loan product allowing credit facility of up to ₹ 10 lakhs for the purpose of installing roof top solar systems, and/ or to purchase solar panel, battery, inverter, electrical peripherals. In light of lack of interest from our customers, this product was scrapped with effect from February 17, 2022. In addition, if our competitors are better able to anticipate the needs of those individuals in our target market, our market share could decrease and our business could be adversely affected.

33. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, capital requirements, capital expenditures and restrictive covenants in our financing arrangements.

In its circulars dated April 17, 2020 and December 4, 2020, the RBI notified banks that they should continue to conserve capital to support the economy and absorb any potential losses and, accordingly, directed banks to not make any further dividend payouts from the profits pertaining to fiscal year ended March 31, 2020. On April 22, 2021, the RBI permitted commercial banks to again pay dividends relating to the profits for fiscal year 2021, subject to the quantum of the dividend not exceeding fifty percent of the amount determined in accordance with the dividend payout ratio prescribed by the RBI. The RBI has also directed all banks to ensure they continue to meet the applicable minimum regulatory capital requirements following any dividend payments. When declaring the dividend, the board of directors of the bank is required to consider the current and projected capital position of the bank compared to the applicable capital requirements and the adequacy of provisions, taking into account the economic environment and the outlook for profitability. Further, the amount of our future dividend payments, if any, will depend on our future earnings, capital requirements, cash flows, financial condition, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that we will pay dividends. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. Additionally, in the future, we may be restricted by the terms of our financing agreements in making dividend payments unless otherwise agreed with our lenders. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time and may be subject to other requirements prescribed by the RBI. We cannot assure you that we will generate sufficient income to cover our operating expenses and pay dividends to our shareholders. Our ability to pay dividends could also be restricted under certain financing arrangements that we may enter into.

34. Our insurance coverage could prove inadequate to satisfy potential claims. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition and results of operations.

Our operations are subject to various risks inherent in the banking industry, as well as fire, theft, robbery, earthquake, flood, acts of terrorism and other force majeure events. Our insurance cover includes, among other things, public liability, bankers' indemnity, electronic equipment, cyber risk, computer crime and electronic crime. We maintain insurance for our operations in India through third party insurers in India. None of our insurance policies are assigned in favor of any third party. We have taken out insurance within a range of coverage consistent with industry practice in India to cover certain risks associated with our business. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. Even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss.

In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, or at all. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition and results of operations.

35. Our financial performance may be materially and adversely affected by an inability to generate and sustain other income.

In Fiscals 2022 and 2023 we generated other income, which includes primarily commission, exchange and brokerage income, profit on sale of investments, profit on sale of land, buildings and other assets, profit on exchange/ derivative transactions, and other miscellaneous income including recoveries in assets written off, of ₹ 1,034.10 crores and ₹ 812.63 crores, respectively, representing 13.57% and 10.10% of our total income for Fiscals 2022 and 2023, respectively. In the nine month ended December 31, 2023, our other income amounted to ₹ 1,169.49 crores, representing 15.58% of our total income for such period.

We generate a portion of our other income from commission. We are facing various pressures in generating commission income, which may result in reduced margins going forward. In particular, the premiums and fee structures that we use in our business may be limited by existing and upcoming regulations, which may result in our being paid less overall for our services and products. Moreover, the Indian financial services sector is facing increasing competition, which might further reduce the income that we generate. There can be no assurance that we will be able to sustain current levels of income from, or effectively manage the risks associated with, our businesses in the future.

36. Non-compliance with RBI inspection/observations may have a material adverse effect on our business, financial condition or results of operation.

We are subject to periodic inspections by RBI under the Banking Regulation Act and the Reserve Bank of India Act. During the course of assessment, the RBI advises issues related to various risk and regulatory non-compliances, and during such inspections RBI has in the past made certain observations regarding our business and operations. In its recent inspection report and risk assessment report, the RBI has noted certain deficiencies, including among others: (i) the Bank had erroneously classified ₹67 crore under priority sector advances, (ii) instances of splitting of deposits aggregating more than ₹2 crore accepted on the same day for similar maturity into multiple retail deposits to offer a preferential rate of interest/ giving the option of premature withdrawal, (iii) increase in number of reported frauds in Fiscal 2023 by 92.86% to 417 frauds amounting to ₹ 77.74 crores, (iv) no documented policy/SOP for setting thresholds in various AML alert scenarios, and (v) the Bank was unable to achieve targets for Fiscal 2023 for various parameters, such as total deposits, CASA, housing and mortgage loans, reflecting deficiencies in business strategies and planning.

While we have undertaken steps to comply with these observations and have informed RBI regarding the status of our compliance, there can be no assurance that RBI will consider such steps to be adequate and treat the observations as being duly complied with. In the event we are not able to comply with the observations made by the RBI, we could be subject to supervisory actions which may have a material adverse effect on our reputation, financial condition and results of operations.

37. If Indian Accounting Standards ("Ind AS") are made applicable to banks, it is possible that our financial condition, results of operations, cash flows or changes in Shareholders' equity may appear materially different than under Indian GAAP. In addition, the RBI has recently announced changes to Indian GAAP that incorporate accounting policies set forth in Ind AS with respect to fair valuation, initial recognition and subsequent measurement and proposed changes to Indian GAAP that will incorporate accounting policies set forth in Ind AS with respect to expected credit losses. Any changes in Indian GAAP or adoption of Ind AS could have an adverse effect on our financial condition and results of operations.

Our Bank currently prepares its annual and interim financial statements in accordance with Indian GAAP. The Ministry of Corporate Affairs ("**MCA**"), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies. This roadmap requires scheduled commercial banks, insurance companies and specified categories of NBFCs to prepare Ind AS-based financial statements for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018. Further, the RBI in its circular dated February 11, 2016, has indicated that scheduled commercial banks should comply with Ind AS for preparation of financial statements for the same periods stated above. We submit to the RBI our Bank's unaudited standalone proforma Ind AS financial statements in the format and frequency as prescribed by the RBI. In April 2018, the RBI deferred the effective date for implementation of Ind AS by one year, at which point the necessary legislative amendments were expected to have been completed. However, the RBI, in its circular dated March 22, 2019, deferred the implementation of Ind AS by scheduled commercial banks until further notice.

The adoption of Ind AS would change, among other things, our methodology for estimating allowances for expected loan losses and for classifying and valuing our investment portfolio and our revenue recognition policy. For estimation of expected loan losses, the new accounting standards may require us to calculate the present value of the expected future cash flows realizable from our advances, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This may result in us recognizing allowances for expected loan losses in the future that may be higher than under the current Indian GAAP. The mark-to-market requirements required under Ind AS may also impact our revenues and profitability. We have made no attempt to quantify the impact of the differences between Indian GAAP and Ind AS. However, it is possible that our financial condition, results of operations, cash flows or changes in Shareholders' equity may appear materially different under Ind AS than under Indian GAAP.

If we are required to report in Ind AS, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Further, there is no significant body of established practice on which to draw in forming judgments regarding the Ind AS's implementation and application. Moreover, although we currently have an internal control framework in place to report our financial statements under Indian GAAP and are in the process of taking necessary steps for the implementation of Ind AS, we will have to modify our internal control framework and adopt new internal controls to report under Ind AS. These new internal controls will require, amongst others, a transition to more model-based evaluation of certain items, as well as staff who are adequately knowledgeable with Ind AS. There is no assurance that we will be able to implement effective internal controls under Ind AS in a timely manner, if at all.

The RBI issued a circular on September 12, 2023 on "Master Direction - Classification, Valuation and Operation of

Investment Portfolio of Commercial Banks (Directions), 2023" pursuant to which certain Ind-AS guidelines, such as fair valuation, initial recognition and subsequent measurement, will become effective for banks from April 1, 2024. We expect the implementation of these Ind-AS guidelines will have the following material effects on our Bank's financial statements:

- **Classification norms**: The directions introduce new criteria for classifying investments held by banks and also provide guidelines for categorising various types of investments. e.g., the introduction of a category for Fair Value Through P&L (FVTPL) and Held for Trading (HFT) shall be a separate investment sub-category within FVTPL and the ceiling criteria for holding HFT investments for a 90-day period is removed. There will be separate classification norms for subsidiaries, joint ventures, and associates.

- **Valuation guidelines:** The RBI has included fair valuation requirements along with accounting treatment for gain/loss ensuring that investment portfolios are assessed accurately, reflecting their current market values. All investments shall be measured at fair value on initial recognition. Fair value measurement of investments is based on a hierarchy of Level 1, Level 2, and Level 3 inputs.

- **Accounting guidelines:** The RBI has incorporated comprehensive guidelines for accounting treatment across various scenarios, encompassing various aspects, including initial recognition, subsequent measurement, and re-classification. These guidelines have been introduced to address ambiguities and bring uniformity throughout the banking industry. For example, where the securities are quoted or the fair value can be determined based on market observable inputs any Day 1 gain/loss shall be recognised in the Profit and Loss Account but any Day 1 gains arising from Level 3 investments shall be deferred and any Day 1 loss arising from Level 3 investments shall be recognised immediately.

- **Reporting requirements:** The RBI has introduced extensive reporting requirements, enabling better oversight and monitoring of commercial banks' investment activities. This aims to improve regulatory compliance and transparency. For example, the introduction of new disclosure requirements based on the inclusion of disclosure of fair value by category, fair value by a hierarchy of valuation basis (Levels 1,2 and 3), and carrying value of investments.

- **Regulatory supervision:** The RBI has introduced additional supervision on the investment portfolio of a bank and a bank's compliance with these directions. For example, the implementation of these directions shall be reviewed under the supervisory process and any non-compliance in this regard shall be dealt with appropriately by the RBI. Banks shall not reclassify investments between categories without the approval of their Board of Directors and prior approval of the Department of Supervision (DoS), RBI.

The RBI released the Discussion Paper on Introduction of Expected Credit Loss (ECL) Framework for Provisioning by Banks on January 16, 2023. As per the discussion paper, banks would be allowed to design and implement their own models for measuring expected credit losses for the purpose of estimating loss provisions in line with the proposed principles. The discussion paper further states that the RBI will be issuing broad guidance that will be required to be considered while designing the risk models to be used by the banks. The guidance is expected to provide detailed requirements, drawing on the guidance provided in IFRS 9 and principles laid out by Basel Committee of Banking Supervision. The provisions as per the banks' internal assessments shall be subject to a prudential floor, to be specified by the RBI based on comprehensive data analysis. In order to enable a seamless transition, as permitted under the Basel guidelines, banks shall be provided an option to phase out the effect of increased provisions on Common Equity Tier I capital, over a maximum period of five years. The RBI has yet to issue final guidelines on the above referenced framework.

Any such changes in Indian GAAP or adoption of Ind AS may have a material, adverse effect on our financial condition and results of operations.

38. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and International Financial Reporting Standards (IFRS), which investors may be more familiar with and may consider material to their assessment of our financial condition.

Our financial statements are prepared and presented in conformity with Indian GAAP. No attempt has been made to reconcile any of the information given in this document to any other principles or to base it on any other standards. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

39. We have presented certain supplemental information of our performance and liquidity which is not prepared under or required under Indian GAAP

This Letter of Offer includes our Non-GAAP Measures and certain other industry measures related to our operations and financial performance, which are supplemental measures of our performance and liquidity and are not required by, or presented in accordance with, Indian GAAP, IFRS or US GAAP. Further, these Non-GAAP Measures and industry measures are not a measurement of our financial performance or liquidity under Indian GAAP, IND-AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Indian GAAP, IND-AS, IFRS or US GAAP. In addition, such Non-GAAP Measures and industry measures are not standardized terms and may vary from any standard methodology that is applicable across the Indian banking industry, and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies, and hence a direct comparison of these Non- GAAP Measures and industry measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures and industry measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures and industry measures are not a measure of performance calculated in accordance with applicable accounting standards, our management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies. This roadmap requires all financial institutions (including the Bank) to prepare Ind AS-based financial statements for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018 and thereafter. However, the RBI through a circular dated March 22, 2019 has deferred the implementation of Ind AS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies until further notice.

The RBI through a circular dated February 11, 2016 required banks to submit proforma Ind AS financial statements to the RBI from the half-year ended September 30, 2016. In addition, banks are required to disclose in the annual report, the strategy for Ind AS implementation, including the progress made in this regard from Fiscal 2017 onwards. Moreover, although we currently have an internal control framework in place in order to report our financial statements under Indian GAAP, we will have to modify our internal control framework and adopt new internal controls in order to report under Ind AS. These new internal controls will require, amongst others, a transition to more model-based evaluation of certain items, as well as staff that are adequately knowledgeable with Ind AS. There is no guarantee that we will be able to implement effective internal controls under Ind AS in a timely manner or at all and any failure to do so could materially adversely affect our financial condition and results of operations.

40. Changes in our pension liabilities and obligations could have a materially adverse effect on us.

We operate a defined benefit pension scheme in respect of certain eligible employees. The pension fund is administered and managed by the board of trustees. Should the value of assets to liabilities in respect of the defined benefit scheme operated by us record a deficit, due to either a reduction in the value of the pension fund assets (depending on the performance of financial markets) and/or an increase in the pension fund liabilities due to changes in legislation, mortality assumptions, discount rate assumptions, inflation, the expected rate of return on scheme assets, or other factors, this could result in us having to make increased contributions to reduce or satisfy the deficits which would divert resources from use in other areas of our business and reduce our capital resources

41. Any failure by our third party service providers and partners, including our co-lending partners and portfolio servicing partners, to adhere to their contractual or legal obligations, could have an adverse impact on our business and results of operations.

We enter into outsourcing arrangements with third party vendors and independent contractors, in compliance with the RBI guidelines on outsourcing. These vendors and contractors provide services that include, among others, ATM/ card related services, business correspondents, facility management services related to information technology, software services and call centre services. We are also dependent on various vendors for certain elements of our operations including implementing IT infrastructure and hardware, media marketing, Banking Outlets roll-outs, networking, managing our data centre, and back-up support for disaster recovery. As a result of outsourcing such services, we are exposed to various risks including strategic, compliance, operational, fraud, theft, embezzlement, legal and contractual risks. Any failure by a service provider to provide a specified service or a breach in security/ confidentiality including under arrangements with third party service providers such as our media marketing and branding or non-compliance with legal and regulatory requirements, may result in financial loss or loss of reputation. For instance, we have launched a co-branded credit card program, *SIB-OneCard*, for which we have engaged a third party technology service provider. The performance of our co-branded credit card program is inherently linked to the success of our partner. Challenges related to our partner's unsound business strategy, weaknesses in operational effectiveness, financial health and inability to meet any regulatory requirements could attract increased scrutiny and potentially impact the performance of our credit card business. We cannot assure you that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligation. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, financial condition and results of operations may be adversely affected. We cannot assure you that the terms of such agreements will not be breached, and in case of any dispute, it may result in litigation costs. Such an additional cost, in addition to the cost of entering into agreements with third parties in the same industry, may materially and adversely affect our business, financial condition and results of operations. The "Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Bank" issued by the RBI places obligations on banks, its directors and senior management for ultimate responsibility for the outsourced activity. Banks are required to ensure outsourced service providers obtain prior approval for the use of subcontractors. The RBI has also directed banks to review the subcontracting arrangements and ensure that such arrangements are compliant with aforementioned RBI guidelines. Legal risks including actions being undertaken by the RBI, if our third-party service providers act unethically or unlawfully, could materially and adversely affect our business, financial condition and results of operations.

Further, as on March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, our total loans from portfolio buyout transactions amounted to ₹ 1,418.83 crores, ₹ 2,020.66 crores, ₹ 1,826.20 crores and ₹ 1,995.67 crores, respectively, comprising 2.30%, 2.80%, 2.60% and 2.57%, respectively, of our gross advances as on such dates. To further diversify its loan book and to enhance priority sector lending, our Bank has also entered into a co-lending arrangement with an NBFC. Our Bank may continue to enter into co-lending arrangement(s) and direct assignment/ portfolio buyout transactions, which exposes us to several critical risks. Co-mingling risk is a significant concern in co-lending arrangement which arises when funds from different lenders are not kept separate, potentially leading to financial and legal risk. The health of our portfolio buyout and co-lending portfolio hinges heavily on the financial standing, performance quality and operational efficiency of our partners. A partner's default or credit issues can directly impact our portfolio's performance. Coordinating credit assessments, loan servicing, and collections across different entities requires robust collaboration and communication to ensure smooth operations. Any breakdown in this coordination can lead to operational disruptions and potential losses. The portfolio is also susceptible to regulatory risks in the landscape of evolving co-lending/ portfolio buyout regulations. Additionally, in the event our co-lending partner(s) or counterparties in direct assignment/ portfolio buyout transactions fail to adhere to their contractual or legal obligations, including with respect to us and/ or our customers, we could be exposed to commercial and regulatory risk, which may materially and adversely affect our business, financial condition and results of operations.

42. Increasing regulatory focus on personal information protection could adversely affect our business and expose us to increased liability.

Regulators in various jurisdictions are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. This increased scrutiny may result in new interpretations of existing laws, thereby further impacting our business. In India, the Digital Personal Data Protection Act, 2023 ("**Data Protection Act**") enacted in August 2023, focuses on personal data protection for implementing organizational and technical measures in processing digital personal data and lays down norms for cross-border transfer of personal data including ensuring the accountability of entities processing personal data. The Data Protection Act requires companies that collect and deal with high volumes of personal data to fulfil certain additional obligations such as appointment of a data protection officer for grievance redressal and a data auditor to evaluate compliance with the Data Protection Act. The Data Protection Act further provides that personal data may be processed only in accordance with the Data Protection Act, and for a lawful purpose after obtaining the consent of the individual or for certain legitimate uses. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. The RBI has also issued a circular dated April 6, 2018 on the procedure of storage of payment systems data to ensure that data relating to payment systems that we operate are stored only in India. Any failure, or perceived failure, by us to comply with any applicable regulatory requirements, including but not limited to privacy, data protection, information security, or consumer protection-related privacy laws and regulations, could result in proceedings or actions against us by governmental entities or individuals who may subject us to fines, penalties, and/ or judgments which may adversely affect our business and reputation.

Risks Relating to the Equity Shares and the Issue

43. The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form may lapse in case they fail to furnish the details of their demat account to the Registrar.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Bank shall credit the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form. Our Bank has opened a separate demat suspense escrow account (namely, "LIIPL SIB Rights Escrow Demat Account") ("**Demat Suspense Account**") and would credit Rights Entitlements on the basis of the Equity Shares: (a) held by Eligible Equity Shareholders which are held in physical form as on Record Date; or (b) which are held in the account of the Investor Education and Protection Fund ("**IEPF**") authority; or (c) of the Eligible Equity Shareholder whose demat accounts are frozen or where the Equity Shares are lying in the unclaimed suspense account / demat suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Bank or with the Registrar on the Record Date or where Equity Shares have been kept in abeyance or where entitlement certificate has been issued or where instruction has been issued for stopping issue or transfer or where letter of confirmation lying in escrow account; or (d) where credit of the Rights Entitlements have returned/reversed/failed for any reason; or (e) where ownership is currently under dispute, including any court or regulatory proceedings or where legal notices have been issued, if any. Our Bank shall credit the Rights Entitlements to the Demat Suspense Account on the basis of information available with our Bank and to serve the interest of relevant Eligible Equity Shareholders to provide them with a reasonable opportunity to participate in the Issue. The credit of the Rights Entitlements to the Demat Suspense Account by our Bank does not create any right in favour of the relevant Eligible Equity Shareholders for transfer of Rights Entitlement to their demat account or to receive any Equity Shares in the Issue. With respect to the Rights Entitlements credited to the Demat Suspense Account, the Eligible Equity Shareholders are required to provide relevant details (such as applicable regulatory approvals, self-attested PAN and client master sheet of demat account, details/ records confirming the legal and beneficial ownership of their respective Equity Shares, etc.) to our Bank or the Registrar no later than two clear Working Days prior to the Issue Closing Date, i.e., by Monday, March 18, 2024 to enable credit of their Rights Entitlements by way of transfer from the Demat Suspense Account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. In the event that the Eligible Equity Shareholders are not able to provide relevant details to our Bank or the Registrar by the end of two clear Working Days prior to the Issue Closing Date, Rights Entitlements credited to the Demat Suspense Account shall lapse and extinguish in due course and such Eligible Equity Shareholder shall not have any claim against our Bank and our Bank shall not be liable to any such Eligible Equity Shareholder in any form or manner and such lapsing of Rights Entitlement may dilute and adverse impact the interest of certain Eligible Equity Shareholders. For details, please see "*Terms of the Issue*" on page 273.

44. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Bank of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Bank that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure of completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the DEMAT account of the Renouncees prior to the Issue Closing Date. Further in case the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see "*Terms of the Issue*" on page 273.

45. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date. In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

The Allotment in this Issue and the credit of such Rights Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of our Equity Shares will not decline below the Issue Price. To the extent the market price for our Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

46. We cannot guarantee that our Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to this Issue will not be granted until after the Equity Shares have been issued and Allotted. Approval for listing and trading will require all relevant documents authorising the issuing of the Equity Shares to be submitted. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of our Equity Shares on the Stock Exchanges. Any failure or delay in obtaining these approvals would restrict an investor's ability to dispose of the Equity Shares.

47. No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares.

48. After this Issue, the price of our Equity Shares may be volatile.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian banking industry and the perception in the market about investments in the banking industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

49. Any future issuance of the Equity Shares by us or sales of the Equity Shares by any of our significant shareholders dilute your shareholding and could adversely affect the trading price of the Equity Shares.

The future issuance of shares by us, including a primary offering of shares, convertible securities or securities linked to shares, or the disposal of shares by any of our major shareholders, or the perception that such issuance or sales may occur, may lead to the dilution of your shareholding in our Bank and could significantly affect the trading price of the Equity Shares. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

50. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India.

The Finance Act, 2020 ("**Finance Act 2020**") had stipulated that the sale, transfer and issue of certain securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act 2020 also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of certain securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of certain securities, other than debentures, on a delivery basis is currently specified under the Finance Act 2020 at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have come into effect from July 1, 2020. Under the Finance Act 2020, any dividends paid by an Indian company is subject to tax in the hands of the shareholders at applicable rates. Such taxes are to be withheld by the Indian company paying dividends. Further, the Finance Act, 2020, which followed, removed the requirement for DDT to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. Our Bank may grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends subject to appropriate documentation provided by such non-resident shareholder. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

Further, the Government of India enacted the Finance Act 2023, with effect from April 1, 2023. Subsequently, the Government of India has announced the union budget for Fiscal 2025, pursuant to which the Finance Bill, 2024 ("**Finance Bill 2024**") seeks to introduce various amendments to extant tax laws. There is no certainty on the impact of Finance Act 2023 or the Finance Bill 2024 on tax laws or other regulations, which may adversely affect the Bank's business, financial condition, results of operations or on the industry in which we operate. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Additionally, in view of the individual nature of the tax consequences and the changing tax laws, each prospective investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in this Issue.

51. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between nonresidents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements and does not fall under any of the specified exceptions, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

In addition, foreign investment, including FDI and investments by FIIs, foreign portfolio investors ("**FPIs**") and qualified foreign investors, in private sector banks in India is restricted to 74.0%. As per the RBI, purchases by a single FPI, FII or sub-account of a registered FII is restricted to below 10.0% of our paid-up capital. Further, at all times, at least 26% of the paid-up share capital of the private sector banks shall be held by resident Indians. The RBI monitors such limits on a regular basis. Once the foreign investment of a bank reaches a trigger limit of 2.0% below the prescribed limit, the RBI cautions non-resident investors and authorised dealers not to further transact in equity shares of such bank without prior approval of the RBI. This may restrict or delay an investor's ability to sell Equity Shares. Further, upon aggregate foreign shareholding in Indian companies reaching the ceiling, the RBI prohibits further purchase of equity shares by non-resident investors on the stock exchanges. These foreign investment restrictions may adversely affect the liquidity and free transferability of the Equity Shares and could result in an adverse effect on the price of the Equity Shares.

52. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

53. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, a company having a share capital and incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the Equity Shares who have voted on such resolution. However, if the laws of the jurisdiction that you are located in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

54. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles, the instructions issued by the RBI and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a bank or corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction.

55. ***Our Bank will not distribute the Letter of Offer and other Issue related materials to overseas shareholders who have not provided an address in India for service of documents.***

We will not distribute the Issue Material to the shareholders who have not provided an address in India for service of documents. The Issue Material will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. In the case that Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in the case that such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules thereunder with respect to distribution of Issue Material in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. While our Bank will request its shareholders to provide an address in India for the purposes of distribution of Issue Material, our Bank cannot assure that the regulator would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject our Bank to fines or penalties.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorised by way of resolution passed by our Board on December 27, 2023, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms and conditions of the Issue including the rights entitlement ratio, Issue Price, Record Date, timing of the Issue and other related matters, have been approved by resolutions passed by our Board at the meeting held on February 21, 2024.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in "*Terms of the Issue*" on page 273.

Rights Equity Shares being offered by our Bank	Up to 5,231,85,254 Rights Equity Shares
Rights Entitlement for the Rights Equity Shares	1 Rights Equity Share for every 4 Equity Shares held on the Record Date
Record Date	Tuesday, February 27,2024
Face Value per Equity Share	₹1 each
Issue Price	₹22 per Rights Equity Share (including a premium of ₹21 per Rights Equity Share).
Issue Size	Up to ₹1,151.01 crore ** Assuming full subscription with respect to Rights Equity Shares*
Equity Shares issued, subscribed and paid up and outstanding prior to the Issue	209,27,41,018 Equity Shares issued, subscribed and paid-up. For details, please see "*Capital Structure*" on page 47
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Equity Shares) and made fully paid up	261,59,26,272 Equity Shares
ISIN for Equity Shares	ISIN for Equity Shares: INE683A01023 BSE Code: 532218 NSE Code: SOUTHBANK
ISIN for Rights Entitlements	INE683A20015
Terms of the Issue	For further information, please see "*Terms of the Issue*" on page 273
Use of Issue Proceeds	For further information, please see "*Objects of the Issue*" on page 49
Terms of payment	The full amount of the Issue Price being ₹22 will be payable on application.

For details in relation to fractional entitlements, please see "*Terms of the Issue—Basis for this Issue and terms of this Issue—Fractional Entitlements*" on page 290.

GENERAL INFORMATION

Our Bank was incorporated under the Indian Companies Act, 1913 on January 25, 1929 as 'The South Indian Bank Limited' in Thrissur. We are a banking company recognized as a scheduled commercial bank within the meaning of the Reserve Bank of India Act, 1934.

Changes in the registered office of our Bank:

Except as disclosed below, there has been no change in the address of the registered office of our Bank since the date of incorporation:

Date of change	Details of change in the registered office
May 26, 1984	Change of the registered office address from II^{nd} floor, SIB Building, Round South, Thrissur, 680001 to SIB House, Mission Quarters, T.B. Road, Thrissur 680 001, Kerala, India.

Registered and Corporate Office of our Bank

The South Indian Bank Limited
SIB House, Mission Quarters,
T.B. Road, Thrissur 680 001,
Kerala, India

Corporate Identity Number: L65191KL1929PLC001017

Registration Number: 001017

Address of the RoC

Our Bank is registered with the RoC, which is situated at the following address:

Registrar of Companies, Kerala at Ernakulam

Address: Office of The Registrar of Companies,
Ministry of Company Affairs,
Government of India,
1st Floor, Company Law Bhavan,
B.M.C. Road, Thrikkakara P. O.,
Kakkanad, Kochi - 682 021
Kerala
Telephone: +91 484 2421 626/+91 484 2421 310
Facsimile: +91 484 2442 021

Company Secretary and Compliance Officer

Mr. Jimmy Mathew
Company Secretary and Compliance Officer
SIB House, Mission Quarters,
T.B. Road, Thrissur 680 001,
Kerala, India
Telephone: + 91 487 2420020/2429333
Facsimile: + 91 487 2442021
E-mail: ho2006@sib.co.in

Lead Manager to the Issue

IIFL Securities Limited
24^{th} Floor, One Lodha Place,
Senapati Bapat Marg Lower Parel (West)
Mumbai 400 013
Maharashtra, India
Tel: (+ 91 22) 4646 4728

E-mail: sib.rights@iiflcap.com
Website: www.iiflcap.com
Contact person: Pawan Kumar Jain/ Mukesh Garg

Legal Advisor to the Issue

IndusLaw
1502B, 15th Floor
Tower – 1C, "One World Centre"
Senapati Bapat Marg
Lower Parel, Mumbai – 400013
Maharashtra, India
Tel: +91 22 4920 7200

&

101, 1st Floor, "Embassy Classic",
#11, Vittal Mallya Road,
Bengaluru, Karnataka- 560001
Tel: +91 80 4072 6600

Joint Statutory Auditors of our Bank

M/s. CNK & Associates LLP
Chartered Accountants
Mistry Bhavan, 3rd Floor, Sir Dinshaw Vachha Road,
Churchgate, Mumbai – 400020
Telephone: +91 9821069696
Email: hiren@cnkindia.com
ICAI Registration number: 101961W/W100036
Peer review no.: 013232

&

M/s. K Venkatachalam Aiyer & Co
Chartered Accountants
41/3647 B, First Floor, Blue Bird Towers, Providence Road,
Kochi – 682018, Kerala
Telephone: +91 9895316956
Email: sreevats@kvac.in
ICAI Registration number: 004610S
Peer review no.: 013764

Banker to the Issue

The South Indian Bank Limited
Fort Branch Mumbai
EMCA House ,289 Ground Floor
S B Singh Rd, Fort
Maharashtra-400001
Tel: 022-22611209
Contact Person:Ms. Saija Sahadevan
Email: br0263@sib.co.in, rightsissue@sib.co.in
Website: www.southindianbank.com

Registrar to the Issue

Link Intime India Private Limited
C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India

Tel: +91 810 811 4949
E-mail: sib.rights2024@linkintime.co.in
Investor Grievance E-mail: sib.rights2024@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Ms. Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, please see "*Terms of the Issue*" on page 273.

Experts

Our Bank has received written consent dated February 12, 2024 from the Joint Statutory Auditors namely, M/s. CNK & Associates LLP, Chartered Accountants and M/s K Venkatachalam Aiyer & Co, Chartered Accountants, to include their names as required under section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Letter of Offer, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Joint Statutory Auditors, and in respect of their: (i) reports each dated February 21, 2024 on the reformatted audited standalone and consolidated financial statements of the Bank as of and for the financial year ended March 31, 2023; (b) their limited review reports each dated February 21, 2024 on the unaudited interim condensed standalone and consolidated financial statements of the Bank as of and for the nine month period ended December 31, 2023; and (c) report on the Statement of Special Tax Benefits dated February 12, 2024. Such consent has not been withdrawn as at the date of this Letter of Offer. However, the term "expert" and "consent" shall not be construed to mean an "expert" or "consent" as defined under the U.S. Securities Act.

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Inter-se allocation of responsibilities

Since only one lead manager has been appointed for purposes of the Issue, there is no requirement of an inter-se allocation of responsibilities. The Lead Manager will be responsible for all the responsibilities related to coordination and other activities in relation to the Issue.

Credit Rating

As the Issue is of Rights Equity Shares, no credit rating required for the Issue.

Debenture Trustee

As the Issue is of Rights Equity Shares, the appointment of a debenture trustee is not required.

Issue Schedule

Last Date for credit of Rights Entitlements	Tuesday, March 5, 2024
Issue Opening Date	Wednesday, March 6, 2024
Last date for On Market Renunciation of Rights Entitlements [#]	Thursday, March 14, 2024
Issue Closing Date*	Wednesday, March 20, 2024
Finalisation of Basis of Allotment (on or about)	Thursday, April 04, 2024
Date of Allotment (on or about)	Friday, April 05, 2024
Date of credit (on or about)	Tuesday, April 9, 2024
Date of listing (on or about)	Friday, April 12, 2024

[#] Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

* *Our Board or the Capital Planning and Infusion Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Bank or the Lead Manager.

Please note that if Eligible Equity Shareholders are holding Equity Shares in physical form as at Record Date, and have not provided the details of their demat accounts to our Bank or to the Registrar, they are required to provide their demat account details to our Bank or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, Monday, March 18, 2024 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, Tuesday, March 19, 2024. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. https://linkintime.co.in/investor-services.html). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Bank, the Lead Manager or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, please see "*Terms of the Issue –Process of making an Application in the Issue*" on page 275.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at https://linkintime.co.in/investor-services.html after keying in their respective details along with other security control measures implemented thereat. For further details, please see "*Terms of the Issue –Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 286.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who have the Rights Entitlements credited in their demat account(s) are required to make an Application to apply for Rights Equity Shares offered under Rights Issue for subscribing to the Rights Equity Shares offered under the Issue.

Monitoring Agency

In terms of the proviso to Regulation 82 of the SEBI ICDR Regulations, 2018, our Bank is not required to appoint a monitoring agency for the purposes of this Issue.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any banks or financial institution or any other independent agency.

Book Building Process

Being a rights issue, the Issue shall not be made through the book building process.

Underwriting

This Issue is not underwritten.

Filing

This Letter of Offer is being filed with the Stock Exchanges as per the provisions of the SEBI ICDR Regulations. Further, the Letter of Offer will also be filed online with SEBI through the SEBI intermediary portal at www.siportal.sebi.gov.in, in terms of the SEBI ICDR Master Circular.

Minimum Subscription

In terms of the SEBI ICDR Regulations, the requirement of minimum subscription of 90% is not applicable to the Issue.

CAPITAL STRUCTURE

The equity share capital of our Bank as at the date of this Letter of Offer, the details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid up share capital after the Issue, are set forth below:

(In ₹ except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A	**AUTHORISED SHARE CAPITAL**		
	4,00,00,00,000 Equity Shares	4,00,00,00,000	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**		
	209,27,41,018 Equity Shares	209,27,41,018	-
C	**PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER**(1)		
	Up to 52,31,85,254 Rights Equity Shares, at a premium of ₹21 per Rights Equity Share, i.e., at a price of ₹22 per Rights Equity Share(1)(2)	52,31,85,254	11,51,00,75,588
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**		
	2,61,59,26,272 Equity Shares(2)(3)	2,61,59,26,272	
E	**SECURITIES PREMIUM ACCOUNT**		
Before the Issue			₹ 17,66,89,64,720.55
After the Issue(3)			₹ 28,65,58,55,054.55

(1) *The Issue has been authorised by the Board pursuant to a resolution dated December 27, 2023. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by our Board at its meeting held on February 21, 2024.*

(2) *Assuming full subscription for and Allotment of the Rights Equity Shares.*

(3) *Subject to finalisation of Basis of Allotment, Allotment, and deduction of Issue expenses.*

Notes to the Capital Structure

1. Our Bank is a professionally managed company and does not have a promoter in terms of the SEBI Regulations or the Companies Act, 2013. Therefore, the disclosures in relation to shareholding, lock-in, pledge of and encumbrance on shares held, acquisition of shares by the promoter and promoter group in the last one year immediately prior to the date of filing of the Letter of Offer, intention and extent of participation by promoters and promoter group in the Issue and lock-in, are not applicable.

2. **Shareholding pattern of our Bank**

   Shareholding Pattern of our Bank as per the last filing with the Stock Exchange in compliance with Regulation 31 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and subsequent amendments thereto.

   i) The shareholding pattern of the Bank as on December 31, 2023 can be accessed on the website of BSE at https://www.bseindia.com/stock-share-price/south-indian-bank-ltd/southbank/532218/shareholding-pattern/ and on the website of NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SOUTHBANK&tabIndex=equity.

   ii) Statement showing holding of securities of persons belonging to the "Public" category as on December 31, 2023 can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=532218&qtrid=119.00&QtrName=September%202023 and on the website of NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SOUTHBANK&tabIndex=equity.

   The post-Issue shareholding pattern of the Bank would be available on the website of the Stock Exchanges upon finalization of the Basis of Allotment.

3. **Details of outstanding instruments:**

   Except for the stock options granted by our Bank under the SIB ESOS - 2008, there are no outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this Letter of Offer, which would entitle the holders to acquire further Equity Shares as at the date of this Letter of Offer.

The shareholders of our Bank approved the SIB ESOS - 2008 at the AGM held on August 18, 2008 for grant to eligible employees, including Directors, up to 45,00,000 Equity Shares of ₹10 each at an exercise price as may be decided by the Compensation Committee of the Board. Further, the Equity Shares of our Bank were split into face value of ₹1.00 each through a shareholders resolution dated July 14, 2010. Subsequently, the shareholders of our Bank at the AGM held on June 28, 2013 increased the limit of 4,50,00,000 Equity Shares to 5% of the total number of fully paid-up Equity shares of the Bank at the time of grant options. Further, the shareholders of our Bank at the AGMs held on July 15, 2015, September 29, 2020 and August 18, 2021 amended the terms and conditions of ESOS further. These amendments stated *inter alia* that the options to be granted to the Eligible Employees (present and future), including Directors of the Bank under SIB ESOS -2008, shall not exceed 5% of the total number of fully paid-up Equity Shares of the Bank at any point of time.

The details as to grants, exercise and lapse of options as on December 31, 2023 are as follows:

Particulars	SIB ESOS- 2008
Total numbers of options granted	6,98,22,679
Total number of options vested	5,71,02,198
Total number of options exercised	2,89,49,199
Total number of options forfeited/ lapsed/ cancelled	3,25,81,734
Total number of outstanding options in force	82,91,746
Total number of outstanding vested options	1,21,340
Total number of outstanding unvested options	81,70,406
Total number of Equity Shares arising out of exercised options	2,89,49,199
Total money realised by exercise of options*	₹42.75 crores
Total number of Equity Shares arising out of outstanding vested options	1,21,340

**From option grantees/ legal heirs, as applicable.*

4. The details of equity shareholders belonging to the public and holding more than 1% of the paid-up capital of our Bank as on as on December 31, 2023 is as detailed below:

Sr. No.	Shareholder	Number of Equity Shares on a fully diluted basis	Percentage of pre-Issue Equity Share capital held on a fully diluted basis
1.	Yusuffali Musaliam Veetil Abdul Kader	90,359,249	4.32
2.	Life Insurance Corporation of India	53,369,232	2.55
3.	Kotak Mahindra Trustee Company Limited A/C Kotak Multicap Fund	52,513,746	2.51
4.	ACACIA Banyan Partners	25,322,346	1.21
5.	ACACIA Partners LP	24,985,520	1.19
	Total	**246,550,093**	11.78

5. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the Takeover Code is ₹ 29.19 (assuming full subscription of the Issue).

6. At any given time, there shall be only one denomination of the Equity Shares of our Bank.

7. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Issue, shall be fully paid up.

OBJECTS OF THE ISSUE

Our Bank intends to utilise the Net Proceeds from the Issue to augment our Bank's Tier 1 capital base to meet our future capital requirements, which are expected to increase out of growth in our assets, primarily loans/advances and investment portfolio, and to ensure compliance with regulatory requirements on capital adequacy, prescribed by the RBI from time to time.

The main objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable us to undertake our existing activities for which the funds being raised by us through the Issue will be deployed. Further, our objects as stated in the Memorandum of Association do not restrict us from undertaking the activities for which the funds are being raised by our Bank through this Issue.

Issue Proceeds

The details of the Net Proceeds are summarised in the table below:

Particulars	Estimated amount (up to)
	(₹ crore)
Issue Proceeds*	₹ 1,151.01
Less: Estimated Issue related expenses**	13.64
Net Proceeds**	**1,137.37**

** Assuming full subscription and Allotment with respect to the Rights Equity Shares, and to be adjusted per the Rights Entitlement ratio.*
*** Estimated and subject to change. Please see "Estimated Issue related expenses" on page 50.*

Schedule of implementation and Deployment of funds and interim Utilisation of funds

Our Bank shall deposit the Net Proceeds, pending utilisation of the Net Proceeds for the purposes described above, by depositing the same with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934.

Requirement of funds

We intend to apply the Net Proceeds for augmenting our Bank's tier 1 capital base to meet our future capital requirements which are expected to increase out of growth in our assets, primarily loans/advances and investment portfolio, and to ensure compliance with Basel III regulations and/or other RBI guidelines. Basel III regulations require banks to strengthen their capital base and to increase both the quantity and quality of their capital and maintain a capital buffer to withstand economic stress.

As per the Basel III Capital Regulations of the RBI, we are required to maintain a minimum total capital to risk weighted assets ratio ("**CRAR**") of 9.00%, minimum common equity tier 1 capital to risk weighted assets ratio ("**CET1 CRAR**") of 5.50%, tier 1 capital to risk weighted assets ratio ("**Tier 1 CRAR**") of 7.00%, along with capital conservation buffer ("**CCB**") of 2.50%. Further, we are also required to maintain adequate capital cushions for Pillar 2 risks like liquidity risk, credit concentration risk, settlement risk etc which are not fully covered under the regulatory CRAR.

The Bank's CET1 CRAR, Tier 1 CRAR and CRAR, calculated pursuant to the Basel III Capital Regulations, as of the dates indicated, are as follows:

	Basel III - Fiscal		**Basel III – December 31,**	
	2023	**2022**	**2023**	**2022**
	(*₹ in crores, except percentages*)		(*₹ in crores, except percentages*)	
CET1 capital	6,315.63	5,550.94	6,226.14	5,611.70
Additional Tier 1 capital	500.00	500.00	500.00	500.00
Tier 1 capital	6,815.63	6,050.94	6,726.14	6,111.70
Tier 2 capital	1,161.37	1,206.80	1,117.72	1,133.22
Total capital	7,977.00	7,257.74	7,843.86	7,244.92
Total risk weighted assets and contingents	46,224.83	45,743.59	50,291.86	44,562.97
Capital ratios				
CET1 CRAR	13.66%	12.13%	12.38%	12.59%
Tier 1 CRAR	14.74%	13.22%	13.37%	13.71%
CRAR	17.25%	15.86%	15.60%	16.25%
Minimum capital ratios required by the RBI				
CET1 CRAR (including CCB)	8.00%	8.00%	8.00%	8.00%
Tier 1 CRAR (including CCB)	9.50%	9.50%	9.50%	9.50%
CRAR (including CCB)	11.50%	11.50%	11.50%	11.50%

Our Subsidiary, SIB Operations and Services Limited, is a non-financial entity, and hence not consolidated for capital adequacy purpose.

Accordingly, subject to compliance with applicable laws, our Bank intends to utilize the Net Proceeds to augment its Bank's Tier 1 capital base to meet its future capital requirements, which are expected to increase out of growth in our assets, primarily loans/advances and investment portfolio, and to ensure compliance with regulatory requirements on capital adequacy, prescribed by the RBI from time to time.

Estimated Issue related expenses

The estimated Issue related expenses are as follows:

S. No.	Particulars	Amount	Percentage of total estimated Issue expenditure	Percentage of Issue Size
		(₹ crore)	*(%)*	*(%)*
1.	Fees to the Lead Manager	1.18	8.65%	0.10%
2.	Fee to the legal advisors, other professional service providers	1.54	11.29%	0.13%
3.	Fee of Registrar to the Issue	0.21	1.54%	0.02%
4.	Advertising, marketing and shareholder outreach expenses	2.95	21.63%	0.26%
5.	Fees payable to regulators, including Stock Exchanges, SEBI, depositories and other statutory fee	4.15	30.43%	0.36%
6.	Printing and stationery, distribution, postage etc.	0.61	4.47%	0.05%
7.	Other expenses (*including miscellaneous expenses, Brokerage, selling commission and upload fees and stamp duty*)	3.00	21.99%	0.27%
Total estimated Issue related expenses#		**13.64**	**100.00%**	**1.19**%

Includes applicable taxes. Subject to finalisation of Basis of Allotment. All Issue related expenses will be paid out of the Issue Proceeds received at the time of receipt of the initial subscription amount to the Rights Equity Shares.

Appraising entity

None of the objects of the Issue for which the Net Proceeds will be utilised has been appraised.

Strategic or Financial Partners

There are no strategic or financial partners to the objects of the Issue.

Means of Finance

Our Bank proposes to meet the entire funding requirements for the proposed Object of the Issue from the Net Proceeds. Accordingly, our Bank is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Bridge Financing Facilities

As at the date of this Letter of Offer, our Bank had not availed any bridge loans from any banks or financial institutions which are proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Our Bank, in accordance with the policies formulated by our Board from time to time and provisions of applicable law, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Bank intends to and will deposit the Net Proceeds with one or more scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934 or in any such other manner as permitted under the SEBI ICDR Regulations or as may be permitted by SEBI.

Monitoring Utilization of Funds from the Issue

In terms of the proviso to Regulation 82 of the SEBI ICDR Regulations, 2018, our Bank is not required to appoint a monitoring agency for the purposes of this Issue. Our Bank is raising capital to meet future capital adequacy related requirements and not for any specified project(s). Our Bank will disclose the utilization of the Gross Proceeds in our balance sheet in accordance with applicable laws.

Other confirmations

Except in the ordinary course of business, no part of the proceeds of the Issue will be paid by our Bank to our Directors, Key Managerial Personnel or Senior Management Personnel.

There are no material existing or anticipated transactions in relation to utilization of Net proceeds with our Directors, Key Managerial Personnel or Senior Management Personnel.

Our Bank does not require any material government and regulatory approvals in relation to the objects of the Issue.

STATEMENT OF SPECIAL TAX BENEFITS

Independent Auditors' Report on the Statement of Special Tax Benefits available to The South Indian Bank Limited ("The Bank ") and the shareholders of the Bank under direct and indirect tax laws in India

Date: February 12, 2024

To
The Board of Directors
The South Indian Bank Limited
P B No.28, SIB House,
T B Road, Mission Quarters,
Thrissur, Kerala, 680 001, India

And

IIFL Securities Limited
24th Floor, One Lodha Place,
Senapati Bapat Marg,
Lower Parel (W),
Mumbai 400 013, India

Dear Sirs,

Sub: Statement of possible Special Tax Benefits available to the Bank (The South Indian Bank Limited) and its shareholders under the direct and indirect tax laws

We, M/s. CNK & Associates LLP and K Venkatachalam Aiyer & Co., Joint Statutory Auditors of the Bank, have been requested by the Bank to certify the Special Tax Benefits available to the bank and its shareholders under the Direct and Indirect Tax laws presently in force in India, in connection with the proposed offering of equity shares through a rights issue (the "**Issue**") of the Bank.

The preparation of the statement showing the Special Tax Benefits available to the Bank and its shareholders under the Direct and Indirect Tax laws is the responsibility of the management of the Bank including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation of internal control relevant to the preparation of these statements.

We have conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" ("**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have also complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We hereby enclose the statement ("**the Annexure**") showing the current position of special tax benefits available to the Bank, and to its shareholders as per the provisions of the Indian direct and indirect tax laws including the Income-tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017 and respective State Goods and Services Tax Act, 2017 (collectively the "**GST Act**"), (collectively the "**Taxation Laws**") including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws, as presently in force and applicable to the assessment year 2024-2025 relevant to the financial year 2023-24 for inclusion in the letter of offer ("**LOF**") for the Issue as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**ICDR Regulations**"). We have initialed the Annexure for identification purposes.

As on date of this certificate, the Bank does not have any material subsidiary, as identified pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Several of these benefits are dependent on the Bank and/ or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct and indirect taxation laws including the Income-tax Act 1961. Hence, the ability of the Bank and/ or its shareholders to derive these direct and indirect tax benefits is dependent upon them fulfilling such conditions.

The benefits discussed in the enclosed Annexure are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Bank. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultants, with respect to the specific tax implications arising out of their participation in the Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

We are neither suggesting nor are we advising the investors to invest or not to invest money based on this statement. Also, our confirmation is based on the existing provisions of law and our interpretation of the same, which are subject to change from time to time.

In respect of non-residents, the tax rates and the consequent taxation in India shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

The contents of the enclosed Annexure are based on the representations obtained from the Bank and on the basis of our understanding of the business activities and operations of the Bank.

We do not express any opinion or provide any assurance whether:

- The Bank and/ or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/would be met;
- The revenue authorities/courts will concur with the views expressed herein.

This statement is provided solely for the purpose of assisting the Bank in discharging its responsibilities under the ICDR Regulations.

We hereby consent to be named an "expert" under the Companies Act, 2013, as amended, and our name may be disclosed as an expert to any applicable legal or regulatory authority insofar as may be required, in relation to the statements contained therein. We further confirm that we are not and have not been engaged or interested in the formation or promotion or management of the Bank.

We consent to the inclusion (in part or full) of the above information in the letter of offer ("**LOF**") in relation to the Issue, the abridged Letter of Offer in relation to the Issue or any other Issue-related material (collectively, the "Issue Documents"), and may be relied upon by the Bank, the Book Running Lead Manager(s) and the legal advisors to each of the Bank and the Book Running Lead Manager(s) in relation to the Issue. We hereby consent to the submission of this certificate as may be necessary to the SEBI, the relevant registrar of companies, the relevant stock exchanges (the "Stock Exchanges") and any other regulatory authority and/ or for the records to be maintained by the Book Running Lead Manager(s) and in accordance with applicable law.

The aforesaid information contained herein may be relied upon solely by the Book Running Lead Manager(s) and legal counsel appointed pursuant to the Issue and may be submitted to the stock exchanges, the Securities and Exchange Board of India, and any other regulatory or statutory authority in respect of the Issue and for the records to be maintained by the Book Running Lead Manager(s) in connection with the Issue. We hereby consent to (i) the submission of this certificate as may be necessary to the SEBI, the relevant stock exchanges and any other regulatory authority and/or for the records to be maintained by the Lead Manager and in accordance with applicable law; and (ii) the disclosure of this certificate if required by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority; or in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

For CNK & Associates LLP Chartered Accountants Firm Registration Number: [101961W/W100036] Hiren Shah (Partner) (Membership Number: 100052) Date: February 12, 2024 UDIN: 24100052BKFAFW5360	For K Venkatachalam Aiyer & Co Chartered Accountants Firm Registration Number: [004610S] Sreevats Gopalakrishnan (Partner) (Membership Number: 227654) Date: February 12, 2024 UDIN: 24227654BKFTGS8626

CC:

Domestic Legal Counsel to the Issue as to Indian Law
IndusLaw
1502B, 15th Floor
Tower – 1C, One World Centre,
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013

Annexure

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE SOUTH INDIAN BANK LIMITED (“THE BANK”) AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES ("TAXATION LAWS")

The information provided below sets out the special direct and indirect tax benefits in the hands of the Bank and its shareholders in a summarized manner only and is not a complete analysis or listing of all potential tax benefits, under the current Income-tax Act, 1961 (“**IT Act**”), the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017 and respective State Goods and Services Tax Act, 2017 (collectively the "**GST Act**") (collectively the “**Taxation Laws**”) presently in force in India.

Several of these special tax benefits are dependent on fulfilling the conditions prescribed under the relevant Taxation Laws. Hence, the ability of the Bank and/or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives any of them face, they may or may not choose to fulfill. Further, certain special tax benefits may be optional and it would be at the discretion of the Bank or its shareholders to exercise the option by fulfilling the conditions prescribed under the relevant Taxation Laws. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the special tax benefits, which an investor can avail. The statement below covers only relevant Taxation Laws benefits and does not cover any benefit under any other law.

The Statement has been prepared on the basis that the shares of the Bank will be listed on a recognized stock exchange in India and the Bank will be issuing shares.

SPECIAL TAX BENEFITS UNDER THE INCOME TAX ACT, 1961 IN THE HANDS OF THE BANK AND ITS SHAREHOLDERS:

The provision of the law stated below sets out only the special tax benefits available to the Bank and the shareholders under the current Income Tax Act, 1961 i.e., the Act as amended by the Finance Act, 2023 applicable for financial year 2023-24 relevant to the Assessment year 2024-25, presently in force in India.

A. Special tax benefits available to the Bank under IT Act

a) Lower corporate tax rate under section 115BAA:

Section 115BAA was inserted in the IT Act by the Taxation Laws (Amendment) Act, 2019 (“**the Amendment Act, 2019**") w.e.f. April 1, 2020 (A.Y. 2020-21). Section 115BAA grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA, it can pay corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (MAT) on their 'book profits' under section 115JB of the IT Act.

However, such a company will no longer be eligible to avail specified exemptions/ incentives under the IT Act and will also need to comply with the other conditions specified in section 115BAA. Also, if a company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

b) Deduction in respect of Inter Corporate Dividends

As per the provisions of section 80M of the Act, a resident corporate shareholder can claim a deduction of an amount equal to dividends received from another domestic company or a foreign company or a business trust. Such deduction shall be claimed from gross total income of the resident corporate shareholder and shall not exceed the amount of dividend distributed by it on or before the due date. The “due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

c) Deduction made towards bad and doubtful debts:

- **Under section 36(1)(viia)**

  Under section 36(1)(viia) of the Act in respect of any provision made for bad and doubtful debts, a Scheduled Bank is entitled to a deduction not exceeding:

a. 8.5% of the total income (computed before making any deductions under this clause and Chapter VIA) and

b. 10% of the aggregate average advances made by the rural branches of the Bank computed in the prescribed manner.

   Also the Bank shall, at its option, be allowed a further deduction in excess of the limit specified above, for an amount not exceeding the income derived from redemption of securities in accordance with a scheme framed by the Central Government provided such income has been disclosed in its return of income under the head "Profits and gains of business or profession".

- **Deduction under section 36(1)(vii)**

  The subsequent claim of deduction of actual bad debts under section 36(1)(vii) of the Act shall be reduced to the extent of deduction already allowed under section 36(1)(viia) of the Act.

  As per section 41(4) of the IT Act, where any deduction has been claimed by the Bank in respect of a bad debt under Section 36(1)(vii) of the IT Act, then any amount subsequently recovered on any such debt is greater than the difference between such debt and the amount so allowed as a deduction under section 36(1)(vii) of the IT Act, the excess shall be deemed to be business income of the year in which it is recovered.

  As per Section 43D(a) of the IT Act, interest income in relation to certain categories of bad or doubtful debts as per Rule 6EA, shall be chargeable to tax in the previous year in which it is credited to its profit and loss account for that year or actually received, whichever is earlier. This provision is an exception to the accrual system of accounting which is regularly followed by such assessee's for computation of total income. The Bank, as per the provisions of Section 36(1) (viia) of the IT Act can claim benefit of this section by virtue of explanation (d) to Section 43D of the IT Act.

d) Deduction under section 36(1)(viii) -Transfer to Special Reserve:
The Bank also eligible for a deduction of 20% of the profits from eligible business or an amount transferred to the special reserve, whichever is lower, as per the provisions of section 36(1)(viii) of the Act in computing its income under the head "Profits and gains of Business or Profession" (computed before making any deduction under this section). However, where the aggregate amounts transferred to such special reserve from time to time, exceeds two hundred percent of the paid-up share capital and general reserves, the Bank shall not get a deduction for such excess.

e) Other Tax Benefits available to Bank

1. Under Section 35D, 1/5th of specified expenses incurred towards capital raising is eligible for deduction for a period of five years.

2. Pursuant to the amendment introduced by the Finance Act 2008, any payment of securities transaction tax in respect of securities transactions which are taxable under the head "profits and gains of business or profession" shall be allowed as deduction under section 36 (1) (xv) of the Act against such income.

B. Special tax benefits available to the shareholders under IT Act:

There are no special tax benefits available to the shareholders of Bank for investing in the shares of the Bank. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the IT Act.

a) Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the IT Act would be available on fulfilling the conditions. Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend.

b) As per Section 112A of the IT Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity- oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfilment of prescribed conditions under the IT Act as well as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 1 October 2018. It is worthwhile to note that tax shall be levied where such capital gains exceed INR 100,000/-.

The benefit of concessional rate of tax under section 112A on long-term capital gains will not be available, where no securities transactions tax is paid. In such cases, under the provisions of section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or zero coupon bond would be charged to tax either at the rate of 20% (plus applicable surcharge and education cess), after considering indexation benefits as per second proviso to section 48, or at 10% (plus applicable surcharge and education cess) without indexation benefits.

Under section 48 of the Act, the long-term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government and Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015) will be computed after indexing the cost of acquisition/improvement.

c) In terms of the provisions of section 111A of the Act, short-term capital gains arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be chargeable to tax at the rate of 15% in the hands of the shareholders, provided, the transaction of sale of such equity share or unit is entered on or after the date on which chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to securities transaction tax under that chapter.

However, if the transaction is undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency, fulfillment of the condition in respect of securities transaction tax shall not apply.

The short term capital gains not eligible for the concessional rate under section 111A of the Act, are chargeable to tax as per the relevant rate applicable to the shareholder plus applicable surcharge and education cess.

C. To Non-Resident Shareholders

a) In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

b) Pursuant to the amendment introduced by the Finance Act 2008, any payment of securities transaction tax in respect of taxable securities transactions which are taxable under the head “profits and gains of business or profession” shall be allowed as deduction under section 36 (1) (xv) of the Act against such income.

c) A capital gain arising to FIIs or a specified fund on sale of shares is governed by section 115AD of the Income-tax Act. As per section 115AD of the Income-tax Act, long-term capital gains arising on transfer of shares purchased by FIIs upto Rs. 1,00,000/- is exempt and exceeding Rs. 1,00,000/- are taxable at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess). As per section 115AD read with section 111A of the Income Tax Act, Short-term capital gains are however, taxable at the rate of 15% (plus applicable surcharge, education cess and secondary and higher education cess). Cost indexation benefits will not be available. Further, the provisions of the first proviso of section 48 of the Income Tax Act will not apply.

d) In accordance with and subject to the provisions of section 115AD read with section 196D(2) of the Income-tax Act, no deduction of tax at source is applicable in respect of capital gains arising from the transfer of the equity shares payable to FIIs.

e) In the case of all non-resident shareholders, the above tax rates are subject to the benefits, if any, available under the double taxation avoidance agreements signed by India with the country of which the non-resident shareholder may be a tax resident, subject to fulfillment of conditions prescribed there under.

SPECIAL TAX BENEFITS UNDER THE INDIRECT TAX LAWS

The Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, (collectively referred to as "GST laws").

A. SPECIAL TAX BENEFITS AVAILABLE TO THE BANK

As per the GST laws, any income earned out of extending deposits, loans, or advances in so far as the consideration is represented by way of interest or discount is exempted from payment of GST. Thus, interest income earned by Banks on deposits placed and loans and advances granted is exempted from payment of GST.

Further, in accordance with the provisions of the GST law, every registered person is required to reverse input tax credit attributable to the exempt income (arrived by determining the ratio of exempt income over total income). However, Banks are given an option to reverse 50% of their total eligible input tax credit. Such option is available to the Bank separately for each registration and in each year.

The Bank has exercised the option of reversal of 50% of their total eligible input tax credit for all its registrations.

B. SPECIAL TAX BENEFITS TO SHAREHOLDERS OF THE BANK

As per the GST laws, shares, being in the nature of securities, are specifically excluded from the definition of goods and services contained in Section 2(52) and 2(102) of the Central Goods and Services Tax Act, 2017 respectively. Consequently, the activity of sale of shares is not subject to the levy of GST. Similarly, income derived from shares (e.g., dividend) is not subject to the levy of GST under GST laws.

SECTION IV: ABOUT OUR BANK

OUR BUSINESS

Unless otherwise indicated or the context requires, the financial information for Fiscal 2023 and Fiscal 2022 is derived from our Reformatted Audited Standalone Financial Statements for the financial year ended March 31, 2023, with previous year comparatives, and the financial information for nine-month periods ended December 31, 2023 and December 31, 2022 is derived from our Unaudited Interim Condensed Standalone Financial Statements for the nine-month period ended December 31, 2023, with previous period comparatives, as included in this Letter of Offer.

*We prepare our financial statements in accordance with Indian GAAP. Our financial statements reflect applicable statutory requirements and regulatory guidelines and accounting practices in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014, and Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply, and guidelines issued by the Reserve Bank of India ("**RBI**"). For the purposes of a comparative analysis in the discussion below, previous years' or periods' figures, as applicable, have been reclassified and regrouped wherever necessary. Our fiscal year ends on March 31, of each year. Accordingly, all references to a particular fiscal year are to the 12-month period ended on March 31, of that year.*

Certain non-GAAP measures are presented in this section are a supplemental measure of our business, performance and liquidity that are not required by, or presented in accordance with, Indian GAAP, or IFRS. Further, these non-GAAP measures are not a measurement of our financial performance or liquidity under Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Indian GAAP, or IFRS. In addition, these non-GAAP measures are not standardized terms and hence a direct comparison of similarly titled non-GAAP measures between companies may not be possible. Other companies may calculate the non-GAAP measures differently from us, limiting their usefulness as a comparative measure.

Unless otherwise specified, references herein to "we", "our", "us", "our Bank" are to the Bank on a standalone basis. Although the Bank has one Subsidiary as on date of this Letter of Offer, the impact of the Subsidiary on the Bank's consolidated financial statements is not significant. Accordingly, the Bank primarily utilizes the Bank's standalone financial information to monitor the operational strength and performance of the Bank's business. For more information on the Bank's financial performance on a consolidated basis, see the Bank's Reformatted Audited Consolidated Financial Statements for the financial year ended March 31, 2023, and the Unaudited Interim Condensed Consolidated Financial Statements for the nine-month period ended December 31, 2023, which have been included in this Letter of Offer on pages 166 and 220, respectively.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the section "Forward-Looking Statements" on page 14, the section "Risk Factors" on page 17 and elsewhere in this Letter of Offer.

Overview

Our Bank was incorporated under the Indian Companies Act, 1913 over nine decades ago on January 25, 1929, at Thrissur in Kerala. We are a banking company recognized as a scheduled commercial bank within the meaning of the Reserve Bank of India Act, 1934. Our Bank is predominantly present in Kerala and South India and is gradually expanding its presence in the country. As on December 31, 2023, our Bank has a network of 948 branches across 26 states and four union territories, five satellite and ultra small branches, 1,315 ATMs and 57 business correspondents.

Our Bank operates in three primary segments, i.e., retail banking, corporate/wholesale banking, and treasury operations, along with certain other banking operations. As part of its retail banking offerings, our Bank offers several products and services to its retail customers, such as deposits (including term deposits, savings accounts and current accounts), banking services for non-resident Indians ("**NRIs**"), agricultural loans, housing loans and top-ups, LAP, automobile loans, retail gold loans, personal loans, and cards and payment services. These products are offered with certain variations as customized products to certain target groups such as senior citizens, students and salaried employees. Our Bank's corporate/ wholesale banking business offerings include several commercial banking and corporate institutional banking products and services, such as working capital, term loans, documentary letters of credit, bank guarantees, supply chain finance and foreign exchange services. Our Bank has also entered into third party partnerships to offer insurance products, such as life insurance, general insurance and health insurance, and mutual fund products, among others. For further details of our Bank's product offerings, see "*Products and Services*" on page 64.

The Bank's pan-India branch network allows it to provide banking services to a range of customers, including large and mid-sized corporates, institutions, state-owned enterprises as well as commercial, agricultural, industrial and retail customers. As of December 31, 2023, our Bank had approximately 0.76 crore customers, reflecting our large customer base. The Bank also has internet, mobile banking and doorstep banking solutions. As of December 31, 2023, the Bank had approximately 0.12 crore internet banking users and 0.26 crore mobile banking users.

The following table sets forth key highlights of our Bank's financial performance as of and for the Fiscal 2022 and 2023, and the nine-month periods ended December 31, 2022 and December 31, 2023:

(in ₹ crores, except for percentages or as otherwise indicated)

Key Highlights	**As of and for Fiscal**		**As of and for nine-month period ended December 31,**	
	2022	**2023**	**2022**	**2023**
Deposits	89,142.11	91,651.35	90,671.74	99,154.66
Advances	59,993.39	69,804.44	67,920.21	75,339.87
Gross Advances	61,815.76	72,092.06	70,116.68	77,685.92
Interest Earned	6,586.54	7,233.18	5,260.22	6,338.13
Interest Expended	4,346.78	4,221.10	3,105.32	3,880.75
Net Interest Income	2,239.76	3,012.08	2,154.90	2,457.38
Other Income	1,034.10	812.63	467.26	1,169.49
Total Income	7,620.64	8,045.81	5,727.48	7,507.62
Net profit/ (loss) after taxes for the year	44.98	775.09	441.20	782.52
Earnings per share (basic) (in ₹)	0.21	3.70	2.11*	3.74*
Earnings per share (diluted) (in ₹)	0.21	3.70	2.11*	3.74*
Net Interest Margin	2.62%	3.30%	3.17%	3.28%
ROA (based on working funds)	0.04%	0.73%	0.56%	0.91%
ROE	0.77%	11.61%	9.22%	14.05%
CRAR	15.86%	17.25%	16.25%	15.60%
Gross NPA ratio	5.90%	5.14%	5.48%	4.74%
Net NPA ratio	2.97%	1.86%	2.26%	1.61%

***** *Not annualised*

Our Bank has one unlisted wholly owned subsidiary, SIB Operations and Services Limited, which was incorporated on May 28, 2021. SIB Operations and Services Limited is a non-financial company and caters to the operational needs of our Bank. It provides exclusive services to our Bank in the operational areas of tele calling, business development, data entry operations, IT support and other services permitted by RBI.

Competitive Strengths

The Bank believes the following to be its core competitive strengths:

Well-distributed, low cost and growing deposit base

Our total deposits have increased by 2.82% from ₹89,142.11 crores as of Fiscal 2022 to ₹91,651.35 crores as of Fiscal 2023, and subsequently to ₹99,154.66 crores as on December 31, 2023. Our Bank's funding strategy is now primarily focused on growing retail CASA, and retail deposits and reducing the dependency on wholesale term deposits and consequent concentration risk. Our Bank's retail deposits (CASA and retail term deposits) have grown from ₹85,320.64 crores as of March 31, 2022 to ₹89,614.57 crores as of March 31, 2023, and subsequently to ₹95,088.10 crores as of December 31, 2023, representing 95.71%, 97.78 % and 95.90% of total deposits as of the respective dates. Our Bank's CASA deposits have grown from ₹29,601.38 crore as on March 31, 2022, to ₹30,227.06 crore as on March 31, 2023, and subsequently to ₹31,528.93 crores as of December 31, 2023. The CASA Ratio of our Bank was 33.21%, 32.98% and 31.80%, as of March 31, 2022, March 31, 2023 and December 31, 2023, respectively.

Additionally, we have a strong NRI franchise, which has contributed significantly to deposit growth. The deposits from NRIs constituted 30.78%, 30.72%, 30.84% and 29.49% of total deposits in the corresponding periods of Fiscals 2022, 2023 and the nine month period ended December 31, 2022 and December 31, 2023, respectively.

Our average liquidity coverage ratio for the nine-month period ended December 31, 2023, was 163.84%, which is much higher than the regulatory requirement of 100%. Our Bank's cost of deposit ratio decreased from 4.75% in Fiscal 2022 to 4.35% in Fiscal 2023, and subsequently increased to 5.01% in the nine months ended December 31, 2023. As a result, our cost of funds ratio was 4.33% and 4.00% in Fiscal 2022 and 2023, respectively, and was 4.53% in the nine months ended December 31, 2023

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Strong financial and operational performance with stable capital position

Our Bank has maintained strong financial performance, as reflected in increase in net profit from ₹44.98 crores for Fiscal 2022 to ₹775.09 crores for Fiscal 2023. Additionally, there was an increase in net profit from ₹441.20 crores for the nine-month period ended December 31, 2022, to ₹782.52 crores for December 31, 2023.

The net interest income of our Bank increased from ₹2,239.76 crores for Fiscal 2022 to ₹3,012.08 crores for Fiscal 2023, and from ₹2,154.90 crores for the nine-month period ended December 31, 2022, to ₹2,457.38 crores for December 31, 2023. Moreover, our Bank's net interest margin increased from 2.62 % in Fiscal 2022 to 3.30% in Fiscal 2023, and from 3.17 % in nine-month period ended December 31, 2022 to 3.28% in the nine-month period ended December 31, 2023, primarily due to a better product mix and improved asset liability management.

The Bank's CRAR, calculated under the Basel III framework, was 17.25% and 15.60%, respectively, as of Fiscal 2023 and the nine-month period ending December 31, 2023 (which exceeds mandatory levels), allowing the Bank to take advantage of significant growth opportunities in the market.

Diversified and growing advances portfolio, with improving asset quality

Our Bank's advances have been stable and consistently improving. Our Bank's net advances increased from ₹59,993.39 crores as of March 31, 2022 to ₹69,804.44 crores as of March 31, 2023, and subsequently to ₹75,339.87 crores as of December 31, 2023.

As on December 31, 2023, our Bank has a well-diversified loan book, with corporate loans, personal loans, business loans (including MSME loans) and agricultural loans amounting to 38.48%, 22.55%, 19.85% and 19.12% of its gross advances.

The corporate loan book of the Bank has grown from ₹16,924.76 crores as of March 31, 2022 to ₹23,522.55 crores as of March 31, 2023, and subsequently to ₹29,892.35 crores as of December 31, 2023. The large corporate loan book (comprising standard advances above ₹100 crores) has grown from ₹6,867.38 crores as of March 31, 2022 to ₹13,705.27 crores as of March 31, 2023, and subsequently to ₹18,143.07 crores as of December 31, 2023, comprising 11.46%, 19.63% and 24.08% of its net advances, respectively. Within the large corporate loan book, as at March 31, 2022, March 31, 2023 and December 31, 2023, 89.41%, 95.56% and 96.01%, respectively, of the loan book comprised of A plus rated advances, as rated by RBI approved rating agencies.

The gold loan book of the Bank has grown from ₹10,766.47 crores as of March 31, 2022 to ₹13,808.06 crores as of March 31, 2023, and subsequently to ₹15,368.52 crores as of December 31, 2023.

We are focused on maintaining a high level of asset quality. Our Bank's prudent risk management and credit evaluation processes, coupled with our ability to evaluate and appropriately price risk, have helped us maintain low NPAs, restructured standard advances, and SMA2 (excluding restructured accounts). As of March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, gross NPAs were ₹3,648.09 crores, ₹3,708.26 crores, ₹3,843.57 crores and ₹3,682.40 crores, respectively, representing 5.90 %, 5.14 %, 5.48% and 4.74 %, respectively, of gross advances of our Bank as of such dates.

As of March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, net NPAs were ₹1,777.77 crore, ₹1,293.61 crore, ₹1,529.90 crore, and ₹1,212.34 crore respectively, representing 2.97 %, 1.86 %, 2.26 % and 1.61%, respectively, of net advances of our Bank as of such dates. Our Bank's net restructured standard advances and SMA2 (excluding restructured accounts) were 3.63% and 1.49% of net advances as on March 31, 2022, 1.97% and 0.81% of net advances as on March 31, 2023, 2.38% and 1.03% of net advances as on December 31, 2022, and 1.07% and 0.83% of net advances as on December 31, 2023.

We have been able to contain NPA levels and maintain relatively healthy asset quality by implementing its independent risk management function, covering enterprise risk management, credit risk, market risk, and operational risks that are updated on a continuous basis towards preserving the asset quality, among other risk objectives. The independent risk management system seeks to identify and manage risks at a group level, using technology to allow each business group to manage its risks effectively and within our policies.

This strategic diversification, including focus on increasing share of A plus rated corporate loans, has improved our asset quality and has resulted in enhanced risk diversification, increased revenue, improved margins, and superior asset quality.

Pan India presence through a wide network of branches and ATMs

Since its incorporation in 1929, our Bank has developed into a well-recognized brand with pan-India presence. As on December 31, 2023, our Bank has a network 948 branches across 26 states and four union territories, five satellite and ultra small branches, 1,315 ATMs and 57 business correspondents. Out of the 948 branches as at December 31, 2023, 202 are in metropolitan areas, 182 are urban areas, 460 are in semi-urban areas, and 104 are in rural areas. Our Bank's pan-India branch network, spanning across metropolitan, urban, semi-urban and rural areas, allows us to provide banking services to a wide variety of customers, including large and mid-sized companies, institutions, state-owned enterprises, as well as corporate, agricultural, industrial and retail customers.

The Bank's branch network is further complemented by its digital strategy, including online and mobile banking solutions, to provide its customers with access to on-demand banking services, which we believe allows us to develop strong and loyal relationships with our customers. We believe that these initiatives along with an experienced employee base of 9,939 employees as of December 31, 2023 have enabled our Bank to provide quality service, strengthen relationships with existing customers and acquire new customers.

Professional and experienced management

Our Bank has an experienced management team with significant past experience in the banking and financial services sector. Our Bank's Board is instrumental in maintaining and supervising governance and accounting practices in our Bank. The senior management of our Bank possesses many years of experience, having worked at various large domestic and foreign banks in the past. Our Managing Director and Chief Executive Officer, Mr. P.R. Seshadari, has over three decades of experience in the banking and financial services industry. Prior to joining our Bank, he was associated with The Karur Vysya Bank Limited as 'Managing Director and CEO' and Citi Bank N.A. Singapore in various key roles, including as 'Managing Director'.

Our management team's extensive experience across various segments of retail banking, branch banking, digital banking, payment services, transaction banking, and corporate banking provides our bank with a broad perspective from which we can make strategic management and operational decisions.

Regularly enhanced risk management and internal control functions

Our Bank regularly strengthens its risk management and internal control capabilities by improving its policies and procedures and introducing advanced risk management tools, including industry studies, risk analytics, value-at-risk limitation, risk mitigation, and validation procedures. Our Bank has adopted an independent risk management system that addresses the risks faced in all of its banking activities, including several board-level risk management committees under the Risk Management Committee of the Board. There are also several independent risk management committees, such as the credit risk management committee, market risk management committee, operational risk management committee, and information security committee. Our Bank has established procedures for reporting risk-focused data to the relevant board-level committees.

Our Bank has a comprehensive policy framework that contains separate policies for the identification, measurement, and management of all material risks, including but not limited to credit, market, operational, liquidity, and other Pillar-II risks. Our Bank has put in place an integrated risk management policy that ensures the independence of the risk governance structure. The required standard operating procedures also follow the policies to ensure that all parameters are well-covered while implementing the approved policies. In 2023, the Integrated Risk Management Department of the Bank received a Certificate of Approval for conforming with ISO 9001:2015 Standard.

Further, with an objective to be socially and environmentally sustainable, Our Bank has established an environmental and social management system policy that defines guiding principles for mitigating the environmental and social risks arising out of Our Bank's lending activities. This approach integrates environmental and social factors, in addition to various credit, operational, and financial risk factors, while undertaking high-value lending and investment decisions. The policy also prescribes an exclusion list consisting of activities prohibited for lending operations considering their negative impact on the environment and society.

Our Business Strategies

Further enhance portfolio resilience through a diversified granular loan book

Our Bank has a well-diversified asset product portfolio, with corporate loans, personal loans, business loans (including MSME loans) and agricultural loans amounting to 38.48%, 22.55%, 19.85% and 19.12% of its gross advances as on December 31, 2023. The Bank intends to further strengthen and diversify its loan book by focussing on MSME and retail advances, as well as increasing share of higher rated, lower tenure corporate loans.

There was a muted growth in the mid-corporate sector (business segment loan with exposure below ₹ 25 crore), owing to Bank's strategy to exit unhealthy accounts. The mid-corporate sector loan book of the Bank grew from ₹18,349.38 crores as of March 31, 2022 to ₹18,352.95 crores as of March 31, 2023, and subsequently moved to ₹18,237.65 crores as of December 31, 2023. To grow our market share in the MSME sector, our Bank has implemented an initiative empowering its branches to handle MSME loans up to ₹2 crores directly, supported by technology for quicker decision-making. Our Bank has recently also launched numerous new products, including auto loans, pre-approved personal loans and a co-branded credit card, targeting retail customers. To further diversify its loan book and to enhance priority sector lending, our Bank has also entered into a co-lending arrangement with an NBFC. The Bank further revamped its housing loan policy in Fiscal 2023, with an aim to improve the competitiveness its housing loan offerings. In addition, the Bank also launched product centric marketing campaigns around home loans, auto loans and gold loans, with an aim to grow its retail advances portfolio. We intend to continue to focus on MSME and retail lending, which we expect will allow us to diversify our risk profile, increase our interest income and improve efficiency in capital utilization.

In addition to diversifying our advances portfolio, our Bank also intends to continue to focus on improving the quality of its assets. For instance, as part of our continued focus on growing low risk, high quality assets, the share of A plus rated advances in the large corporate loan book (comprising standard advances above ₹100 crores), has grown from 89.41% as on March 31, 2022, to 95.56% as on March 31, 2023 and 96.01% as on December 31, 2023. The gold loan book of the Bank has grown from ₹10,766.47 crores as of March 31, 2022 to ₹13,808.06 crores as of March 31, 2023, and subsequently to ₹15,368.52 crores as of December 31, 2023.

The Bank is also in the phase of implementing a new loan origination system that integrates all stages from sourcing to disbursement into a unified process flow. We believe that this will enhance seamless delivery and improve client experience, with a faster turnaround time expected.

Reduction in NPAs with increased emphasis on collection and recovery of stressed accounts

Our Bank's risk management and credit evaluation processes, coupled with our ability to evaluate and appropriately price risk, have helped us maintain relatively low NPAs, restructured standard advances, and SMA2 (excluding restructured accounts). As of March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, gross NPAs were ₹3,648.09 crores, ₹3,708.26 crores, ₹ 3,843.57 crores, and ₹3,682.40 crores, respectively, representing 5.90 %, 5.14 %, 5.48% and 4.74 %, respectively, of gross advances of our Bank as of such dates. As of March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, net NPAs were ₹1,777.77 crores, ₹ 1293.61 crores, ₹1,529.90 crores, and ₹1,212.34 crores, representing 2.97%, 1.86%, 2.26% and 1.61%, respectively, of our Bank's net advances as of those dates. Our Bank's net restructured standard advances and SMA2 (excluding restructured accounts) were 3.63% and 1.49% of net advances as on March 31, 2022, 1.97% and 0.81% of net advances as on March 31, 2023, 2.38% and 1.03% of net advances as on December 31, 2022, and 1.07% and 0.83% of net advances as on December 31, 2023.

To maintain low NPAs, restructured standard accounts, and SMA2 (excluding restructured accounts), we have decentralized the collection and recovery department of the Bank, with dedicated regional collection managers in each region, thereby lowering slippages. Stringent recovery measures have led to better performance. Furthermore, we believe that the implementation of a new collection system with enhanced management capabilities, a focus on one-time settlements instead of prolonged legal processes, dedicated efforts to mitigate fraud, and the deployment of the N-Collect system for seamless recovery and reconciliation will result in an increase in the collection and recovery of stressed accounts and therefore, reduction in NPAs.

Improvement in branch productivity and cost optimisation

Our Bank is in the process of implementing a comprehensive strategy, focusing on improving the ratio of customer-facing employees and branch productivity, aimed at enhancing its overall performance. As part of measures to improve branch productivity, the Bank has introduced a new 'Sales Value Addition' metric to monitor sales activities at the branch level. With effect from January 1, 2024, a new sales rewards program has been launched to incentivize branches based on their 'Sales Value Addition,' irrespective of specific products, ensuring a product-agnostic and customer-focused approach. We believe such approach will not only encourages branches to meet or exceed preset thresholds but also facilitates the recovery of branch costs through incremental sales. We believe that the 'product agnostic' nature of the scheme mitigates the risk of mis-selling and will enhance the branch capabilities by providing training on products, processes, and customer relationship management, thereby fostering a more skilled and customer-oriented workforce.

As of Fiscal 2022, Fiscal 2023, and the nine-month period ended December 31, 2022, and December 31, 2023, our Bank's net interest margin was 2.62 %, 3.30 %, 3.17% and 3.28 %, respectively. Further, the cost to income ratio of our Bank for Fiscal 2022, Fiscal 2023, and the nine-month period ended December 31, 2022, and December 31, 2023 was 61.89%, 60.59%, 63.93% and 60.46%, respectively. We believe certain actions, including a hiring reduction, improving in ratio of customer facing employees, and a comprehensive branch review based on Sales Value Addition and Service Intensity metrics, will streamline costs effectively, ensuring a more balanced and efficient operational structure for the Bank.

Further enhance our Bank's fee income profile

An important strategic focus for us is to diversify our fee and non-fund based revenue sources. We intend to leverage on our branch network, digital channels and our increasingly diversified product and service portfolio to develop our fee and commission-based business. For Fiscal 2022, Fiscal 2023, and the nine-month period ended December 31, 2022, and December 31, 2023, our Bank's fee income was ₹475.31 crores, ₹597.51 crores, ₹ 430.94 crores, and ₹510.65 crores, respectively. Our Bank has also entered into third party partnerships to offer insurance products, such as life insurance, general insurance and health insurance, and mutual fund products, among others. Further, we also propose to expand our foreign exchange services in the future and focus on bancassurance, GoI business, fee and processing charges from loan and advances credit and debit card business. Our Bank aims to grow its fee income by relying on its multipronged distribution approach, utilizing its digital capabilities, analytics, leveraging API enabled banking platforms to identify complimentary products and services that may be offered to its customers.

Focus on digitization and technology infrastructure

We believe that the increased usage of internet by consumers and access to data networks in India has led to the need for a comprehensive digital strategy by banks and financial institutions to proactively develop new methods of reaching customers. Currently, branches are the main source of business for the Bank. The Bank intends to further strengthen its non-branch distribution network by leveraging traditional non-branch sources and building fintech partnerships. For instance, we have launched a co-branded credit card program, *SIB-OneCard*, in collaboration with a third party technology service provider.

We intend to leverage our digital channels to source business, and in particular, grow our CASA and advances. We will also leverage our advanced technology infrastructure to further improve client and transaction management and achieve enhanced efficiency and productivity levels. We currently provide a range of options for customers to access their accounts, including internet banking and mobile banking, which as of December 31, 2023, facilitated 1.97 crore and 14.72 crore transactions, respectively, at the Bank.

As of December 31, 2023, our Bank has facilitated 0.30 crore transactions through digital channel. The share of digital transactions of our Bank has grown from 92.67 % from Fiscal 2022 to 94.64 % Fiscal 2023, and to 97.20 for the nine-month period ended December 31, 2023. The Bank also expects a considerable increase in digital transactions with the UPI facility being enabled through feature phones and introduction of digital currency. As of December 31, 2023, we have approximately 0.24 crore accounts registered with UPI. We believe that our focus on technology, encompassing cloud adoption, high availability, fraud detection, cyber security, and infrastructure modernization, positions us to stay competitive and enhance service delivery, contributing to an anticipated increase in digital transactions. Further, we also aim to use data analytics to enhance customer engagement and analyze customer data to gain insights, enabling our Bank to tailor its offerings more precisely. This approach aims to foster long-term customer loyalty and increase the Bank's share of the customer wallet.

We consistently organize various training programs for our Bank's employees, collaborating with institutions like Institute for Development and Research in Banking Technology, National Institute of Bank Management, among others. These programs aim to keep our workforce updated on the latest developments in areas such as cyber security, security in cloud computing, mobile app security, fintech, etc. Additionally, we have established partnerships with leading online technology training platforms to provide year-round, free technology training and certification programs for our technology team. We believe that this will help our employees stay current with advancements in crucial areas, fostering a technologically skilled workforce that enhances cybersecurity measures and embraces innovations and ultimately increasing the utilisation of technology to enhance delivery of our banking products and services.

Products and Services

Our Bank operates in three primary segments, i.e., retail banking, corporate/wholesale banking, and treasury operations, along with certain other services. The following table sets forth certain information relating to our Bank's revenue classified by our primary business segments in the periods indicated:

(*in ₹ crores*)

Particulars	As of and for Fiscal		As of and for nine-month period ended December 31,	
	2022	2023	2022	2023
Retail banking	3,710.05	4,083.76	2,925.92	3,610.37
Corporate/wholesale banking	2,065.04	2323.02	1,642.79	2,086.88
Treasury operations	1,499.70	1088.00	797.00	1,491.30
Total	7,274.79	7,494.78	5,365.71	7,188.55

The following table sets out our total net advances and deposits for the periods indicated:

(*in ₹ crores*)

Particulars	As of and for Fiscal		As of and for nine-month period ended December 31,	
	2022	2023	2022	2023
Deposits	89,142.11	91,651.35	90,671.74	99,154.66
Advances	59,993.39	69,804.44	67,920.21	75,339.87

A. Retail Banking

The retail banking department focuses primarily on increasing retail business for our Bank through customer acquisition and retention. Our Banks's retail banking operations include loan and deposit products targeted primarily at individuals (salaried, self-employed professionals and other self-employed individuals) for meeting their personal financial requirements.

Our liability products to retail customers include saving accounts, current accounts, recurring deposits and other term deposits. These products are offered with certain variations as customized products to well-defined target groups such as professionals, entrepreneurs, students and salaried employees. Brief details of our liability products are provided below:

- *Savings accounts*: Our Bank offers savings accounts (including salary accounts), which are interest bearing on-demand deposit accounts designed primarily for individuals (salaried professionals, senior citizens, women and young individuals), HUF, associations, clubs, societies and trusts. Some of the variants of our saving accounts are corporate salary account, *SIB Ruby*, *SIB Smart Salary accounts, SB Gold saving accounts, SB Silver saving accounts*, *SIB Elite senior*, *SIB youth plus*, *Mahila delight account*, *SBI Gen Next*, *SIB Doctor Plus* and corporate salary account.

- *Current accounts*: Our Bank offers personal current accounts, which are non-interest-bearing, and can be opened by self-employed individuals and professionals. Current Accounts are offered in different variants and features and benefits of the products vary depending upon the minimum balance requirement and targeted segments. Some of the variants of our current accounts are *Tender Smart, SIB EXIM – Gold and Silver, SIB Merchant Plus* and *Premium Platinum*.

- *NRE/NRO Rupee Account:* Our Bank offers NRE savings accounts to NRIs for depositing their foreign income from their country of residence. The funds in the NRE account are converted to INR at the time of deposit at prevailing forex rates. Further, our Bank offers NRO account to NRIs, where they can maintain and manage the income earned in India such as rent, dividends and pensions.

- *Recurring Deposits*: Our Bank accepts recurring deposits, having advantages of both demand and time deposits, targeting salaried and fixed-income groups. With this, individuals make regular monthly investments, receiving the accumulated amount along with interest as a lump sum upon maturity. Our recurring deposits can be opened with a monthly instalment amount in multiples of ₹1, with a minimum instalment amount of ₹100.

- *Other term deposits*: Our Bank accepts term deposits giving a fixed return, for periods ranging from 7 days to 10 years. Minimum tenor of NRE & FCNR (B) Term Deposit is one year. Some of the variants of term deposits offered by our Bank are *SIB Flexi Smart Deposit*, *SIB Flexi Deposit*, *SIB Care*, *Kalpakanidi*, *Fast Cash deposit*, *Fixed Deposits*, *SIB Qend*, *Tax Gain Deposits*, *FD Vantage*, and *SIB Max Plus – Non-Callable Deposits*. Our Bank has introduced a new term deposit product called "*Green Deposit*", a fixed-term deposit for investors looking to invest their surplus cash reserves in environmentally friendly projects.

- *Foreign currency deposits:* Our Bank offers FCNR deposit products to NRI customers in foreign currency, including USD, GBP, EURO, AUD, CHF, CAD and JPY.

Our Bank's loan products are targeted to meet personal financial requirements, such as housing, gold, car, personal requirements and education. Brief details of our liability products are provided below:

- *Housing loans:* Our Bank offers housing loans to cater to various requirements of individuals ranging from purchase of house/land, construction, renovation and repairs. Our Bank also offers loans for purchase of residential land at housing layouts covered by certain government schemes. Our housing loan offerings also extend to NRIs, subject to certain employment conditions. Existing housing loan borrowers are also offered the *SIB Decor* housing loan for the purchase of furniture, electronics and other household articles.

- *Car loans*: Our Bank offers a variety of loans under our car loan portfolio, including purchase of new vehicles, takeover of existing vehicles, purchase of second-hand vehicles and reimbursement of newly purchased cars. These loans are usually secured by way of hypothecation of the vehicle for which the loan is advanced. Our car loan offerings also extend to NRIs, subject to certain employment conditions.

- *Gold loans*: Our Bank offers loans against pledge of gold ornaments and the amount of loan is typically determined based on the net weight of the ornament. Our Bank offers gold loans in three segments, personal, business and agriculture.

- *Education loans*: Our Bank offers financial support to eligible students for pursuing higher education as determined by the institution/ organization responsible for the educational course. Our Bank offers tailor made solutions to cater to various education needs, including loans for vocational education and training. Our Bank's education loan schemes include *SIB Vitjnan Pradhan Scheme*, *SIB Excellence*, *SIB EDUSUM*, *SIB Global Education*, *Skill Loan* and *SIB Vidyanidhi*. Some of these loan schemes also extend to NRIs.

- *Personal loans*: Our Bank offers loan schemes for assisting individuals to meet their various personal and business use. Our Bank extends such loan schemes to salaried individuals, self-employed non-professionals, self- employed professionals and NRIs. Personal loans are offered both as secured as well as unsecured loans such as the *SIB Pension Plus*, *SIB Group Personal Loan* and *Overdraft in Corporate Salary Accounts*.

Our retail products and services also include debit and credit cards, electronic banking such as internet banking, mobile banking and WhatsApp banking services, travel cards, NETC FASTag, doorstep banking services, demat services, account aggregator, sovereign gold bonds etc.

B. Corporate Banking

Under the corporate banking segment, our Bank provides a wide range of products and services to its corporate customers, including, *inter alia*, business accounts such as *Premium Current*, *Premium – CD Smart*, *Trader Smart Current Account*, *SIB Merchant Plus*, *RERA Account* and *SIB EXIM Current Accounts*. Further, our Bank offers working capital finance, long term finances, non-fund based finance, small business loan, commercial vehicle loans, *SIB Biz – unsecured business loan* and supply chain finance to corporates. Our Bank also provides its corporate customers with value added services in the form of business debit cards, mobile and internet banking – *SIBerNet* and *SIB Mirror+*, demat services, insurance, payment gateway services, among others.

C. Treasury Operations

Our treasury operations maintain the statutory reserves of CRR and SLR prescribed by RBI, meet our short-term liquidity requirements in domestic and foreign currencies effectively, and manage our SLR and non–SLR investment book. Our treasury operations also manage trades in interest rate, equity and forex instruments, utilize arbitrage opportunities available across markets and also provide crucial market related inputs in our asset liability management. We operate in the domestic and international money, foreign exchange and derivatives markets to hedge our customers' risks on foreign exchange and interest rates. Our Bank's treasury operations include trading and investments in government securities and corporate debt instruments, equity and mutual funds, derivative trading, and foreign exchange operations on proprietary account and for customers. Our Bank is upgrading its Treasury Management Software in phases, with a portion of the new software solution already deployed during the current Fiscal.

D. Other Services

- *Insurance*: Our Bank offers third party insurance products, including distribution of life insurance products, general insurance products and health insurance products. We earn commissions from the distribution of such insurance products. As of December 31, 2023, we had 2,280 IRDAI qualified persons in our branches. In Fiscal 2023 and the nine-month period ended December 31, 2023, we earned a commission of ₹43.92 crores and ₹31.84 crores, respectively, from life insurance products and ₹8.19 crores and ₹9.03 crores, respectively, from non-life insurance (general and health) products.

- *Mutual Funds:* Our Bank provides mutual fund services through its tie-up with third party mutual funds. We earn commissions from the distribution of such mutual funds. In Fiscal 2023 and the nine-month period ended December 31, 2023, we earned a commission of ₹2.52 crores and ₹2.43 crores, respectively, from distribution of mutual funds.

- *Government Banking*: We handle various government business products, including direct and indirect tax collections, and state government treasury transactions.

IT Infrastructure

Our Bank has put in place extensive internal controls and processes to mitigate operational risks, which includes maker checker authentication of Core Banking Solution transactions, centralised processing of opening and modifications of CASA and loan accounts, centralised sanctioning of loan facilities etc. The Digital and Technology Department has been focusing on the innovation, improvement and implementation of projects on our Bank's digital platforms such as ATMs, net banking, mobile banking, etc. Our Bank provides various technological services to its retail customers to meet their requirements, such as internet banking, mobile banking, debit cards, credit cards that are tied up with One Card, kiosk based financial inclusion solutions, etc. Further, to cater to the needs of its corporate customers, our Bank offers business debit cards, host to host integration facilities to provide seamless fund transfers, the SIB PAYGATE, which allows payments through UPI, debit cards, credit cards and internet banking, among others.

As per BCP Policy, our Bank has a full-fledged BCP and Disaster Recovery ("**DR**") setup at Bangalore which is ISO 27001:2003 certified. The bank has developed a Business Continuity Policy for Information Systems to ensure continuation of critical business processes in the event of any business or information technology (IT) infrastructure failure, thereby minimizing the potential impact. It also helps to reduce the impact of disruption, caused by disasters and security failures through a combination of preventive and recovery measures. IT departments including the data centre, DR site & BCP site and Chief Information Security Officer's office are ISO 27001 certified for the implementation of Information Security Management System ("**ISMS**"). As a part of ISMS implementation, our Bank has prepared the IS security policy and related IT risk management procedures. Further, our Bank has developed a Customer Relationship Management solution to provide them with a holistic 360-degree view of all their customers. Our Bank has also won various awards and accolades in the recent years for its IT infrastructure including the "2022 Finnoviti Award" in the category of Robotic Automation of Merchant Credit Processing, awards for risk management and design management at the 14th edition of the Data Center Summit and Awards, 2023, "Outstanding Digital CX – SME Loans" award at the 6th Digital CX Awards, the "Best Tech of the Year (Robotics & AI): RPA" award at the Quantic India's Technology Excellence Awards, 2022 and the "Best IT Risk Management" award in the Small Banks category at the 18th IBA Banking Technology Awards, 2022

Awards

As of the date of this Letter of Offer, our Bank has won the following key awards in recent years:

1. Recognised as the "Most Preferred Workplace" in the BFSI Sector by Marksmen Daily (December 2022);
2. Received the "Finnoviti Award" in the category of Robotic Automation of Merchant Credit Processing (December 2022);
3. Recognised as the "Wealth Creator of the Year (Kerala BFSI Segment)" by Dhanam Business Magazine (February 2023);
4. Awarded for the "Best Project Implementation" at IBS Intelligence – Global Fintech Innovation Awards (January 2023);
5. Received awards for Risk Management and Design Management at the 14th Edition Data Center Summit and Awards 2023 by UBS Forums Pvt. Ltd. (April 2023);
6. Awarded the "Asian CSR Leadership Award" under the category of "Best use of CSR practice in Banking and Finance (October 2022);
7. Awarded for the "Best Use of Social Publishing – Banking" by Konnect Insights (December 2022);
8. Awarded the UiPath Automation Excellence Award (India and South Asia) for Excellence in Finance and Accounting Automation and for Best Automation under Crisis for Business Continuity in December 2020 and December 2021, respectively.

Human Resource

Our Bank has built up a team of professionals comprising experts in risk management, credit analysis, treasury, customer relations management, retail products, marketing as well as general banking professionals, among others. As on December 31, 2023, our Bank has 9,939 full time employees.

We consider our human resource as a critical factor to our success and engage in a human resource strategy that focuses heavily on recruiting, training and retaining our employees, as well as offering them competitive compensations. Training is conducted at the time of induction of employees, at the completion of every three years and majorly covers areas such as cyber security, risk management, credit products and assessments, compliance in banks, prevention of frauds, etc. Specialised training is conducted for employees on the basis of their job description. Our Bank has variable pay plans for employees linked to performance, role and function, and these are extended in the form of bonuses, performance-linked incentives and performance-based reward program. Our Bank has also set up an employee stock option scheme (SIB

ESOS -2008). For further details on SEBI ESOS – 2008, see "*Capital Structure - Details of outstanding instruments*" on page 47.

Competition

Our Bank faces strong competition in all of its principal lines of business. Our Bank's primary competitors are public sector banks, other private sector banks, co-operative banks, foreign banks, funds transfer agencies and in some product areas, non-banking financial companies, small finance banks, regional rural banks and payment banks.

Intellectual Property Rights

Our Bank has registered our logo "SOUTH INDIAN Bank" and the tagline "Experience Next Generation Banking" under the Trade Marks Act, 1999. Our Bank utilizes a number of different forms of intellectual property in its business and believes that it currently owns, has licensed or otherwise possesses the rights to use, all intellectual property and other proprietary rights, including all trademarks, domain names, copyrights, patents and trade secrets used in its business.

Corporate Social Responsibility ("CSR")

In line with the Bank's CSR policy and section 135 of the Companies Act, 2013, the Bank has undertaken various CSR activities in the recent years, focusing on (i) eradicating hunger, poverty and malnutrition; (ii) promoting education; (iii) empowering women by setting up homes and hostels for women and orphans; (iv) ensuring environmental sustainability, maintaining quality of soil, air and water; (v) rural development activities; (vi) training to promote nationally recognized sports; and (vii) promoting financial literacy. The amount spent by the Bank towards CSR activities for Fiscals 2022, 2023 and the nine-month period ended December 31, 2023 was ₹6.06 crores, ₹1.86 crores and ₹4.21 crores, respectively.

OUR MANAGEMENT

Board of Directors

The composition of the Board is governed by the provisions of the Companies Act, 2013, the SEBI Listing Regulations and the Articles. In accordance with the Articles, unless otherwise determined by our Bank in a general meeting, our Bank shall not have more than 10 Directors and less than seven. As at the date of this Letter of Offer, our Board comprises eight Directors, one executive Director, two non-executive non-independent Directors, and five Independent Directors (including one woman Director). Pursuant to the provisions of the Companies Act, 2013, at least two-thirds of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring Director is eligible for re-election. Further, pursuant to the Companies Act, 2013, the Independent Directors may be appointed for a maximum of two consecutive terms of up to five consecutive years each and thereafter have a cooling off period of three years prior to being eligible for re-appointment. Any re-appointment of Independent Directors shall be on the basis of, *inter alia*, the performance evaluation report and approval by the shareholders of our Bank, by way of a special resolution.

The following table provides details regarding the Board of Directors of our Bank as at the date of filing this Letter of Offer:

Name, address, designation, occupation, term, period of directorship, DIN and date of birth	Age (in years)	Other directorships
VJ Kurian ***Designation*****:** Independent, Non- Executive Director and part time Chairman ***Occupation*****:** IAS Officer (retired as MD of CIAL) ***Address:*** Vattavayalil House, Pappali Lane, Vazhakkala, Kakkanadu (W) P.O, Ernakulam 682030 ***Term*****:** Not liable to retire by rotation ***Period of Directorship:*** Director since March 23, 2018; Non-Executive, part-time Chairman since November 2, 2023 ***DIN***: 01806859 ***Date of Birth:*** February 23, 1957	66	***Indian Companies:*** NIL ***Foreign Companies:*** NIL
Peruvemba Ramachandran Seshadri ***Designation***: Managing Director & Chief Executive Officer ***Occupation***: Banker ***Address***: 107 Sowmya Springs, Diwan Madhava Rao Road, Basavanagudi, Bangalore, 560004 ***Term***: Three years from October 1, 2023 ***Period of Directorship:*** Director since October 1, 2023 ***DIN***: 07820690 ***Date of Birth:*** June 28, 1963	60	***Indian Companies:*** SIB Operations and Services Limited ***Foreign Companies:*** NIL
Mazhuvancheri George Korah ***Designation***: Non-Executive, Independent Director	63	***Indian Companies:***

<table>
<tr><th>Name, address, designation, occupation, term, period of directorship, DIN and date of birth</th><th>Age (in years)</th><th>Other directorships</th></tr>
<tr><td>Occupation: Chartered Accountant

Address: 3 DD Village, May First Road, Thammanam, Cochin 682032, Kerala

Term: For a period of three years from August 31, 2023

Period of Directorship: Director since August 31, 2018

DIN: 08207827

Date of Birth: March 20, 1960</td><td></td><td>SIB Operations and Services Limited

Foreign Companies:

NIL</td></tr>
<tr><td>Pradeep Mahadeo Godbole

Designation: Non-Executive, Independent Director

Occupation: Consultant

Address: B- 601/ 602, Dheeraj Jamuna Chs Ltd, Chincholi Bunder Road, Opp Madhur Society, Mumbai, Malad, West Dely Mumbai 400064

Term: Not liable to retire by rotation

Period of Directorship: Director since March 26, 2019

DIN: 08259944

Date of Birth: October 4, 1964</td><td>59</td><td>Indian Companies:

1. Belief Impex Private Limited
2. Risk and Compliance Professionals Association
3. Riskintellect Solutions Private Limited

Foreign Companies:

NIL</td></tr>
<tr><td>Paul Antony

Designation: Non-Independent, Non-Executive Director

Occupation: IAS officer (retired as Chief Secretary, Government of Kerala)

Address: No 70, GCDA Road, Periyar Gardens, Thottakattukara, Aluva 683108

Term: Liable to retire by rotation

Period of Directorship: Director since September 29, 2020

DIN: 02239492

Date of Birth: June 27, 1958</td><td>65</td><td>Indian Companies:

1. Malabar Sports and Recreation Foundation
2. Kerala Lifesciences Industries Parks Private Limited
3. Kerala State Industrial Development Corporation Limited

Foreign Companies:

NIL</td></tr>
<tr><td>R. A Sankara Narayanan

Designation: Independent, Non-Executive Director

Occupation: Retired Banker</td><td>64</td><td>Indian Companies:

1. Centrum Wealth Limited
2. Centrum Capital Limited</td></tr>
</table>

Name, address, designation, occupation, term, period of directorship, DIN and date of birth	Age (in years)	Other directorships
Address: Flat 8, First Floor, 2 Lakshmi Street, Mahalakshmi Flats, Stage I, West Mambalam, Chennai, Tamil Nadu - 600033 ***Term****:* Five years from October 15, 2020 ***Period of Directorship:*** Director since October 15, 2020 ***DIN***: 05230407 ***Date of Birth:*** January 23,1960		***Foreign Companies:*** NIL
Benny P Thomas ***Designation***: Non-Independent, Non-Executive Director ***Occupation***: Advocate ***Address***: 13 D, JMK Residency, Ernakulam North Ernakulam, Kerala - 682018 ***Term****:* Liable to retire by rotation ***Period of Directorship:*** Director since December 30, 2021 ***DIN***: 09448424 ***Date of Birth:*** May 09, 1964	59	***Indian Companies:*** SIB Operations and Services Limited ***Foreign Companies:*** NIL
Lakshmi Ramakrishna Srinivas ***Designation***: Independent, Non- Executive Director ***Occupation****:* Retired Banker ***Address***: 308, Phase-2 Saket Colony, Road 15, Loan 41, Kapra, Hyderabad – 500062, Telengana ***Term***: Three years from November 20, 2023 ***Period of Directorship:*** Director since November 20, 2023 ***DIN***: 10365580 ***Date of Birth:*** June 6, 1963	60	***Indian Companies:*** NIL ***Foreign Companies:*** NIL

Confirmations

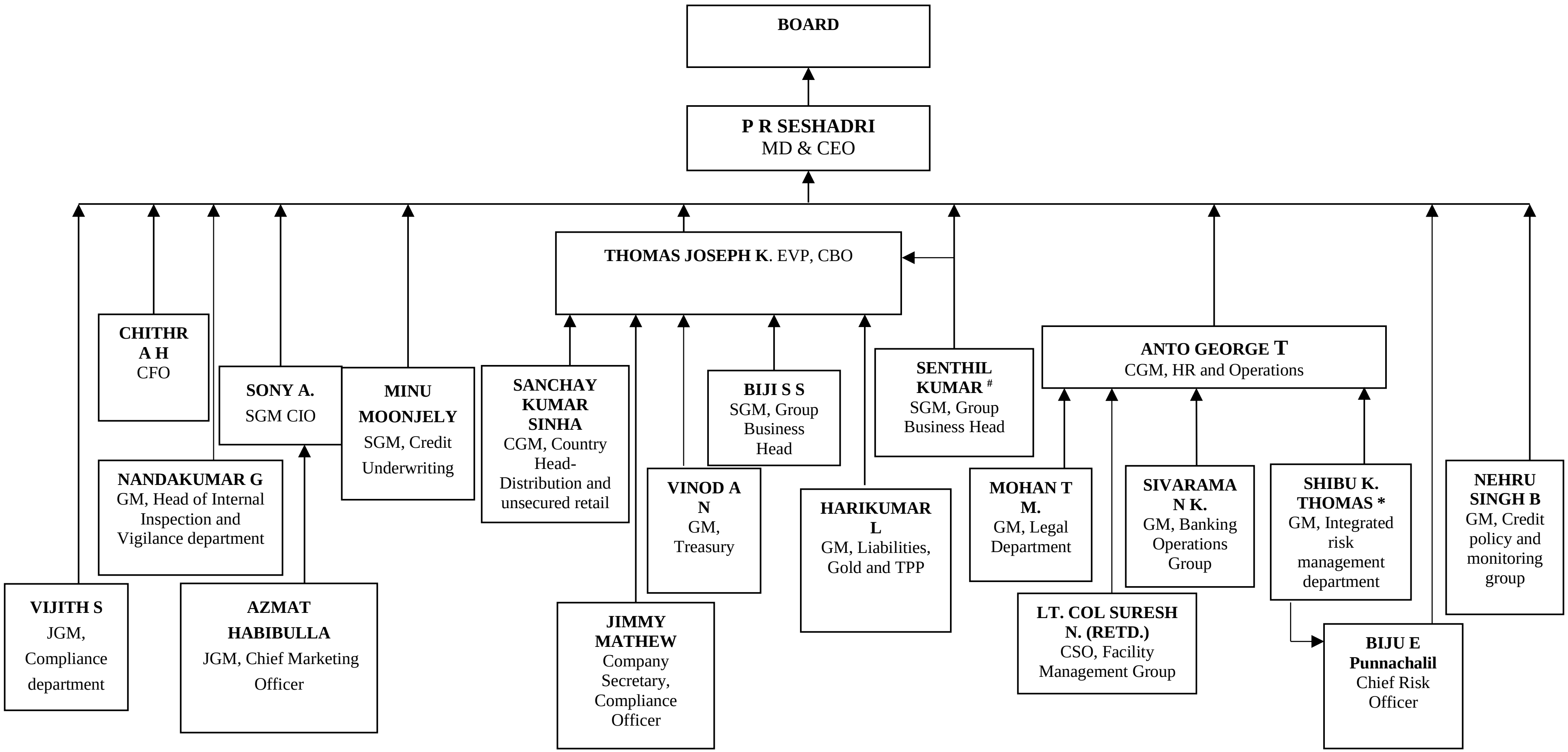
None of our Directors is or was a director of any listed company during the five years preceding the date of filing of this Letter of Offer, whose equity shares have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during the term of their directorship in such company, in the last ten years immediately preceding the date of filing of this Letter of Offer.

Details of Key Managerial Personnel and Senior Management Personnel

S. No.	Name of Key Managerial Personnel / Senior Management Personnel	Designation
Key Managerial Personnel		
1.	Peruvemba Ramachandran Seshadri	Managing Director and Chief Executive Officer
2.	Thomas Joseph K	Executive Vice President and Chief Business Officer
3.	Chithra Hariharan	Chief Financial Officer
4.	Jimmy Mathew	Company Secretary and Compliance Officer
5.	Biju E Punnachalil	Chief Risk Officer
Senior Management Personnel		
1.	Anto George T	Chief General Manager - HR and Operations
2.	Sanchay Kumar Sinha	Chief General Manager and Country Head – Distribution and Unsecured Retail
3.	Sony A	Senior General Manager and Chief Information Officer
4.	Biji S S	Senior General Manager and Group Business Head
5.	Senthil Kumar	Senior General Manager and Group Business Head
6.	Minu Moonjely	Senior General Manager - Credit Underwriting
7.	Nandakumar G	General Manager - Head of Internal Inspection and Vigilance Department
8.	Harikumar L	General Manager - Liabilities, Gold & TPP
9.	Sivaraman K	General Manager – Banking Operations Group
10.	Vinod A N	General Manager - Treasury
11.	Nehru Singh B	General Manager - Credit Policy and Monitoring Group
12.	Mohan T M	General Manager - Legal Department
13.	Shibu K Thomas	General Manager - Integrated Risk Management Department
14.	Vijith S	Joint General Manager - Compliance Department
15.	Azmat Habibula	Joint General Manager - Chief Marketing Officer, Marketing Department
16.	Lt. Col Suresh N (Retired)	Chief Security Officer - Facility Management Group

ORGANISATIONAL STRUCTURE



**Mr. Shibu K Thomas – Administrative reporting to CGM (HR & Operations) & Functional reporting to Chief Risk Officer*
 # Collection & Recovery Reporting to MD and MSME/Agri Reporting to EVP

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

M/s CNK & Associates LLP
Chartered Accountants
5th Floor, Narain Chambers,
Vile Parle - East
Mumbai - 400 057

M/s K Venkatachalam Aiyer & Co.
Chartered Accountants
41/3647 B, 1st Floor, Blue Bird Towers,
Providence Road,
Kochi – 682 018

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The South Indian Bank Limited

Report on the Reformatted Audited Standalone Financial Statements

The accompanying Reformatted Audited Standalone Financial Statements of The South Indian Bank Limited (the "Bank"), comprising the reformatted audited standalone balance sheet as at March 31, 2023, and also the reformatted audited standalone profit and loss account and the reformatted audited standalone cash flow statement for the year then ended, and reformatted notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (together comprising the "**Reformatted Audited Standalone Financial Statements**") are derived from the audited standalone financial statements as at and for the year ended March 31, 2023 (the "Audited Standalone Financial Statements") of the Bank audited by us as detailed in paragraph below. The Audited Standalone Financial Statements, and the Reformatted Audited Standalone Financial Statements, do not reflect the effects of events that occurred subsequent to the date of our report on the Standalone Financial Statements except for the matters as mentioned under section "Basis of preparation" in Schedule 17 to the Reformatted Audited Standalone Financial Statements.

We expressed an unmodified audit opinion on the Audited Standalone Financial Statements, vide our report dated May 11, 2023.

Management's Responsibility for the Reformatted Audited Standalone Financial Statements

The Management is responsible for the preparation of the Reformatted Audited Standalone Financial Statements from the Audited Standalone Financial Statements on the basis described under section "Basis of preparation" in Schedule 17 to the Reformatted Audited Standalone Financial Statements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Reformatted Audited Standalone Financial Statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the Reformatted Audited Standalone Financial Statements derived from the Audited Standalone Financial Statements of the Bank is a fair summary of the Standalone Financial Statements on the basis described under section "Basis of preparation" in Schedule 17 to the Reformatted Audited Standalone Financial Statements.

MUMBAI
Chartered Accountants

Ernakulam
Kochi - 18
K. VENKATACHALAM AIYER & CO.
Chartered Accountants

Restrictions on Use

This report is addressed to and is provided to enable the Bank to include this report in the Letter of Offer in connection with the proposed rights issue, to be filed by the Bank with Securities and Exchange Board of India and that these Reformatted Audited Standalone Financial Statements may not be meaningful for any other purpose.

For CNK & Associates LLP
Chartered Accountants
Firm's Registration Number. 101961W/W-100036

Hiren Shah
Partner
Membership No.100052

UDIN: 24100052BKFAGI6687

Place: Thrissur
Date: February 21, 2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
Firm Registration Number: 004610S

Sreevats Gopalakrishnan
Partner
Membership Number: 227654

UDIN: 24227654BKFTGX9239

Place: Thrissur
Date: February 21, 2024

THE SOUTH INDIAN BANK LIMITED			
REFORMATTED STANDALONE BALANCE SHEET AS AT MARCH 31, 2023			
	Schedule No	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
CAPITAL AND LIABILITIES			
Capital	1	209.27	209.27
Employees' Stock Options Outstanding		0.11	1.29
Reserves and Surplus	2	6,465.31	5,643.86
Deposits	3	91,651.35	89,142.11
Borrowings	4	6,993.85	3,294.49
Other liabilities and provisions	5	2,378.29	1,761.40
TOTAL		1,07,698.18	1,00,052.42
ASSETS			
Cash and Balances with Reserve Bank of India	6	4,639.22	7,276.61
Balances with banks and money at call and short notice	7	2,441.27	3,926.82
Investments	8	24,641.80	21,445.01
Advances	9	69,804.44	59,993.39
Fixed Assets	10	877.92	811.05
Other Assets	11	5,293.53	6,599.54
TOTAL		1,07,698.18	1,00,052.42
Contingent Liabilities	12	25,891.24	33,764.70
Bills for collection		2,057.79	1,752.96
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co
Chartered Accountants

ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
Membership No. 227654
UDIN:

Thrissur
21-02-2024

For and on behalf of Board of Directors

Thomas Joseph. K
Executive Vice President

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

Chithra.H
Chief Financial Officer

Jimmy Mathew
Company Secretary

CNK & ASSOCIATES LLP MUMBAI Chartered Accountants

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

The South Indian Bank Ltd. CFM H.O. Thrissur

THE SOUTH INDIAN BANK LIMITED				
REFORMATTED STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2023				
		Schedule No	Year ended March 31, 2023 ₹ in Crore	Year ended March 31, 2022 ₹ in Crore
I. INCOME				
Interest Earned		13	7,233.18	6,586.54
Other Income		14	812.63	1,034.10
	TOTAL		8,045.81	7,620.64
II. EXPENDITURE				
Interest Expended		15	4,221.10	4,346.78
Operating Expenses		16	2,317.38	2,026.29
Provisions and Contingencies		18.A.14.e	732.24	1,202.59
	TOTAL		7,270.72	7,575.66
III. PROFIT/LOSS				
Net Profit(Loss) for the year			775.09	44.98
Profit/(Loss) brought forward from previous year			-37.87	4.63
Total			737.22	49.61
IV. APPROPRIATIONS				
Transfer to Statutory Reserve			193.78	11.25
Transfer to Capital Reserve			4.57	76.23
Transfer to/(from) Revenue and Other Reserve			130.00	-
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act			80.00	-
Transfer to Investment Fluctuation Reserve			104.39	-
Balance carried over to Balance Sheet			224.48	-37.87
	TOTAL		737.22	49.61
Earnings per share (Face value of ₹ 1 per share)				
Basic (in ₹)		18.B.16	3.70	0.21
Diluted (in ₹)		18.B.16	3.70	0.21
Significant Accounting Policies		17		
Notes on Accounts		18		

Schedules referred to above form an integral part of the Profit and Loss Account

In terms of our report attached

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
Membership No. 227654
UDIN:

Thrissur
21-02-2024

For and on behalf of Board of Directors

Thomas Joseph. K
Executive Vice President

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

Chithra.H
Chief Financial Officer

Jimmy Mathew
Company Secretary

CNK & ASSOCIATES LLP MUMBAI Chartered Accountants

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

The South Indian Bank Ltd. CFM H.O. Thrissur

THE SOUTH INDIAN BANK LIMITED			
REFORMATTED STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023			
		Year Ended March 31, 2023	Year Ended March 31, 2022
		₹ in Crore	₹ in Crore
Cash flow from operating activities			
Profit before tax as per Profit and Loss Account		1,108.21	(91.99)
Adjustments for:			
Depreciation		87.48	84.02
Amortisation of Premium on HTM Investments		312.41	256.54
Provision for Depreciation / Non Performing Investments		296.98	256.30
General Provisions against Standard Assets		(58.61)	175.57
Provision/write off for Non Performing Assets		623.07	1,161.41
Other Provisions		(27.81)	10.49
Employee Stock Options expense		0.11	0.20
Interest on Subordinated bonds		175.43	175.43
(Profit)/Loss on sale of land, buildings and other assets		0.12	(0.16)
Operating profit before working capital changes	(A)	**2,517.39**	**2,027.81**
Changes in working capital:			
Increase / (Decrease) in Deposits		2,509.25	6,431.56
Increase / (Decrease) in Other liabilities and provisions		702.80	(7.31)
(Increase) / Decrease in Investments		(3,529.07)	66.80
(Increase) / Decrease in Advances		(10,434.08)	(3,099.54)
(Increase) / Decrease in Other Assets		1,191.53	(214.43)
	(B)	**(9,559.57)**	**3,177.08**
Cash flow from operating activities before taxes	(A+B)	**(7,042.18)**	**5,204.89**
Direct Taxes paid		(218.64)	(39.57)
Net cash flow from/(used in) operating activities	(C)	**(7,260.82)**	**5,165.32**
Cash flow from investing activities:			
Purchase of Fixed Assets/Capital Work-in-Progress		(112.70)	(101.87)
Sale of Fixed/Non Banking Assets		3.76	64.85
(Purchase)/Sale of Investments (Held To Maturity)		(277.11)	(1,703.56)
Net cash flow from/(used in) investing activities	(D)	**(386.05)**	**(1,740.58)**
Cash flow from financing activities:			
Net proceeds/(repayments) in borrowings		3,699.36	(813.78)
Interest on Subordinated bonds		(175.43)	(175.41)
Net cash flow from/(used in) financing activities	(E)	**3,523.93**	**(989.19)**
Net increase/(decrease) in cash and cash equivalents	(C+D+E)	**(4,122.94)**	**2,435.55**
Cash and cash equivalents as at beginning of the year		**11,203.43**	**8,767.88**
Cash and cash equivalents as at the end of the year		**7,080.49**	**11,203.43**

In terms of our report attached

For and on behalf of Board of Directors

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
Membership No. 227654
UDIN:

Thrissur
21-02-2024

Thomas Joseph. K
Executive Vice President

Chithra.H
Chief Financial Officer

Jimmy Mathew
Company Secretary

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

CNK & ASSOCIATES MUMBAI Chartered Accountants

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

The South Indian Bank Ltd. CFM H.O. Thrissur

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO REFORMATTED STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
SCHEDULE 1 - CAPITAL		
Authorised Capital	400.00	400.00
400,00,00,000 Equity shares of ₹ 1/- each		
(Previous year 400,00,00,000 equity shares of ₹ 1/- each)		
Issued, Subscribed and Paid up Capital	209.27	209.27
209,27,41,018 Equity shares of ₹ 1/- each		
(Previous year 209,27,41,018 equity shares of ₹ 1/- each) (Refer Note no. A.1.e of Schedule 18)	-	-
TOTAL	209.27	209.27
Employees' Stock Options Outstanding		
Employees' Stock Options Outstanding	0.88	1.29
Less: Deferred Employee Compensation Expense (unamortised)	-0.77	-
TOTAL	0.11	1.29
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening Balance	1,168.04	1,156.79
Additions during the year	193.78	11.25
Sub total	1,361.82	1,168.04
II. Capital Reserve#		
Opening Balance	909.83	837.70
Additions during the year*	4.57	76.23
Due to revaluation of Assets (net)	45.07	-
	959.47	913.93
Deductions during the year:		
Deduction from reserve to the extent of depreciation on revalued amount	-5.65	-4.10
Sub total	953.82	909.83
III. Share Premium		
Opening Balance	1,766.90	1,766.90
Additions during the year	-	-
Sub total	1,766.90	1,766.90
IV. Revenue and Other Reserves $		
Opening Balance	1,836.96	1,831.87
Additions during the year :	-	-
a) lapse of vested options	1.29	0.99
b) transfer of depreciation on revaluation	5.65	4.10
c) appropriation during the Year	314.39	-
Sub total	2,158.29	1,836.96
	-	-
V. Balance in Profit and Loss Account	224.48	-37.87
TOTAL [i+ii+iii+iv+v]	6,465.31	5,643.86

* Includes Profit appropriated to Capital Reserve (net of applicable taxes and transfer to statutory reserve) on:

a) Gain on sale of Held to Maturity Investments ₹9.48 Crore (Previous Year ₹ 156.08 Crore)

b) Profit/(Loss) on sale of Fixed Assets (₹0.12) Crore (Previous Year ₹ 0.15 Crore)

(Refer Note no. A.1.f of Schedule 18)

$ (Refer Note no. A.1.f of Schedule 18)

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	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
(i) From Banks	7.02	12.37
(ii) From Others	4,978.96	4,849.15
	-	-
II. Savings Bank Deposits	25,241.08	24,739.85
	-	-
III. Term Deposits	-	-
(i) From Banks	334.57	2,228.72
(ii) From Others	61,089.72	57,312.02
TOTAL	91,651.35	89,142.11
B. (i) Deposits of branches in India	91,651.35	89,142.11
(ii) Deposits of branches outside India	Nil	Nil
TOTAL	91,651.35	89,142.11
	-	-
SCHEDULE 4 - BORROWINGS	-	-
	-	-
I. Borrowings in India	-	-
(i) Reserve Bank of India	275.00	-
(ii) Other Banks*	120.23	207.88
(iii) Other Institutions and Agencies#	6,419.30	2,873.81
II. Borrowings outside India - from other banks	179.32	212.80
TOTAL	6,993.85	3,294.49
	-	-
Secured borrowings under Triparty repo, market repurchase transactions with banks and financial institutions and transactions under Liquidity Adjustment Facility and Marginal Standing Facility included above.	3,181.48	999.60

*Borrowings from other banks include Subordinated Debt of ₹47.36 Crore (Previous year ₹48.36 Crore) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹72.87 Crore (Previous year ₹ 159.52 Crore) [Refer Note no. 18.A.1.d]

#Borrowings from other institutions & agencies include Subordinated Debt of ₹992.64 Crores (Previous year ₹991.64 Crore) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹427.13 Crore (Previous year ₹340.48 Crores) [Refer Note no. 18.A.1.d]

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	102.85	125.20
II. Inter -Office adjustments (Net)	81.85	2.57
III. Interest Accrued	204.15	180.12
IV. Others (including provisions)*	1,989.44	1,453.51
TOTAL	2,378.29	1,761.40

*Includes :-

Provision for standard assets ₹407.59 Crore (Previous year ₹ 464.54 Crore) (Refer Note no. A.4.a of Schedule 18)

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (Including foreign currency notes)	517.00	572.31
II. Balances with Reserve Bank of India		
a) In Current Account	4,122.22	3,104.30
b) Lending under Reverse Repo (including Standing Deposit Facility)	-	3,600.00
TOTAL	4,639.22	7,276.61

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THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO REFORMATTED STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with Banks		
(a) In Current Accounts	10.93	19.74
(b) In Other Deposit Accounts	94.57	28.94
ii) Money at call & short notice		
(a) With Banks	50.00	-
(b) With other Institutions	-	-
(c) Lending under Reverse Repo (Market & Tri party)	49.97	-
Sub total	205.47	48.68
II. Outside India		
(a) In Current Accounts	109.57	158.02
(b) In Other Deposit Accounts	1,972.08	3,524.35
(c) Money at call & short notice - with banks	154.15	195.77
Sub total	2,235.80	3,878.14
TOTAL	2,441.27	3,926.82
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in:		
(i) Government Securities*	22,376.61	19,465.53
(ii) Other Approved Securities	-	-
(iii) Shares	218.33	54.56
(iv) Debentures and Bonds	1,297.95	571.85
(v) Subsidiaries and/or Joint Ventures	0.50	0.50
(vi) Others#	748.21	1,352.37
Sub total	24,641.60	21,444.81
II. Investments outside India - Shares	0.20	0.20
TOTAL (I+II)	24,641.80	21,445.01
A. Gross Investments		
(i) In India	26,014.01	22,533.81
(ii) Outside India	0.20	0.20
Sub total (A)	26,014.21	22,534.01
B. Depreciation/Provision for investments		
(i) In India	1,372.41	1,089.00
(ii) Outside India	-	0.00
Sub total (B)	1,372.41	1,089.00
C. Net Investments		
(i) In India	24,641.60	21,444.81
(ii) Outside India	0.20	0.20
TOTAL (A-B)	24,641.80	21,445.01
* Including Non SLR State Government bonds with Book Value ₹ 86.71 Crore (Previous Year: ₹ 105.28 Crore). Securities costing to ` 11,365.78 Crore (Previous Year `10,125.77 Crore) pledged for availment of fund transfer facility, clearing facility and margin requirements. [Refer Note no. A.3.d of Schedule 18].		
# includes		
Security Receipts	165.98	703.04
Certificate of Deposit	435.22	500.91
Commercial Paper	147.01	148.43
TOTAL	748.21	1,352.38

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SCHEDULES TO REFORMATTED STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
SCHEDULE 9 - ADVANCES		
A. (i) Bills Purchased and Discounted	8,133.50	5,110.94
(ii) Cash Credits, Overdrafts and Loans repayable on demand	36,728.60	29,607.50
(iii) Term Loans	24,942.34	25,274.95
TOTAL	69,804.44	59,993.39
B. (i) Secured by tangible assets*	55,400.74	52,355.06
(ii) Covered by Bank/Government Guarantees	3,041.52	4,168.57
(iii) Unsecured	11,362.18	3,469.76
TOTAL	69,804.44	59,993.39
*advances secured by tangible assets includes advances against Book Debt		
C. I. Advances in India		
(i) Priority Sectors	29,613.49	29,493.22
(ii) Public Sector	1,000.55	313.58
(iii) Banks	-	-
(iv) Others	39,190.40	30,186.59
TOTAL	69,804.44	59,993.39
II. Advances outside India	Nil	Nil
TOTAL	69,804.44	59,993.39
SCHEDULE 10 - FIXED ASSETS		
I. Premises (including Land)		
Gross Block:		
At cost as on March 31, of the preceding year	594.72	594.69
Additions during the year	-	-
Due to purchases/acquisitions	48.58	0.03
	643.30	594.72
Deductions during the year	0.06	-
Closing Balance	643.24	594.72
Depreciation	-	-
As at beginning of the year	73.64	66.90
Charge of the year	8.31	6.74
	-	-
Depreciation to date	81.95	73.64
Net Block Sub total	561.29	521.08
II. Capital Work in Progress		
At cost as on March 31, of the preceding year	59.05	40.50
Additions during the year	125.89	96.66
	184.94	137.16
Capitalisations during the year	60.94	78.11
Sub total	124.00	59.05
III. Other Fixed Assets (Including furnitures and fixtures and Software)		
Gross Block:		
At cost as on March 31, of the preceding year	822.24	757.58
Additions during the year	44.23	83.30
	866.47	840.88
Deductions/adjustments during the year	41.83	18.64
Closing Balance	824.64	822.24
Depreciation	-	-
As at beginning of the year	591.31	530.72
Charge of the year	79.17	77.28
Deductions during the year	38.47	16.68
	-	-
Depreciation/adjustments to date	632.01	591.32
Net Block Sub total	192.63	230.92
TOTAL [I+II+III]	877.92	811.05

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THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO REFORMATTED STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

		As at March 31, 2023 ₹ in Crore		As at March 31, 2022 ₹ in Crore
SCHEDULE 11 - OTHER ASSETS				
I. Interest Accrued		1,131.64		1,008.74
II. Tax Paid in Advance/Tax Deducted at Source (Net of provision)		267.65		307.38
III. MAT Credit Entitlement (Refer Note no. B.3 of Schedule 18)	168.05			
Less MAT Credit utilisation	29.80	138.25		-
IV. Deferred tax asset (net) (Refer Note no. B.3.b of Schedule 18)		21.41		234.41
V. Deferred Employee Benefits (Refer Note no.B.11.c.ii of Schedule 18)		-		24.57
VI. Stationery and Stamps		2.94		2.54
VII. Non-Banking Assets acquired in satisfaction of claims	13.45		14.19	
Less: Provisions held	13.45	-	14.19	-
VIII. Others*		3,731.64		5,021.90
TOTAL		5,293.53		6,599.54
*Includes Priority Sector Shortfall Deposits amounting to ₹ 2,636.43 Crore (Previous year ₹3,790.89 Crore)				
SCHEDULE 12 - CONTINGENT LIABILITIES (Refer Note no. 15 of Schedule 17)				
I. Claims against the Bank not acknowledged as debts:				
(i) Direct Tax disputes		20.50		20.50
(ii) Indirect Tax disputes		22.03		22.72
(iii) Others		26.86		26.99
II. Liability on account of outstanding Forward Exchange Contracts[1]		22,517.21		30,894.64
III. Guarantees given on behalf of constituents in India				
(a) in India		1,697.82		1,542.40
(b) outside India		425.96		198.97
IV. Acceptances, endorsements and other obligations		925.38		836.34
V. Other items for which the bank is contingently liable:				
(i) Capital Commitments		36.84		38.44
(ii)Transfers to Depositor Education and Awareness Fund (DEAF) *		218.64		183.70
TOTAL		25,891.24		33,764.70
[1] Represents notional amount				
*[Refer Note no. A.10 of Schedule 18]				
SCHEDULE 13 - INTEREST EARNED				
I. Interest/Discount on Advances/Bills		5,712.15		5,069.34
II. Income on Investments		1,285.73		1,039.81
III. Interest on balances with Reserve Bank of India and Other Inter - Bank funds		132.10		333.73
IV. Others		103.20		143.66
TOTAL		7,233.18		6,586.54

THE SOUTH INDIAN BANK LIMITED				
SCHEDULES TO REFORMATTED STANDALONE BALANCE SHEET AS AT MARCH 31, 2023				
		As at March 31, 2023 ₹ in Crore		As at March 31, 2022 ₹ in Crore
SCHEDULE 14 - OTHER INCOME				
I. Commission, Exchange and Brokerage		44.57		47.18
II. Profit on sale of Investments	88.00		346.25	
Loss on sale of Investments	-17.98		-15.88	
Prov for Depn on Investments	-434.52	-364.50	-264.21	66.16
III. Profit on sale of land, buildings and other assets	1.19		0.87	
Loss on sale of land, buildings and other assets	-1.31	-0.12	-0.72	0.15
IV. Profit/(Loss) on Exchange/derivative transactions (net)	-	56.05		60.12
V. Miscellaneous Income*		1,076.63		860.49
TOTAL		812.63		1,034.10
* Includes Amount written off since recovered ₹ 247.20 Crore (Previous Year ₹ 104.75 Crore)				
SCHEDULE 15 - INTEREST EXPENDED				
I. Interest on Deposits		3,853.32		4,062.37
II. Interest on Reserve Bank of India/Inter-Bank Borrowings		1.66		4.04
III. Others		366.12		280.37
		-		-
TOTAL		4,221.10		4,346.78
SCHEDULE 16 - OPERATING EXPENSES				
I. Payments to and Provisions for Employees		1,300.36		1,197.89
II. Rent, Taxes and Lighting		138.80		128.80
III. Printing and Stationery		24.84		12.61
IV. Advertisement and Publicity		12.37		2.78
V. Depreciation on Bank's Property		87.48		84.02
VI. Directors fees, remuneration, allowances and expenses		2.30		1.98
VII. Auditors' fees and expenses		2.80		2.13
VIII. Law charges		22.22		14.53
IX. Postage,telegrams,telephones, etc.		57.28		50.52
X. Repairs and Maintenance		64.74		50.79
XI. Insurance		121.10		115.94
XII. Other Expenditure *		483.09		364.30
TOTAL		2,317.38		2,026.29
* Includes expenditure towards Corporate Social Responsibility ₹1.86 Crore (Previous year : ₹ 6.06 Crore) [Refer Note no. B.17 of Schedule 18]				

SCHEDULE – 17

SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE REFORMATTED STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Background

The South Indian Bank Limited ('SIB' or the 'Bank'), incorporated on January 29, 1929 at Thrissur, as a private limited company and was later converted into a public limited company on August 11, 1939. SIB has a network of 940 branches in India and provides retail and corporate banking, para banking activities such as debit card, third party financial product distribution, in addition to Treasury and Foreign Exchange Business. SIB is governed by Banking Regulation Act, 1949, The Companies Act, 2013 and other applicable Acts/Regulations for Banks. Its shares are listed in BSE Limited and National Stock Exchange of India Limited.

The Bank is proposing to go for rights issue of equity shares. For this purpose the Bank has prepared the reformatted standalone balance sheet as at March 31, 2023, the reformatted standalone profit and loss account, and the reformatted standalone cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (together comprising the "Reformatted Standalone Financial Statements"). Accordingly the Reformatted Standalone Financial Statements will be included in the Letter of Offer to be filed by the Bank with the National Stock Exchange of India Limited, and the BSE Limited (collectively, the "Stock Exchanges"), and with the Securities and Exchange Board of India ("SEBI") in connection with the proposed rights issue of the Bank.

Basis of Preparation

The Reformatted Standalone Financial Statements as at and for the year ended March 31, 2023 are based on and have been extracted by the Management of the Bank from the audited financial statements of the Bank for the year ended March 31, 2023 (the "Audited Financial Statements"). The amounts reported in the Reformatted Standalone financial statements have been modified from thousands to crore rounded to two decimals.
The audited financial statements used for the preparation of the Reformatted Standalone Financial Statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the bank used in the preparation of these financial statements conform in all material aspects to Generally Accepted Accounting Principles in India ("Indian GAAP"), the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (as amended) and the relevant provisions of the Companies Act, 2013 ("the Act") and current practices prevailing within the banking industry in India. The Bank follows the historical cost convention and accrual method of accounting in the preparation of the audited financial statements, except where otherwise stated. The accounting policies adopted in the preparation of audited financial statements are consistent with those followed in the previous year. These Reformatted Standalone Financial Statements, do not reflect the effects of events that occurred subsequent to the date of the Auditor's report on the Audited Financial Statements except as mentioned in para 2(d) of schedule 17.

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Use of estimates

The preparation of the Reformatted Standalone Financial Statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the Reformatted Standalone Financial Statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the Reformatted Standalone Financial Statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively in the current and future periods.

Significant Accounting Policies

1. Revenue recognition

a) Interest / discount / other charges income from loans, advances and investments and deposits placed with banks and other institutions are recognized on accrual basis, except in respect of income relating to advances/ investments classified as non-performing advances/ investments, additional finance treated as standard asset under approved restructuring package, where the income is recognized only on realization in accordance with RBI guidelines.

b) Interest income on loans bought out through the direct assignment route is recognized at their effective interest rate, except in case of such loans classified as non-performing advances.

c) The recoveries made from NPA accounts are appropriated towards the order of demand applicable to borrowers accounts.

d) Dividend on investments in shares and units of mutual funds are accounted when the bank's right to receive the dividend is established.

e) Income on discounted instruments is recognised over the tenure of the instrument on a straight-line basis.

f) Insurance claims and locker rent are accounted on receipt basis.

g) Commission income on issuance of bank guarantee / letter of credit is recognised over the period of the guarantee/letter of credit.

h) Processing fee/ upfront fee, handling charges or income of similar nature collected at the time of sanctioning or renewal of loan/ facility is recognised at the inception/renewal of loan.

i) Other fees and commission income (including commission income on third party products) are recognised when due, except in cases where the bank is uncertain of ultimate collection.

j) Unpaid funded interest on term loans are recognised on realisation as per the guidelines of RBI.

k) In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account in the year of sale. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

l) Fees received on sale of Priority Sector Lending Certificates is considered as Miscellaneous Income, while fees paid for purchase is expensed as other expenses in accordance with the guidelines issued by the RBI.

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m) The difference between the sale price and purchase cost of gold coins, received on consignment basis is included in other income and is recognised at the time of sale to the customers.

n) Interest on income tax refund is recognised under "Other Income" in the year of passing of Assessment Orders.

o) Legal expenses incurred on suit filed accounts are expensed in profit and loss account as per RBI guidelines. Such amount when recovered is treated as income

p) In case of One Time settlement (OTS) accounts the recoveries are first adjusted to principal balance and sacrifice on settlement is accounted upfront.

q) Penal interest is recognised as income on realisation other than on running accounts where it is recognised when due.

2. Investments

A) Classification

a) In accordance with the RBI guidelines, investments are categorized into "Held for Trading", "Available for Sale" and "Held to Maturity" and further classified under six groups, viz. Government Securities, Other Approved Securities, Shares, Debentures & Bonds, Subsidiaries and / or joint ventures and Other (to be specified) Investments for the purposes of disclosure in the Balance Sheet. Shifting amongst the categories is done in accordance with the RBI guidelines.

b) Investments which are held for sale within 90 days from the date of purchase are classified as "Held for Trading".

c) Investments which the bank intends to hold till maturity are classified as "Held to Maturity".

d) Investments which are not classified in either of the above two categories are classified as "Available for Sale".

B) Acquisition cost

The cost of investments is determined on the weighted average basis. Broken period interest on debt instruments and government securities is treated as a revenue item. The transaction cost including brokerage, commissions etc. paid at the time of acquisition of investments are charged to the Profit and Loss Account.

C) Valuation

The valuation of investments is performed in accordance with the RBI Guidelines:

a. <u>Investments classified as HFT or AFS</u> – Investments classified under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the Market Price of the Scrip as available from the trades/ quotes on the stock exchanges, pricelist of RBI or prices declared by Financial Benchmark India Private Limited periodically. Net depreciation, if any, within each category of investment classification is recognized in Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.

Net depreciation on each type of investments falling under the residual category of

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'Others' (i.e. mutual funds, PTCs, security receipts etc.) is not offset against gain in another class of investment falling within the 'Others' category.

The depreciation on securities acquired by way of conversion of outstanding loan is provided in accordance with the RBI guidelines. Provision for depreciation on investments is classified under Schedule 14 "Other Income". The book value of individual securities is not changed consequent to the periodic valuation of investments.

b. Held to Maturity – These are carried at their acquisition cost unless it is more than the face value, in which case premium on acquisition is amortized over the remaining maturity of the security on straight line basis. Such amortization of premium is adjusted against interest income under the head 'Income from Investments' under Schedule 13 in Profit and Loss account. As per RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity. Any diminution, other than temporary, in the value of such securities is provided for.

c. Treasury Bills, commercial paper, Cash management bills and Certificate of Deposits being discounted instruments, are valued at carrying cost which includes discount amortized over the period to maturity.

d. Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Mutual Fund.

e. Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Financial Benchmark India Pvt Limited (FBIL) and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose;
- in case of bonds and debentures where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- Preference shares shall be valued on YTM basis. It shall be valued with appropriate mark-up over the YTM rates for Central Government Securities put out by the FBIL. The preference shares shall not be valued above its redemption value.
- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at Re.1/- per company;
- In case of investment by the Bank in SRs issued against loans transferred by it is more than 10 percent of all SRs issued against the transferred asset, then the provision for depreciation in value is made at the higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/ Securitization Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank.
- Non- Performing Investments are identified and valued based on RBI guidelines.

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Interest on non-performing investments is recognised on cash basis.

- Investment in subsidiary as per RBI guidelines are categorized as HTM and assessed for impairment to determine permanent diminution, if any

f. The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions in securities. The investments in equity shares are accounted for on settlement date.

D) Repo and Reverse Repo transactions

In accordance with the RBI guidelines repo and reverse repo transactions in government securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are reflected as collateralized borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo is accounted for as interest income.

E) Short Sales

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is classified under 'Other Liabilities'. The short position is marked to market and resultant mark-to-market gain/losses are accounted for as per the relevant RBI guidelines for valuation of investments.

F) Transfer of securities between Categories

Transfer of securities between categories is done at the lower of the acquisition cost / book value/ market value on the date of the transfer and the depreciation, if any, on such transfer is fully provided for in accordance with RBI guidelines.

G) Disposal of Investments

a. Investments classified as HFT and AFS – Profit or loss on sale / redemption is included in the Profit and Loss account.

b. Investments classified as HTM – Profit on sale of /redemption of investments is included in the Profit and Loss Account and is appropriated to capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale/redemption is charged to the Profit and Loss Account.

H) Investment Fluctuation Reserve ('IFR'):

Investment Fluctuation reserve is accounted in line with the RBI guidelines issued from time to time.

3. Advances

A) Valuation / Measurement

a) Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs, sacrifice provisions on restructured advances, claims received from guarantee corporations and unrealised interest on NPAs. Interest on Non- Performing advances is not recognised in profit and loss account and transferred to an unrealised interest account until receipt. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are

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made as per the guidelines and circulars of the RBI on matters relating to prudential norms.

b) Non-performing advances are Written-off in accordance with the Bank's policies. Amounts recovered against debts written off are recognised in the profit and loss account and included under "Other Income". The recovery of unrealised interest is accounted under "Interest on Loans & Advances" in the profit and loss account.

c) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest or of principal, whichever is later, falls due, subject to satisfactory performance of the account during the period.

Additional provision for restructured accounts as per the relevant restructuring scheme announced by RBI for Micro, Small and Medium (MSME) sector, accounts affected by natural calamities and as per COVID 19 resolution framework are made as per extant RBI guidelines.

d) For entities with Unhedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

e) The Bank maintains general provision for standard assets including credit exposures computed as per the current marked-to-market values of foreign exchange derivative contracts, in accordance with the guidelines and at levels stipulated by RBI from time to time. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

f) The bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the bank is participating, the aggregate amount of participation is shown as due from banks under advances.

g) Loss on sale of assets to Asset Reconstruction Companies

If the sale of non- performing advances is at a price below the net book value, the shortfall is charged to the Profit and Loss Account, spread over a period as specified in RBI guidelines. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

h) The Bank makes additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated June 7, 2019 on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timeline.

i) Loans reported as fraud are classified as loss assets and provided as per RBI guidelines.

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j) In the event of substantial erosion in value of loan and remote possibility of collection, non-performing loans with adequate provisions are evaluated for technical / prudential write off based on Bank's policy and the RBI guidelines. Such write off does not have an impact on the Bank's legal claim against the borrower. The Bank may also write off non-performing loans on one time settlement ('OTS') with the borrower or otherwise.

4. Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per Export Credit Guarantee Corporation of India Limited ("ECGC") guidelines and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure. This provision if any, is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

5. Fixed Assets (Property Plant & Equipment and Intangibles) and depreciation / amortization

a) The Property Plant & Equipment and Intangibles (other than office premise, which are revalued) are stated at historical cost less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on asset put to use is capitalised only when it increases the future benefit / functioning capability from/of such assets. Gain or losses arising from the retirement or disposal of a Property Plant and Equipment / Intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Profit and Loss Account. Profit on sale of premises after adjustments for tax and transfer to Statutory, if any, is transferred to Capital Reserve as per the RBI guidelines.

b) Portfolio of immovable properties is revalued periodically by independent valuers to reflect current market valuation. All land and building owned by the bank and used as branches or offices or office quarters are grouped under "Office Premises" in the Property Plant & Equipment. Appreciation, if any, on revaluation is credited to Revaluation Reserve under Capital Reserve. Additional depreciation on revalued asset is charged to Profit and Loss Account and appropriated from Revaluation Reserve to Revenue and other Reserves.

c) Depreciation /Amortisation: Depreciation is provided on a pro-rata basis on a straight-line method over the estimated useful life of the fixed assets at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013, except for Vehicles which are depreciated over five years, based on technical estimates. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013. Computer software is amortised over its useful life, not more than 5 years.

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6. Impairment of Assets

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a reduction in revaluation to the extent a revaluation reserve is available for that asset.

When there is indication that ah impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognised.

7. Non-Banking Assets

Non-banking assets (NBAs) acquired in satisfaction of claims is carried at lower of net book value and net realisable value. Specific provision is made on specific Non-banking assets acquired on debt asset swap arrangements as specified by RBI.

8. Transactions involving foreign exchange

a) Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities outstanding at the Balance Sheet date are revalued at rates notified by Foreign Exchange Dealers Association of India [FEDAI] and resulting profits or losses are included in the Profit and Loss Account, as per the guidelines issued by RBI.

b) Foreign exchange spot and forward Contracts outstanding as at the Balance Sheet date (except Forward Contracts taken to hedge FCNR Deposits/Overseas Borrowings) are revalued at the closing Spot and Forward Rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities. For valuation of contracts having longer maturities, the forward points (for rates/tenures not published by FEDAI) are obtained from Reuters for valuation of the FX Deals. As directed by FEDAI to consider profit or loss on present value basis, the forward profit or loss on the deals are discounted till the valuation date using the discounting yields. The resulting profit or loss on valuation is recognised in the Profit and Loss Account in accordance with RBI/FEDAI Guidelines.

c) Forward Contracts taken to hedge FCNR Deposits/Overseas Borrowings are translated at the prevailing spot rate at the time of swap. The Premium/ Discount on the swap arising out of the difference in the exchange rate of the swap date and maturity date of the underlying forward exchange contract is amortised over the period of the swap and the same is recognized in the Profit and Loss Account.

d) Contingent liabilities on account of foreign exchange contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

9. Derivative transactions

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The Bank recognizes all derivative contracts at fair value, on the date on which the derivative contracts are entered into and are remeasured at fair value as at the Balance sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (Positive marked-to-market) or as liabilities when the fair value is negative (negative marked-to-market). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Profit and Loss Account.

10. Employee benefits

a) Provident Fund:

The contribution made by the Bank to "The South Indian Bank Ltd Employees Provident Fund", administered by the trustees is charged to Profit and Loss account. The fund is a defined contribution fund and the Bank has no further liability beyond the contribution made to the fund.

b) Pension Fund:

The contribution towards "The South Indian Bank Ltd Employees' Pension Fund Trust", managed by trustees, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date and is recognised in the profit and loss account. The actuarial gain or loss arising during the year is recognised in the Profit and Loss Account.

Employees who had joined the services of the Bank with effect from April 1, 2010 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes specified percentage of the Basic Pay plus Dearness Allowance and the expenditure thereof is charged to Profit and Loss account and the Bank has no further liability beyond the contribution to the fund on this account.

c) Gratuity:

The bank makes contribution to "The South Indian Bank Ltd Employees' Gratuity Trust" administered and managed by the trustees. The present value of the bank's obligation towards the same is actuarially determined based on the projected unit credit method as at the balance sheet date. The actuarial gain or loss arising during the year is recognised in the Profit and Loss Account.

d) Compensated absence on Privilege / Sick / Casual Leave and Leave Travel Concession (LTC):

The employees of the Bank are entitled to compensated absence on account of privilege / sick / casual leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognised in the profit and loss account. The actuarial gain or loss arising during the year is recognised in the Profit and Loss Account.
The employees are also eligible for LTC as per the rules. The estimated cost of unused entitlement as on the Balance Sheet date based on actuarial valuation is provided for.

e) Employees Stock Option Scheme (ESOS):

The SIB ESOS 2008 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Managing Director of the Bank. The Scheme is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits and sweat equity) Regulations, 2021. The Bank followed intrinsic value method to account for its stock-based employee compensation plans as per the Guidelines for all the options granted till the accounting period ending 31 March, 2021.

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RBI issued a clarification on Guidelines on Compensation of Whole Time Directors/Chief Executive Officers /Material Risk Takers and Control Function Staff on 30 August, 2021, advising banks that the share-linked instruments are required to be fair valued on the date of grant using the Black-Scholes model. Accordingly, the Bank has changed its accounting policy from the intrinsic value method to the fair value method for all share-linked instruments granted after 31 March, 2021 and consequently recognized the fair value of options computed using the Black-Scholes model, without reducing estimated forfeitures, as compensation expense over the vesting period. Options are granted at an exercise price, which is equal to the fair market price of the underlying equity shares at the date of the grant or at such a discount as may be approved by NRC/Board from time to time. The fair market price being the closing price of stock exchange which recorded the highest trading volumes in equity shares of the Bank and trading day immediately preceding the date on which the grant of options was approved and recommended to Board by Nomination and Remuneration Committee of Board.

f) Other Employee Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employee is recognised during the period when the employee renders the service. These benefits include performance incentives.

g) New Pension Scheme ('NPS')

In respect of employees who are covered under NPS, the Bank contributes certain percentage of the sum of basic salary and dearness allowance of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies and regulated by PFRDA. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue. The Bank has no liability other than its contribution and recognises such contributions as an expense in the year incurred.

11. Segment Reporting

The disclosure relating to segment information is in accordance with the guidelines issued by RBI. Segmental expenses are allocated as per board approved policy.

12. Debit Card Reward Points

The Bank runs a loyalty program which seeks to recognise and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing independent actuary. Provision for said reward points is then made based on the actuarial valuation report as furnished by the said independent Actuary

13. Earnings Per Share (EPS)

The Bank reports Basic and Diluted Earnings per Equity Share in accordance with Accounting Standard 20, prescribed under section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021. Basic EPS has been computed by dividing Net Profit for the year by the weighted average number of Equity Shares outstanding for the year.

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Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. A diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end. Potential equity shares which are anti-dilutive in nature are ignored.

14. Taxes on income

Income tax expense is the aggregate amount of current tax and deferred tax charge. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961, the rules framed there under and considering the material principles set out in Income Computation and Disclosure Standards and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961, Accounting Standard 22 - "Accounting for Taxes on Income" and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Bank has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Bank.

15. Accounting for Provisions, Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets prescribed under section 133 of the Companies Act, 2013, the Bank recognises provisions when it has a present obligation as a result of a past event and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the Reformatted Standalone Financial Statements.

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16. Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms.

17. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and balances with other banks/institutions and Money at Call and Short Notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

18. Share issue expenses

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013 and in line with the respective RBI guidelines issued from time to time.

19. Corporate Social Responsibility

Expenditure towards Corporate Social Responsibility is recognized in accordance with Companies Act 2013

20. Accounting of Priority Sector Lending Certificate (PSLC)

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 7, 2016 trades in priority sector portfolio by selling or buying PSLC, without transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

21. Accounting for Dividend

In terms of revised Accounting Standard (AS) 4 "Contingencies and Events occurring after the Balance sheet date" as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016 dated March 30, 2016, Proposed Dividend or Dividend declared after balance sheet date are not shown as liability in current year balance sheet. The effect of the proposed dividend shall be reckoned in determining capital funds in the computation of capital adequacy ratios in Financial Year for which the dividend is declared. In case of interim dividend, the same shall be reckoned in the same quarter.

22. Cash Flows

Cash flow Statement has been prepared under the Indirect Method.

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SCHEDULE - 18: NOTES ON ACCOUNTS FORMING PART OF THE REFORMATTED STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

A: Disclosures as per RBI's Master Directions on Disclosure in Reformatted Standalone Financial Statements

Amounts in Notes forming part of the reformatted standalone financial statements for the year ended March 31, 2023 are denominated in Rupees Crore (unless specified otherwise) to conform to extant RBI guidelines.

1. Regulatory Capital

a) Composition of regulatory Capital

The Bank is subject to the capital adequacy guidelines stipulated by RBI, which are based on the framework of the Basel Committee on Banking Supervision. As per Basel III 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)}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB). These guidelines on Basel III have been implemented completely. The minimum CRAR required to be maintained by the Bank as on 31st March 2023 is 11.50 %. The Capital Adequacy Ratio of the Bank calculated as per Basel III Capital Regulations is furnished below: [₹.in Crore]

	Particulars	March 31, 2023	March 31, 2022
i)	Common Equity Tier I Capital(CET 1)/Paid up share capital and reserves (net of deductions, if any)	6,315.63	5,550.94
ii)	Additional Tier 1 capital/Other Tier 1 capital	500.00	500.00
iii)	Tier 1 Capital (i+ii)	6,815.63	6,050.94
iv)	Tier 2 Capital	1,161.37	1,206.80
v)	Total Capital (Tier 1 +Tier 2)	7,977.00	7,257.74
vi)	Total Risk Weighted Assets (RWAs)	46,224.83	45,743.59
Capital Adequacy Ratios under Basel III			
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)/Paid-up share capital and reserves as percentage of RWAs	13.66%	12.13%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	14.74%	13.22%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.51%	2.64%
x)	Capital to Risk Weighted Asset Ratio (CRAR)(Total Capital as a percentage of RWAs)	17.25%	15.86%
xi)	Leverage Ratio	6.05%	5.83%
xii)	Percentage of the shareholding of Government of India	-	-
xiii)	Amount of paid up Equity Capital raised (Including share premium) through: Preferential Issue	-	-
xiv)	Amount of Non Equity Tier 1 capital raised during the year	-	-
xv)	Amount of Tier 2 capital raised;	-	-

In accordance with RBI Guidelines, banks are required to make Pillar 3 disclosures under Basel III Capital Regulations. The Bank has made these disclosures which are available on its website at the following link:

http://www.southindianbank.com/content/viewContentLvl1.aspx?linkIdLvl2=854&LinkIdLvl3=880&linkId=880

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Pillar 3 disclosures have not been subjected to audit.

b) **Draw Down from Reserves:** The Bank has not undertaken any drawdown from reserves during the years ended March 31, 2023 and March 31, 2022.

c) **Credit to Reserve : Nil** (Previous year ₹ Nil)

d) Additional Tier I Bonds:

Additional Tier I Bonds outstanding and included under borrowings is as follows: [₹.in Crore]

Borrowings in India	March 31, 2023	March 31, 2022
From Banks	72.87	159.52
From Others	427.13	340.48
Total	**500.00**	**500.00**

Tier II Bonds:

Subordinated Tier II Bonds outstanding and included under borrowings is as follows:

[₹.in Crore]

Borrowings in India	March 31, 2023	March 31, 2022
From Banks	47.36	48.36
From Others	992.64	991.64
Total	**1,040.00**	**1,040.00**

Total Subordinated debt of ₹860 Crore (Previous Year: ₹920.00 Crore) is reckoned for Tier II capital as per RBI guidelines.

Particulars of Tier I and Tier II bonds [₹.in Crore]

Name of instrument	Amount	Date of Issue	ROI	Date of Maturity
Tier II Bonds	300	30.09.2015	10.25%	31.10.2025
Tier II Bonds	490	28.11.2017	9.50%	28.05.2028
Tier II Bonds	250	26.03.2019	11.75%	26.06.2029
Tier I Bonds	500	24.01.2020	13.75%	Perpetual

e) Capital Infusion:

During the year ended March 31, 2023 and March 31, 2022 the Bank has not allotted any equity shares.

Details of movement in the paid-up equity share capital of the Bank are given below:

Particulars	March 31, 2023		March 31, 2022	
	No of shares	Amount (Rs. In Cr)	No of shares	Amount (Rs. In Cr)
Opening Balance	209,27,41,018	209.27	209,27,41,018	209.27
Additions pursuant to Stock Options exercised/preferential issue	-	-	-	-
Closing balance	**209,27,41,018**	**209.27**	**209,27,41,018**	**209.27**

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f) Movement of Reserves clubbed under Capital Reserve, Revenue & Other Reserves

i) Movement of Capital Reserve [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Capital Reserve		
Opening Balance	596.94	520.71
Additions during the year	4.57	76.23
Closing Balance (A)	**601.51**	**596.94**
Asset Revaluation Reserve		
Opening Balance	312.89	316.99
Addition due to Revaluation of Premises (net)	45.06	
Deduction from Revaluation Reserve to the extent of depreciation on revalued amount	(5.65)	(4.10)
Closing Balance (B)	**352.30**	**312.89**
Total (A + B)	**953.81**	**909.83**

ii) Movement in Revenue and other Reserves [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Opening Balance	1,415.42	1,410.33
Addition during the year by way of lapse of vested option	1.29	0.99
Addition due to transfer of depreciation on revaluation	5.65	4.10
Additions During the year - current year contribution	130.00	0.00
Closing Balance (A)	**1,552.36**	**1,415.42**
Investment Fluctuation Reserve		
Opening Balance	22.15	22.15
Additions during the year	104.38	-
Closing Balance (B)	**126.53**	**22.15**
Special Reserve		
Opening Balance	399.39	399.39
Additions during the year	80.00	-
Closing Balance (C)	**479.39**	**399.39**
Grand Total (A + B + C)	**2158.28**	**1836.96**

Note: As per RBI circular the above reserves are clubbed in the schedule 2 of Balance sheet

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2. **Asset Liability Management.**

a) **Maturity Pattern of Certain items of assets and liabilities:**

i) As at March 31, 2023:

[₹. in Crore]

Particulars	Day 1	2to 7 days	8 to 14 days	15 to 30 days	31 days and up to 2 months	Over 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Deposits	634.56	786.91	711.86	1,637.01	2,138.66	2,019.99	2,326.13	4,088.71	5,956.70	6,955.21	64,395.62	**91,651.35**
Advances	1,141.45	1,618.80	2,460.74	2,867.96	5,479.78	4,745.83	9,915.32	5,968.80	7,047.25	3,809.35	24,749.16	69,804.44
Investments	5,535.36	544.45	39.62	860.75	585.52	363.85	877.88	978.61	1,582.02	1,269.85	12,003.89	**24,641.80**
Borrowings	179.32	3,181.48	19.58	-	19.58	82.08	399.75	271.01	2,101.05	-	740.00	**6,993.85**
Foreign Currency-Assets	442.07	1,276.36	31.37	525.60	1,130.47	272.71	142.00	277.80	2.83	-	-	**4,101.20**
Foreign Currency-Liabilities	128.02	3.51	8.73	18.45	110.69	84.46	222.65	483.23	960.41	236.16	-	**2,256.31**

Classification of assets and liabilities under different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the returns submitted to the RBI, which has been relied upon by the auditors.

Advances as on March 31,2023 include Rs 1300 Crore of Inter Bank Participation Certificate (IBPC), out of which Rs 550 Crore is bucketed in 31 days and up to 2 months bucket and Rs 750 Crore is bucketed in over 3 months and up to 6 months bucket.

Off balance sheet items are not considered in maturity pattern of assets and liabilities

ii) As at March 31, 2022: [₹. in Crore]

Particulars	Day 1	2-7 days	8-14 days	15-30 days	31 days and up to 2 months	Over 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 years	Over 1 year and up to 3 years	Over 3 year and up to 5 years	Over 5 years	Total
Deposits	549.85	788.01	621.24	1,570.56	3,410.67	1,965.52	3,623.26	3,472.50	5,004.88	6,449.91	61,685.71	89,142.11
Advances	1,413.20	642.08	593.34	2,590.33	2,970.91	5,006.89	9,297.72	6,263.01	7,633.83	3,732.93	19,849.15	59,993.39
Investments	3,322.92	167.02	168.81	495.86	418.49	868.98	913.76	1,053.88	1,109.00	1,588.09	11,338.20	21,445.01
Borrowings	212.80	999.60	28.06	-	28.05	28.05	112.71	124.10	664.12	357.00	740.00	3,294.49
Foreign Currency-Assets	582.45	526.14	57.55	2,666.38	741.03	377.73	480.20	58.01	5.20	2.39	-	5,497.08
Foreign Currency-Liabilities	112.09	13.14	23.35	31.04	116.48	100.76	140.84	381.26	606.62	331.46	-	1,857.04

Classification of assets and liabilities under different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the returns submitted to the RBI, which has been relied upon by the auditors.

Advances as on March 31,2022 include Rs 1300 Crore of Inter Bank Participation Certificate (IBPC), out of which Rs.700 Crore is bucketed in 15-30 days and Rs.600 Crore is bucketed in over 3 months and up to 6 months bucket.

Off balance sheet items are not considered in maturity pattern of assets and liabilities

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b) Liquidity Coverage Ratio (LCR)

i) Qualitative Disclosure around LCR

The Bank measures and monitors the LCR in line with the Reserve Bank of India's circular dated June 9, 2014 on "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards". The LCR guidelines aim to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. Banks are required to maintain High Quality Liquid Assets of a minimum of 100% of its Net Cash Outflows from January 01, 2019. The daily average LCR of the bank for the quarter ended March 2023 is 199.46%.

The Bank has been maintaining HQLA primarily in the form of SLR investments over and above mandatory requirement, regulatory dispensation allowed up to 2% of NDTL in the form of borrowing limit available through Marginal Standing Facility (MSF) and 5% of NDTL as Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). From February 2016 onwards, RBI has allowed Banks to reckon an additional 3% of NDTL as FALLCR. This has been further increased by 1% from July 2016, 2% from June 2018 and another 2% from October 2018, onwards. Further, towards harmonisation of the effective liquidity requirements of banks with the LCR, RBI has permitted banks to reckon an additional 2% of Government securities within the mandatory SLR requirement as FALLCR in a phased manner from April 04, 2019.As on March 31, 2023, FALLCR stands at 16.00%.

Bank has a well-diversified funding portfolio and has a lower dependence on wholesale funds. Retail deposits which are considered as stable deposits from a liquidity perspective forms the major funding source of the Bank. The Bank intends to fund the short term cash outflows from extremely liquid Government securities and funding for estimated cash outflows considered in LCR computation substantially flows from this source. The Bank is managing its liquidity from the centralized fund management cell attached to Treasury Department, Mumbai.

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ii) Quantitative Disclosure around LCR

[₹. in Crore]

	Particulars	Quarter ended March 31, 2023		Quarter ended December 31, 2022		Quarter ended September 30, 2022		Quarter ended June 30, 2022	
		Total Unweighted Value(Average)	Total Weighted Value(Average)	Total Unweighted Value(Average)	Total Weighted Value(Average)	Total Unweighted Value(Average)	Total Weighted Value(Average)	Total Unweighted Value(Average)	Total Weighted Value(Average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		20,241.80		18,937.37		20,648.30		19,616.62
	Cash Outflows								
2	Retail deposits and deposits from small business customers, of which:	80554.95	7,755.52	77,166.37	7,440.99	72,181.54	6,993.86	71,793.84	6,965.87
(i)	Stable deposits	5,995.54	299.78	5,512.98	275.65	4,485.86	224.29	4,270.28	213.51
(ii)	Less stable deposits	74,559.41	7,455.94	71,653.38	7,165.34	67,695.68	6,769.57	67,523.56	6,752.36
3	Unsecured wholesale funding, of which:	7,705.44	6,657.83	6,200.95	4,906.24	3,043.95	3,000.55	3,117.65	3,071.56
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	7,701.38	6,653.78	6,158.48	4,863.78	3,043.95	3,000.55	3,107.50	3,061.41
(iii)	Unsecured debt	4.06	4.06	42.47	42.47	0.00	0.00	10.14	10.14
4	Secured wholesale funding		0.00		0.00		0.00		0.00
5	Additional requirements, of which	1.16	1.16	3.16	3.16	0.00	0.00	0.03	0.03

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(i)	*Outflows related to derivative exposures and other collateral requirements*	1.16	1.16	3.16	3.16	0.00	0.00	0.03	0.03
(ii)	*Outflows related to loss of funding on debt products*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii)	*Credit and liquidity facilities*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Other contractual funding obligations	491.50	491.50	384.29	384.29	618.26	618.26	623.74	623.74
7	Other contingent funding obligations	2,503.83	534.76	2,404.58	490.55	2,403.41	500.50	2,513.80	811.41
8	**TOTAL CASH OUTFLOWS**		15,440.97		13,225.24		11,113.18		11,472.60
	Cash Inflows								
9	Secured lending (e.g. reverse repos)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Inflows from fully performing exposures	7,531.69	3,765.84	6,594.01	3,297.00	5,909.92	2,954.96	5,990.11	2,995.06
11	Other cash inflows	1,624.92	1,526.78	2,132.37	1,984.54	2,080.71	2,015.86	2,528.17	2,449.33
12	**TOTAL CASH INFLOWS**	**9,156.61**	**5,292.63**	**8,726.38**	**5,281.54**	**7,990.63**	**4,970.82**	**8,518.28**	**5,444.39**
13	**TOTAL HQLA**		20,241.80		18,937.37		20,648.30		19,616.62
14	**TOTAL NET CASH OUTFLOWS**		10,148.34		7,943.69		6,142.36		6,028.22
15	**LIQUIDITY COVERAGE RATIO (%)**		**199.46%**		**238.39%**		**336.16%**		**325.41%**

Note: The LCR for each quarter is calculated taking daily average.

[₹. in Crore]

	Particulars	Quarter ended March 31, 2022		Quarter ended December 31, 2021		Quarter ended September 30, 2021		Quarter ended June 30, 2021	
		Total Unweighted Value(Average)	Total Weighted Value(Average)	Total Unweighted Value(Average)	Total Weighted Value(Average)	Total Unweighted Value(Average)	Total Weighted Value(Average)	Total Unweighted Value(Average)	Total Weighted Value(Average)
High Quality Liquid Assets									
1	**Total High Quality Liquid Assets (HQLA)**		21,566.17		24,532.80		22,523.78		21,556.39
	Cash Outflows								
2	Retail deposits and deposits from small business customers, of which:	69,819.71	6,774.68	68,578.96	6,653.54	67,364.81	6,533.44	66,041.48	6,399.83
(i)	Stable deposits	4,145.79	207.29	4,087.19	204.36	4,060.78	203.04	4,086.32	204.31
(ii)	Less stable deposits	65,673.92	6,567.39	64,491.78	6,449.18	63,304.03	6,330.40	61,955.15	6,195.51
3	Unsecured wholesale funding, of which:	2,785.45	2,729.51	3,401.75	3,330.65	3,104.13	3,057.54	2,942.14	2,887.05
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	2,784.73	2,728.79	3,394.71	3,323.61	3,103.85	3,057.26	2,940.19	2,885.11
(iii)	Unsecured debt	0.71	0.71	7.04	7.04	0.28	0.28	1.94	1.94
4	Secured wholesale funding		0.00		0.00		0.00		0.00
5	Additional requirements, of which	0.23	0.23	1.25	1.25	0.00	0.00	5.85	5.85

(i)	*Outflows related to derivative exposures and other collateral requirements*	0.23	0.23	1.25	1.25	0.00	0.00	5.86	5.86
(ii)	*Outflows related to loss of funding on debt products*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii)	*Credit and liquidity facilities*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Other contractual funding obligations	613.15	613.15	602.17	602.17	596.90	596.90	599.31	599.31
7	Other contingent funding obligations	2,120.83	509.08	2,188.72	536.59	2,050.71	419.80	2,293.76	495.32
8	**TOTAL CASH OUTFLOWS**		**10,626.65**		**11,124.20**		**10,607.68**		**10,387.36**
	Cash Inflows								
9	Secured lending (e.g. reverse repos)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Inflows from fully performing exposures	4,304.87	2,152.43	4,556.56	2,278.28	4,751.38	2,375.69	4,558.15	2,279.07
11	Other cash inflows	1,826.47	1,724.14	2,938.40	2,827.18	3,363.19	3,271.05	2,784.49	2,752.08
12	**TOTAL CASH INFLOWS**	**6,131.34**	**3,876.57**	**7,494.96**	**5,105.46**	**8,114.57**	**5,646.74**	**7,342.64**	**5,031.15**
13	**TOTAL HQLA**		**21,566.17**		**24,532.80**		**22,523.78**		**21,556.39**
14	**TOTAL NET CASH OUTFLOWS**		**6,750.08**		**6,018.74**		**4,960.94**		**5,356.21**
15	**LIQUIDITY COVERAGE RATIO (%)**		**319.50%**		**407.61%**		**454.02%**		**402.46%**

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c) Net Stable Funding Ratio (NSFR)

i) Qualitative Disclosure

The Basel Committee on Banking Supervision (BCBS) had introduced the Net Stable Funding Ratio (NSFR) in order to ensure that banks maintain a stable funding profile in relation to the composition of their assets, liabilities and off-balance sheet activities. NSFR ensures resilience over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding.

NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") of the Bank is a function of the liquidity characteristics and residual maturities of the various assets as well as the off-balance sheet (OBS) exposures of the Bank. As per the RBI Guideline, Bank is required to maintain a minimum NSFR of 100% on an ongoing basis effective from October 1, 2021.

The NSFR of the Bank as on 31st March 2023 is at 158.92% as against the regulatory minimum of 100% and the table given below sets out the details of NSFR of the Bank as on the aforesaid date.

ii) NSFR Quantitative Disclosure Template [₹. in Crore]

NSFR Disclosure Template						
		Unweighted value by residual maturity				**Weighted value**
		No maturity *	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	
Available Stable Funding Item (ASF)						
1	Capital: (2+3)	6,697.25	-	-	1,540.00	8,237.25
2	Regulatory capital	6,697.25	-	-	1,360.00	8,057.25
3	Other capital instruments	-	-	-	180.00	180.00
4	Retail deposits and deposits from small business customers: (5+6)	28,937.89	13,218.52	18,610.19	-	54,909.47
5	Stable deposits	2,156.41	1,034.22	1,200.12	-	4,171.21
6	Less stable deposits	26,781.47	12,184.29	17,410.07	-	50,738.26
7	Wholesale funding: (8+9)	-	1,006.22	2,766.73	-	1,886.48
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	1,006.22	2,766.73	-	1,886.48
10	Other liabilities: (11+12)	1,757.53	4,716.56	-	25,977.01	25,977.01
11	NSFR derivative					

	liabilities		-	-	-	
12	All other liabilities and equity not included in the above categories	1,757.53	4,716.56	-	25,977.01	25,977.01
13	**Total ASF (1+4+7+10)**					**91,010.20**
	Required Stable Funding Item(RSF)					
14	Total NSFR high-quality liquid assets (HQLA)					989.15
15	Deposits held at other financial institutions for operational purposes	-	2,391.30	-	-	1,195.65
16	Performing loans and securities: (17+18+19+21+23)	-	31,288.79	13,570.58	25,829.26	43,392.58
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	1313.24	187.23	5,423.54	5714.14
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	29,140.68	12,953.10	15,813.77	33,742.08
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	3,732.58	2,426.18
21	Performing residential mortgages, of which:	-	0.93	3.42	3,547.88	2,418.52
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit	-		-	2,996.78	1,947.91

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	risk					
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	833.94	426.83	1,044.06	1,517.84
24	Other assets: (sum of rows 25 to 29)	997.11	510.14	657.16	8,315.74	10,418.55
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	410.62	349.03
27	NSFR derivative assets	-	-	-	11.29	11.29
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	6.90	6.90
29	All other assets not included in the above categories	997.11	510.14	657.16	7,886.92	10,051.33
30	Off-balance sheet items	-	-	-	27,270.77	1,273.21
31	Total RSF (14+15+16+24+30)	-	-	-	-	**57,269.14**
32	Net Stable Funding Ratio (%)	-	-	-	-	**158.92%**

* Items to be reported in the 'no maturity' time bucket does not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits, short positions, open maturity positions, non-HQLA equities, and physical traded commodities.

3. Investments

a) Composition of Investment Portfolio

[₹.in Crore]

As at 31.03.2023												
	Investments in India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity												
Gross	19,687.13	-	-	-	0.50	-	19,687.63	-	-	-	-	19687.63
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	19,687.13	-	-	-	0.50	-	19,687.63	-	-	-	-	19687.63
Available for Sale												
Gross	2,436.59	-	304.95	1,334.08	-	1,995.77	6,071.39	-	-	0.20	0.20	6071.59
Less: Provision for depreciation and NPI	-	-	88.69	36.13	-	1,247.56	1,372.37	-	-	-	-	1372.37
Net	2436.59	-	216.26	1297.95	-	748.21	4669.02	-	-	0.20	0.20	4669.22
Held for Trading												

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Gross	252.89	-	2.10	-	-	-	254.99					254.99
Less: Provision for depreciation and NPI	-	-	0.03	-	-	-	0.03	-	-	-	-	0.03
Net	252.89	-	2.07	-	-	-	254.96	-	-	-	-	**254.96**
Total Investments	22,376.61	-	307.05	1,334.08		1,995.77	26,014.01	-	-	**0.20**	**0.20**	**26014.21**
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	88.72	36.13	-	1,247.56	1,372.41	-	-	-	-	1372.40
Net	**22,376.61**		**218.33**	**1,297.95**	**0.50**	**748.21**	**24,641.61**	-	-	**0.20**	**0.20**	**24641.81**

[₹.in Crore]

As at 31.03.2022												
	Investments in India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity												
Gross	19,364.95	0	0	0	0.5	0	19,365.45	0	0	0	0	19,365.45
Less:	0	0	0	0	0	0	0	0	0	0	0	0

Provision for non-performing investments (NPI)												
Net	**19,364.95**	**-**	**-**	**-**	**0.5**	**-**	**19,365.45**	**-**	**-**	**-**	**-**	**19,365.45**
Available for Sale					-							
Gross	16.1	0	211.81	588.32	0	2219.69	3,035.92	0	0	0.2	0.2	3,036.12
Less: Provision for depreciation and NPI	0	0	160.28	40.72	0	887.25	1,088.25	0	0	0	0	1,088.25
Net	**16.1**	**0**	**51.53**	**547.59**	**0**	**1,332.45**	**1,947.67**	**0**	**0**	**0.2**	**0.2**	**1,947.87**
Held for Trading												
Gross	84.48	0	3.03	25	0	19.93	132.44	0	0	0	0	132.44
Less: Provision for depreciation and NPI	0	0	0	0.75	0	0	0.75	-	-	-	0	0.75
Net	**84.48**	**0**	**3.03**	**24.25**	**0**	**19.93**	**131.69**	**-**	**-**	**-**	**-**	**131.69**
Total Investments	**19,465.53**	**0**	**214.84**	**613.31**	**0.5**	**2,239.62**	**22,533.8**	**0**	**0**	**0.2**	**0.2**	**22,534.01**
Less: Provision for non-performing investments	0	0	0	0	0	0	0	0	0	0	0	0
Less: Provision for depreciation and NPI	0	0	160.28	41.47	0	887.25	1089	0	0	0	0	1,089.00
Net	**19,465.53**	**-**	**54.56**	**571.85**	**0.50**	**1,352.37**	**21,444.81**	**-**	**-**	**0.20**	**0.20**	**21,445.01**

b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

[₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
i) Movement of provisions held towards depreciation on investments		
a) Opening balance	899.03	634.82
b) Add: Provisions made during the year	445.60	267.33
c) Less: Write off / write back of excess provisions during the year	24.65	3.12
d) Closing balance	1,319.98	899.03
ii) Movement of Investment Fluctuation Reserve		
a) Opening balance	22.15	22.15
b) Add: Amount transferred during the year	104.38	0.00
c) Less: Drawdown	0.00	0.00
d) Closing balance	126.53	22.15
iii) Closing balance in IFR as a percentage of closing balance of investments* in AFS and HFT/Current category	2.55%	1.06%

* Carrying value less net depreciation

c) Sale and transfer to/from HTM category/Permanent Category

During the year ended March 31, 2023, the aggregate book value of sales and transfer of securities to/from HTM category did not exceeded 5% of the book value of investments held in HTM category at the beginning of the year.

In accordance of RBI guidelines, the 5% threshold limit referred to above is excluding the following:

i) The one-time transfers of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year.

ii) Additional shifting of securities explicitly permitted by the Reserve Bank of India from time to time and direct sales from HTM for bringing down SLR holdings in HTM category consequent to a downward revision in SLR requirement by RBI.

iii) Sales to Reserve Bank of India under pre-announced open market auctions.

iv) Repurchase of Government Securities by Government of India from banks.

v)Repurchase of State Development Loans by respective state governments under buyback/switch operations and

vi) Additional shifting of securities explicitly permitted by the Reserve Bank of India.

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d) Disclosure in respect of Non-SLR investments:

i) Issuer composition of Non-SLR investments as at March 31, 2023: [₹. in Crore]

No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
[1]	[2]	[3]	[4][1]	[5][1,2]	[6][1,2]	[7][1,2]
(i)	PSUs	332.59	328.91	-	-	-
(ii)	FIs	955.60	812.40	7.19	7.19	
(iii)	Banks	525.10	485.22	-	-	-
(iv)	Private Corporate	395.60	325.90	20.00	20.00	5.00
(v)	Subsidiaries/ Joint Ventures	0.50	0.50	-	-	-
(vi)	Others[3]	1514.92	1514.92	-	-	-
(vii)	Total Book Value of investments	3724.31				
(viii)	Less: Provision for NPI	(52.43)				
(ix)	Less: Provision held towards depreciation	(1319.98)				
	Total	**2351.90**	**3467.85**	**27.19**	**27.19**	**5.00**

[1]Amounts reported under Columns 4, 5,6 and 7 above are not mutually exclusive.
[2]Excludes investments in equity shares, units of equity oriented mutual funds, Non SLR State Government securities, securities acquired by way of conversion of debt and security receipts in line with extant RBI guidelines.
[3]Includes Non SLR State Government special bonds with Book Value ₹ 86.71Crore

(ii) Issuer composition of non-SLR investments as at March 31, 2022: [₹. in Crore]

No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
[1]	[2]	[3]	[4] [1]	[5] [1,2]	[6] [1,2]	[7] [1,2]
(i)	PSUs	40.34	35.34	-	-	-
(ii)	FIs	534.95	265.39	9.96	9.96	-
(iii)	Banks	502.94	500.91	-	-	-
(iv)	Private Corporate	384.80	383.76	20.00	20.00	5.00
(v)	Subsidiaries/ Joint Ventures	0.50	0.50	-	-	-
(vi)	Others[3]	1,710.23	1,710.23	-	-	-
(vii)	Total Book Value of investments	3,173.77				
(viii)	Less: Provision for NPI	(189.97)				
(ix)	Less: Provision held towards depreciation	(899.03)				

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	Total	**2,084.77**	**2,896.13**	**29.96**	**29.96**	**5.00**

[1]Amounts reported under Columns 4, 5,6 and 7 above are not mutually exclusive.
[2]Excludes investments in equity shares, units of equity oriented mutual funds, non SLR State Government securities and securities acquired by way of conversion of debt in line with extant RBI guidelines.
[3]Includes Non SLR State Government special bonds with Book Value ₹105.28 Crore

Non-SLR investments as on 31.03.2023 [₹. in Crore]

	Particulars	March 31, 2023	March 31, 2022
A	Shares	218.53	54.76
B	Debentures & Bonds[1]	1384.66	677.14
C	Subsidiaries/ joint ventures	0.50	0.50
D	Others	748.21	1,352.37
E	**Total**	**2351.90**	**2,084.77**

[1] Including Non SLR State Government special bonds with Book Value ₹ 86.71 Crore (Previous Year: ₹105.28Crore).

(i) Non- Performing Non-SLR investments [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Opening Balance	218.35	267.74
Additions during the year	1.66	-
Reductions during the year	167.58	49.39
Closing balance	52.43	218.35
Total provisions held	**52.43**	**189.97**

e) Repo Transactions:

Transacted during the Financial year 2022-23: [₹. in Crore]

Particulars [Book value]	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on March 31, 2023
A) Securities sold under RBI Repos				
i) Government Securities	100.00	900.00	30.63	275.00
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under RBI Reverse Repos				
i) Government Securities	1800.00	3600.00	224.55	-
ii) Corporate Debt Securities	-	-	-	-
B) Securities sold under Market Repos				
i) Government Securities	1.02	762.02	56.12	307.92
ii) Corporate Debt Securities	-	-	-	-

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Securities purchased under Reverse Market Repos				
i) Government Securities	4.75	111.23	7.88	-
ii) Corporate Debt Securities	-	-	-	-
C) Securities sold under Tri Party Repos				
i) Government Securities	99.97	4503.14	1733.48	2598.56
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under Tri Party Reverse Repo				
i) Government Securities	49.97	1009.28	41.87	49.97
ii) Corporate Debt Securities	-	-	-	-

b) Transacted during the Financial year 2021-22: [₹. in Crore]

Particulars [Book value]	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on March 31, 2022
A) Securities sold under RBI Repos				
i) Government Securities	8.00	1,913.00	9.73	-
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under RBI Reverse Repos				
i) Government Securities	858	12,061.00	5,917.39	3,600.00
ii) Corporate Debt Securities	-	-	-	-
B) Securities sold under Market Repos				
i) Government Securities-	107.69	107.69	0.29	-
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under Reverse Market Repos				
i) Government Securities	4.95	169.29	22.30	-
ii) Corporate Debt Securities	-	-	-	-
C) Securities sold under Tri Party Repo				
i) Government Securities-	29.99	4,999.58	1,797.59	999.59
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under Tri Party Reverse Repo				
i) Government Securities	60.69	1,695.01	26.39	-
ii) Corporate Debt Securities	-	-	-	-

f) Details of Book value of Investments in Security Receipts*

[₹. in Crore]

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Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Book value of investments in security receipts	1396.79	1,573.54	-	-	1396.79	1,573.54

Note- In addition to the above, Bank holds security receipt of ₹16.75 Crore (Previous Year ₹16.75 Crore) which are backed by Standard assets sold by the Bank. Bank was holding investments in the Security Receipts issued by a Trust managed by an Asset Reconstruction Company (ARC).

*Amount represents gross book value of Security Receipts held

g) Details of ageing of Investments held as Security Receipts:

(i) As at March 31, 2023:

[₹. in Crore]

	Particulars	**SRs issued within past 5 years**	**SRs issued more than 5 years ago but within past 8 years**	**SRs issued more than 8 years ago**
i)	Book value of SRs backed by NPAs sold by the bank as underlying	459.47	884.53	52.79#
	Provision held against (i)*	293.49	884.53	52.79
ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-
	Provision held against (ii)	-	-	-
	Total (i) + (ii)	**459.47**	884.53	52.79

In addition to the above, Bank holds security receipt of ₹16.75 Crore which are backed by Standard assets sold by the Bank. The bank maintains 100% provision of ₹16.75 Crore against the same.

*Provision amount represents Depreciation as per latest rating of SR/Provision as per RBI norms whichever is higher

(ii) As at March 31, 2022:

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[₹. in Crore]

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
i	Book value of SRs backed by NPAs sold by the bank as underlying	554.10	1,019.44	-
	Provision held against (i)*	235.51	634.99	-
ii	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	-
	Provision held against (ii)	-	-	-
	Total (i) + (ii)	**554.10**	**1,019.44**	-

In addition to the above, Bank holds security receipt of ₹16.75 Crore which are backed by Standard assets sold by the Bank. The bank maintains 100% provision of ₹16.75 Crore against the same.

*Provision amount represents Depreciation as per latest rating of SR/Provision as per RBI norms whichever is higher

h) Details of Non-Performing financial assets purchased/ sold [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Non performing financial assets purchased/ sold (from/to banks)	Nil	Nil

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4. Asset Quality

a) Classification of advances and provisions held as on 31.03.2023 [₹. in Crore]

	Standard	Non-Performing				
	Total Standard Advances	**Sub-standard**	**Doubtful**	**Loss**	**Total Non-Performing Advances**	**Total**
Gross Standard Advances and NPAs						
Opening Balance	58167.67	1350.48	2225.17	72.44	3648.09	61815.76
Add: Additions during the year					1513.22	
Less: Reductions during the year					1453.05	
Closing balance	68383.80	712.27	2847.84	148.15	3708.26	72092.06
Reductions in Gross NPAs due to:						
i) Upgradation					297.37	
ii) Recoveries (excluding recoveries from upgraded accounts)					998.45	
iii) Technical/ Prudential Write-offs					53.02	
iv) Write-offs other than those under (iii) above					104.21	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	464.54	485.44	1274.88	60.25	1820.57	2285.11
Add: Fresh provisions made during the year					1222.17	
Less: Excess provision reversed/ Write-off loans					756.87	
Closing balance of provisions held	407.59*	144.43	2011.29	130.15	2285.87	2693.46
Net NPAs						
Opening Balance		865.04	912.73	0.00	1,777.77	
Add: Fresh additions during the year					954.01	
Less: Reductions during the year					1438.17	
Closing Balance of Net NPAs		544.42	749.19	0.00	1293.61	
Floating Provisions						
Opening Balance						
Add: Additional provisions made during the year						
Less: Amount drawn down during the year						
Closing balance of floating provisions						0.00
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						2189.93
Add: Technical/ Prudential write-offs during the year						53.02

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Less: Recoveries made from previously technical/ prudential written-off accounts during the year #		379.39
Closing balance of Technical Write off		**1863.56**

includes Reduction due to sale of NPAs to ARCs from previously technical/prudential written-off accounts during the year and Sacrifice made from previously technical/prudential written-off accounts during the year

Classification of advances and provisions held as on 31.03.2022 [₹. in Crore]

	Standard	**Non-Performing**				**Total**
	Total Standard Advances	**Sub-standard**	**Doubtful**	**Loss**	**Total Non-Performing Advances**	
Gross Standard Advances and NPAs						
Opening Balance	55,275.16	2,245.38	1,866.15	31.71	4,143.24	59,418.40
Add: Additions during the year					2,159.23	
Less: Reductions during the year					2,654.38	
Closing balance	58,167.67	1,350.48	2,225.17	72.44	3,648.09	61,815.76
Reductions in Gross NPAs due to:						
i) Upgradation					801.66	
ii) Recoveries (excluding recoveries from upgraded accounts)					1,151.08	
iii) Technical/ Prudential Write-offs					101.35	
iv) Write-offs other than those under (iii) above					600.29	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	290.03	405.36	936.93	19.04	1,361.33	1651.36
Add: Fresh provisions made during the year					1,586.68	
Less: Excess provision reversed/ Write-off loans					1,127.44	
Closing balance of provisions held	464.54*	485.44	1,274.88	60.25	1,820.57#	2285.11
Net NPAs						
Opening Balance		1,840.01	894.51	0.00	2,734.52	
Add: Fresh additions during the year					1,636.34	
Less: Reductions during the year					2,593.09	

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Closing Balance	[redacted]	865.04	912.73	0.00	1,777.77	[redacted]
Floating Provisions						
Opening Balance	[redacted]					0.00
Add: Additional provisions made during the year						0.00
Less: Amount drawn down during the year						0.00
Closing balance of floating provisions						0.00
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts	[redacted]					2,482.12
Add: Technical/ Prudential write-offs during the year						101.35
Less: Recoveries made from previously technical/ prudential written-off accounts during the year #						393.54
Closing balance						**2,189.93**

includes Reduction due to sale of NPAs to ARCs from previously technical/prudential written-off accounts during the year and Sacrifice made from previously technical/prudential written-off accounts during the year

Ratios	March 31, 2023	March 31, 2022
Gross NPA to Gross Advances	5.14%	5.90%
Net NPA to Net Advances	1.86%	2.97%
Provision coverage ratio (Including technical / prudential written off accounts)	76.78%	69.55%
Provision coverage ratio (Excluding technical / prudential written off accounts)	65.12%	51.27%

***Provisions on Standard Assets** [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Provisions towards Standard Assets (including provision towards stressed sector)	252.02	208.72
Standard Restructured Accounts under MSME - Restructuring Scheme	75.40	111.98
Provision for Specific Standard Assets on Stressed Sectors	1.53	1.85
Standard Restructured Accounts under other Restructuring schemes	3.40	5.21
Standard Restructured Accounts under COVID 19 restructuring scheme	61.52	124.72
Subtotal	**393.87**	**452.48**
Provision for Unhedged Foreign Currency Exposure of Borrowers	13.72	12.06
Grand Total *(Refer Schedule 5.Point 4- Other liabilities and provisions)*	**407.59**	**464.54**

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b) Sector-wise Advances and Gross NPAs [₹. in Crore]

Sl. No.	Sector	2022-23 Outstanding Total Advances	2022-23 Gross NPAs	2022-23 Percentage of Gross NPAs to Total Advances in that sector	2021-22 Outstanding Total Advances	2021-22 Gross NPAs	2021-22 Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture and allied activities	14,746.22	668.89	4.54%	12,709.12	654.44	5.15%
2	Advances to industries sector eligible as priority sector lending	5,960.15	372.71	6.25%	6,587.59	569.19	8.64%
2.a	*Textile*	*1,495.10*	*77.92*	5.21%	*1,809.99*	*162.90*	9.00%
2.b	*Basic Metal*	*762.00*	*35.58*	4.67%	*715.35*	*46.17*	6.45%
2.c	*Infra*	*95.47*	*1.11*	1.16%	*68.36*	*0.43*	0.63%
3	Services	8,413.02	811.92	9.65%	9,812.47	1,155.69	11.78%
3.a	*Professional*	*1,687.35*	*144.55*	8.57%	*2,054.39*	*158.10*	7.70%
3.b	*Trade*	*4,857.60*	*497.72*	10.25%	*5,798.62*	*721.40*	12.44%
3.c	*NBFC*	*298.77*	-	0.00%	*170.51*	-	0.00%
4	Personal loans	1,462.99	58.71	4.01%	1,722.28	84.73	4.92%
4.a	*Housing Loan*	*1,208.67*	*37.76*	3.12%	*1,411.01*	*55.44*	3.93%
4.b	*Other Personal loans incl. Gold Loans*	*254.32*	*20.95*	8.24%	*311.27*	*29.29*	9.41%
	Sub-total (A)	**30,582.38**	**1,912.23**	6.25%	**30,831.46**	**2,464.05**	7.99%
B	**Non Priority Sector**						
1	Agriculture and allied activities	695.54	31.37	4.51%	468.61	34.41	7.34%
2	Industry	12,116.76	608.51	5.02%	6,363.65	306.65	4.82%
2.a	*Textile*	*735.56*	*169.70*	23.07%	*826.47*	*59.34*	7.18%
2.b	*Basic Metal*	*2,866.64*	*18.00*	0.63%	*1,042.87*	*28.69*	2.75%
2.c	*Infra*	*3,251.18*	*221.03*	6.80%	*1,840.35*	*132.35*	7.19%
3	Services	15,541.83	777.89	5.01%	13,408.50	455.19	3.39%
3.a	*Professional*	*1,848.71*	*72.76*	3.94%	*2,107.88*	*43.25*	2.05%
3.b	*Trade*	*4,175.96*	*565.03*	13.53%	*2,227.60*	*162.22*	7.28%
3.c	*NBFC*	*5,763.52*	*13.15*	0.23%	*5,444.04*	*60.49*	1.11%
4	Personal loans	13,155.55	378.26	2.88%	10,743.54	387.79	3.61%
4.a	*Housing Loan*	*2,679.40*	*126.21*	4.71%	*2,670.98*	*147.90*	5.54%
4.b	*Other Personal loans incl. Gold Loan*	*10,476.15*	*252.05*	2.41%	*8,072.56*	*239.89*	2.97%
	Sub-total (B)	**41,509.68**	**1,796.03**	4.33%	**30,984.30**	**1,184.04**	3.82%
	Total (A+B)	**72,092.06**	**3,708.26**	5.14%	**61,815.76**	**3,648.09**	5.90%

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c) Overseas Assets, Branches, NPAs and Revenue – Nil

d) Particulars of resolution plan and restructuring

I) Particulars of resolution plan [₹. in Crore]

Sl No	Particulars	March 31, 2023	March 31, 2022
1.	No of Accounts where Resolution Plan was implemented	0	1
2.	Exposure to accounts as on date of Implementation of Resolution Plan.	0	8.38

II) Details of accounts subjected to restructuring [₹. in Crore]

		Agriculture and allied activities		Corporates Excluding MSMEs		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		Mar' 23	Mar' 22	Mar' 23	Mar' 22	Mar' 23	Mar' 22	Mar' 23	Mar' 22	Mar' 23	Mar' 22
Standard	Number of Borrowers	0	0	14	24	215	316	438	500	667	840
	Gross Amount	0.00	0.00	347.78	725.07	907.80	1412.81	260.63	279.12	1516.21	2417.00
	Provision held	0.00	0.00	34.89	96.66	76.39	113.67	29.04	31.56	140.32	241.89
Sub Standard	Number of Borrowers	0	53	2	1	48	72	12	66	62	192
	Gross Amount	0.00	4.33	10.82	43.03	195.58	252.88	5.96	5.99	212.36	306.23
	Provision held	0.00	1.02	2.49	6.45	50.63	105.65	1.50	4.52	54.62	117.64
Doubtful (Including Loss Assets)	Number of Borrowers	66	35	5	4	155	134	156	188	382	361
	Gross Amount	16.40	3.27	344.51	187.60	355.73	224.98	29.78	14.45	746.42	430.30
	Provision held	9.02	1.21	339.60	148.24	218.52	136.90	13.96	14.45	581.10	300.80
Total	Number of Borrowers	66	88	21	29	418	522	606	754	1111	1393
	Gross Amount	16.40	7.60	703.11	955.70	1459.11	1890.67	296.37	299.56	2474.99	3153.53
	Provision held	9.02	2.23	376.98	251.35	345.54	356.22	44.50	50.53	776.04	660.33

e) Disclosure on Divergence in Asset Classification and Provisioning for NPAs:
RBI annual supervision process is not completed for the FY 2022-23 and hence no disclosure is made in this regard.

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f) Disclosure of Transfer of Loan Exposures

Disclosures as per Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions 2021 dated September 24, 2021 for the loans transferred/acquired during the year ended March 31, 2023 are given below:

i. Details of loans not in default acquired through assignment are given below

[₹. in Crore]

Aggregate amount of loans acquired	2146.10
Weighted average residual maturity (in months)	38.95
Weighted average holding period by originator (in months)	6.13
Retention of beneficial economic interest by the originator	10.00%
Tangible security coverage	162.30%

The Loans acquired are not rated as these are of non-corporate borrowers.

ii. Details of Non-Performing Assets transferred are given below; [₹. in Crore]

Particulars	To ARCs	To permitted transferees	To other transferees (please specify)
No: of accounts	3	-	-
Aggregate principal outstanding of loans transferred	19.23	-	-
Weighted average residual tenor of the loans transferred in months	-	-	-
Net book value of loans transferred (at the time of transfer)	8.05	-	-
Aggregate consideration	16.86	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
Provision reversed to the profit and loss account on account of sale of stressed loans	8.81	-	-

iii. During the year ended March 31, 2023, the bank did not acquire any stressed loans or transfer any loan not in default / Special Mention Accounts (SMA)

iv. Details of recovery ratings assigned to Security Receipts as at March 31, 2023

[₹. in Crore]

Recovery Ratings *	Anticipated Recovery as per Recovery Rating	Book value
NR1 / R1 +/RR1 +	> 150%	0.00
NR2/ R1 /RR1	100% - 150%	0.00
NR3/ R2 / RR2	75% - 100%	525.72
R3/ NR4 / RR3	50% - 75%	34.87
NR5 / RR4 / R4	25% - 50%	783.41
NR6 / RR5 / R5	0% - 25%	52.79
Yet to be rated #	-	0.00
Unrated	-	16.75
Total		1,413.54

*Recovery Rating is as assigned by various external rating agencies

#Recent purchases whose statutory period not yet elapsed.

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g) Fraud accounts

	March 31, 2023	March 31, 2022
Number of frauds reported during the year	417	402
Amount involved in fraud* (₹ Crore)	77.74	40.31
Amount of provision made for such frauds (₹ Crore)*	44.79	35.48
Amount of Unamortised provision debited from 'other reserves' as at the end of the year (₹ Crore)		NA

* Amount involved in credit related fraud is inclusive of Interest on NPA while the provision created is for Gross NPA Net of recovery and technical write off.

h) Disclosure under Resolution Framework for COVID-19-related Stress

Details of Resolution Plan implemented under Resolution Framework for COVID 19 related stress as per RBI circular dated August 06, 2020 (DOR.No.BP.BC/3/21.04.048/2020-21 – Resolution Framework 1.0) and May 05, 2021 (DOR.STR.REC.11/21.04.048/2021-22 - Resolution Framework 2.0).

[₹. In Crore]

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year[1]	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year[2]
Personal Loans#	308.19	23.93	0.00	5.76	278.50
Corporate persons*	297.24	92.73	0.00	12.63	191.87
Of which, MSMEs	0.10	0.00	0.00	0.10	0.00
Others	112.62	0.00	0.00	22.12	90.51
Total	**718.05**	**116.66**	**0.00**	**40.51**	**560.88**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016
\# Includes Rs.8.12 Crores which was restructured during earlier period.

[1] Amount paid by the borrower during the half year is net of additions in the borrower account including additions due to interest capitalization.
[2] Includes other facilities to the borrowers which have not been restructured.

Disclosure related to clause 28 of RBI circular dated May 05, 2021 where the number of borrowers accounts in which modifications were sanctioned and implemented in terms of Clause 22 of the aforesaid circular.

Type of Borrower	No of Accounts	Aggregate exposure to such borrower (₹ in crore)
Personal Loans	6	2.81
Corporate Persons	0	0.00
Of which MSMEs	0	0.00
Others	0	0.00
Total	6	2.81

There were 6 borrowers having an aggregate exposure of ₹2.81 Crore to the Bank, where Resolution Plan has been implemented under RBI's Resolution Framework 1.0 dated August 06, 2020 and modified under RBI's Resolution Framework 2.0 dated May 05, 2021. Accounts where modification has been done subsequently closed/upgraded to standard category not included here.

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5. Exposures

a) Exposures to Real Estate Sector [₹. in Crore]

Category	March 31, 2023	March 31, 2022
1) **Direct Exposure**		
(a) Residential Mortgages -	4005.08	4,209.54
Lending fully secured by mortgages on residential property that is or will be occupied by the borrowers or that is rented; ***of which Individual housing loans eligible for inclusion in priority sector advances .Exposure would also include non-fund based(NFB) limits.***	*1228.73*	*1,435.28*
(b) Commercial Real Estate -	514.96	832.23
Lending secured by mortgages on commercial real estate (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure include Non-Fund Based (NFB) limits		
(c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures -		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
2) **Indirect Exposure**		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	2614.52	1,008.49
Total Exposure to Real Estate Sector	**7134.56**	**6,050.26**

b) Exposure to Capital Market sectors [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
(i) Direct Investments in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;*	152.86	27.34
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds and convertible debentures and units of equity oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-

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Particulars	March 31, 2023	March 31, 2022
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers:	7.78	7.25
(vi) Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)Bridge loans to companies against expected equity flows/ issues	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) Financing to stockbrokers for margin trading	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**160.64**	**34.59**

*Shares acquired by banks as a result of Conversion of debt under CDR mechanism for ₹139.73 Crore (Previous Year ₹108.39 Crore) is excluded in line with extant RBI guidelines.

c) Risk category wise country exposure:

Country Risk exposure has been classified on the following basis: [₹. in Crore]

Risk Category*	Exposure (net) as at March 31, 2023	Provision held as at March 31, 2023	Exposure (net) as at March 31, 2022	Provision held as at March 31, 2022
Insignificant	1901.28	-	3,270.85	-
Low	1342.08	-	1,478.33	-
Moderately Low	23.39		4.55	
Moderate	9.19	-	0.02	-
Moderately High	8.81	-	5.20	-
High	12.47		-	
Very High	-	-	-	-
TOTAL	**3297.22**	-	**4,758.95**	-

As the Bank's net exposure with each country for the year in respect of foreign exchange transaction is less than 1% of the total assets of the Bank, no provision is required.

* The above figures include both funded as well as non-funded exposure.

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d) Unsecured Advances [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Total unsecured advances of the bank	11404.93	3,584.52
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	0.00	76.73
Estimated value of such intangible securities	0.00	76.73

e) Factoring Exposure- Nil.

f) Intra-Group Exposure - Nil.

g) Unhedged Foreign Currency Exposure

The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency product portfolio and encouraging them to hedge the unhedged portion. In line with the policy, assessment of unhedged foreign currency exposure is a part of assessment of borrowers and is undertaken while proposing limits or at the review stage.

Further, the Bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank also maintains incremental provision towards the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines. The Bank has maintained provision of ₹13.72 Crore and additional capital of ₹ 14.96 Crores on account of Unhedged Foreign Currency Exposure of its borrowers as at March 31, 2023.

Movement of Unhedged Foreign Currency Exposure

Date	Category	No. of borrowers with provision for UFCE	Unhedged Foreign Currency Exposure [₹. in Crore]	Provision [₹. in Crore]
31.03.2022	Above Rs.5.00Crs	42	6308.25	4.76
	Below Rs.5.00Crs	15906	-	7.30
			Total	**12.06**
30.06.2022	Above Rs.5.00Crs	41	9841.98	5.87
	Below Rs.5.00Crs	15784	-	7.12
			Total	**12.99**
30.09.2022	Above Rs.5.00Crs	46	8838.84	4.35
	Below Rs.5.00Crs	15675	-	7.01
			Total	**11.36**
31.12.2022	Above Rs.5.00Crs	39	5957.79	4.62
	Below Rs.5.00Crs	15543	-	6.95
			Total	**11.57**
31.03.2023	Above Rs.5.00Crs	64	69116.00	7.03
	Below Rs.5.00Crs	15683	-	6.69
			Total	**13.72**

* As per RBI guideline, for exposures to smaller entities which are having unhedged foreign currency exposure, banks may have the option of following a standardised method which would require an incremental provisioning of 10 bps over and above extant standard asset provisioning. Banks following standardised method for smaller entities will not be required to get UFCE data from these

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entities. Smaller entities are entities on which total exposure from banking system is at ₹ 50 Crore or less.

As per bank's Board approved policy, it was decided to collect UFCE data from all customers who are having exposure above ₹ 5.00 Crore and for exposure below Rs.5.00 Crore bank is not collecting UFCE data. However for such accounts the bank is maintaining an incremental provision of 10bps over and above the extant standard asset provision on the outstanding balance.

6. Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits

[₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Total Deposits of twenty largest depositors	2572.31	4,343.56
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	2.81%	4.87%

b) Concentration of Advances*

[₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Total Advances to twenty largest borrowers	9109.98	6,261.62
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	9.45%	7.50%

*Advance is computed as per definition of Credit Exposure including derivatives furnished in RBI's Master Circular on Exposure Norms

c) Concentration of Exposures*

[₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Total Exposure to twenty largest borrowers/customers	9906.67	6,361.19
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the bank on borrowers/ customers	8.09%	6.00%

*Exposure is computed based on credit and investment exposure as prescribed in RBI's Master Circular on Exposure Norms

d) Concentration of NPAs*

[₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Total Exposure to the top twenty NPA accounts	778.85	685.21
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	21.00%	18.78%

*Represents funded balance

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7. **Derivatives:**

a) Forward Rate Agreement / Interest Rate Swap.

	Particulars	March 31, 2023	March 31, 2022
i)	8The notional principal of swap agreements	150.00	Nil
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	0.00	
iii)	Collateral required by the bank upon entering into swaps	0.00	
iv)	Concentration of credit risk arising from the swaps	0.00	
v)	The fair value of the swap book	(0.07)	

The nature and terms of the IRS as on March 31, 2023 are set out below:

Nature	Nos	Notional Principal	Benchmark	Terms
Trading	6	150.00	MIOIS	Fixed Receivable/ Floating Payable

b) Exchange Traded Interest Rate Derivatives.

Sr.	Particulars	March 31, 2023	March 31, 2022
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2023 (instrument wise)		
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)		
(iv)	Mark to market value of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)		

The bank had dealt in exchange traded currency futures during the financial year ended March 31, 2023. As at March 31, 2023 the open contracts on the exchange was Nil.

c) Disclosures on Risk Exposure in Derivatives.

i) Qualitative Disclosure.

The Bank undertakes over the counter and exchange traded derivative transactions for Balance Sheet management and also for proprietary trading/ market making. Bank offers derivative products to the customers to enable them to hedge their exposure within the prevalent regulatory guidelines.

These transactions expose the Bank to various risks primarily credit, market, operational, legal, and reputation. There is functional separation between the Front Office, risk and Back Office for undertaking derivative transactions. The derivative transactions are governed by the Investment, forex and derivative policy and market risk management policy of the Bank as well as by the extant RBI

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guidelines. Various operational/risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. Risk Limits are in place for risk parameters viz. VaR, Stop Loss, Dealer Limit, Deal size limit. Actual positions are monitored against these limits on a daily basis and breaches, if any, are reported promptly. The MTM position of the derivative portfolio is monitored on a regular basis. The impact on derivative portfolio on account of the probable market movements are assessed on regular basis.

Bank deals in derivatives for hedging foreign currency assets/liabilities subject to the prevailing regulatory guidelines. Transactions for hedging and trading are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Transactions related to foreign exchange forwards, Currency futures etc. are marked to market (MTM) on the reporting dates and the MTM is accounted in the books. Collateral requirements for derivative transactions are determined based on usual credit appraisal process. For the purpose of credit risk mitigation, most of the deals have been contracted with Banks/ Major primary dealers and no default risk is anticipated on the deals with them.

ii) Quantitative Disclosures:

[₹. in Crore]

Sl. No	Particulars	March 31, 2023		March 31, 2022	
		Currency Derivatives*	**Interest rate derivatives**	**Currency Derivatives***	**Interest rate derivatives**
1	Derivatives (Notional Principal Amount)	-	-	-	-
	a) For hedging	-	-	-	-
	b) For trading	-	150.00	-	-
2	Marked to Market Positions	-	-	-	-
	a) Asset (+)	-	-	-	-
	b) Liability (-)	-	0.07	-	-
3	Credit Exposure	-	0.75	-	-
4	Likely impact of one percentage change in interest rate (100*PV01)	-	-	-	-
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	-	1.32	-	-
5	Maximum and Minimum of 100*PV01 observed during the year	-	-	-	-
	a) on hedging	-	-	-	-
	b) on trading	-	-	-	-
	Max (100*PV01)-Trading	7.37	9.03	-	1.38
	Min (100*PV01)-Trading	0	0	0	0

*Only Currency futures are reported in currency derivatives. There was no contract outstanding as on 31-03-2023.

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Foreign exchange forward contract has not been included in the above disclosure. The notional principal amount of foreign exchange contracts classified as trading on March 31, 2023 amounted to ₹16,269.20 Crore (Previous Year ₹24,286.43 Crore) and mark to market position was asset of ₹123.15 crore (previous year ₹139.11 Crore) and liability of ₹ 102.64 crore (Previous year ₹94.51 crore). The notional principal amount of Foreign exchange contacts classified as hedging on March 31 2023 amounted to ₹ 3334.66 Crore (Previous year ₹ 2865.58 Crore).

The notional principal amounts of derivatives reflect the volume of transactions outstanding as at the Balance Sheet date and do not represent the amounts at risk. Interest rate derivative represents interest rate swaps.

d) Credit Default Swaps

The bank has not undertaken any transactions in credit default swaps during the year ended March 31, 2023 and March 31, 2022.

8. Securitisation Transactions

The Bank has not undertaken any securitisation transactions during the year ended March 31, 2023 and March 31, 2022.

9. Off-balance Sheet SPVs sponsored

There are no SPVs sponsored by the Bank as at March 31, 2023 and March 31, 2022.

10. Transfers to Depositor Education and Awareness Fund (DEA Fund):

In accordance with the guidelines issued by the RBI, the Bank transfers the amount to the credit of any account which has not been operated upon for a period of ten years or any deposits or any amount remaining unclaimed for more than ten years to DEAFund.

Details of amounts transferred to DEAFund are set out below: [₹. in Crore]

Particulars	March 31,2023	March 31,2022
Opening balance of amounts transferred to DEA Fund	183.70	149.85
Add : Amounts transferred to DEA Fund during the year	39.99	37.25
Less : Amounts reimbursed by DEA Fund towards claims	5.05	3.40
Closing balance of amounts transferred to DEA Fund	218.64	183.70

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11. Status of Complaints

a) Summary information on complaints received by the bank from customers and from the Offices of Ombudsman

Sr. No		Particulars	March 31, 2023	March 31, 2022
	Complaints received by the bank from its customers			
1.		Number of complaints pending at beginning of the year	1446	1,175
2.		Number of complaints received during the year	43091	43,099
3.		Number of complaints disposed during the year	43677	42,828
	3.1	Of which, number of complaints rejected by the bank	8761	9,396
4.		Number of complaints pending at the end of the year	860	1,446
Maintainable complaints received by the bank from Office of Ombudsman				
5.		Number of maintainable complaints received by the bank from Office of Ombudsman	279	251
	5.1	Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman	162	129
	5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	117	121
	5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	0	1
6.		Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0
Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme. Previous year figures updated wherever considered necessary so as to align the same with current year data.				

b) Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year					
ATM/Debit Card	409	15898	-23.62	123	
Internet Banking/Mobile Banking/Electronic Banking	430	12692	46.98	287	
Account Opening /difficulty	9	2876	49.17	33	

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in operation of accounts					
Charges	61	1181	84.82	76	
Credit Cards	1	416	1385.71	4	
Others	536	10028	-4.15	337	
Total	**1446**	**43091**	**-0.018**	**860**	
Previous Year					
ATM/Debit Card	122	20,817	35.25	409	-
Internet Banking/Mobile Banking/Electronic Banking	389	8,635	15.70	430	-
Account Opening /difficulty in operation of accounts	64	1,928	83.61	9	-
Charges	36	639	18.11	61	-
Loans and Advances	23	617	-12.97	15	1
Others	541	10,463	-3.75	522	17
Total	**1,175**	**43,099**	**19.64**	**1,446**	**18**

12. Penalties levied by the Reserve Bank of India

The penalty imposed by RBI during the year ended March 31, 2023 was ₹15,90,650/- (Previous year ₹1,01,86,000/-)

Penalties Imposed By RBI in FY 2022-23

Sl No	Imposed date	Amount(Rs)	Nature of breach
1	28-03-2022	10,000.00*	ATM Cash-out penalty imposed by RBI.
2	07-04-2022	10,000.00	ATM Cash-out penalty imposed by RBI.
3	12-05-2022	10,000.00	ATM Cash-out penalty imposed by RBI.
4	13-05-2022	20,000.00	ATM Cash-out penalty imposed by RBI.
5	20-05-2022	20,000.00	ATM Cash-out penalty imposed by RBI.
6	24-05-2022	4,00,000.00	ATM Cash-out penalty imposed by RBI.
7	01-06-2022	70,000.00	ATM Cash-out penalty imposed by RBI.
8	03-06-2022	1,00,000.00	ATM Cash-out penalty imposed by RBI.
9	05-07-2022	50,000.00	ATM Cash-out penalty imposed by RBI.
10	21-07-2022	2,150.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.
11	10-08-2022	150.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.
12	03-08-2022	3,750.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.
13	16-08-2022	1,200.00	Late fee due to delay in filing Form GSTR-6 return for the month of July2022.
14	04-08-2022	10,000.00	Penalty imposed by RBI for non-reporting of ATM cash-out. Later, based on bank's representation, the penalty amount was reversed to our account.
15	22-08-2022	40,000.00	ATM Cash-out penalty imposed by RBI.
16	02-09-2022	60,000.00	ATM Cash-out penalty imposed by RBI.
17	06-09-2022	30,000.00	ATM Cash-out penalty imposed by RBI.
18	07-10-2022	30,000.00	ATM Cash-out penalty imposed by RBI.
19	03-11-2022	10,000.00	ATM Cash-out penalty imposed by RBI.
20	18-11-2022	4,850.00	Penalty imposed for discrepancies in Soiled Note Remittance / shortage in remittance by currency chest.
21	08-12-2022	10,000.00	ATM Cash-out penalty imposed by RBI.
22	12-12-2022	15,000.00	Penalty imposed by RBI for irregularities observed during their visit.
23	16-01-2023	15,000.00	Penalty imposed by RBI for irregularities observed during their visit.
24	29-12-2022	5,000.00	Penalty imposed by RBI for irregularities observed during their visit.

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25	16-02-2023	90,000.00	ATM Cash-out penalty imposed by RBI.
26	27-02-2023	100.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.
27	08-02-2023	950.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.
28	08-03-2023	10,000.00	Penalty imposed by RBI for Non Frisking by Currency chest.
29	17-03-2023	12,500.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.-
30	10-03-2023	10,000.00	ATM Cash-out penalty imposed by RBI.
31	17-03-2023	10,000.00	ATM Cash-out penalty imposed by RBI.
32	29-03-2023	1,30,000.00	ATM Cash-out penalty imposed by RBI.
33	30-03-2023	4,00,000.00	ATM Cash-out penalty imposed by RBI.
	Total	**15,90,650.00**	

This penalty was pertaining to the month of March 2022 (i.e. Q4 of FY 2021-22). This case was further analysed and reported in the month of April 2022. Hence the same has been reported in Q1 of FY 2022-23.

Penalties Imposed by RBI In FY 2021-22

Sl No	Imposed date	Amount	Nature of Breach
1	06.07.2021	1,00,00,000.00	We were in receipt of a show cause notice from RBI dated 22nd January 2021 with respect to the account IL & FS Group companies with regards to non-adherence of RBI Circular IECD.No.29/08.12.01/98-99 dated May 25, 1999 on "Lending to Non-Banking Financial Companies (NBFCs)". Vide letter SIB/COMP/RBI/77/20-21 dated February 09,2021.
2	06.09.2021	35,000.00	We were in receipt of a Show Cause Notice on the following discrepancies observed during RBI Inspection in Currency Chest, 1. Non-Frisking of person entering/exiting the vault. 2. Non Maintenance of charge certificate 3. Delay in sorting of Soiled notes. 4. Grill Gate of strong room kept open during operation.
3	11.11.2021	200.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.
4	28.12.2021	1,00,000.00	On 22.12.21, Short Sale amounting to Rs.45 crores was kept open for value 23.12.21. On 23.12.2021, inadvertently, purchase of Market Revere Repo was not communicated to Money Market Desk by SLR Desk & thus they did not strike reverse repo deal to cover the security short sold. Hence, reverse repo for Rs.10 crores against the security short 6.67% GS 2035 was not taken. This lead to shortage of security balance by Rs.10 crores in Subsidiary General Ledger (SGL). The securities that were short, had to be bought under reverse repo to negate security short sold commitment to CCIL
5	18.01.2022	5,300.00	Penalty imposed on account of deficiencies noticed during RBI visit of currency chest.
6	07.03.2022	15,950.00	Penalty imposed on account of deficiencies noticed during RBI visit of currency chest.
7	10.03.2022	9,550.00	Penalty imposed for discrepancies in Soiled / forged / defective note Remittance by currency chest.
8	14.03.2022	10,000.00	ATM Cash-out penalty imposed by RBI.
9	17.03.2022	10,000.00	ATM Cash-out penalty imposed by RBI.
Total		**1,01,86,000.00**	

During the year, short sale of securities amounting to ₹ 45 Crore were kept open for value date 22.12. 2021. Market Reverse Repo for ₹ 35 Crore was taken against 45 Cr short sale and Purchase of Market

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Reverse Repo for ₹ 10 Crore against the securities short 6.67% GS 2035 was not taken which lead to shortage of security balance by ₹10 Crore in Subsidiary General Ledger (SGL). The same has been reported to the appropriate authority. There is no other such incidence incurred during the period. Further we also confirm that all investments and Forex transactions are in compliance with RBI directives and Banks Investment Policy.

13. Disclosures on Remuneration

a) **Information relating to the composition and mandate of the Nomination & Remuneration Committee.**

Composition:

The Nomination & Remuneration committee of the Board consists of three members and all three members are members of Risk Management committee of the Board to facilitate effective governance of compensation.

The roles and responsibilities of the Nomination & Remuneration Committee inter-alia includes the following:

Sl. No.	Name of Agenda item
1	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.
2	Recommend to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge, skills, and judgment of the Directors
3	To devise a Succession Planning Policy for the Board and Senior Management.
4	To formulate a Nomination policy of the Board to guide the Board in relation to appointment/re-appointment/removal of Directors.
5	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.
6	To formulate the criteria for evaluation of Independent Directors and the Board/Committees.
7	To devise a policy on Board diversity.
8	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.
9	To perform such other functions as may be necessary or appropriate for the performance of its duties.
10	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.
11	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.
12	With respect to the variable pay, both cash and non-cash 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;

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	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 are considered necessary; d) On completion of the year, finalize the criteria of allotment of marks to ensure objectivity/equity. e) 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.
13	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.
14	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.
15	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.
16	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.
17	Any other matters regarding remuneration to WTDs/MD & CEO and other staffs of the Bank as and when permitted by the Board.
18	To conduct the annual review of the Compensation Policy.
19	To fulfil such other powers and duties as may be delegated to it by the Board.
20	To review HR Strategy aligning with business strategy of the Bank.
21	To review the skill gaps and talent pool creation.
22	To do any other matters regarding remuneration to whole-time directors/ non-executive directors /part-time chairman, Chief Executive Officers / Material Risk Takers (MRTs) and employees (risk control and compliance staff and all other categories of staff) of the Bank including signing/ joining bonus occurring in the context of hiring new staff and be limited to first year, in the form of share-linked instruments only, as and when permitted by the Board. Such bonus will neither be considered part of fixed pay nor part of variable pay.

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

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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 dated November 4, 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 Material Risk Takers:

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 will also be consistent with the general risk management and corporate governance framework.
3. 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.
4. 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.
5. 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

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to be estimated (ex ante), risk outcomes observed (ex post) and both ex ante estimates and ex post outcomes will affect payoffs.

6. 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.
7. 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.
8. 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:

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• 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.

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 should be variable pay and paid on the basis of individual, business-unit and firm-wide measures that adequately measure performance.

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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.

In case of employee's death or permanent disability, whole of the deferred variable pay (Cash component) shall immediately vest in the employee's legal heirs, or the employee, as the case maybe.

e. 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.

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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).

Any other act detrimental to the interest of the Bank including and not restricted to violation of Code of Conduct, violation of Framework for dealing with Conflict of Interest, violation of rules and regulations of the Bank, failure to discharge fiduciary and regulatory duties – and in respect of which the Bank would reserve the right to institute appropriate civil, criminal or other proceedings at the risks, costs and consequences of such individual's,

As part of the criteria for the application of mauls and claw back, 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.

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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 Material Risk Takers

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.

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[₹. in Crore]

			2022-23	2021-22
Quantitative disclosures	(a)	i. Number of meetings held by the Remuneration Committee during the financial year	10	12
		ii. Remuneration paid to its members	0.15	0.21
	(b)	i. Number of employees having received a variable remuneration award during the financial year.	1	1
		ii. Number and total amount of sign-on awards made during the financial year.		
		o Number	Nil	Nil
		o Total amount		
		iii. Details of guaranteed bonus if any	Nil	Nil
		iv. Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
	(c)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	ESOS:0.88 Cash:0.38	Nil
		(ii) Total amount of deferred remuneration paid out in the financial year.	Nil	Nil
	(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.		
		i. Fixed*	1.66	1.65
		ii. Variable	1.50	0.13
		• Deferred	1.12	Nil
		• Non Deferred	0.38	0.13
		* Excluding PF and Gratuity		
	(e)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	ESOS:0.88 Cash:0.38	Nil
		(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	Nil	Nil
		(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil	Nil
	(f)	Number of MRTs identified.	1*	1*
	(g)	• Number of cases where malus has been exercised.	Nil	
		• Number of cases where clawback has been exercised.	Nil	Nil
		• Number of cases where both malus and clawback have been exercised.	Nil	

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General Quantitative Disclosure	(h)	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	0.10 1.93	0.09 1.70

*Mr. Murali Ramakrishnan, Managing Director & Chief Executive Officer is identified as MRT

14. Other Disclosures

a) Business ratios

Particulars	March 31, 2023	March 31, 2022
(i) Interest Income as a percentage to Working Funds [1]	6.86%	6.57%
(ii) Non-interest income as a percentage to Working Funds [1]	0.77%	1.03%
(iii)Cost of Deposits	4.35%	4.75%
(iv)Net Interest Margin	3.30%	2.62%
(v) Operating Profit as a percentage to Working Funds [1]	1.43%	1.24%
(vi) Return on Assets [Based on Working Fund] [1]	0.73%	0.04%
(vii) Business (Customer Deposits plus Advances) per employee [2, 3] (₹ in Crore)	17.24	16.48
(viii) Profit per employee [2] (₹ In Crore)	0.082	0.005

1. For the purpose of computing the ratio, Working Fund represents the average of total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949.
2. For the purpose of computing the ratios number of employees (excluding Part time employees) as on Balance Sheet date is considered.
3. For the purpose of this ratio, business per employee has been recorded as gross advance plus deposits (excluding interbank deposits).

b) Bancassurance Business

Income from Bancassurance Business acquired during the FY : [₹. in Crore]

Sl. No.	Nature of Income	March 31, 2023	March 31, 2022
1	From Selling Life Insurance Policies	43.88	27.89
	i.Traditional/Regular	41.48	25.12
	ii.Single	1.25	1.16
	iii.ULIP Regular	1.15	1.61
2	From Selling Non-Life Insurance	8.12	6.49

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	Policies		
	i.General Insurance	3.74	3.36
	ii.Stand-alone Health Insurance	4.38	3.13
3	From Selling Govt. Security Schemes (PMJJBY & PMSBY)	0.05	0.17
4	Others	Nil	Nil
5	**Total**	52.05	34.55

c) Marketing and Distribution

Banks has received following fees/remuneration in respect of the marketing and distribution function (excluding Bancassurance business) undertaken by the bank. [₹. in Crore]

Particulars	**March 31, 2023**	**March 31, 2022**
Centralized Direct Debit Services	2.87	3.48
NPS	0.26	0.19
APY/NPS –Lite	0.25	0.43
Demat	0.19	0.22
Sibertrade	0.90	1.21
Mutual Funds	2.97	1.94
Capital Gain Bonds	0.05	0.04
ASBA	0.07	0.07
SGB	0.18	0.19
PIS	0.64	0.44
Travel Card	0.37	0.14
SBI-South Indian Bank Co-branded Credit card	0.22	0.35
Total Income-	**8.97**	**8.70**

d) Priority sector lending certificates [₹. in Crore]

Sl No.	**Type of PSLCs**	**March 31, 2023**		**March 31, 2022**	
		Purchase	**Sale**	**Purchase**	**Sale**
1	PSLC – Agriculture	0.00	0.00	0.00	600.00
2	PSLC – Small and Marginal Farmers	0.00	5100.00	0.00	3300.00
3	PSLC – Micro Enterprises	750.00	0.00	745.00	0.00
4	PSLC – General	0.00	0.00	0.00	8,800.00
Total		**750.00**	**5100.00**	**745.00**	**12,700.00**

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e) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account: [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Provision for NPAs (including write off, excluding technical write off)	623.07	1,161.40
Provision for NPIs	(137.54)	(7.91)
Provision for taxes (Net of write back)[1]	258.38	(5.95)
Deferred Tax (net)	213.00	(131.02)
MAT Credit	(138.26)	-
Provision for Standard Assets	(58.61)	175.57
Provision for Restructured Advances	(0.05)	1.22
Provision for FITL	(22.17)	69.67
Provision for unhedged foreign currency exposures	1.66	(1.06)
Provision for Non-Banking Asset[2]	(0.71)	(62.74)
Provision for Fraud / Other impaired assets	(6.53)	3.41
TOTAL	**732.24**	**1,202.59**

[1] Based on favourable Income Tax orders received during the financial year, the net excess provision for tax held in books amounting to ₹54.81 Crore (Previous year ₹ 69.60 Crore) has been written back.

[2] The Bank had acquired certain land parcels under a partial Debt Asset Swap transaction ("DAS") in earlier years aggregating ₹110 Crores and classified them as "Non-Banking Assets acquired in satisfaction of claims" in the Balance Sheet. During the FY 2022-23 Bank had sold certain properties and ₹0.71 Crore (Previous year ₹ 62.74 Crore) (after adjusting the expenses) was credited back to the provision.

f) Implementation of IFRS converged Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs (MCA), Government of India has notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Further, a Press Release was issued by the MCA on January 18, 2016 outlining the roadmap for implementation of Indian Accounting Standards (IND AS) converged with International Financial Reporting Standards (IFRS) for banks. As per earlier instructions, banks in India were required to comply with the IND AS for financial statements for accounting periods beginning from April 01, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. Progressing towards IND AS, the Bank had prepared pro forma financials as on June 30, 2017 as per extant regulatory guidelines and submitted the same to the RBI. On April 05, 2018, the RBI had announced deferment of implementation date by one year with IND AS being applicable to banks for accounting periods beginning April 01, 2019 onwards. In preparation for the same, the Bank has been submitting quarterly pro-forma financials to the RBI from quarter ended June 30, 2018.On March 22, 2019, the RBI has announced deferment of the implementation of IND AS by banks till further notice. However, the Bank continues to submit to the RBI proforma financials on half year basis

g) Payment of DICGC Insurance Premium [₹. in Crore]

Sl. No.	Particulars	March 31, 2023	March 31, 2022
i)	Payment of DICGC Insurance Premium (excl. GST)	105.25	99.69
ii)	Arrears in payment of DICGC premium	0.00	0.00

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h) Disclosure of facilities granted to directors and their relatives

Bank has not extended any fund or non-fund (guarantees, Letter of Credit, etc) facilities to directors, their relatives, companies or firms in which they are interested for the Financial year 2022-23 as per section 20 of BR Act, 1949.

i) Details of Single Counterparty Limit / Limit for Group of Connected Counterparties exceeded by the Bank

RBI has prescribed limits linked to bank's eligible capital base in respect of exposure to single counter party and group of connected counter parties. During the year ended March 31, 2023 and March 31, 2022, the Bank was within the limits prescribed by the RBI.

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B. Additional Disclosure

1.Details of Single Borrower Limit, Group Borrower Limit exceeded by the Bank

As on March 31, 2023, the bank has not exceeded the credit exposure to single borrower and group borrowers limit as per prudential exposure limit prescribed by RBI.

2.Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances:

[₹. in Crore]

Particulars	During FY 2022-23		During FY 2021-22	
	No of accounts	Amount	No of Accounts	Amount
MSME Restructured Accounts	Nil	Nil	177	657.74

As permitted by RBI vide its Circular DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019, DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020, DOR.No.BP. BC/4/21.04.048/2020-21 dated August 06. 2020 and DOR.STR.REC.12/21.04.048/2021-22 dated May 05, 2021 the bank has not restructured any accounts during the year (Previous year 177 accounts). Additional Standard Asset provision of Nil (Previous year ₹67.87 crore) is maintained in the books towards such accounts.

3.Disclosure relating to tax

a) Provision for taxes during the year: [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Current Tax (net of write back)	258.38	(5.95)
Deferred Tax (net)	213.00	(131.02)
MAT Credit	(138.26)	0.00
Total	**333.12**	**(136.97)**

Tax provision is created in the books after adjusting for permanent differences in Income tax, accounting of MAT credit and deferred tax assets/liability. Based on favourable Income Tax orders received during the financial year, the excess provision for tax held for different assessment years in the books of account as on the balance sheet date amounting to a net sum of ₹54.81 Crore (Previous year ₹ 69.60 Crore) has been written back.

b) Deferred Tax Assets (net)

Other Assets include deferred tax asset and the breakup of the same is shown below: [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Deferred Tax Asset (A)		
Provisions for Loans/Investments/ others	324.82	370.86
Fixed Assets: on difference between book balances and tax balance of WDV of fixed assets	8.40	3.11
Total (A)	**333.22**	**373.97**
Deferred Tax Liabilities (B)		
Special Reserve created u/s 36(1)(viii) of Income Tax Act	167.52	139.56
Interest accrued but not due on investments	144.29	0.00
Total (B)	**311.81**	**139.56**
Deferred Tax Asset (net) (A-B)	**21.41**	**234.41**

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4. Movement in provision for debit card reward points: [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Provision at the beginning of the year	2.33	0.71
Provision made during the year	4.28	4.51
Reductions during the year	3.10	2.89
Provision at the end of the year	3.51	2.33

5. Movement in provision for other contingencies: [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Provision at the beginning of the year	20.32	17.38
Incremental expense during the year	21.85	3.11
Redemption during the year	19.14	0.17
Provision at the end of the year	23.03	20.32

6. Letter of Comfort (LoCs) issued by Banks:

The Bank has not issued any reportable Letter of Comfort on behalf of subsidiaries during the year ended March 31, 2023 and March 31, 2022 respectively.

7. Inter-bank participation with risk sharing

The aggregate amount of participation purchased by the Bank, shown as advances as per regulatory guidelines, outstanding as of March 31, 2023 was ₹. 1300.00 Crores (Previous Year: ₹1,300.00 Crore).

8. Fixed Assets

a) Fixed Assets as per Schedule 10 include Intangible Assets relating to Software and System Development Expenditure which are as follows: [₹. in Crore]

Particulars	March 31,2023	March 31,2022
Gross Block		
At the beginning of the year	208.98	175.90
Additions during the year	3.25	33.08
Deductions during the year	0.25	-
Closing Balance	211.98	208.98
Depreciation / Amortisation		
At the beginning of the year	135.16	106.60
Charge for the year	29.66	28.56
Deductions during the year	-	-
Depreciation to date	164.83	135.16
Net Block	**47.15**	**73.82**

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9. **Accounting for Employee Share Based Payments.**

The company has provided various share based payment schemes to its employees. As on March 31, 2023, the following schemes were in operation;

	Tranche 12	Tranche 11	Tranche 8
Date of grant	01.03.2023	23.04.2022	06.12.2017
Date of Board approval	01.03.2023	23.04.2022	06.12.2017
Date of Shareholders approval	12-07-2022	12-07-2022	18.08.2008
Number of options granted	11,06,194	3,99,171	43,04,710
Method of settlement	Equity	Equity	Equity
Vesting period	01.03.2024 to 01.03.2026	23.04.2023 to 23.04.2025	06.12.2019 to 06.12.2021
Exercise period (for all Tranches)	The Grantee will be permitted to exercise their Options within five years from the date of vesting	The Grantee will be permitted to exercise their Options within five years from the date of vesting	Eligible to exercise the options during any one of the four specific periods (i.e., within 30 days after the end of each quarter) within one year from the date of vesting.
Manner of Vesting (for all Tranches)	30%, which will be vested on completion, of 1st year from the date of grant. 30%, which will be vested on completion, of 2nd year from the date of grant. 40%, which will be vested on completion, of 3rd year from the date of grant	30%, which will be vested on completion, of 1st year from the date of grant. 30%, which will be vested on completion, of 2nd year from the date of grant. 40%, which will be vested on completion, of 3rd year from the date of grant	In a graded manner over a 5 year period with 30%, 30% and 40% of the grants vesting in each year commencing from the end of 5years from the grant date.

Bank has changed its accounting policy from the intrinsic value method to the fair value method as per Black – Scholes model for all share-linked instruments granted after 31 March, 2021.

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Activity in the options outstanding under the ESOS

Particulars	March 31, 2023		March 31, 2022	
	Options	Weighted average exercise price (₹)	Options	Weighted average exercise price (₹)
Options outstanding at the beginning of the year	1,005,872	18.72	1,797,019	18.72
Options granted during the year	15,05,365	14.34	-	-
Options exercised during the year	-	-	-	-
Forfeited / lapsed during the year	10,05,564	18.72	7,91,147	18.72
Options outstanding at the end of the year	15,05,673	14.34	1,005,872	18.72
Options Exercisable	308	18.72	1,005,872	18.72

Details of exercise price for stock options outstanding as at March 31, 2023

Particulars	Exercise price per share (₹)	Option Premium	Number of options outstanding	Remaining contractual life of options (in years)
Tranche 8	18.72	NA	308	0.20
Tranche 11	8.35	3.29	399171	2.16
Tranche 12	16.50	6.78	1106194	3.02

Details of exercise price for stock options outstanding as at March 31, 2022

Particulars	Exercise price per share (₹)	Number of options outstanding	Remaining contractual life of options (in years)
Tranche 8	18.72	1,005,872	0.68

Effect of the ESOS on the profit and loss account and on its financial position: [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Opening of ESOS Liability	1.29	2.31
Liability on account of ESOS issued	0.88	0.00
Reversal on account of Exercise	0.00	0.00
Reversal on account of lapsed/forfeiture	(1.29)	(1.02)
Total Employee compensation cost pertaining to ESOS	0.88	1.29
Opening Deferred Compensation Cost	0.00	0.22
Deferred compensation cost on ESOS issued	0.88	0.00
Compensation Cost pertaining to ESOS amortized during the year	(0.11)	(0.22)
Reversal on account of lapse/ forfeiture	0.00	0.00
Deferred compensation cost	0.77	0.00

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Impact of fair value method on net profit and on EPS

Had compensation cost for the ESOS outstanding being determined based on the fair value approach instead of intrinsic value method, the Bank's net profit and earnings per share would have been as indicated below: [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Net Profit as reported	775.09	44.98
Proforma Net profit based on fair value approach	775.09	45.00
Basic EPS as reported (₹)	3.70	0.21
Basic EPS (Proforma)(₹)	3.70	0.22
Diluted EPS as reported(₹)	3.70	0.21
Diluted EPS (Proforma)(₹)	3.70	0.22

In computing the above information, certain estimates and assumptions have been made by the management which has been relied upon by the auditors.

10. **Related party disclosure:**

The related parties of the bank are broadly classified as:

a. **Subsidiary**

Sl. No.	Name of the Entity	Nature of Relationship
1	SIB Operations and Services Limited	Wholly Owned Subsidiary (WOS)

b. **Key Management Personnel (As per AS 18) – MD & CEO**

Sl. No.	Name of the Key Management Personnel	Relative of the Key Management Personnel
1	Mr. Murali Ramakrishanan, Managing Director and CEO	• Mangala Santhanam • Charumathy Murali

Related Party Transaction Summary for the Financial year ended 31.03.2023

(Rs. In Crore)

Sl No	Details of counter party	Type of related party transaction	Value of the related party transaction as approved by the Audited Committee	Value of the related party transaction during the reporting period (for the Financial year ended March 31, 2023)	In case monies are due to either party as a result of the transaction	
	Relationship of the counterparty with the listed entity				Opening Balance (as on April 1, 2022	Closing Balance (as on March 31, 2023)
1	Wholly owned subsidiary (WOS)	Income received for providing management service	Note 6	1.24	0.20	0.81
2	Wholly owned subsidiary (WOS)	Income received for providing other services	Note 6	0.02	0.002	0.002
3	Wholly owned subsidiary (WOS)	Expense paid for HR services	Note 6	9.36	0.28	1.07

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		provided by WOS				
4	Directors	Sitting Fees (WOS)		0.02	0.004	-
5	Subsidiary Directors	Interest received		0.001	-	-
6	Subsidiary Directors	Interest Paid		0.09	-	-
7	Subsidiary Directors	Deposits	Note 5	1.38	1.22	1.38
8	Subsidiary Directors' Relatives	Interest received		0.003	-	-
9	Subsidiary Directors' Relatives	Deposits	Note 5	4.632	4.45	4.63
10	Subsidiary Directors' Relatives	Interest Paid		0.18	-	-
11	KMPs including MD &CEO and Subsidiary Directors	Remuneration paid	As per Bank's Internal Policies/approved by Regulator	4.00	-	-
12	Directors	Sitting Fees including honorarium to Chairman		2.17	-	-
13	Directors	Deposits	Note 5	1.78	2.10	1.78
14	Directors	Interest received		0.06	-	-
15	Directors	Interest Paid		0.12	-	-
16	KMPs including MD &CEO	Deposits	Note 5	11.09	0.04	11.09
17	KMPs including MD &CEO	Interest received		0.04	-	-
18	KMPs including MD &CEO	Interest Paid		0.47	-	-
19	KMPs including MD &CEO and Subsidiary Directors	ESOS grant outstanding(Nos.)	Refer Note No 8	15,05,365.00	10,476.00	15,05,365.00
20	Relative/ Interested company- Directors	Deposits	Note 5	11.22	11.87	11.22
21	Relative/ Interested company- Directors	Interest Paid		0.64	-	-
22	Relative/ Interested company- Directors	Interest received		0.002	-	-
23	Relative of KMPs & MD & CEO	Deposits	Note 5	0.80	0.61	0.80

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24	Relative of KMPs & MD & CEO	Interest Paid		0.06	-	-
25	MD & CEO	savings		0.002	0.19	0.002
26	Relative MD & CEO	savings		0.01	0.01	0.01

Note:

1) Transactions with WOS are shown excluding GST and TDS
2) In compliance with the guidelines given as per annexure to SEBI circular No SEBI/HO/CFD/CMD1/CIR/P/2021/662 November 22, 2021, The South Indian Bank Ltd, being a listed bank, is not required to provide the disclosures with respect to related party transactions involving loans, inter-corporate deposits, advances or investments made or given by the bank.
3) In compliance with the guidelines given as per annexure to SEBI circular No SEBI/HO/CFD/CMD1/CIR/P/2021/662 November 22, 2021 transactions such as acceptance of fixed deposits by banks, undertaken with related parties, at the terms uniformly applicable /offered to all shareholders/ public only are reported under deposit.
4) The Bank, being a scheduled commercial bank, as per RBI circular RBI/DBR/2015-16/19 dated March 03, 2016, has allowed additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or a term deposits of bank's staff and their exclusive associations as well as on deposits of Chairman, Managing Director and such other Executives appointed for a fixed tenure.
5) Value of the related party transaction for deposit is the balance in fixed deposit outstanding as on 31.03.2023.
6) Regulation 23 of Listing regulations, as amended from time to time, grant exemptions from seeking approval of the Audit Committee of the Board for the transactions entered into by and between the holding company and its wholly owned subsidiary company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
7) None of the Directors/ KMPs/ relatives are holding substantial shares/ securities of the Bank.
8) As part of additional disclosure internal KMP data are also disclosed during the period ended 31.03.2023 in line with reporting made for the half year ended 30.09.2022.
9) Transactions with common directors of subsidiary and Bank is shown under Directors.
10) Mr. Parayil George John Tharakan (DIN-07018289), has retired from the office as a Non-Executive Independent Director of the Bank on November 24, 2022, upon completion of his 8-year term, as per Section 10A(2A) of Banking Regulation Act 1949, hence in the closing balance (Deposits) details of his/ his relatives' deposits were not included in reporting as the same will not be coming under the preview of RPT.
11) The CSR activity of Bank is carried out by a trust formed by Bank in this regard. Since the Trust is acting on behalf of Bank and amount are spent as Bank's CSR expenditure, these transactions are not treated as RPT

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11. Employee Benefits

a) Provident Fund:

Employees, who have not opted for pension plan are eligible to get benefits from provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation or termination of employment. Both the employee and the Bank contribute a specified percentage of the salary to the South Indian Bank Employees' Provident Fund. The Bank has no obligation other than the monthly contribution.

The Bank recognized ₹0.24 Crore (Previous Year: ₹0.24 Crore) for provident fund contribution in the Profit and Loss Account.

b) New Pension Scheme

As per the industry level settlement dated April 27, 2010, employees who joined the services of the Bank on or after April 1, 2010 are not eligible for the existing pension scheme whereas they will be eligible for Defined Contributory Pension Scheme (DCPS) in line with the New Pension Scheme introduced for employees of Central Government. Employee shall contribute 10% of their Basic Pay and Dearness Allowance towards DCPS and the Bank will also make a contribution of 14%. There is no separate Provident Fund for employees joining on or after April 1, 2010.

The Bank recognized ₹45.05 Crore (Previous Year: ₹35.80 Crore) for DCPS contribution in the Profit and Loss Account.

c) Retirement Benefits.

i) The bank has recognized the following amounts in the Profit and loss account towards employee benefits as under:

[₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Pension Fund	116.35	244.71
Gratuity Fund	30.37	23.92
Compensation for absence on privilege/sick/casual leave	54.63	60.36

The employee benefits on account of pension, gratuity and Leave have been ascertained on actuarial valuation in accordance with Accounting Standard - 15 prescribed under section 133 of the Companies Act, 2013

ii) Disclosure on amortization of expenditure on account of enhancement in family pension of employees of banks

"Reserve Bank of India vide letter dated October 4, 2021 has permitted all member banks of Indian Banks' Association covered under the 11th Bipartite Settlement to amortize the additional liability on account of revision in family pension over a period not exceeding five years, beginning with the Financial Year ended March 31, 2022. The bank has recognized the entire additional liability estimated at ₹ 43 crores and opted to amortize the same over a period of seven quarters beginning with the quarter ended September 30, 2021. Accordingly, an amount of ₹ 24.57 Crore (Previous year ₹ 18.43 crore) has been written off during the year ended March 31, 2023 in respect of the said additional liability and the balance is ₹ Nil.

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The following table as furnished by Actuary sets out the funded status of gratuity / pension plan and the amount recognized in the Bank's financial statements as at March 31, 2023.

d) Changes in the defined benefit obligations [₹. in Crore]

	Gratuity Plan		Pension Plan	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Projected defined benefit obligation, beginning of the year	254.48	245.42	1020.37	920.62
Current Service Cost	22.19	20.06	186.53	193.26
Past Service Cost	-	-	-	-
Interest Cost	17.89	16.55	65.47	57.17
Actuarial (gain)/ loss	8.85	4.13	(88.47)	82.37
Benefits paid	(33.15)	(31.67)	(199.08)	(233.05)
Projected defined benefit obligation, end of the year	270.27	254.49	984.81	1020.37
Liability (net) of fair value of plan asset at the end of the year	3.13	7.63	(5.69)	4.73

e) Changes in the fair value of plan assets [₹. in Crore]

	Gratuity Plan		**Pension Plan**	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Fair value of plan assets, beginning of the year	246.85	243.49	1015.64	894.16
Expected return on plan assets	18.63	17.07	68.34	65.89
Employer's contributions	34.88	18.21	102.21	291.00
Actuarial gain/ (loss)	(0.06)	(0.25)	3.40	(2.35)
Benefits paid	(33.15)	(31.67)	(199.08)	(233.05)
Fair value of plan assets, end of the year	267.14	246.85	990.50	1015.63

f) Net Employee benefit expense (recognized in payments to and provisions for employees)

[₹. in Crore]

	Gratuity Plan		**Pension Plan**	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Current Service Cost	22.19	20.06	186.53	193.26
Past Service Cost	-	-	-	-
Interest Cost	17.89	16.55	65.47	57.17
Expected return on plan assets	(18.62)	(17.07)	(68.34)	(65.89)
Net actuarial (gain)/ loss recognised in the year	8.92	4.38	(91.87)	84.72
Employee cost	30.37	23.92	91.78	269.26
Unamortized cost	-	-	-	-

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Total	30.37	23.92	91.78	269.26
Actual return on plan assets	18.56	16.82	71.73	63.54

g) Categories of plan assets as a percentage of the fair value of total plan assets

	Gratuity Plan		Pension Plan	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Government Securities (Central & State)	-	-	-	-
High quality Corporate Bonds	-	-	-	-
Equity Shares of Listed Companies	-	-	-	-
Funds Managed by Insurer *	100%	100%	100%	100%
Others (PSU & Special Deposits)	-	-	-	-
Total	100%	100%	100%	100%

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

h) Experience adjustments

(i) Gratuity [₹. in Crore]

	March 31, 2023	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
Defined Benefit Obligations	270.27	254.49	245.41	232.65	216.44
Plan Assets	267.14	246.85	243.49	227.75	210.30
(Surplus)/Deficit	3.13	7.63	1.92	4.90	6.14
Unamortized	-	-	-	-	-
Net benefit expenses	3.13	7.63	1.92	4.90	6.14
Experience adjustments (gain) / loss on Plan Liabilities	9.16	12.43	32.70	(7.48)	5.25
Experience Adjustments gain / (loss) on Plan Assets	0.06	0.25	(0.97)	0.58	(1.49)

(ii) Pension [₹. in Crore]

	March 31, 2023	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
Defined Benefit Obligations	984.81	1,020.37	920.62	801.56	700.22
Plan Assets	990.50	1,015.63	894.15	747.52	674.56
(Surplus)/Deficit	(5.69)	4.73	26.47	54.05	25.66
Experience adjustments (gain) / loss on Plan Liabilities	(88.47)	82.37	138.80	42.33	(1.98)
Experience Adjustments gain / (loss) on Plan Assets	(3.40)	2.35	(4.77)	5.86	(1.20)

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i) Assumptions used by the actuary in accounting for Gratuity/ Pension/Compensation for absence

	Gratuity Plan		Pension Plan		Compensation for absence	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	7.53%	7.52%	7.52%	7.27%	7.53%	7.52%
Expected rate of return on plan assets	7.52%	7.21%	7.27%	7.11%	*	*
Increase in compensation cost	6.00%	6.00%	5.5%	5.5%	6.00%	6.00%

*Not applicable

Notes:

(i) Discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of obligations.

(ii) Expected rate of return on plan assets is based on the average long term rate of return expected on investments of the funds during the estimated term of the obligations.

(iii) The estimates of future salary increases, considered in actuarial valuation, taken in to account the inflation, seniority, promotion and other relevant factors.

j) Compensation for absence on Privilege / Sick / Casual Leave

The charge on account of compensation for privilege / sick / casual leave has been actuarially determined and an amount of ₹54.63 Crore (Previous year ₹60.36 Crore) has been debited to Profit and Loss account.

The above information is as certified by actuary and relied upon by the auditor.

12.Micro Small and Medium Industries

Under the Micro, Small and Medium enterprises development Act 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payment to micro, and small enterprises or of interest payments due to delays in such payments. The above is based on information available with the Bank which has been relied on by the auditors.

13.Segment reporting

Business Segments have been identified and reported taking into account, the target customer profile, the nature of product and services, the differing risks and returns, the organization structure, the internal business reporting system and guidelines issued by RBI from time to time. The Bank operates in the following business segments;

a) Treasury:

The treasury segment primarily consists of interest earnings on investments portfolio of the bank, gains or losses on investment operations and earnings from foreign exchange business. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses. Segmental expenses are allocated as per board approved policy.

b) Corporate / Wholesale Banking:

The Corporate / Whole sale Banking segment provides loans to corporate segment identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to corporate customers and the charges / fees earned from other banking services. The principal

The South Indian Bank Ltd. CFM H.O. Thrissur

MUMBAI Chartered Accountants

K. Venkatachalam Aiyer & Co. Ernakulam Kochi - 18 Chartered Accountants

expenses of the segment consist of interest expense on funds borrowed and other expenses. Segmental expenses are allocated as per board approved policy.

c) Retail banking:

The Retail Banking segment provides loans to non-corporate customers identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to non-corporate customers and the charges / fees earned from other banking services. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses. Segmental expenses are allocated as per board approved policy.

In accordance with RBI circular DOR.AUT.REC.12/22.01.001/2022-2023 dated April 07, 2022 on establishment of Digital Banking Units, the Bank has presented 'Digital Banking' as sub-segment of the Retail Banking Segment. Assets of DBU consists of mainly credit card, loan against deposits opened through digital mode etc.

d) Other Banking Operations:

This segment includes income from para banking activities such as debit cards, third party product distribution and associated costs. Segmental expenses are allocated as per board approved policy.

e) Unallocated

All items that cannot be allocated to reportable segments are included in unallocated portion.

Geographic segment

The Bank operations are predominantly confined within one geographical segment (India) and accordingly this is considered as the only secondary segment. In accordance with RBI guidelines in regard to business segments of banks, the bank has determined the business segments and the required disclosures are as follows:

[₹. in Crore]

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
Particulars	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Revenue	1088.00	1499.70	2323.02	2065.04	4083.76	3,710.05	551.03	345.85	8045.81	7,620.64
Result	(158.42)	18.51	(101.70)	(656.82)	975.59	291.65	392.74	254.67	1108.21	(91.99)
Unallocated (Expenses)/ Income									-	-
Operating profit									1108.21	(91.99)
Income Taxes									333.12	(136.97)
Net Profit									775.09	44.98
Other Information:										
Segment Assets	26438.99	24,263.97	37973.84	31,599.90	39750.34	40,568.85	25.91	19.79	104189.08	96,452.51
Unallocated Assets									3509.10	3599.91
Total Assets									107698.18	1,00,052.42
Segment Liabilities	25038.41	23,258.48	36329.54	30,643.81	38029.11	39,341.39	-	-	99397.06	93,243.68
Unallocated Liabilities									1626.54	955.61
Total									101023.60	94,199.29

Business Segments	**Treasury**		**Corporate/ Wholesale Banking**		**Retail Banking**		**Other Banking Operations**		**Total**	
Particulars	**2022-23**	**2021-22**	**2022-23**	**2021-22**	**2022-23**	**2021-22**	**2022-23**	**2021-22**	**2022-23**	**2021-22**
Liabilities										

Since the Bank operates only in domestic segment, the requirement of disclosure regarding geographical segment is not applicable.

**RBI's Master Direction on Financial Statements-Presentation and Disclosures, requires to sub-divide 'Retail banking' into (a) Digital Banking (as defined in RBI Circular on Establishment of Digital Banking Units dated April 07, 2022) and (b) Other Retail Banking segment. Accordingly, the segmental results for retail banking segment for Q4 2022-23 is sub-divided as below.*

[₹. in Crore]

Particulars	**Segment Revenue for the year ended 31.03.2023**	**Segment Results (net of provisions) for the year ended 31.03.2023**	**Segment Assets as on 31.03.2023**	**Segment Liabilities as on 31.03.2023**
Retail Banking				
(i) Digital Banking	302.53	73.17	3017.67	2887.01
(ii) Other Retail Banking	3781.23	902.41	36732.67	35142.10

Segment information is provided as per the MIS available for internal reporting purposes, which include certain estimates/assumptions. The methodology adopted in compiling and reporting the above information has been relied upon by auditors.

14.Description of contingent liabilities*

Sl. No	**Contingent liability**	**Brief Description**
1	Claims not acknowledged as debts	This includes liability on account of, and other legal cases filed against the bank. The bank is a party to various legal proceedings in the ordinary course of business and these are contested by the Bank and are therefore subjudice. The Bank does not expect the outcome of these proceedings to have a material adverse impact on the Bank's financial position.
2	Liability on account of outstanding forward contracts	The Bank enters into foreign exchange contracts with interbank participants on its own account and for its customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contract rate.
3	Guarantees on behalf of constituents in India and outside India, Acceptances, endorsements and other obligations	As a part of banking activities, the Bank issues Letter of Guarantees and documentary credit on behalf of its customers, with a view to augment the customer's credit standing. Through these instruments, the Bank undertakes to make payments for its customers' obligations, either directly or in case the customer fails to fulfill their financial or performance obligations.
4	Other items for which the bank is contingently liable	Includes capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).

** Also refer schedule – 12*

The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax authorities/ Service Tax Authorities. The Bank has reviewed all its

The South Indian Bank Ltd. CFM H.O. Thrissur

MUMBAI

K. VENKATACHALAM AIYER & CO. Chartered Accountants Ernakulam Kochi - 18

pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities wherever applicable, in its Reformatted summary financial statements. The Management believes that the possibility of outflow of resources embodying economic benefits in these cases is possible but not probable and hence no provision is required in these cases. However, the contingent liability has been disclosed with respect to these cases.

15.Provision for long term contracts

The Bank has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long-term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the Reformatted summary financial statements.

16.Earnings Per Share

The Bank reports basic and diluted EPS in accordance with the Accounting Standard - 20 on "Earnings per Share"

Particulars	March 31, 2023	March 31, 2022
Weighted average number of equity shares used in computation of basic earnings per share	209,27,41,018	209,27,41,018
Potential equity shares arising out of the Employees Stock Option Scheme	-	-
Weighted average number of equity shares used in computation of diluted earnings per share	209,27,41,018	209,27,41,018
Earnings used in the computation of basic earnings per share (₹ in Crore)	775.09	44.98
Earnings used in the computation of diluted earnings per share (₹ in Crore)	775.09	44.98
Nominal Value of share (in ₹)	1.00	1.00
Basic earnings per share (in ₹)	3.70	0.21
Effect of potential equity shares for ESOS	-	-
Diluted earnings per share (in ₹)	3.70	0.21

17.Corporate social responsibility

Operating expenses include ₹ 1.86 Crore (Previous Year ₹ 6.06 Crore) for the year ended March 31, 2023 towards Corporate Social Responsibility (CSR), in accordance with the Companies Act, 2013. The Bank has spent 2.02 % of its average net profit for the last three financial years as part of its CSR for the year ended March 31, 2023. The Bank is currently in the process of evaluating strategic avenues for CSR expenditure in order to deliver maximum impact.

Details of amount spent during the year towards CSR are as under:

For the year ended March 31, 2023 [₹. in Crore]

	Paid	Yet to be paid	Total
i) Construction / Acquisition of any assets	0.60	-	0.60

South Indian Bank Ltd. CFM H.O. Thrissur

K. Venkatachalam Aiyer & Co. Ernakulam Kochi - 18 Chartered Accountants

ii) For purposes other than (i) above	1.26	-	1.26

For the year ended March 31, 2022 [₹. in Crore]

	Paid	Yet to be paid	Total
i) Construction/ Acquisition of any assets	3.65	-	3.65
ii) For purposes other than (i) above	2.41	-	2.41

18.Investor education and protection fund

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank.

19.Operating Leases

Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms. During the year an amount of ₹ 108.86 Crore (Previous year: ₹ 100.62 Crore) was charged to Profit and loss account.

20.Disclosure as to Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014

The Bank, as part of its normal banking business grants loans and advances, makes investment, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons. These transactions are conducted after proper due diligence and ensuring adherence to all regulatory requirements including "Know Your Customer" guidelines.

Other than the transactions described above which are carried out in the normal course of business, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or deposits or any other sources or kinds of funds) by the Bank to or in any other persons or entities, including foreign entities ("intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank ("Ultimate Beneficiaries"). The Bank has also not received any funds from any parties (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries..

21. Proposed Dividend

The Board of Directors has proposed a dividend of Rs.0.30 per Equity share (30%) (Previous year Nil) for the year ended March 31, 2023, subject to the approval of the shareholders at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, proposed dividend including dividend distribution tax of Rs.62.78 Crore is not recognized as liability as on March 31, 2023. However, effect of the proposed dividend has been reckoned in determining capital funds in the computation of capital adequacy ratios as at March31, 2023.

The South Indian Bank Ltd. CFM H.O. Thrissur

MUMBAI

K. Venkatachalam Aiyer & Co. Ernakulam Kochi - 18 Chartered Accountants

22. Figures of the previous year have been regrouped to conform to the current year presentation wherever necessary.

In terms of our report attached

For and on behalf of Board of Directors

For CNK & Associates LLP

Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

Thomas Joseph. K
Executive Vice President

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

Chithra.H
Chief Financial Officer

Jimmy Mathew
Company Secretary

For K Venkatachalam Aiyer & Co
Chartered Accountants
ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
Membership No. 227654
UDIN:

Thrissur
21-02-2024

M/s CNK & Associates LLP
Chartered Accountants
5th Floor, Narain Chambers,
Vile Parle - East
Mumbai - 400 057

M/s K Venkatachalam Aiyer & Co.
Chartered Accountants
41/3647 B, 1st Floor, Blue Bird Towers,
Providence Road,
Kochi – 682 018

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The South Indian Bank Limited

Report on the Reformatted Audited Consolidated Financial Statements

The accompanying Reformatted Audited Consolidated Financial Statements of The South Indian Bank Limited (the "**Bank**") and its Subsidiary (the Bank and its Subsidiary, together referred to as "**Group**"), comprising the reformatted audited consolidated balance sheet as at March 31, 2023, the reformatted audited consolidated profit and loss account, the reformatted consolidated cash flow statement for the year then ended, and reformatted notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information ("**Reformatted Audited Consolidated Financial Statements**"), are derived from the audited consolidated financial statements of the Group as at and for the year ended March 31, 2023 (the " **Audited Consolidated Financial Statements**") audited by us as detailed in paragraph below. The Audited Consolidated Financial Statements, and the Reformatted Audited Consolidated Financial Statements, do not reflect the effects of events that occurred subsequent to the date of our report on the Audited Consolidated Financial Statements except for the matters as mentioned under section "Basis of preparation" in Schedule 17 to the Reformatted Audited Consolidated Financial Statements.

We expressed an unmodified audit opinion on the Audited Consolidated Financial Statements, vide our report dated May 11, 2023.

Management's Responsibility for the Reformatted Audited Consolidated Financial Statements

The Management is responsible for the preparation of the Reformatted Audited Consolidated Financial Statements from the Audited Consolidated Financial Statements on the basis described under section "Basis of preparation" in Schedule 17 to the Reformatted Audited Consolidated Financial Statements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Reformatted Audited Consolidated Financial Statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

CNK & ASSOCIATES LLP MUMBAI Chartered Accountants

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

Opinion

In our opinion, the Reformatted Audited Consolidated Financial Statements derived from the Audited Consolidated Financial Statements of the Bank is a fair summary of the Consolidated Financial Statements on the basis described under section "Basis of preparation" in Schedule 17 to the Reformatted Audited Consolidated Financial Statements.

Other Matter

The Audited Consolidated Financial Statements included the audited financial statements of one subsidiary, whose financials statements reflect total assets of Rs 2.79 crores as at March 31, 2023, total revenue of Rs. 9.36 crores and total net profit after tax of Rs. 0.22 crores for the year ended March 31, 2023 and net cash inflow amounting to Rs. 0.92 crores for the year ended on that date as considered in the Audited Consolidated Financial Statements, that have been audited by another independent auditor whose reports were furnished to us by the management. Our opinion on the Audited Consolidated Financial Statements, in so far as it related to the amounts and disclosures included in respect of the subsidiary, was based solely on the reports of such auditors and the procedures performed by us.

Restrictions on Use

This report is addressed to and is provided to enable the Bank to include this report in the Letter of Offer in connection with the proposed rights issue, to be filed by the Bank with Securities and Exchange Board of India and that these Reformatted Audited Consolidated Financial Statements may not be meaningful for any other purpose.

For CNK & Associates LLP
Chartered Accountants
Firm's Registration Number. 101961W/W-100036

CNK & ASSOCIATES LLP
MUMBAI
Chartered Accountants

Hiren Shah
Partner
Membership No.100052

UDIN: 24100052BKFAGJ5847

Place: Thrissur
Date: February 21, 2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
Firm Registration Number: 004610S

K. VENKATACHALAM AIYER & CO.
Ernakulam
Kochi - 18
Chartered Accountants

Sreevats Gopalakrishnan
Partner
Membership Number: 227654

UDIN: 24227654BKFTGY5900

Place: Thrissur
Date: February 21, 2024

THE SOUTH INDIAN BANK LIMITED

REFORMATTED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

	Schedule No	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
CAPITAL AND LIABILITIES			
Capital	1	209.27	209.27
Share Application Money Received pending Allotment		0.00	-
Employees' Stock Options Outstanding		0.11	1.29
Reserves and Surplus	2	6,465.35	5,643.69
Deposits	3	91,650.07	89,141.74
Borrowings	4	6,993.85	3,294.49
Other liabilities and provisions	5	2,378.51	1,761.39
TOTAL		1,07,697.16	1,00,051.87
ASSETS			
Cash and Balances with Reserve Bank of India	6	4,639.22	7,276.61
Balances with banks and money at call and short notice	7	2,441.27	3,926.82
Investments	8	24,641.30	21,444.51
Advances	9	69,804.44	59,993.39
Fixed Assets	10	877.93	811.07
Other Assets	11	5,293.00	6,599.47
TOTAL		1,07,697.16	1,00,051.87
Contingent Liabilities	12	25,891.24	33,764.70
Bills for collection		2,057.79	1,752.96
Significant Accounting Policies	17		
Notes forming part of Accounts	18		
Schedules referred to above form an integral part of the Balance Sheet			

In terms of our report attached

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co
Chartered Accountants

ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
Membership No. 227654
UDIN:

Thrissur
21-02-2024

For and on behalf of Board of Directors

Thomas Joseph. K
Executive Vice President

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

Chithra H
Chief Financial Officer

Jimmy Mathew
Company Secretary

C.N.K. & ASSOCIATES LLP MUMBAI Chartered Accountants

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

The South Indian Bank Ltd. CFM H.O. Thrissur

THE SOUTH INDIAN BANK LIMITED					
REFORMATTED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2023					
		Schedule No		Year ended March 31, 2023 ₹ in Crore	Year ended March 31, 2022 ₹ in Crore
I. INCOME					
Interest Earned			13	7,233.18	6,586.54
Other Income			14	811.37	1,033.90
	TOTAL			8,044.55	7,620.44
II. EXPENDITURE					
Interest Expended			15	4,221.10	4,346.78
Operating Expenses			16	2,315.83	2,026.32
Provisions and Contingencies				732.31	1,202.53
	TOTAL			7,269.24	7,575.63
III. PROFIT/LOSS					
Consolidated Net Profit/(Loss) for the year				775.31	44.81
Transfer from Investment Reserve					
Transfer to Other Liabilities & Provisions				-	-
Transfer from present value provision for ADWDRS					
Brought forward consolidated Profit/(Loss) from previous year				-38.04	4.63
Total				737.27	49.44
IV. APPROPRIATIONS					
Transfer to Statutory Reserve				193.78	11.25
Transfer to Capital Reserve				4.57	76.23
Transfer to/(from) Revenue and Other Reserve				130.00	-
Transfer to Investment Reserve				-	-
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act				80.00	-
Transfer to/(from) Investment Reserve				-	-
Transfer to/(from) present value provision for ADWDRS				-	-
Transfer to Investment Fluctuation Reserve				104.39	-
Dividend Paid for FY 18-19				-	-
Dividend Tax on Interim Dividend				-	-
Tax on Dividend Paid for FY 18-19				-	-
Balance carried over to Consolidated Balance Sheet				224.53	-38.04
	TOTAL			737.27	49.44
Earnings per share (Face value of ₹ 1 per share)					
Basic (in ₹)		18.09		3.70	0.21
Diluted (in ₹)		18.09		3.70	0.21
Significant Accounting Policies			17		
Notes on Accounts			18		
Schedules referred to above form an integral part of the Profit and Loss Account					

In terms of our report attached

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

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Thrissur
21-02-2024

Thomas Joseph K
Executive Vice President

Chithra H
Chief Financial Officer

Jimmy Mathew
Company Secretary

For and on behalf of Board of Directors

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

THE SOUTH INDIAN BANK LIMITED			
REFORMATTED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023			
		Year Ended March 31, 2023 ₹ in Crore	**Year Ended March 31, 2022 ₹ in Crore**
Cash flow from operating activities			
Consolidated Profit before tax as per Profit and Loss Account		1,108.50	(92.22)
Adjustments for:			
Depreciation		87.49	84.02
Amortisation of Premium on HTM Investments		312.41	256.54
Provision for Depreciation / Non Performing Investments		296.98	256.30
General Provisions against Standard Assets		(58.61)	175.57
Provision/write off for Non Performing Assets		623.07	1,161.41
Other Provisions		(27.81)	10.49
Employee Stock Options expense		0.11	0.20
Interest on Subordinated bonds		175.43	175.43
(Profit)/Loss on sale of land, buildings and other assets		0.12	(0.15)
Operating profit before working capital changes	(A)	2,517.69	2,027.59
Changes in working capital:			
Increase / (Decrease) in Deposits		2,508.33	6,431.19
Increase / (Decrease) in Other liabilities and provisions		702.16	(6.86)
(Increase) / Decrease in Investments		(3,529.07)	67.30
(Increase) / Decrease in Advances		(10,434.08)	(3,099.54)
(Increase) / Decrease in Other Assets		1,193.08	(214.77)
	(B)	(9,559.58)	3,177.32
Cash flow from operating activities before taxes	(A+B)	(7,041.89)	5,204.91
Direct Taxes paid		(218.93)	(39.57)
Net cash flow from/(used in) operating activities	(C)	(7,260.82)	5,165.34
Cash flow from investing activities:			
Purchase of Fixed Assets/Capital Work-in-Progress		(112.70)	(101.89)
Sale of Fixed/Non Banking Assets		3.76	64.85
(Purchase)/Sale of Investments (Held To Maturity)		(277.11)	(1,703.56)
Net cash flow from/(used in) investing activities	(D)	(386.05)	(1,740.60)
Cash flow from financing activities:			
Net proceeds/(repayments) in borrowings		3,699.36	(813.78)
Interest on Subordinated bonds		(175.43)	(175.41)
Net cash flow from/(used in) financing activities	(E)	3,523.93	(989.19)
Net increase/(decrease) in cash and cash equivalents	(C+D+E)	(4,122.94)	2,435.55
Cash and cash equivalents as at beginning of the year		11,203.43	8,767.88
Cash and cash equivalents as at the end of the year		7,080.49	11,203.43

In terms of our report attached

For and on behalf of Board of Directors

For CNK & Associates LLP

Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co

Chartered Accountants
ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
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UDIN:

Thrissur
21-02-2024

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CNK & ASSOCIATES LLP MUMBAI

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

The South Indian Bank Ltd. CFM H.O. Thrissur

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO REFORMATTED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
SCHEDULE 1 - CAPITAL		
Authorised Capital 400,00,00,000 Equity shares of ₹ 1/- each	400.00	400.00
Issued, Subscribed and Paid up Capital 209,27,41,018 Equity shares of ₹ 1/- each (Previous year 209,27,41,018 equity shares of ₹ 1/- each) (Refer Note no. 3.ii of Schedule 18)	209.27	209.27
TOTAL	209.27	209.27
Employees' Stock Options Outstanding		
Employees' Stock Options Outstanding	0.88	1.29
Less: Deferred Employee Compensation Expense (unamortised)	-0.77	-
TOTAL	0.11	1.29
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening Balance	1,168.04	1,156.79
Additions during the year	193.78	11.25
Sub total	1,361.82	1,168.04
II. Capital Reserve		
Opening Balance	909.83	837.70
Additions during the year*	4.57	-
Due to revaluation of Assets (net)	45.07	76.23
	959.47	913.93
Deductions during the year:		
Deductions during the year: Deduction from reserve to the extent of depreciation on revalued amount Depreciation on Revaluation of Premises adjusted	-5.66	-4.10
Sub total	953.81	909.83
III. Share Premium		
Opening Balance	1,766.90	1,766.90
Additions during the year	-	-
Deductions during the year - Expenses relating to Rights Issue	-	-
Sub total	1,766.90	1,766.90
IV. Revenue and Other Reserves		
Opening Balance	1,836.96	1,831.87
Additions during the year :		
a) lapse of vested options	1.29	0.99
b) transfer of depreciation on revaluation	5.65	4.10
c) appropriation during the Year	314.39	-
Sub total	2,158.29	1,836.96
V. Balance in Profit and Loss Account	224.53	-38.04
TOTAL [i+ii+iii+iv+v]	6,465.35	5,643.69

* Includes Profit appropriated to Capital Reserve (net of applicable taxes and transfer to statutory reserve) on:

a) Gain on sale of Held to Maturity Investments ₹9.48 Crore (Previous Year ₹ 156.08 Crore)

b) Profit/(Loss) on sale of Fixed Assets (₹0.12) Crore (Previous Year ₹ 0.15 Crore)

The South Indian Bank Ltd. CFM H.O. Thrissur

MUMBAI

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO REFORMATTED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
(i) From Banks	7.02	12.37
(ii) From Others	4,977.68	4,848.79
II. Savings Bank Deposits	25,241.08	24,739.85
III. Term Deposits		
(i) From Banks	334.57	2,228.72
(ii) From Others	61,089.72	57,312.01
TOTAL	91,650.07	89,141.74
B. (i) Deposits of branches in India	91,650.07	89,141.74
(ii) Deposits of branches outside India	Nil	Nil
TOTAL	91,650.07	89,141.74
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	275.00	-
(i) Reserve Bank of India		
(ii) Other Banks*	120.23	207.88
(iii) Other Institutions and Agencies#	6,419.31	2,873.82
II. Borrowings outside India - from other banks	179.31	212.79
TOTAL	6,993.85	3,294.49
Secured borrowings under Triparty repo, market repurchase transactions with banks and financial institutions and transactions under Liquidity Adjustment Facility and Marginal Standing Facility included above.	3,181.48	999.60

*Borrowings from other banks include Subordinated Debt of ₹47.36 Crore (Previous year ₹48.36 Crore) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹72.87 Crore (Previous year ₹ 159.52 Crore)

#Borrowings from other institutions & agencies include Subordinated Debt of ₹992.64 Crores (Previous year ₹991.64 Crore) in the nature of Non-Convertible Debentures and Perpetual Debt of ₹427.13 Crore (Previous year ₹340.48 Crores)

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	102.85	125.20
II. Inter -Office adjustments (Net)	81.85	2.57
III. Interest Accrued	204.15	180.12
IV. Others (including provisions)*	1,989.66	1,453.50
TOTAL	2,378.51	1,761.39

*Includes :-
Provision for standard assets ₹393.87 Crore (Previous year ₹ 464.54 Crore)

	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (Including foreign currency notes)	517.00	572.31
II. Balances with Reserve Bank of India		
a) In Current Account	4,122.22	3,104.30
b) Lending under Reverse Repo (including Standing Deposit Facility)	-	3,600.00
TOTAL	4,639.22	7,276.61

The South Indian Bank Ltd. CFM H.O. Thrissur

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THE SOUTH INDIAN BANK LIMITED		
SCHEDULES TO REFORMATTED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023		
	As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with Banks		
(a) In Current Accounts	10.93	19.74
(b) In Other Deposit Accounts	94.57	28.94
ii) Money at call & short notice		
(a) With Banks	50.00	-
(b) With other Institutions	-	-
(c) Lending under Reverse Repo (Market & Tri party)	49.97	-
Sub total	205.47	48.68
II. Outside India		
(a) In Current Accounts	109.57	158.02
(b) In Other Deposit Accounts	1,972.08	3,524.35
(c) Money at call & short notice - with banks	154.15	195.77
Sub total	2,235.80	3,878.14
TOTAL	2,441.27	3,926.82
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in:		
(i) Government Securities*	22,376.61	19,465.53
(ii) Other Approved Securities	-	-
(iii) Shares	218.33	54.56
(iv) Debentures and Bonds	1,297.95	571.84
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others#	748.21	1,352.38
Sub total	24,641.10	21,444.31
II. Investments outside India - Shares	0.20	0.20
TOTAL (I+II)	24,641.30	21,444.51
A. Gross Investments		
(i) In India	26,013.51	22,533.31
(ii) Outside India	0.20	0.20
Sub total (A)	26,013.71	22,533.51
B. Depreciation/Provision for investments		
(i) In India	1,372.41	1,089.00
(ii) Outside India	-	0.00
Sub total (B)	1,372.41	1,089.00
C. Net Investments		
(i) In India	24,641.10	21,444.31
(ii) Outside India	0.20	0.20
TOTAL (A-B)	24,641.30	21,444.51
* Including Non SLR State Government bonds with Book Value ₹ 86.71 Crore (Previous Year: ₹ 105.28 Crore). Securities costing to ` 11,365.78 Crore (Previous Year `10,125.77 Crore) pledged for availment of fund transfer facility, clearing facility and margin requirements.		
# includes		
Security Receipts	165.98	703.04
Mutual	-	
Certificate of Deposit	435.22	500.91
Commercial Paper	147.01	148.43
TOTAL	748.21	1,352.38

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THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO REFORMATTED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

		As at March 31, 2023 ₹ in Crore	As at March 31, 2022 ₹ in Crore
SCHEDULE 9 - ADVANCES			
A. (i) Bills Purchased and Discounted		8,133.50	5,110.94
(ii) Cash Credits, Overdrafts and Loans repayable on demand		36,728.60	29,607.50
(iii) Term Loans		24,942.34	25,274.95
	TOTAL	69,804.44	59,993.39
B. (i) Secured by tangible assets*		55,400.74	52,355.06
(ii) Covered by Bank/Government Guarantees		3,041.53	4,168.57
(iii) Unsecured		11,362.17	3,469.76
	TOTAL	69,804.44	59,993.39
*advances secured by tangible assets includes advances against Book Debt			
C. I. Advances in India			
(i) Priority Sectors		29,613.49	29,493.22
(ii) Public Sector		1,000.55	313.58
(iii) Banks		-	-
(iv) Others		39,190.40	30,186.59
	TOTAL	69,804.44	59,993.39
II. Advances outside India		Nil	Nil
	TOTAL	69,804.44	59,993.39
SCHEDULE 10 - FIXED ASSETS			
I. Premises (including Land)			
Gross Block:			
At cost as on March 31, of the preceding year		594.72	594.69
Additions during the year			
Due to Revaluation of premises (Net)		-	-
Due to purchases/acquisitions		48.58	0.03
		643.30	594.72
Deductions during the year		0.06	-
Closing Balance		643.24	594.72
Depreciation			
As at beginning of the year		73.64	66.90
Charge of the year		8.31	6.74
Deductions during the year		-	-
Depreciation to date		81.95	73.64
Net Block	Sub total	561.29	521.08
II. Capital Work in Progress			
At cost as on March 31, of the preceding year		59.05	40.50
Additions during the year		125.89	96.66
		184.94	137.16
Capitalisations during the year		60.94	78.11
		124.00	59.05
Depreciation to date		-	-
	Sub total	124.00	59.05
III. Other Fixed Assets (Including furnitures and fixtures and Software)			
Gross Block		-	-
At cost as on March 31, of the preceding year		822.26	757.59
Additions during the year		44.24	83.31
		866.50	840.90
Deductions/adjustments during the year		41.83	18.64
Closing Balance		824.67	822.26
Depreciation		-	0
As at beginning of the year		591.32	530.72
Charge of the year		79.18	77.28
Deductions during the year		38.47	16.68
		-	-
Depreciation/adjustments to date		632.03	591.32
Net Block	Sub total	192.64	230.94
	TOTAL [I+II+III]	877.93	811.07

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THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO REFORMATTED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

		As at March 31, 2023 ₹ in Crore		As at March 31, 2022 ₹ in Crore
SCHEDULE 11 - OTHER ASSETS				
I. Inter -Office adjustments (Net)		-		-
I. Interest Accrued		1,131.64		1,008.74
		-		-
II. Tax Paid in Advance/Tax Deducted at Source (Net of provisions)		267.65		307.38
III. MAT Credit Entitlement (Refer Note no. 10 of Schedule 18)	168.05	-		-
Less MAT Credit utilisation	29.80	138.25		-
IV. Deferred tax asset (net) (Refer Note no. 10 of Schedule 18)		21.42		234.47
V. Deferred Employee Benefits (Refer Note no.5.c.ii of Schedule 18)		-		24.57
V. Deferred provision for fraud accounts		-		-
VI. Deferred provision for Non Banking Asset		-		-
VI. Stationery and Stamps		2.94		2.54
VII. Non-Banking Assets acquired in satisfaction of claims	0.00		0.00	
Less: Provisions held	0.00	-	0.00	-
VIII. Others*		3,731.10		5,021.77
TOTAL		5,293.00		6,599.47

*Includes Priority Sector Shortfall Deposits amounting to ₹ 2,636.43 Crore (Previous year ₹3,790.89 Crore)

		As at March 31, 2023 ₹ in Crore		As at March 31, 2022 ₹ in Crore
SCHEDULE 12 - CONTINGENT LIABILITIES (Refer Note no. 15 of Schedule 17)				
I. Claims against the Bank not acknowledged as debts:				
(i) Direct Tax disputes		20.50		20.50
(ii) Indirect Tax disputes		22.03		22.72
(iii) Others		26.86		26.99
II. Liability on account of outstanding Forward Exchange Contracts[1]		22,517.21		30,894.64
III. Guarantees given on behalf of constituents in India				
(a) in India		1,697.82		1,542.40
(b) outside India		425.96		198.97
IV. Acceptances, endorsements and other obligations		925.38		836.34
V. Other items for which the bank is contingently liable:				
(i) Capital Commitments		36.84		38.44
(ii)Transfers to Depositor Education and Awareness Fund (DEAF)		218.64		183.70
TOTAL		25,891.24		33,764.70

[1] *Represents notional amount*

		As at March 31, 2023 ₹ in Crore		As at March 31, 2022 ₹ in Crore
SCHEDULE 13 - INTEREST EARNED				
I. Interest/Discount on Advances/Bills		5,712.15		5,069.34
II. Income on Investments		1,285.73		1,039.81
III. Net Profit/(Loss) on Revaluation of Investments				
III. Interest on balances with Reserve Bank of India and Other Inter - Bank funds		132.10		333.73
IV. Others		103.20		143.66
TOTAL		7,233.18		6,586.54

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THE SOUTH INDIAN BANK LIMITED

SCHEDULES TO REFORMATTED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

		As at March 31, 2023 ₹ in Crore		As at March 31, 2022 ₹ in Crore
SCHEDULE 14 - OTHER INCOME				
I. Commission, Exchange and Brokerage		44.57		47.18
II. Profit on sale of Investments	88.00		346.26	
Loss on sale of Investments	-17.99		-15.88	
Prov for Depn on Investments	-434.52	-364.51	-264.21	66.17
III. Profit on sale of land, buildings and other assets	1.19		0.87	
Loss on sale of land, buildings and other assets	-1.31	-0.12	-0.72	0.15
IV. Profit/(Loss) on Exchange/derivative transactions (net)		56.05		60.12
V. Miscellaneous Income*		1,075.38		860.28
TOTAL		811.37		1,033.90

* Includes Amount written off since recovered (₹ 247.20 Crore (Previous Year ₹ 104.75 Crore)

		As at March 31, 2023 ₹ in Crore		As at March 31, 2022 ₹ in Crore
SCHEDULE 15 - INTEREST EXPENDED				
I. Interest on Deposits		3,853.32		4,062.37
II. Interest on Reserve Bank of India/Inter-Bank Borrowings		1.66		4.04
III. Others		366.12		280.37
TOTAL		4,221.10		4,346.78
SCHEDULE 16 - OPERATING EXPENSES				
I. Payments to and Provisions for Employees		1,308.03		1,198.29
II. Rent, Taxes and Lighting		138.82		128.80
III. Printing and Stationery		24.84		12.61
IV. Advertisement and Publicity		12.37		2.78
V. Depreciation on Bank's Property		87.49		84.02
VI. Directors fees, remuneration, allowances and expenses		2.32		1.98
VII. Auditors' fees and expenses		2.81		2.13
VIII. Law charges		22.22		14.53
IX. Postage,telegrams,telephones, etc.		57.28		50.52
X. Repairs and Maintenance		64.74		50.79
XI. Insurance		121.10		115.94
XII. Other Expenditure *		473.81		363.93
TOTAL		2,315.83		2,026.32

* Includes expenditure towards Corporate Social Responsibility ₹1.86 Crore (Previous year : ₹ 6.06 Crore)

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SCHEDULE – 17

SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Background

The Bank

The South Indian Bank Limited ('SIB' or the 'Bank'), incorporated on January 29, 1929 at Thrissur, as a private limited company and was later converted into a public limited company on August 11, 1939. SIB has a network of 940 branches in India and provides retail and corporate banking, para banking activities such as debit card, third party financial product distribution, in addition to Treasury and Foreign Exchange Business. SIB is governed by Banking Regulation Act, 1949, The Companies Act, 2013 and other applicable Acts/Regulations for Banks. Its shares are listed in BSE Limited and National Stock Exchange of India Limited.

The Bank is proposing to go for rights issue of equity shares. For this purpose the Bank has prepared the reformatted consolidated summary balance sheet as at March 31, 2023, the reformatted consolidated profit and loss account, the reformatted consolidated cash flow statement for the year then ended, and the reformatted notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (together comprising the "Reformatted Consolidated Financial Statements"). Accordingly the Reformatted Consolidated Financial Statements will be included in the Letter of Offer to be filed by the Bank with the National Stock Exchange of India Limited, and the BSE Limited (collectively, the "Stock Exchanges"), and with the Securities and Exchange Board of India ("SEBI") in connection with the proposed rights issue of the Bank.

The Subsidiary

SIB Operations and Services Limited, a wholly owned non-financial subsidiary of the Bank was incorporated on May 28, 2021 for undertaking back office operations of the holding company and other outsourcing operations.

Principles of Consolidation

i. The Reformatted Consolidated Financial Statements relate to The South Indian Bank ('SIB' or the 'Bank') and its subsidiary company. The details of subsidiary company is given below:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly as at March 31, 2023
SIB Operations and Services Ltd.	Wholly owned subsidiary	India	The South Indian Bank Ltd.	100%

ii. The audited financial statements of the subsidiary company is drawn up to the same reporting date as that of the Bank, i.e. March 31, 2023.

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iii. The financial statements of the Bank and its subsidiary company have been combined on a line-by-line basis as per AS 21, Reformatted Consolidated Financial statements by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

iv. The Reformatted Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Bank's separate financial statements.

v. Differences in accounting policies followed by the subsidiaries and associates have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

Basis of Preparation

The Reformatted Consolidated Financial Statements as at and for the year ended March 31, 2023 are based on and have been extracted by the Management of the Bank from the audited financial statements of the Bank for the year ended March 31, 2023 (the "Audited Financial Statements"). The amounts reported in the Reformatted Consolidated Financial Statements have been modified from thousands to crore rounded to two decimals.

The Reformatted Consolidated Financial Statements of the Bank and its subsidiary have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP"), the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards prescribed under Section 133 of the Companies Act, 2013(as amended) and the relevant provisions of the Companies Act, 2013 ("the Act")and current practices prevailing within the banking industry in India. Suitable adjustments are made to align with the format prescribed under the Banking Regulation Act, 1949. The Reformatted Consolidated Financial Statements have been prepared in historical cost convention and accrual method of accounting, except where otherwise stated. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

Use of estimates

The preparation of the Reformatted Consolidated Financial Statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively in the current and future periods.

Significant Accounting Policies

1. Revenue recognition

The Bank

a) Interest / discount / other charges income from loans, advances and investments and deposits placed with banks and other institutions are recognized on accrual basis, except in respect of income relating to advances/ investments classified as non-performing advances/ investments, additional finance treated as standard asset under approved

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restructuring package, where in accordance with RBI guidelines the income is recognized only on realization.

b) Interest income on loans bought out through the direct assignment route is recognized at their effective interest rate, except in case of such loans classified as non-performing advances.

c) The recoveries made from NPA accounts are appropriated towards the order of demand applicable to borrowers accounts.

d) Dividend on investments in shares and units of mutual funds are accounted when the bank's right to receive the dividend is established.

e) Income on discounted instruments is recognized over the tenure of the instrument on a straight-line basis.

f) Insurance claims and locker rent are accounted on receipt basis.

g) Commission income on issuance of bank guarantee / letter of credit is recognized over the period of the guarantee/letter of credit.

h) Processing fee/ upfront fee, handling charges or income of similar nature collected at the time of sanctioning or renewal of loan/ facility is recognized at the inception/renewal of loan.

i) Other fees and commission income (including commission income on third party products) are recognized when due, except in cases where the bank is uncertain of ultimate collection.

j) Unpaid funded interest on term loans are recognized on realization as per the guidelines of RBI.

k) In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account in the year of sale. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

l) Fees received on sale of Priority Sector Lending Certificates is considered as Miscellaneous Income, while fees paid for purchase is expensed as other expenses in accordance with the guidelines issued by the RBI.

m) The difference between the sale price and purchase cost of gold coins, received on consignment basis is included in other income and is recognised at the time of sale to the customers.

n) Interest on income tax refund is recognised under "Other Income" in the year of passing of Assessment Orders.

o) Legal expenses incurred on suit filed accounts are expensed in profit and loss account as per RBI guidelines. Such amount when recovered is treated as income

p) In case of One Time settlement (OTS) accounts the recoveries are first adjusted to principal balance and sacrifice on settlement is accounted upfront.

q) Penal interest is recognized as income on realization other than on running accounts where it is recognized when due.

The Subsidiary

Income from services rendered and other income are recognized on accrual basis; to the extent, the realisability thereof is certain.

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2. Investments

The Bank

A) Classification

a) In accordance with the RBI guidelines, investments are categorized into "Held for Trading", "Available for Sale" and "Held to Maturity" and further classified under six groups, viz. Government Securities, Other Approved Securities, Shares, Debentures & Bonds, Subsidiaries and / or joint ventures and Other (to be specified) Investments for the purposes of disclosure in the Balance Sheet. Shifting amongst the categories is done in accordance with the RBI guidelines.

b) Investments which are held for sale within 90 days from the date of purchase are classified as "Held for Trading".

c) Investments which the bank intends to hold till maturity are classified as "Held to Maturity".

d) Investments which are not classified in either of the above two categories are classified as "Available for Sale".

B) Acquisition cost

The cost of investments is determined on the weighted average basis. Broken period interest on debt instruments and government securities is treated as a revenue item. The transaction cost including brokerage, commissions etc. paid at the time of acquisition of investments are charged to the Profit and Loss Account.

C) Valuation

The valuation of investments is performed in accordance with the RBI Guidelines:

a. Investments classified as HFT or AFS – Investments classified under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the Market Price of the Scrip as available from the trades/ quotes on the stock exchanges, pricelist of RBI or prices declared by Financial Benchmark India Private Limited etc. periodically. Net depreciation, if any, within each category of investment classification is recognized in Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.

Net depreciation on each type of investments falling under the residual category of 'Others' (i.e. mutual funds, PTCs, security receipts etc.) is not offset against gain in another class of investment falling within the 'Others' category.

The depreciation on securities acquired by way of conversion of outstanding loan is provided in accordance with the RBI guidelines. Provision for depreciation on investments is classified under Schedule 14 "Other Income". The book value of individual securities is not changed consequent to the periodic valuation of investments.

b. Held to Maturity – These are carried at their acquisition cost unless it is more than the face value, in which case premium on acquisition is amortized over the remaining maturity of the security on straight line basis. Such amortization of premium is adjusted against interest income under the head 'Income from Investments' under Schedule 13 in Profit and Loss account. As per RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity. Any diminution, other than temporary, in the value of such securities is

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provided for.

c. Treasury Bills, commercial paper, Cash management bills and Certificate of Deposits being discounted instruments, are valued at carrying cost which includes discount amortized over the period to maturity.

d. Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Mutual Fund.

e. Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Financial Benchmark India Pvt Limited (FBIL) and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose;
- in case of bonds and debentures where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- Preference shares shall be valued on YTM basis. It shall be valued with appropriate mark-up over the YTM rates for Central Government Securities put out by the FBIL. The preference shares shall not be valued above its redemption value.
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1/- per company;
- In case of investment by the Bank in SRs issued against loans transferred by it is more than 10 percent of all SRs issued against the transferred asset, then the provision for depreciation in value is made at the higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/ Securitization Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank.
- Non- Performing Investments are identified and valued based on RBI guidelines. Interest on non-performing investments is recognized on cash basis.
- Investment in subsidiary as per RBI guidelines are categorized as HTM and assessed for impairment to determine permanent diminution, if any

f. The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions in securities. The investments in equity shares, they are accounted for on settlement date.

D) Repo and Reverse Repo transactions

In accordance with the RBI guidelines repo and reverse repo transactions in government securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are reflected as collateralized borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo is accounted for as interest income.

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E) Short Sales

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is classified under 'Other Liabilities'. The short position is marked to market and resultant mark-to-market gain/losses are accounted for as per the relevant RBI guidelines for valuation of investments.

F) Transfer of securities between Categories

Transfer of securities between categories is done at the lower of the acquisition cost / book value/ market value on the date of the transfer and the depreciation, if any, on such transfer is fully provided for in accordance with RBI guidelines.

G) Disposal of Investments

a. Investments classified as HFT and AFS – Profit or loss on sale / redemption is included in the Profit and Loss account.

b. Investments classified as HTM – Profit on sale of /redemption of investments is included in the Profit and Loss Account and is appropriated to capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale/redemption is charged to the Profit and Loss Account.

H) Investment Fluctuation Reserve ('IFR')

Investment Fluctuation reserve is accounted in line with the RBI guidelines issued from time to time

3. Advances

The Bank

A) Valuation / Measurement

a) Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs, sacrifice provisions on restructured advances, claims received from guarantee corporations and unrealised interest on NPAs. Interest on Non- Performing advances is not recognised in profit and loss account and transferred to an unrealised interest account until receipt. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made as per the guidelines and circulars of the RBI on matters relating to prudential norms.

b) Non-performing advances are written-off in accordance with the Bank's policies. Amounts recovered against debts written off are recognised in the profit and loss account and included under "Other Income". The recovery of unrealised interest is accounted under "Interest on Loans & Advances" in the profit and loss account.

c) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest or of principal, whichever is later, falls due, subject to satisfactory performance of the account during the period.

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Additional provision for restructured accounts as per the relevant restructuring scheme announced by RBI for Micro, Small and Medium (MSME) sector, accounts affected by natural calamities and as per COVID 19 resolution framework are made as per extant RBI guidelines.

d) For entities with Unhedged Foreign Currency Exposure(UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

e) The Bank maintains general provision for standard assets including credit exposures computed as per the current marked-to-market values of foreign exchange derivative contracts, in accordance with the guidelines and at levels stipulated by RBI from time to time. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

f) The bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the bank is participating, the aggregate amount of participation is shown as due from banks under advances.

g) Loss on sale of assets to Asset Reconstruction Companies

If the sale of non- performing advances is at a price below the net book value, the shortfall is charged to the Profit and Loss Account, spread over a period as specified in RBI guidelines. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

h) The Bank makes additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated June 7, 2019 on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timeline.

i) Loans reported as fraud are classified as loss assets and provided as per RBI guidelines.

j) In the event of substantial erosion in value of loan and remote possibility of collection, non-performing loans with adequate provisions are evaluated for technical / prudential write off based on Bank's policy and the RBI guidelines. Such write off does not have an impact on the Bank's legal claim against the borrower. The Bank may also write off non-performing loans on one-time settlement ('OTS') with the borrower or otherwise.

4. Country risk

The Bank

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per Export Credit Guarantee Corporation of India Limited ("ECGC") guidelines and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is

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maintained on such country exposure. This provision if any, is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

5. Fixed Assets (Property Plant & Equipment and Intangibles) and depreciation / amortization

The Bank

a) The Property Plant & Equipment and Intangibles (other than office premise, which are revalued) are stated at historical cost less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on asset put to use is capitalised only when it increases the future benefit / functioning capability from/of such assets. Gain or losses arising from the retirement or disposal of a Property Plant and Equipment / Intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Profit and Loss Account. Profit on sale of premises after adjustments for tax and transfer to Statutory, if any, is transferred to Capital Reserve as per the RBI guidelines.

b) Portfolio of immovable properties is revalued periodically by independent valuers to reflect current market valuation. All land and building owned by the bank and used as branches or offices or office quarters are grouped under "Office Premises" in the Property Plant & Equipment. Appreciation, if any, on revaluation is credited to Revaluation Reserve under Capital Reserve. Additional depreciation on revalued asset is charged to Profit and Loss Account and appropriated from Revaluation Reserve to Revenue and other Reserves.

c) Depreciation /Amortisation: Depreciation is provided on a pro-rata basis on a straight-line method over the estimated useful life of the fixed assets at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013, except for Vehicles which are depreciated over five years, based on technical estimates. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013. Computer software is amortised over its useful life, not more than 5 years.

The Subsidiary

a) Tangible fixed assets

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes all direct expenses incurred to bring an asset to working condition for its intended use.

b) Intangible Assets

Intangible assets are recorded at the cost of acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

Depreciation and Amortization

i) Depreciation on tangible assets, has been provided by adopting the useful lives prescribed as per Part C of Schedule II to the Companies Act, 2013 or based on the

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technical evaluation done, as the case may be, retaining 5% of the original cost as residual value.

ii) License Cost of Website and EV SSL Certificate is treated as Intangible Assets and is amortized over a period of 9 years and 2 years respectively in accordance with Accounting Standard (AS) 26.

6. Impairment of Assets

The Bank

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a reduction in revaluation to the extent a revaluation reserve is available for that asset.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognised.

7. Non-Banking Assets

The Bank

Non-banking assets (NBAs) acquired in satisfaction of claims is carried at lower of net book value and net realisable value. Specific provision is made on specific Non-banking assets acquired on debt asset swap arrangements as specified by RBI.

8. Transactions involving foreign exchange

The Bank

a) Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities outstanding at the Balance Sheet date are revalued at rates notified by Foreign Exchange Dealers Association of India [FEDAI] and resulting profits or losses are included in the Profit and Loss Account, as per the guidelines issued by RBI.

b) Foreign exchange spot and forward Contracts outstanding as at the Balance Sheet date (except Forward Contracts taken to hedge FCNR Deposits/Overseas Borrowings) are revalued at the closing Spot and Forward Rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities. For valuation of contracts having longer maturities, the forward points (for rates/tenures not published by FEDAI) are obtained from Reuters for valuation of the FX Deals. As directed by FEDAI to consider profit or loss on present value basis, the forward profit or loss on the deals are discounted till the valuation date using the discounting yields. The resulting profit or loss on valuation is recognised in the Profit and Loss Account in accordance with RBI/FEDAI Guidelines.

c) Forward Contracts taken to hedge FCNR Deposits/Overseas Borrowings are translated at the prevailing spot rate at the time of swap. The Premium/ Discount on the swap arising out of the difference in the exchange rate of the swap date and maturity date of the underlying forward exchange contract is amortised over the period of the swap and the same is

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recognized in the Profit and Loss Account.

d) Contingent liabilities on account of foreign exchange contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

9. Derivative transactions

The Bank

The Bank recognizes all derivative contracts at fair value, on the date on which the derivative contracts are entered into and are remeasured at fair value as at the Balance sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (Positive marked-to-market) or as liabilities when the fair value is negative (negative marked-to-market). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Profit and Loss Account.

10. Employee benefits

The Bank

a) Provident Fund:

The contribution made by the Bank to "The South Indian Bank Ltd Employees Provident Fund", administered by the trustees is charged to Profit and Loss account. The fund is a defined contribution fund and the Bank has no further liability beyond the contribution made to the fund.

b) Pension Fund:

The contribution towards "The South Indian Bank Ltd Employees' Pension Fund Trust", managed by trustees, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date and is recognised in the profit and loss account. The actuarial gain or loss arising during the year is recognised in the Profit and Loss Account.

Employees who had joined the services of the Bank with effect from April 1, 2010 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes specified percentage of the Basic Pay plus Dearness Allowance and the expenditure thereof is charged to Profit and Loss account and the Bank has no further liability beyond the contribution to the fund on this account.

c) Gratuity:

The bank makes contribution to "The South Indian Bank Ltd Employees' Gratuity Trust" administered and managed by the trustees. The present value of the bank's obligation towards the same is actuarially determined based on the projected unit credit method as at the balance sheet date. The actuarial gain or loss arising during the year is recognised in the Profit and Loss Account.

d) Compensated absence on Privilege / Sick / Casual Leave and Leave Travel Concession (LTC):

The employees of the Bank are entitled to compensated absence on account of privilege / sick / casual leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognised in the profit and loss account. The actuarial gain or loss arising during the year is recognised in the

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Profit and Loss Account.
The employees are also eligible for LTC as per the rules. The estimated cost of unused entitlement as on the Balance Sheet date based on actuarial valuation is provided for.

e) Employees Stock Option Scheme (ESOS):

The SIB ESOS 2008 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Managing Director of the Bank. The Scheme is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits and sweat equity) Regulations, 2021. The Bank followed intrinsic value method to account for its stock based employee compensation plans as per the Guidelines for all the options granted till the accounting period ending 31 March, 2021.

RBI issued a clarification on Guidelines on Compensation of Whole Time Directors/Chief Executive Officers /Material Risk Takers and Control Function Staff on 30 August, 2021, advising banks that the share-linked instruments are required to be fair valued on the date of grant using the Black-Scholes model. Accordingly, the Bank has changed its accounting policy from the intrinsic value method to the fair value method for all share-linked instruments granted after 31 March, 2021 and consequently recognized the fair value of options computed using the Black-Scholes model, without reducing estimated forfeitures, as compensation expense over the vesting period. Options are granted at an exercise price, which is equal to the fair market price of the underlying equity shares at the date of the grant or at such a discount as may be approved by NRC/Board from time to time. The fair market price being the closing price of stock exchange which recorded the highest trading volumes in equity shares of the Bank and trading day immediately preceding the date on which the grant of options was approved and recommended to Board by Nomination and Remuneration Committee of Board.

f) Other Employee Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employee is recognised during the period when the employee renders the service. These benefits include performance incentives.

g) New Pension Scheme ('NPS')

In respect of employees who are covered under NPS, the Bank contributes certain percentage of the sum of basic salary and dearness allowance of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies and regulated by PFRDA. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

11. Segment Reporting

The Bank

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI. Segmental expenses are allocated as per board approved policy.

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12. Debit Card Reward Points

The Bank

The Bank runs a loyalty program which seeks to recognise and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing independent actuary. Provision for said reward points is then made based on the actuarial valuation report as furnished by the said independent Actuary.

13. Earnings Per Share (EPS)

The Bank & Subsidiary reports Basic and Diluted Earnings per Equity Share in accordance with Accounting Standard 20, prescribed under section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021. Basic EPS has been computed by dividing Net Profit for the year by the weighted average number of Equity Shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. A diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end. Potential equity shares which are anti-dilutive in nature are ignored.

14. Taxes on income

The Bank

Income tax expense is the aggregate amount of current tax and deferred tax charge. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961, the rules framed there under and considering the material principles set out in Income Computation and Disclosure Standards and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961, Accounting Standard 22 - "Accounting for Taxes on Income" and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Bank has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an

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asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Bank.

15. Accounting for Provisions, Contingent Liabilities and Contingent Assets

The Bank

In accordance with Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets prescribed under section 133 of the Companies Act, 2013, the Bank recognises provisions when it has a present obligation as a result of a past event and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

16. Operating Lease

The Bank

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms.

17. Cash and cash equivalents

The Bank

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and balances with other banks/institutions and Money at Call and Short Notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

18. Share issue expenses

The Bank

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013 and in line with the respective RBI guidelines issued from time to time.

19. Corporate Social Responsibility

The Bank

Expenditure towards Corporate Social Responsibility is recognized in accordance with Companies Act 2013.

20. Accounting of Priority Sector Lending Certificate (PSLC)

The Bank

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 7, 2016 trades

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in priority sector portfolio by selling or buying PSLC, without transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

21. Accounting for Dividend

The Bank

In terms of revised Accounting Standard (AS) 4 "Contingencies and Events occurring after the Balance sheet date" as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016 dated March 30, 2016, Proposed Dividend or Dividend declared after balance sheet date are not shown as liability in current year balance sheet. The effect of the proposed dividend shall be reckoned in determining capital funds in the computation of capital adequacy ratios in Financial Year for which the dividend is declared. In case of interim dividend, the same shall be reckoned in the same quarter.

22. Cash Flows

The Bank

Cash flow Statement has been prepared under the Indirect Method.

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SCHEDULE - 18

NOTES ON ACCOUNTS FORMING PART OF THE REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1. Reformatted Consolidated Financial Statements comprises the results of The South Indian Bank Limited (Parent) and the wholly owned non-financial subsidiary of SIB Operations and Services Limited for the year ended March 31, 2023.

2. Audited Financial Statements of the Subsidiary has been drawn up to the same reporting date as that of the Parent i.e. March 31,2023.

3. **Share Capital**
   i. Capital infusion

During the year ended March 31, 2023 and March 31, 2022 the Bank has not allotted any equity shares.

ii. **Details of movement in the paid-up equity share capital of the Bank are given below:**

[₹. in Crore]

Particulars	**March 31, 2023**		**March 31, 2022**	
	No of shares	Amount	No of shares	Amount
Opening Balance	209,27,41,018	209.27	209,27,41,018	209.27
Additions pursuant to Stock Options exercised/preferential issue	-	-	-	-
Closing balance	**209,27,41,018**	**209.27**	**209,27,41,018**	**209.27**

4. Accounting for Employee Share Based Payments.

The company has provided various share based payment schemes to its employees. As on March 31, 2023, the following schemes were in operation;

	Tranche 12	**Tranche 11**	**Tranche 8**
Date of grant	01.03.2023	23.04.2022	06.12.2017
Date of Board approval	01.03.2023	23.04.2022	06.12.2017
Date of Shareholders approval	12-07-2022	12-07-2022	18.08.2008
Number of options granted	11,06,194	3,99,171	43,04,710
Method of settlement	Equity	Equity	Equity
Vesting period	01.03.2024 to 01.03.2026	23.04.2023 to 23.04.2025	06.12.2019 to 06.12.2021

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Exercise period (for all Tranches)	The Grantee will be permitted to exercise their Options within five years from the date of vesting	The Grantee will be permitted to exercise their Options within five years from the date of vesting	Eligible to exercise the options during any one of the four specific periods (i.e., within 30 days after the end of each quarter) within one year from the date of vesting.
Manner of Vesting (for all Tranches)	30%, which will be vested on completion, of 1st year from the date of grant. 30%, which will be vested on completion, of 2nd year from the date of grant. 40%, which will be vested on completion, of 3rd year from the date of grant	30%, which will be vested on completion, of 1st year from the date of grant. 30%, which will be vested on completion, of 2nd year from the date of grant. 40%, which will be vested on completion, of 3rd year from the date of grant	In a graded manner over a 5 year period with 30%, 30% and 40% of the grants vesting in each year commencing from the end of 5years from the grant date.

Bank has changed its accounting policy from the intrinsic value method to the fair value method as per Black – Scholes model for all share-linked instruments granted after 31 March, 2021.

Activity in the options outstanding under the ESOS

Particulars	March 31, 2023		March 31, 2022	
	Options	Weighted average exercise price (₹)	Options	Weighted average exercise price (₹)
Options outstanding at the beginning of the year	1,005,872	18.72	1,797,019	18.72
Options granted during the year	15,05,365	14.34	-	-
Options exercised during the year	-	-	-	-
Forfeited / lapsed during the year	10,05,564	18.72	7,91,147	18.72
Options outstanding at the	15,05,673	14.34	1,005,872	18.72

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end of the year				
Options Exercisable	308	18.72	1,005,872	18.72

Details of exercise price for stock options outstanding as at March 31, 2023

Particulars	Exercise price per share (₹)	Option Premium	Number of options outstanding	Remaining contractual life of options (in years)
Tranche 8	18.72	NA	308	0.20
Tranche 11	8.35	3.29	399171	2.16
Tranche 12	16.50	6.78	1106194	3.02

Details of exercise price for stock options outstanding as at March 31, 2022

Particulars	Exercise price per share (₹)	Number of options outstanding	Remaining contractual life of options (in years)
Tranche 8	18.72	1,005,872	0.68

Effect of the ESOS on the profit and loss account and on its financial position: [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Opening of ESOS Liability	1.29	2.31
Liability on account of ESOS issued	0.88	0.00
Reversal on account of Exercise	0.00	0.00
Reversal on account of lapsed/forfeiture	(1.29)	(1.02)
Total Employee compensation cost pertaining to ESOS	0.88	1.29
Opening Deferred Compensation Cost	0.00	0.22
Deferred compensation cost on ESOS issued	0.88	0.00
Compensation Cost pertaining to ESOS amortized during the year	(0.11)	(0.22)
Reversal on account of lapse/ forfeiture	0.00	0.00
Deferred compensation cost	0.77	0.00

Impact of fair value method on net profit and on EPS

Had compensation cost for the ESOS outstanding being determined based on the fair value approach instead of intrinsic value method, the Bank's net profit and earnings per share would have been as indicated below: [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Net Profit as reported	775.09	44.98
Proforma Net profit based on fair value approach	775.09	45.00
Basic EPS as reported (₹)	3.70	0.21
Basic EPS (Proforma)(₹)	3.70	0.22
Diluted EPS as reported(₹)	3.70	0.21
Diluted EPS (Proforma)(₹)	3.70	0.22

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In computing the above information, certain estimates and assumptions have been made by the management which has been relied upon by the auditors.

5. Employee Benefits

a) Provident Fund:

Employees, who have not opted for pension plan are eligible to get benefits from provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation or termination of employment. Both the employee and the Bank contribute a specified percentage of the salary to the South Indian Bank Employees' Provident Fund. The Bank has no obligation other than the monthly contribution.

The Bank recognized ₹0.24 Crore (Previous Year: ₹0.24 Crore) for provident fund contribution in the Profit and Loss Account.

b) New Pension Scheme

As per the industry level settlement dated April 27, 2010, employees who joined the services of the Bank on or after April 1, 2010 are not eligible for the existing pension scheme whereas they will be eligible for Defined Contributory Pension Scheme (DCPS) in line with the New Pension Scheme introduced for employees of Central Government. Employee shall contribute 10% of their Basic Pay and Dearness Allowance towards DCPS and the Bank will also make a contribution of 14%. There is no separate Provident Fund for employees joining on or after April 1, 2010.

The Bank recognized ₹45.05 Crore (Previous Year: ₹35.80 Crore) for DCPS contribution in the Profit and Loss Account.

c) Retirement Benefits.

i. The bank has recognized the following amounts in the Profit and loss account towards employee benefits as under:

[₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Pension Fund	116.35	244.71
Gratuity Fund	30.37	23.92
Compensation for absence on privilege/sick/casual leave	54.63	60.36

The employee benefits on account of pension, gratuity and Leave have been ascertained on actuarial valuation in accordance with Accounting Standard - 15 prescribed under section 133 of the Companies Act, 2013

ii) Disclosure on amortization of expenditure on account of enhancement in family pension of employees of banks

"Reserve Bank of India vide letter dated October 4, 2021 has permitted all member banks of Indian Banks' Association covered under the 11th Bipartite Settlement to amortize the additional liability on account of revision in family pension over a period not exceeding five

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years, beginning with the Financial Year ended March 31, 2022. The bank has recognized the entire additional liability estimated at ₹ 43 crores and opted to amortize the same over a period of seven quarters beginning with the quarter ended September 30, 2021. Accordingly, an amount of ₹ 24.57 Crore (Previous year ₹ 18.43 crore) has been written off during the year ended March 31, 2023 in respect of the said additional liability and the balance is ₹ Nil.

The following table as furnished by Actuary sets out the funded status of gratuity / pension plan and the amount recognized in the Bank's financial statements as at March 31, 2023.

d) Changes in the defined benefit obligations [₹. in Crore]

	Gratuity Plan		Pension Plan	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Projected defined benefit obligation, beginning of the year	254.48	245.42	1020.37	920.62
Current Service Cost	22.19	20.06	186.53	193.26
Past Service Cost	-	-	-	-
Interest Cost	17.89	16.55	65.47	57.17
Actuarial (gain)/ loss	8.85	4.13	(88.47)	82.37
Benefits paid	(33.15)	(31.67)	(199.08)	(233.05)
Projected defined benefit obligation, end of the year	270.27	254.49	984.81	1020.37
Liability (net) of fair value of plan asset at the end of the year	3.13	7.63	(5.69)	4.73

e) Changes in the fair value of plan assets [₹. in Crore]

	Gratuity Plan		**Pension Plan**	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Fair value of plan assets, beginning of the year	246.85	243.49	1015.64	894.16
Expected return on plan assets	18.63	17.07	68.34	65.89
Employer's contributions	34.88	18.21	102.21	291.00
Actuarial gain/ (loss)	(0.06)	(0.25)	3.40	(2.35)
Benefits paid	(33.15)	(31.67)	(199.08)	(233.05)
Fair value of plan assets, end of the year	267.14	246.85	990.50	1015.63

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f) Net Employee benefit expense (recognized in payments to and provisions for employees)

[₹. in Crore]

	Gratuity Plan		Pension Plan	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Current Service Cost	22.19	20.06	186.53	193.26
Past Service Cost	-	-	-	-
Interest Cost	17.89	16.55	65.47	57.17
Expected return on plan assets	(18.62)	(17.07)	(68.34)	(65.89)
Net actuarial (gain)/ loss recognised in the year	8.92	4.38	(91.87)	84.72
Employee cost	30.37	23.92	91.78	269.26
Unamortized cost	-	-	-	-
Total	30.37	23.92	91.78	269.26
Actual return on plan assets	18.56	16.82	71.73	63.54

g) Categories of plan assets as a percentage of the fair value of total plan assets

	Gratuity Plan		Pension Plan	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Government Securities (Central & State)	-	-	-	-
High quality Corporate Bonds	-	-	-	-
Equity Shares of Listed Companies	-	-	-	-
Funds Managed by Insurer *	100%	100%	100%	100%
Others (PSU & Special Deposits)	-	-	-	-
Total	100%	100%	100%	100%

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

h) Experience adjustments

(i) Gratuity

[₹. in Crore]

	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Defined Benefit Obligations	270.27	254.49	245.41	232.65	216.44
Plan Assets	267.14	246.85	243.49	227.75	210.30
(Surplus)/Deficit	3.13	7.63	1.92	4.90	6.14
Unamortized	-	-	-	-	-
Net benefit expenses	3.13	7.63	1.92	4.90	6.14
Experience adjustments (gain) / loss on Plan Liabilities	9.16	12.43	32.70	(7.48)	5.25
Experience Adjustments gain / (loss) on Plan Assets	0.06	0.25	(0.97)	0.58	(1.49)

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(ii) Pension [₹. in Crore]

	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Defined Benefit Obligations	984.81	1,020.37	920.62	801.56	700.22
Plan Assets	990.50	1,015.63	894.15	747.52	674.56
(Surplus)/Deficit	(5.69)	4.73	26.47	54.05	25.66
Experience adjustments (gain) / loss on Plan Liabilities	(88.47)	82.37	138.80	42.33	(1.98)
Experience Adjustments gain / (loss) on Plan Assets	(3.40)	2.35	(4.77)	5.86	(1.20)

i) Assumptions used by the actuary in accounting for Gratuity/ Pension/Compensation for absence

	Gratuity Plan		Pension Plan		Compensation for absence	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Discount rate	7.53%	7.52%	7.52%	7.27%	7.53%	7.52%
Expected rate of return on plan assets	7.52%	7.21%	7.27%	7.11%	*	*
Increase in compensation cost	6.00%	6.00%	5.5%	5.5%	6.00%	6.00%

*Not applicable

Notes:

(i) Discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of obligations.

(ii) Expected rate of return on plan assets is based on the average long term rate of return expected on investments of the funds during the estimated term of the obligations.

(iii) The estimates of future salary increases, considered in actuarial valuation, taken in to account the inflation, seniority, promotion and other relevant factors.

j) Compensation for absence on Privilege / Sick / Casual Leave

The charge on account of compensation for privilege / sick / casual leave has been actuarially determined and an amount of ₹54.63 Crore (Previous year ₹60.36 Crore) has been debited to Profit and Loss account.

The above information is as certified by actuary and relied upon by the auditor.

6. Micro Small and Medium Industries

Under the Micro, Small and Medium enterprises development Act 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payment to micro, and small enterprises or of interest payments due to delays in such payments. The above is based on information available with the Bank which has been relied on by the auditors.

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7. Segment reporting

Business Segments have been identified and reported taking into account, the target customer profile, the nature of product and services, the differing risks and returns, the organization structure, the internal business reporting system and guidelines issued by RBI from time to time. The Bank operates in the following business segments;

a) Treasury:

The treasury segment primarily consists of interest earnings on investments portfolio of the bank, gains or losses on investment operations and earnings from foreign exchange business. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses. Segmental expenses are allocated as per board approved policy.

b) Corporate / Wholesale Banking:

The Corporate / Whole sale Banking segment provides loans to corporate segment identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to corporate customers and the charges / fees earned from other banking services. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses. Segmental expenses are allocated as per board approved policy.

c) Retail banking:

The Retail Banking segment provides loans to non-corporate customers identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to non-corporate customers and the charges / fees earned from other banking services. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses. Segmental expenses are allocated as per board approved policy.

In accordance with RBI circular DOR.AUT.REC.12/22.01.001/2022-2023 dated April 07, 2022 on establishment of Digital Banking Units, the Bank has presented 'Digital Banking' as sub-segment of the Retail Banking Segment. Assets of DBU consists of mainly credit card, loan against deposits opened through digital mode etc.

d) Other Banking Operations:

This segment includes income from para banking activities such as debit cards, third party product distribution and associated costs. Segmental expenses are allocated as per board approved policy.

e) Unallocated

All items that cannot be allocated to reportable segments are included in unallocated portion.

Geographic segment

The Bank operations are predominantly confined within one geographical segment (India) and accordingly this is considered as the only secondary segment. In accordance with RBI guidelines in regard to business segments of banks, the bank has determined the business segments and the required disclosures are as follows:

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[₹. in Crore]

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
Particulars	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Revenue	1088.00	1499.70	2323.02	2065.04	4083.76	3,710.05	549.77	345.65	8044.55	7,620.44
Result	(158.42)	18.51	(101.70)	(656.82)	975.59	291.65	392.74	254.68	1108.21	(91.99)
Unallocated (Expenses)/ Income									0.29	(0.23)
Operating profit									1108.50	(92.21)
Income Taxes									333.19	(137.03)
Net Profit									775.31	44.82
Other Information:										
Segment Assets	26438.49	24,263.47	37973.84	31,599.90	39750.34	40,568.85	25.91	19.79	104188.58	96,452.01
Unallocated Assets									3508.58	3599.86
Total Assets									107697.16	1,00,051.87
Segment Liabilities	25038.41	23,258.48	36329.54	30,643.81	38027.83	39,341.02	-	-	99395.78	93,243.31
Unallocated Liabilities									1626.76	955.60
Total Liabilities									101022.54	94,198.91

Since the Bank operates only in domestic segment, the requirement of disclosure regarding geographical segment is not applicable.

**RBI's Master Direction on Financial Statements-Presentation and Disclosures, requires to sub-divide 'Retail banking' into (a) Digital Banking (as defined in RBI Circular on Establishment of Digital Banking Units dated April 07, 2022) and (b) Other Retail Banking segment. Accordingly, the segmental results for retail banking segment for Q4 2022-23 is sub-divided as below.* *(Rs. In Crore)*

Particulars	Segment Revenue for the year ended 31.03.2023	Segment Results (net of provisions) for the year ended 31.03.2023	Segment Assets as on 31.03.2023	Segment Liabilities as on 31.03.2023
Retail Banking				
(i) Digital Banking	302.53	73.17	3017.67	2887.01
(ii) Other Retail Banking	3781.23	902.42	36732.67	35140.82

Segment information is provided as per the MIS available for internal reporting purposes, which include certain estimates/assumptions. The methodology adopted in compiling and reporting the above information has been relied upon by auditors.

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8. Related party disclosure:

The related parties of the bank are broadly classified as:

a. Subsidiary

Sl. No.	Name of the Entity	Nature of Relationship
1	SIB Operations and Services Limited	Wholly Owned Subsidiary (WOS)

b. Key Management Personnel (As per AS 18) – MD & CEO

Sl. No.	Name of the Key Management Personnel	Relative of the Key Management Personnel
1	Mr. Murali Ramakrishanan, Managing Director and CEO	• Mangala Santhanam • Charumathy Murali

Related Party Transaction Summary for the Financial year ended 31.03.2023

(Rs. In Crore)

Sl No	Details of counter party / Relationship of the counterparty with the listed entity	Type of related party transaction	Value of the related party transaction as approved by the Audited Committee	Value of the related party transaction during the reporting period (for the Financial year ended March 31, 2023)	In case monies are due to either party as a result of the transaction: Opening Balance (as on April 1, 2022	In case monies are due to either party as a result of the transaction: Closing Balance (as on March 31, 2023)
1	Wholly owned subsidiary (WOS)	Income received for providing management service	Note 6	1.24	0.20	0.81
2	Wholly owned subsidiary (WOS)	Income received for providing other services	Note 6	0.02	0.002	0.002
3	Wholly owned subsidiary (WOS)	Expense paid for HR services provided by WOS	Note 6	9.36	0.28	1.07
4	Directors	Sitting Fees (WOS)		0.02	0.004	-
5	Subsidiary Directors	Interest received		0.001	-	-
6	Subsidiary Directors	Interest Paid		0.09	-	-
7	Subsidiary Directors	Deposits	Note 5			

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				1.38	1.22	1.38
8	Subsidiary Directors' Relatives	Interest received		0.003	-	-
9	Subsidiary Directors' Relatives	Deposits	Note 5	4.632	4.45	4.63
10	Subsidiary Directors' Relatives	Interest Paid		0.18	-	-
11	KMPs including MD &CEO and Subsidiary Directors	Remuneration paid	As per Bank's Internal Policies/approved by Regulator	4.00	-	-
12	Directors	Sitting Fees including honorarium to Chairman		2.17	-	-
13	Directors	Deposits	Note 5	1.78	2.10	1.78
14	Directors	Interest received		0.06	-	-
15	Directors	Interest Paid		0.12	-	-
16	KMPs including MD &CEO	Deposits	Note 5	11.09	0.04	11.09
17	KMPs including MD &CEO	Interest received		0.04	-	-
18	KMPs including MD &CEO	Interest Paid		0.47	-	-
19	KMPs including MD &CEO and Subsidiary Directors	ESOS grant outstanding(Nos.)	Refer Note No 8	15,05,365.00	10,476.00	15,05,365.00
20	Relative/ Interested company- Directors	Deposits	Note 5	11.22	11.87	11.22
21	Relative/ Interested company- Directors	Interest Paid		0.64	-	-
22	Relative/ Interested company- Directors	Interest received		0.002	-	-
23	Relative of KMPs & MD & CEO	Deposits	Note 5	0.80	0.61	0.80
24	Relative of KMPs & MD & CEO	Interest Paid		0.06	-	-
25	MD & CEO	savings		0.002	0.19	0.002
26	Relative MD & CEO	savings		0.01	0.01	0.01

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Note:

1) Transactions with WOS are shown excluding GST and TDS
2) In compliance with the guidelines given as per annexure to SEBI circular No SEBI/HO/CFD/CMD1/CIR/P/2021/662 November 22, 2021, The South Indian Bank Ltd, being a listed bank, is not required to provide the disclosures with respect to related party transactions involving loans, inter-corporate deposits, advances or investments made or given by the bank.
3) In compliance with the guidelines given as per annexure to SEBI circular No SEBI/HO/CFD/CMD1/CIR/P/2021/662 November 22, 2021 transactions such as acceptance of fixed deposits by banks, undertaken with related parties, at the terms uniformly applicable /offered to all shareholders/ public only are reported under deposit.
4) The Bank, being a scheduled commercial bank, as per RBI circular RBI/DBR/2015-16/19 dated March 03, 2016, has allowed additional interest of one per cent per annum, over and above the rate of interest mentioned in the schedule of interest rates on savings or a term deposits of bank's staff and their exclusive associations as well as on deposits of Chairman, Managing Director and such other Executives appointed for a fixed tenure.
5) Value of the related party transaction for deposit is the balance in fixed deposit outstanding as on 31.03.2023.
6) Regulation 23 of Listing regulations, as amended from time to time, grant exemptions from seeking approval of the Audit Committee of the Board for the transactions entered into by and between the holding company and its wholly owned subsidiary company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
7) None of the Directors/ KMPs/ relatives are holding substantial shares/ securities of the Bank.
8) As part of additional disclosure internal KMP data are also disclosed during the period ended 31.03.2023 in line with reporting made for the half year ended 30.09.2022.
9) Transactions with common directors of subsidiary and Bank is shown under Directors.
10) Mr. Parayil George John Tharakan (DIN-07018289), has retired from the office as a Non-Executive Independent Director of the Bank on November 24, 2022, upon completion of his 8-year term, as per Section 10A(2A) of Banking Regulation Act 1949, hence in the closing balance (Deposits) details of his/ his relatives' deposits were not included in reporting as the same will not be coming under the preview of RPT.
11) The CSR activity of Bank is carried out by a trust formed by Bank in this regard. Since the Trust is acting on behalf of Bank and amount are spent as Bank's CSR expenditure, these transactions are not treated as RPT

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9. Earnings per Share

The Bank reports basic and diluted EPS in accordance with the Accounting Standard - 20 on "Earnings per Share"

Particulars	March 31, 2023	March 31, 2022
Weighted average number of equity shares used in computation of basic earnings per share	209,27,41,018	209,27,41,018
Potential equity shares arising out of the Employees Stock Option Scheme	-	-
Weighted average number of equity shares used in computation of diluted earnings per share	209,27,41,018	209,27,41,018
Earnings used in the computation of basic earnings per share (₹ in Crore)	775.31	44.82
Earnings used in the computation of diluted earnings per share (₹ in Crore)	775.31	44.82
Nominal Value of share (in ₹)	1.00	1.00
Basic earnings per share (in ₹)	3.70	0.21
Effect of potential equity shares for ESOS	-	-
Diluted earnings per share (in ₹)	3.70	0.21

10. Deferred Tax Assets (net)

[₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Deferred Tax Asset (A)		
Provisions for Loans/Investments/ others	324.82	370.86
Fixed Assets: on difference between book balances and tax balance of WDV of fixed assets	8.40	3.11
Preliminary expenses	0.00	0.01
Carried forward Business Loss/Depreciation Allowance	0.01	0.05
Total (A)	**333.23**	**374.03**
Deferred Tax Liabilities (B)		
Special Reserve created u/s 36(1)(viii) of Income Tax Act	167.52	139.56
Interest accrued but not due on investments	144.29	0.00
Total (B)	**311.81**	**139.56**
Deferred Tax Asset (net) (A-B)	**21.42**	**234.47**

Provision for taxes during the year:

[₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Current Tax (net of write back)	258.40	(5.95)
Deferred Tax (net)	213.05	(131.08)
MAT Credit	(138.26)	0.00
Total	**333.19**	**(137.03)**

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Tax provision is created in the books after adjusting for permanent differences in Income tax, accounting of MAT credit and deferred tax assets/liability. Based on favourable Income Tax orders received during the financial year, the excess provision for tax held for different assessment years in the books of account as on the balance sheet date amounting to a net sum of ₹54.81 Crore (Previous year ₹ 69.60 Crore) has been written back.

11. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account:

[₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Provision for NPAs (including write off, excluding technical write off)	623.07	1,161.40
Provision for NPIs	(137.54)	(7.91)
Provision for taxes (Net of write back) [1]	258.40	(5.95)
Deferred Tax (net)	213.05	(131.08)
MAT Credit	(138.26)	-
Provision for Standard Assets	(58.61)	175.57
Provision for Restructured Advances	(0.05)	1.22
Provision for FITL	(22.17)	69.67
Provision for unhedged foreign currency exposures	1.66	(1.06)
Provision for Non-Banking Asset[2]	(0.71)	(62.74)
Provision for Fraud / Other impaired assets	(6.53)	3.41
TOTAL	**732.31**	**1,202.53**

[1] Based on favourable Income Tax orders received during the financial year, the net excess provision for tax held in books amounting to ₹54.81 Crore (Previous year ₹ 69.60 Crore) has been written back.

[2] The Bank had acquired certain land parcels under a partial Debt Asset Swap transaction ("DAS") in earlier years aggregating ₹110 Crores and classified them as "Non-Banking Assets acquired in satisfaction of claims" in the Balance Sheet. During the FY 2022-23 Bank had sold certain properties and ₹0.71 Crore (Previous year ₹ 62.74 Crore) (after adjusting the expenses) was credited back to the provision.

12. Draw Down from Reserves

The Bank has not undertaken any drawdown from reserves during the years ended March 31, 2023 and March 31, 2022

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13. Penalties levied by the Reserve Bank of India

The penalty imposed by RBI during the year ended March 31, 2023 was ₹15,90,650/- (Previous year ₹1,01,86,000/-)

Penalties Imposed By RBI in FY 2022-23

Sl No	Imposed date	Amount(Rs)	Nature of breach
1	28-03-2022	10,000.00*	ATM Cash-out penalty imposed by RBI.
2	07-04-2022	10,000.00	ATM Cash-out penalty imposed by RBI.
3	12-05-2022	10,000.00	ATM Cash-out penalty imposed by RBI.
4	13-05-2022	20,000.00	ATM Cash-out penalty imposed by RBI.
5	20-05-2022	20,000.00	ATM Cash-out penalty imposed by RBI.
6	24-05-2022	4,00,000.00	ATM Cash-out penalty imposed by RBI.
7	01-06-2022	70,000.00	ATM Cash-out penalty imposed by RBI.
8	03-06-2022	1,00,000.00	ATM Cash-out penalty imposed by RBI.
9	05-07-2022	50,000.00	ATM Cash-out penalty imposed by RBI.
10	21-07-2022	2,150.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.
11	10-08-2022	150.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.
12	03-08-2022	3,750.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.
13	16-08-2022	1,200.00	Late fee due to delay in filing Form GSTR-6 return for the month of July2022.
14	04-08-2022	10,000.00	Penalty imposed by RBI for non-reporting of ATM cash-out. Later, based on bank's representation, the penalty amount was reversed to our account.
15	22-08-2022	40,000.00	ATM Cash-out penalty imposed by RBI.
16	02-09-2022	60,000.00	ATM Cash-out penalty imposed by RBI.
17	06-09-2022	30,000.00	ATM Cash-out penalty imposed by RBI.
18	07-10-2022	30,000.00	ATM Cash-out penalty imposed by RBI.
19	03-11-2022	10,000.00	ATM Cash-out penalty imposed by RBI.
20	18-11-2022	4,850.00	Penalty imposed for discrepancies in Soiled Note Remittance / shortage in remittance by currency chest.
21	08-12-2022	10,000.00	ATM Cash-out penalty imposed by RBI.
22	12-12-2022	15,000.00	Penalty imposed by RBI for irregularities observed during their visit.
23	16-01-2023	15,000.00	Penalty imposed by RBI for irregularities observed during their visit.
24	29-12-2022	5,000.00	Penalty imposed by RBI for irregularities observed during their visit.
25	16-02-2023	90,000.00	ATM Cash-out penalty imposed by RBI.
26	27-02-2023	100.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.
27	08-02-2023	950.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.
28	08-03-2023	10,000.00	Penalty imposed by RBI for Non Frisking by Currency chest.
29	17-03-2023	12,500.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.-
30	10-03-2023	10,000.00	ATM Cash-out penalty imposed by RBI.
31	17-03-2023	10,000.00	ATM Cash-out penalty imposed by RBI.
32	29-03-2023	1,30,000.00	ATM Cash-out penalty imposed by RBI.

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33	30-03-2023	4,00,000.00	ATM Cash-out penalty imposed by RBI.
	Total	**15,90,650.00**	

This penalty was pertaining to the month of March 2022 (i.e. Q4 of FY 2021-22). This case was further analysed and reported in the month of April 2022. Hence the same has been reported in Q1 of FY 2022-23.

Penalties Imposed by RBI In FY 2021-22

Sl No	Imposed date	Amount	Nature of Breach
1	06.07.2021	1,00,00,000.00	We were in receipt of a show cause notice from RBI dated 22nd January 2021 with respect to the account IL & FS Group companies with regards to non-adherence of RBI Circular IECD.No.29/08.12.01/98-99 dated May 25, 1999 on "Lending to Non-Banking Financial Companies (NBFCs)". Vide letter SIB/COMP/RBI/77/20-21 dated February 09,2021.
2	06.09.2021	35,000.00	We were in receipt of a Show Cause Notice on the following discrepancies observed during RBI Inspection in Currency Chest, 1. Non-Frisking of person entering/exiting the vault. 2. Non Maintenance of charge certificate 3. Delay in sorting of Soiled notes. 4. Grill Gate of strong room kept open during operation.
3	11.11.2021	200.00	Penalty imposed for discrepancies in Soiled Note Remittance by currency chest.
4	28.12.2021	1,00,000.00	On 22.12.21, Short Sale amounting to Rs.45 crores was kept open for value 23.12.21. On 23.12.2021, inadvertently, purchase of Market Revere Repo was not communicated to Money Market Desk by SLR Desk & thus they did not strike reverse repo deal to cover the security short sold. Hence, reverse repo for Rs.10 crores against the security short 6.67% GS 2035 was not taken. This lead to shortage of security balance by Rs.10 crores in Subsidiary General Ledger (SGL). The securities that were short, had to be bought under reverse repo to negate security short sold commitment to CCIL
5	18.01.2022	5,300.00	Penalty imposed on account of deficiencies noticed during RBI visit of currency chest.
6	07.03.2022	15,950.00	Penalty imposed on account of deficiencies noticed during RBI visit of currency chest.
7	10.03.2022	9,550.00	Penalty imposed for discrepancies in Soiled / forged / defective note Remittance by currency chest.
8	14.03.2022	10,000.00	ATM Cash-out penalty imposed by RBI.
9	17.03.2022	10,000.00	ATM Cash-out penalty imposed by RBI.
Total		**1,01,86,000.00**	

During the year, short sale of securities amounting to ₹ 45 Crore were kept open for value date 22.12. 2021. Market Reverse Repo for ₹ 35 Crore was taken against 45 Cr short sale and Purchase of Market Reverse Repo for ₹ 10 Crore against the securities short 6.67% GS 2035 was not taken which lead to shortage of security balance by ₹10 Crore in Subsidiary General Ledger (SGL). The same has been reported to the appropriate authority. There is no other such incidence incurred during the period. Further we also confirm that all investments and Forex transactions are in compliance with RBI directives and Banks Investment Policy.

The South Indian Bank Ltd. CFM H.O. Thrissur

C N K & Associates LLP MUMBAI Chartered Accountants

K. Venkatachalam Aiyer & Co. Ernakulam Kochi - 18 Chartered Accountants

14. Fixed Assets

a) Fixed Assets as per Schedule 10 include Intangible Assets relating to Software and System Development Expenditure which are as follows:- [₹. in Crore]

Particulars	March 31,2023	March 31,2022
Gross Block		
At the beginning of the year	209.00	175.90
Additions during the year	3.25	33.10
Deductions during the year	0.25	-
Closing Balance	212.00	209.00
Depreciation / Amortisation		
At the beginning of the year	135.16	106.60
Charge for the year	29.68	28.56
Deductions during the year	-	-
Depreciation to date	164.84	135.16
Net Block	**47.16**	**73.84**

15. Other Provisions and Contingencies

➢ Movement in provision for other contingencies: [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Provision at the beginning of the year	20.32	17.38
Incremental expense during the year	21.85	3.11
Redemption during the year	19.14	0.17
Provision at the end of the year	23.03	20.32

➢ Movement in provision for debit card reward points: [₹. in Crore]

Particulars	March 31, 2023	March 31, 2022
Provision at the beginning of the year	2.33	0.71
Provision made during the year	4.28	4.51
Reductions during the year	3.10	2.89
Provision at the end of the year	3.51	2.33

16. Operating Lease

Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms. During the year an amount of ₹ 108.86 Crore (Previous year: ₹ 100.62 Crore) was charged to Profit and loss account.

The South Indian Bank Ltd. CFM H.O. Thrissur

MUMBAI

K. Venkatachalam Aiyer & Co. Ernakulam Kochi - 18 Chartered Accountants

17. Description of contingent liabilities*

Sl. No	Contingent liability	Brief Description
1	Claims not acknowledged as debts	This includes liability on account of, and other legal cases filed against the bank. The bank is a party to various legal proceedings in the ordinary course of business and these are contested by the Bank and are therefore subjudice. The Bank does not expect the outcome of these proceedings to have a material adverse impact on the Bank's financial position.
2	Liability on account of outstanding forward contracts	The Bank enters into foreign exchange contracts with interbank participants on its own account and for its customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contract rate.
3	Guarantees on behalf of constituents in India and outside India, Acceptances, endorsements and other obligations	As a part of banking activities, the Bank issues Letter of Guarantees and documentary credit on behalf of its customers, with a view to augment the customer's credit standing. Through these instruments, the Bank undertakes to make payments for its customers' obligations, either directly or in case the customer fails to fulfill their financial or performance obligations.
4	Other items for which the bank is contingently liable	Includes capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).

** Also refer schedule – 12*

The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax authorities/ Service Tax Authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities wherever applicable, in its financial statements. The Management believes that the possibility of outflow of resources embodying economic benefits in these cases is possible but not probable and hence no provision is required in these cases. However, the contingent liability has been disclosed with respect to these cases.

18.Corporate social responsibility

Operating expenses include ₹ 1.86 Crore (Previous Year ₹ 6.06 Crore) for the year ended March 31, 2023 towards Corporate Social Responsibility (CSR), in accordance with the Companies Act, 2013. The Bank has spent 2.02 % of its average net profit for the last three financial years as part of its CSR for the year ended March 31, 2023. The Bank is currently in the process of evaluating strategic avenues for CSR expenditure in order to deliver maximum impact.

Details of amount spent during the year towards CSR are as under:

For the year ended March 31, 2023 [₹. in Crore]

	Paid	Yet to be paid	Total
i) Construction / Acquisition of any assets	0.60	-	0.60
ii) For purposes other than (i) above	1.26	-	1.26

The South Indian Bank CFM H.O.

MUMBAI

K. Venkatachalam Aiyer & Co. Ernakulam Kochi - 18 Chartered Accountants

For the year ended March 31, 2022 [₹. in Crore]

	Paid	Yet to be paid	Total
i) Construction/ Acquisition of any assets	3.65	-	3.65
ii) For purposes other than (i) above	2.41	-	2.41

19. Provision for long term contracts

The Bank has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long-term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

20. Disclosure as to Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014

The Bank, as part of its normal banking business grants loans and advances, makes investment, provides guarantees to and accept deposits and borrowings from its customers, other entities and persons. These transactions are conducted after proper due diligence and ensuring adherence to all regulatory requirements including "Know Your Customer" guidelines.

Other than the transactions described above which are carried out in the normal course of business, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or deposits or any other sources or kinds of funds) by the Bank to or in any other persons or entities, including foreign entities ("intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank ("Ultimate Beneficiaries"). The Bank has also not received any funds from any parties (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

21. Proposed Dividend

The Board of Directors has proposed a dividend of Rs.0.30 per Equity share (30%) (Previous year Nil) for the year ended March 31, 2023, subject to the approval of the shareholders at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, proposed dividend including dividend distribution tax of Rs.62.78 Crore is not recognized as liability as on March 31, 2023. However, effect of the proposed dividend has been reckoned in determining capital funds in the computation of capital adequacy ratios as at March 31, 2023.

22. Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiary have no material bearing on the true and fair view of the reformatted consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the reformatted consolidated financial statements.

The South Indian Bank Ltd. CFM H.O. Thrissur

MUMBAI

K. Venkatachalam Aiyer & Co. Chartered Accountants Ernakulam Kochi - 18

23. Figures of the previous year have been regrouped to conform to the current year presentation wherever necessary.

In terms of our report attached

For and on behalf of
Board of Directors

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

Thomas Joseph. K
Executive Vice President

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

Chithra.H
Chief Financial Officer

Jimmy Mathew
Company Secretary

For K Venkatachalam Aiyer & Co
Chartered Accountants
ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
Membership No. 227654
UDIN:

Thrissur
21-02-2024

M/s CNK & Associates LLP
Chartered Accountants
5th Floor, Narain Chambers,
Vile Parle - East
Mumbai – 400 057

M/s K Venkatachalam Aiyer & Co.
Chartered Accountants,
41/3647 B, 1st Floor, Blue Bird Towers,
Providence Road,
Kochi – 682 018

INDEPENDENT AUDITORS' REVIEW REPORT

To The Board of Directors of
The South Indian Bank Limited

Review Report on The Unaudited Interim Condensed Standalone Financial Statements

We have reviewed the accompanying Unaudited Interim Condensed Standalone Financial Statements of The South Indian Bank Limited (the "**Bank**") as at and for the nine month period ended December 31, 2023, which comprise the unaudited condensed standalone balance sheet as at December 31, 2023, the unaudited interim condensed standalone statement of profit and loss and the unaudited interim condensed standalone statement of cash flows for the nine month period ended December 31, 2023, and summary of select explanatory notes (collectively, the "**Unaudited Interim Condensed Standalone Financial Statements**").

Management's Responsibility for the Unaudited Interim Condensed Standalone Financial Statements

The Bank's management is responsible for preparation and presentation of the Unaudited Interim Condensed Standalone Financial Statements in accordance with accounting principles generally accepted in India and the recognition and measurement principles laid down in Accounting Standard for "Interim Financial Reporting" (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India ("**RBI**") from time to time ("RBI Guidelines"), and other accounting principles generally accepted in India.

Auditors' Responsibility

Our responsibility is to issue a report on the Unaudited Interim Condensed Standalone Financial Statements based on our review.

We conducted our review of the Unaudited Interim Condensed Standalone Financial Statements in accordance with the Standard on Review Engagements (SRE) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of the Unaudited Interim Condensed Standalone Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our review primarily is conducted on the basis of review of the books of account and records of the Bank. We have also relied on the information and explanations furnished to us by the Bank and the returns as considered necessary by us for the review.

Conclusion

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Interim Condensed Standalone Financial Information has not been prepared, in all material respects, in accordance with accounting principles generally accepted in India and the recognition and measurement principles laid down in Accounting Standard for "Interim Financial Reporting" (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder in so far as they apply to the Banking Companies and Circulars and Guidelines Issued by the Reserve Bank of India from time to time, or that it contains any material misstatement.

Restrictions on Use

This report is addressed to and is provided to enable the Bank to include this report in the Letter of Offer in connection with the rights issue, to be filed by the Bank with Securities and Exchange Board of India in accordance with the provisions of the SEBI ICDR Regulations and that these Unaudited Interim Condensed Standalone Financial Statements may not be meaningful for any other purpose.

For CNK & Associates LLP
Chartered Accountants
Firm's Registration Number. 101961W/W-100036

CNK & ASSOCIATES LLP MUMBAI Chartered Accountants

Hiren Shah
Partner
Membership No.100052

UDIN: 24100052BKFAGG1508

Place: Thrissur
Date: February 21, 2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
Firm Registration Number: 004610S

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

Sreevats Gopalakrishnan
Partner
Membership Number: 227654

UDIN: 24227654BKFTGV2131

Place: Thrissur
Date: February 21, 2024

THE SOUTH INDIAN BANK LIMITED		
UN AUDITED INTERIM CONDENSED STANDALONE BALANCE SHEET AS AT DECEMBER 31, 2023		
	As at December 31, 2023 ₹ in Crore	As at December 31, 2022 ₹ in Crore
CAPITAL AND LIABILITIES		
Capital	209.27	209.27
Employees' Stock Options Outstanding	1.78	0.05
Reserves and Surplus	7,185.03	6,140.19
Deposits	99,154.66	90,671.74
Borrowings	4,212.54	4,772.72
Other liabilities and provisions	2,750.86	2,039.28
TOTAL	**1,13,514.14**	**1,03,833.25**
ASSETS		
Cash and Balances with Reserve Bank of India	5,055.80	5,411.18
Balances with banks and money at call and short notice	1,823.36	1,407.35
Investments	25,334.61	22,925.17
Advances	75,339.87	67,920.21
Fixed Assets	930.78	877.53
Other Assets	5,029.72	5,291.81
TOTAL	**1,13,514.14**	**1,03,833.25**
Contingent Liabilities	37,523.96	23,572.48
Bills for collection	2,071.97	1,923.55

In terms of our report attached

For and on behalf of
Board of Directors

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
Membership No. 227654
UDIN:

Thrissur
21-02-2024

Thomas Joseph. K
Executive Vice President

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

Chithra.H
Chief Financial Officer

Jimmy Mathew
Company Secretary

C N K & ASSOCIATES LLP MUMBAI Chartered Accountants

K. VENKATACHALAM AIYER &CO. Ernakulam Kochi - 18 Chartered Accountants

The South Indian Bank Ltd. CFM H.O. Thrissur

THE SOUTH INDIAN BANK LIMITED		
UN AUDITED INTERIM CONDENSED STANDALONE PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023		
	Nine Months ended December 31, 2023 ₹ in Crore	**Nine Months ended December 31, 2022 ₹ in Crore**
I. INCOME		
Interest Earned	6,338.13	5,260.22
Other Income	1,169.49	467.26
TOTAL	**7,507.62**	**5,727.48**
II. EXPENDITURE		
Interest Expended	3,880.75	3,105.32
Operating Expenses	2,192.74	1,676.38
Provisions and Contingencies *(Refer Note 8 below)*	651.61	504.58
TOTAL	**6,725.10**	**5,286.28**
III. PROFIT/LOSS		
Net Profit(Loss) for the period	782.52	441.20
Profit/(Loss) brought forward from previous year	224.49	-37.87
TOTAL	**1,007.01**	**403.33**
IV. APPROPRIATIONS		
Transfer to Statutory Reserve	-	-
Transfer to Capital Reserve	-	-
Transfer to/(from) Revenue and Other Reserve	-	-
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act	-	-
Transfer to Investment Fluctuation Reserve	-	-
Balance carried over to Un audited interim condensed standalone Balance Sheet	1,007.01	403.33
TOTAL	**1,007.01**	**403.33**
Earnings per share (Face value of ₹ 1 per share)		
Basic (in ₹)	3.74	2.11
Diluted (in ₹)	3.74	2.11

Selected explanatory Notes (Provided below)

In terms of our report attached

For and on behalf of Board of Directors

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
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Thrissur
21-02-2024

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Company Secretary

CNK & ASSOCIATES LLP MUMBAI Chartered Accountants

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

The South Indian Bank Ltd. CFM H.O. Thrissur

THE SOUTH INDIAN BANK LIMITED		
UN AUDITED INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023		
	Nine months Ended December 31, 2023 Rs. in Cr	**Nine months Ended December 31, 2022 Rs. in Cr**
Cash flow from operating activities		
Profit before tax as per Profit and Loss Account	1,135.83	585.66
Adjustments for:		
Depreciation	65.90	64.19
Amortisation of Premium on HTM Investments	210.63	237.70
Provision for Depreciation / Non Performing Investments	39.79	273.29
General Provisions against Standard Assets	(28.08)	(40.37)
Provision/write off for Non Performing Assets	364.82	489.29
Other Provisions	(35.58)	(7.35)
Employee Stock Options expense	1.67	0.05
Interest on Subordinated bonds	132.17	117.27
(Profit)/Loss on sale of land, buildings and other assets	(0.69)	(0.54)
Operating profit before working capital changes (A)	**1,886.46**	**1,719.19**
Changes in working capital:		
Increase / (Decrease) in Deposits	7,503.31	1,529.63
Increase / (Decrease) in Other liabilities	361.01	268.98
(Increase) / Decrease in Investments	2,161.56	(2,626.53)
(Increase) / Decrease in Advances	(5,900.25)	(8,416.12)
(Increase) / Decrease in Other Assets	186.17	1,183.88
(B)	4,311.80	(8,060.16)
Cash flow from operating activities before taxes (A+B)	6,198.26	(6,340.97)
Direct Taxes paid	(275.63)	(20.61)
Net cash flow from operating activities (C)	5,922.63	(6,361.58)
Cash flow from investing activities:		
Purchase of Fixed Assets/Capital Work-in-Progress	(120.98)	(77.51)
Sale of Fixed Assets	7.27	1.95
(Purchase)/Sale of Investments (Held To Maturity)	(3,104.80)	635.37
Net cash flow from investing activities (D)	**(3,218.51)**	**559.81**

The South Indian Bank Ltd. CFM H.O. Thrissur

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

C N K & ASSOCIATES LLP MUMBAI Chartered Accountants

Cash flow from financing activities:		
Dividend paid including Corporate Dividend Tax	(62.78)	-
Net proceeds/(repayments) in borrowings	(2,781.31)	1,478.23
Interest on Subordinated bonds	(61.36)	(61.36)
Net cash flow from financing activities (E)	**(2,905.45)**	**1,416.87**
Net increase in cash and cash equivalents (C+D+E)	(201.33)	(4,384.90)
Cash and cash equivalents as at beginning of the period	**7,080.49**	**11,203.43**
Cash and cash equivalents as at the end of the period	**6,879.16**	**6,818.53**

In terms of our report attached

For and on behalf of
Board of Directors

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
Membership No. 227654
UDIN:

Thrissur
21-02-2024

Thomas Joseph. K
Executive Vice President

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

Chithra.H
Chief Financial Officer

Jimmy Mathew
Company Secretary

UN AUDITED INTERIM CONDENSED STANDALONE SEGMENT WISE RESULTS

Rs.in Cr

Particulars	Nine Months ended 31.12.2023 Unaudited	Nine Months ended 31.12.2022 Unaudited
1. Segment Revenue		
a) Treasury	1,491.30	797.00
b) Corporate/ Wholesale Banking	2,086.88	1,642.79
c) Retail Banking	3,610.37	2,925.92
(i) Digital Banking	494.63	
(ii) Other Retail Banking	3,115.74	
d) Other Banking Operations	319.07	361.77
Total	**7,507.62**	**5,727.48**
Less : Inter segment Revenue	-	-
Net Income from Operations	**7,507.62**	**5,727.48**
2. Segment Results (net of provisions)		
a) Treasury	102.85	(113.22)
b) Corporate/ Wholesale Banking	(11.63)	(101.82)
c) Retail Banking	818.66	544.42
(i) Digital Banking	97.54	
(ii) Other Retail Banking	721.12	
d) Other Banking Operations	225.95	256.28
Total	**1,135.83**	**585.66**
Less: unallocated expenditure	-	-
Profit/(Loss) Before Tax	**1,135.83**	**585.65**
3. Segment Assets		
a) Treasury	27,029.35	24,592.24
b) Corporate/ Wholesale Banking	41,803.71	36,223.99
c) Retail Banking	40,882.34	39,769.12
(i) Digital Banking	3,656.50	
(ii) Other Retail Banking	37,225.84	
d) Other Banking Operations	25.47	18.10
e) Un allocated	3,773.27	3,229.80
Total	**1,13,514.14**	**1,03,833.25**
4. Segment Liabilities		
a) Treasury	25,465.42	23,335.34
b) Corporate/ Wholesale Banking	39,781.54	34,786.93
c) Retail Banking	38,904.74	38,191.41
(i) Digital Banking	3,479.63	
(ii) Other Retail Banking	35,425.11	
d) Other Banking Operations	-	-
e) Un allocated	1,968.14	1,170.11
Total	**1,06,119.84**	**97,483.79**
5. Capital Employed (Segment Assets-Segment Liabilities)		
a) Treasury	1,563.93	1,256.90
b) Corporate/ Wholesale Banking	2,022.17	1,437.06
c) Retail Banking	1,977.60	1,577.71
(i) Digital Banking	176.87	
(ii) Other Retail Banking	1,800.73	
d) Other Banking Operations	25.47	18.10
e) Un allocated	1,805.13	2,059.69
Total	**7,394.30**	**6,349.46**

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

C N K & ASSOCIATES LLP MUMBAI Chartered Accountants

The South Indian Bank Ltd. CFM H.O. Thrissur

For the above segment reporting, the reportable segments are identified into Treasury, Corporate/Wholesale Banking, Retail Banking (including Digital Banking) and Other Banking Operations in Compliance with the revised RBI Guidelines. The Bank operates in India.

RBI's Master Direction on Financial Statements-Presentation and Disclosures, requires to sub-divide 'Retail banking' into (a) Digital Banking (as defined in RBI Circular on Establishment of Digital Banking Units dated April 07, 2022) and (b) Other Retail Banking segment. Accordingly, the interim condensed standalone segmental results for retail banking segment since March 2023 is shown above. Previous period figures have been regrouped and reclassified, wherever necessary, to make them comparable with current period figures.

In terms of our report attached

For and on behalf of
Board of Directors

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
Membership No. 227654
UDIN:

Thrissur
21-02-2024

Thomas Joseph. K
Executive Vice President

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

Chithra.H
Chief Financial Officer

Jimmy Mathew
Company Secretary

Selected explanatory Notes (Provided below)

1. These Unaudited Interim Condensed Standalone Financial Statements have been prepared solely in connection with raising of funds through Rights Issue (the "Issue") of equity shares of face value of ₹ 1 each (the "Equity Shares") of the bank, in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (hereinafter referred to as "the SEBI ICDR Regulations")

2. The Bank has consistently applied its significant accounting policies in the preparation of its interim condensed standalone financial results during the quarter and nine months ended December 31, 2023 as compared to those followed for the year ended March 31, 2023.

3. The interim condensed standalone financial results have been arrived at after considering provision for standard assets (including requirements for exposures to entities with unhedged foreign currency exposures), provision for non-performing assets (NPAs), provision for non-performing investments, provision for income-tax (net adjusted for earlier years) and other usual and necessary provisions.

4. Other Income includes Profit on sale of investments (net), provision for depreciation on investments, earnings from foreign exchange and derivative transactions, commission from non - fund based banking activities, income from sale of PSL Certificates, income from card business, recoveries from advances technically written off etc.

5. Other expense includes Insurance, Rent, Repair, Depreciation, Communication expenses, Outsourced manpower charges, premium paid on PSLC purchase, CSR, ATM outsourcing, Card expenses etc.

6. During the quarter ended December 31, 2023, bank had identified certain irregularities in the nature of fraud at one of the branches and the loss is determined at Rs. 28.63 Cr. Bank had provided the entire amount of Rs. 28.63 Cr during the quarter ended December 31, 2023.

7. Previous period's figures have been regrouped / reclassified, wherever necessary to conform to current period's classification and also the amounts / ratios for the previous period / year have been regrouped / reclassified pursuant to the requirement of Master Direction on Financial Statements - Presentation and Disclosure issued by Reserve Bank of India dated August 30, 2021, as amended and wherever considered

8. Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

Rs.in Cr

Particulars	Nine Months ended	
	31.12.2023	31.12.2022
	Unaudited	Unaudited
Provision for NPAs (including write off, excluding technical write off)	364.82	489.29
Provision for NPIs	(2.87)	(81.44)
Provision for Income Tax	252.28	194.26
Deferred Tax (net)	101.03	(49.80)
Provision for Standard Assets	(28.08)	(40.37)
Provision for Restructured Advances	(0.00)	0.00
Provision for FITL	(55.05)	(5.97)
Provision for unhedged foreign currency exposures	(2.74)	(0.50)
Provision for Non-Banking Asset	(4.41)	(0.71)
Provision for Fraud / Other impaired assets	26.63	(0.18)
TOTAL	651.61	504.58

In terms of our report attached

For and on behalf of
Board of Directors

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:
Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
Membership No. 227654
UDIN:
Thrissur
21-02-2024

Thomas Joseph. K
Executive Vice President

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

Chithra.H
Chief Financial Officer

Jimmy Mathew
Company Secretary

M/s CNK & Associates LLP
Chartered Accountants
5th Floor, Narain Chambers,
Vile Parle - East
Mumbai - 400 057

M/s K Venkatachalam Aiyer & Co.
Chartered Accountants
41/3647 B, 1st Floor, Blue Bird Towers,
Providence Road,
Kochi – 682 018

INDEPENDENT AUDITORS' REVIEW REPORT

To The Board of Directors of
The South Indian Bank Limited

Review Report on The Unaudited Interim Condensed Consolidated Financial Statements

We have reviewed the accompanying Unaudited Interim Condensed Consolidated Financial Statements of The South Indian Bank Limited (the "**Bank**") and its Subsidiary (the Bank and its Subsidiary, together referred to as "**Group**") as at and for the nine month period ended December 31, 2023, which comprise the unaudited interim condensed consolidated balance sheet as at December 31, 2023, the unaudited interim condensed consolidated statement of profit and loss and the unaudited interim condensed consolidated statement of cash flows for the nine month period ended December 31, 2023, and summary of select explanatory notes (collectively, the "**Unaudited Interim Condensed Consolidated Financial Statements**").

Management's Responsibility for the Unaudited Interim Condensed Consolidated Financial Statements

The Bank's management is responsible for preparation and presentation of the Unaudited Interim Condensed Consolidated Financial Statements in accordance with accounting principles generally accepted in India and the recognition and measurement principles laid down in Accounting Standard for "Interim Financial Reporting" (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India ("**RBI**") from time to time ("**RBI Guidelines**"), and other accounting principles generally accepted in India.

Auditors' Responsibility

Our responsibility is to issue a report on the Unaudited Interim Condensed Consolidated Financial Statements based on our review.

We conducted our review of the Unaudited Interim Condensed Consolidated Financial Statement in accordance with the Standard on Review Engagements (SRE) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of the Unaudited Interim Condensed Consolidated Financial Statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit, Accordingly, we do not express an audit opinion.

C.N.K & ASSOCIATES LLP
MUMBAI
Chartered Accountants

K. VENKATACHALAM AIYER & CO.
Ernakulam
Kochi - 18
Chartered Accountants

Our review primarily is conducted on the basis of review of the books of account and records of the Bank. We have also relied on the information and explanations furnished to us by the Bank and the returns as considered necessary by us for the review.

Conclusion

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Interim Condensed Consolidated Financial Statement have not been prepared, in all material respects, in accordance with accounting principles generally accepted in India and the recognition and measurement principles laid down in Accounting Standard for "Interim Financial Reporting" (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder in so far as they apply to the Banking Companies and Circulars and Guidelines Issued by the Reserve Bank of India from time to time, or that it contains any material misstatement.

Other Matter

The Unaudited Interim Condensed Consolidated Financial Statements include the unaudited interim financial statements of one subsidiary, whose financials statements / financial results/ financial information reflect total assets of Rs 2.90 crores as at December 31, 2023, total revenue of Rs. 10.45 crores and total net profit after tax of Rs. 0.34 crores for the year ended December 31, 2023 as considered in the Unaudited Interim Condensed Consolidated Financial Statements, which have been reviewed by another independent auditor whose report has been furnished to us by the management. Our opinion on the Unaudited Interim Condensed Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the reports of such auditors and the procedures performed by us.

Restrictions on Use

This report is addressed to and is provided to enable the Bank to include this report in the Letter of Offer in connection with the rights issue, to be filed by the Bank with Securities and Exchange Board of India in accordance with the provisions of the SEBI ICDR Regulations and that these Unaudited Interim Condensed Consolidation Financial Statement may not be meaningful for any other purpose.

For CNK & Associates LLP
Chartered Accountants
Firm's Registration Number. 101961W/W-100036

C N K & ASSOCIATES LLP MUMBAI Chartered Accountants

Hiren Shah
Partner
Membership No.100052

UDIN: 24100052BKFAGH3607

Place: Thrissur
Date: February 21, 2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
Firm Registration Number: 004610S

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

Sreevats Gopalakrishnan
Partner
Membership Number: 227654

UDIN: 24227654BKFTGW7605

Place: Thrissur
Date: February 21, 2024

THE SOUTH INDIAN BANK LIMITED		
UN AUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2023		
	As at December 31, 2023 ₹ in Crore	As at December 31, 2022 ₹ in Crore
CAPITAL AND LIABILITIES		
Capital	209.27	209.27
Employees' Stock Options Outstanding	1.78	0.05
Reserves and Surplus	7,185.42	6,140.61
Deposits	99,153.32	90,670.78
Borrowings	4,212.54	4,772.72
Other liabilities and provisions	2,751.02	2,039.37
TOTAL	**1,13,513.35**	**1,03,832.80**
ASSETS		
Cash and Balances with Reserve Bank of India	5,055.80	5,411.18
Balances with banks and money at call and short notice	1,823.36	1,407.35
Investments	25,334.11	22,924.67
Advances	75,339.87	67,920.21
Fixed Assets	930.78	877.54
Other Assets	5,029.43	5,291.85
TOTAL	**1,13,513.35**	**1,03,832.80**
Contingent Liabilities	37,523.96	23,572.48
Bills for collection	2,071.97	1,923.55

In terms of our report attached

For and on behalf of
Board of Directors

For CNK & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co

Chartered Accountants

ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
Membership No. 227654
UDIN:

Thrissur
21-02-2024

Thomas Joseph. K
Executive Vice President

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

Chithra.H
Chief Financial Officer

Jimmy Mathew
Company Secretary

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

The South Indian Bank Ltd. CFM H.O. Thrissur

THE SOUTH INDIAN BANK LIMITED		
UN AUDITED INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023		
	Nine Months ended December 31, 2023 ₹ in Crore	**Nine Months ended December 31, 2022 ₹ in Crore**
I. INCOME		
Interest Earned	6,338.13	5,260.22
Other Income	1,168.64	466.83
TOTAL	**7,506.77**	**5,727.05**
II. EXPENDITURE		
Interest Expended	3,880.75	3,105.32
Operating Expenses	2,191.42	1,675.17
Provisions and Contingencies	651.75	504.78
TOTAL	**6,723.92**	**5,285.27**
III. PROFIT/LOSS		
Net Profit(Loss) for the period	782.85	441.78
Profit/(Loss) brought forward from previous year	224.53	-38.04
TOTAL	**1,007.38**	**403.74**
IV. APPROPRIATIONS		
Transfer to Statutory Reserve	-	-
Transfer to Capital Reserve	-	-
Transfer to/(from) Revenue and Other Reserve	-	-
Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act	-	-
Transfer to Investment Fluctuation Reserve	-	-
Balance carried over to Un audited interim condensed consolidated Balance Sheet	1,007.38	403.74
TOTAL	**1,007.38**	**403.74**
Earnings per share (Face value of ₹ 1 per share)		
Basic (in ₹)	3.74	2.11
Diluted (in ₹)	3.74	2.11

Selected explanatory Notes (Provided below)

In terms of our report attached

For and on behalf of Board of Directors

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
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UDIN:

Thrissur
21-02-2024

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

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The South Indian Bank Ltd. CFM H.O. Thrissur

THE SOUTH INDIAN BANK LIMITED UN AUDITED INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023	Nine months Ended December 31, 2023 Rs. in Cr	Nine months Ended December 31, 2022 Rs. in Cr
Cash flow from operating activities		
Profit before tax as per Profit and Loss Account	1,136.30	586.44
Adjustments for:		
Depreciation	65.90	64.20
Amortisation of Premium on HTM Investments	210.64	237.70
Provision for Depreciation / Non Performing Investments	39.79	273.30
General Provisions against Standard Assets	(28.08)	(40.37)
Provision/write off for Non Performing Assets	364.82	489.29
Other Provisions	(35.58)	(7.35)
Employee Stock Options expense	1.67	0.05
Interest on Subordinated bonds	132.17	117.27
(Profit)/Loss on sale of land, buildings and other assets	(0.68)	(0.55)
Operating profit before working capital changes (A)	**1,886.95**	**1,719.98**
Changes in working capital:		
Increase / (Decrease) in Deposits	7,503.25	1,529.04
Increase / (Decrease) in Other liabilities	360.84	268.93
(Increase) / Decrease in Investments	2,161.56	(2,626.53)
(Increase) / Decrease in Advances	(5,900.25)	(8,416.12)
(Increase) / Decrease in Other Assets	185.94	1,183.95
(B)	4,311.34	(8,060.73)
Cash flow from operating activities before taxes (A+B)	6,198.29	(6,340.75)
Direct Taxes paid	(275.65)	(20.83)
Net cash flow from operating activities (C)	5,922.64	(6,361.58)
Cash flow from investing activities:		
Purchase of Fixed Assets/Capital Work-in-Progress	(120.98)	(77.51)
Sale of Fixed Assets	7.27	1.95
(Purchase)/Sale of Investments (Held To Maturity)	(3,104.80)	635.37
Net cash flow from investing activities (D)	**(3,218.51)**	**559.81**

The South Indian Bank Ltd. CFM H.O. Thrissur

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

Cash flow from financing activities:		
Dividend paid including Corporate Dividend Tax	(62.78)	-
Net proceeds/(repayments) in borrowings	(2,781.32)	1,478.23
Interest on Subordinated bonds	(61.36)	(61.36)
Net cash flow from financing activities (E)	**(2,905.46)**	**1,416.87**
Net increase in cash and cash equivalents (C+D+E)	(201.33)	(4,384.90)
Cash and cash equivalents as at beginning of the period	**7,080.49**	**11,203.43**
Cash and cash equivalents as at the end of the period	**6,879.16**	**6,818.53**

In terms of our report attached

For and on behalf of
Board of Directors

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co
Chartered Accountants
ICAI Firm Registration No. 004610S

Sreevats Gopalakrishnan
Partner
Membership No. 227654
UDIN:

Thrissur
21-02-2024

Thomas Joseph. K
Executive Vice
President

P R Seshadri
(Managing Director & CEO)
(DIN : 07820690)

Chithra.H
Chief Financial Officer

Jimmy Mathew
Company Secretary

UN AUDITED INTERIM CONDENSED CONSOLIDATED SEGMENT WISE RESULTS

Rs.in Cr

Particulars	Nine Months ended 31.12.2023 Unaudited	Nine Months ended 31.12.2022 Unaudited
1. Segment Revenue		
a) Treasury	1,491.30	797.00
b) Corporate/ Wholesale Banking	2,086.88	1,642.79
c) Retail Banking	3,610.37	2,925.92
(i) Digital Banking	494.63	
(ii) Other Retail Banking	3,115.74	
d) Other Banking Operations	318.22	361.34
Total	**7,506.77**	**5,727.05**
Less : Inter segment Revenue		
Net Income from Operations	**7,506.77**	**5,727.05**
2. Segment Results (net of provisions)		
a) Treasury	102.85	(113.22)
b) Corporate/ Wholesale Banking	(11.63)	(101.82)
c) Retail Banking	818.66	544.42
(i) Digital Banking	97.54	
(ii) Other Retail Banking	721.12	
d) Other Banking Operations	225.95	256.27
Total	**1,135.83**	**585.65**
Less: unallocated expenditure	(0.47)	(0.79)
Profit/(Loss) Before Tax	**1,136.30**	**586.44**
3. Segment Assets		
a) Treasury	27,028.85	24,591.74
b) Corporate/ Wholesale Banking	41,803.71	36,223.99
c) Retail Banking	40,882.34	39,769.12
(i) Digital Banking	3,656.50	
(ii) Other Retail Banking	37,225.84	
d) Other Banking Operations	25.47	18.10
e) Un allocated	3,772.98	3,229.85
Total	**1,13,513.35**	**1,03,832.80**
4. Segment Liabilities		
a) Treasury	25,465.42	23,335.34
b) Corporate/ Wholesale Banking	39,781.54	34,786.93
c) Retail Banking	38,903.40	38,190.46
(i) Digital Banking	3,479.63	
(ii) Other Retail Banking	35,423.77	
d) Other Banking Operations	-	-
e) Un allocated	1,968.30	1,170.19
Total	**1,06,118.66**	**97,482.92**
5. Capital Employed [Segment Assets - Segment Liabilities]		
a) Treasury	1,563.43	1,256.40
b) Corporate/ Wholesale Banking	2,022.17	1,437.06
c) Retail Banking	1,978.94	1,578.66
(i) Digital Banking	176.87	
(ii) Other Retail Banking	1,802.07	
d) Other Banking Operations	25.47	18.10
e) Un allocated	1,804.68	2,059.66
Total	**7,394.69**	**6,349.88**

The South Indian Bank Ltd. CFM H.O. Thrissur

K. VENKATACHALAM AIYER & CO. Ernakulam Kochi - 18 Chartered Accountants

For the above segment reporting, the reportable segments are identified into Treasury, Corporate/Wholesale Banking, Retail Banking (including Digital Banking) and Other Banking Operations in Compliance with the revised RBI Guidelines. The Bank operates in India.

RBI's Master Direction on Financial Statements-Presentation and Disclosures, requires to sub-divide 'Retail banking' into (a) Digital Banking (as defined in RBI Circular on Establishment of Digital Banking Units dated April 07, 2022) and (b) Other Retail Banking segment. Accordingly, the interim condensed consolidated segmental results for retail banking segment since March 2023 is shown above. Previous period figures have been regrouped and reclassified, wherever necessary, to make them comparable with current period figures.

In terms of our report attached

For and on behalf of
Board of Directors

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

Hiren Shah
Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

For K Venkatachalam Aiyer & Co
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Ernakulam
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(DIN : 07820690)

Chithra H
Chief Financial Officer

Jimmy Mathew
Company Secretary

The South Indian Bank Ltd.
CFM
H.O. Thrissur

Selected explanatory Notes (Provided below)

1 These Unaudited Interim Condensed Consolidated Financial Statements have been prepared solely in connection with raising of funds through Rights Issue (the "Issue") of equity shares of face value of ₹ 1 each (the "Equity Shares") of the bank, in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (hereinafter referred to as "the SEBI ICDR Regulations")

2 The interim condensed consolidated Financial Results comprise the interim condensed standalone financial results of The South Indian Bank Ltd and it's subsidiary SIB Operations and Services Ltd.

3 Group has consistently applied its significant accounting policies in the preparation of its interim condensed consolidated financial results during the quarter and nine months ended December 31, 2023 as compared to those followed for the year ended March 31, 2023. The above interim condensed consolidated results are prepared in accordance with the principles set out in Accounting Standard 21 - Consolidated Financial Statements as notified under Section 133 of the Companies Act, 2013.

4 Other Income includes Profit on sale of investments (net), provision for depreciation on investments, earnings from foreign exchange and derivative transactions, commission from non - fund based banking activities, income from sale of PSL Certificates, income from card business, recoveries from advances technically written off etc.

5 Other expense includes Insurance, Rent, Repair, Depreciation, Communication expenses, Outsourced manpower charges, premium paid on PSLC purchase, CSR, ATM outsourcing, Card expenses etc.

6 During the quarter ended December 31, 2023, bank had identified certain irregularities in the nature of fraud at one of the branches and the loss is determined at Rs.28.63 Crore. Bank had provided the entire amount of Rs.28.63 Crore during the quarter ended December 31, 2023.

7 Previous period's figures have been regrouped / reclassified, wherever necessary to conform to current period's classification and also the amounts / ratios for the previous period / year have been regrouped / reclassified pursuant to the requirement of Master Direction on Financial Statements - Presentation and Disclosure issued by Reserve Bank of India dated August 30, 2021, as amended and wherever considered necessary.

8 Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

Rs.in Cr

Particulars	Nine Months ended	
	31.12.2023	31.12.2022
	Unaudited	Unaudited
Provision for NPAs (including write off, excluding technical write off)	364.82	489.29
Provision for NPIs	(2.87)	(81.44)
Provision for Income Tax	252.42	194.41
Deferred Tax (net)	101.03	(49.75)
Provision for Standard Assets	(28.08)	(40.37)
Provision for Restructured Advances	(0.00)	0.00
Provision for FITL	(55.05)	(5.97)
Provision for unhedged foreign currency exposures	(2.74)	(0.50)
Provision for Non-Banking Asset	(4.41)	(0.71)
Provision for Fraud / Other impaired assets	26.63	(0.18)
TOTAL	651.75	504.78

In terms of our report attached

For and on behalf of Board of Directors

For CNK & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101961W/W-100036

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Partner
Membership No. 100052
UDIN:

Thrissur
21-02-2024

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Chartered Accountants
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Sreevats Gopalakrishnan
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Thrissur
21-02-2024

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Chithra.H
Chief Financial Officer

Jimmy Mathew
Company Secretary

The South Indian Bank Ltd. CFM H.O. Thrissur

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Audited Standalone and Consolidated Financial Statements and Reformatted Audited Standalone and Consolidated Financial Statements included in "*Financial Statements*" on page 74:

Particulars	**Standalone**		**Consolidated**	
	Nine months period ended December 31, 2023 (Unaudited)	**Fiscal year ended March 31, 2023 (Audited)**	**Nine months period ended December 31, 2023 (Unaudited)**	**Fiscal year ended March 31, 2023 (Audited)**
Basic EPS *(₹)*	3.74	3.70	3.74	3.70
Diluted EPS *(₹)*	3.74	3.70	3.74	3.70
Return on Net Worth *(%)*	11.21%	12.71%	11.21%	12.71%
Net Asset Value per Equity Share *(₹)*	33.36	29.14	33.36	29.14

The formulae used in the computation of the above ratios are as follows:

Basic EPS	Net profit/(loss) attributable to equity shareholders for the year/period divided by weighted average number of equity shares outstanding during the year/period. There were no extra ordinary items.
Diluted EPS	Net profit/(loss) attributable to equity shareholders for the year/period divided by the sum of weighted average number of equity shares and dilutive potential equity shares outstanding at the year/period end. Potential equity shares which are anti-dilutive in nature are ignored. There were no extra ordinary items.
Return on Net Worth	Profit/(loss) for the year/period attributable to equity shareholders of the Bank divided by the Net Worth of the Bank at the end of the year/period
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits and share premium, after deducting the aggregate value of deferred taxes (net), intangible assets and MAT Credit as per the audited / unaudited balance sheet, as the case may be, but does not include reserves created out of revaluation of assets.
Net Asset Value per Equity Share	Net Worth of the Bank at the end of the year/period divided by the outstanding number of equity shares at the end of the year / period

(a) Calculation of Basic and Diluted Earnings per share

(in ₹ crores)

Particulars	**Standalone**		**Consolidated**	
	Nine months period ended December 31, 2023 (Unaudited)	**Fiscal year ended March 31, 2023 (Audited)**	**Nine months period ended December 31, 2023 (Unaudited)**	**Fiscal year ended March 31, 2023 (Audited)**
Weighted average number of equity shares used in computation of basic earnings per share	209.27	209.27	209.27	209.27
Potential equity shares arising out of the Employees Stock Option Scheme (ESOS)	0.05	0.00	0.05	0.00
Weighted average number of equity shares used in computation of diluted earnings per share	209.32	209.27	209.32	209.27
Earnings used in the computation of basic earnings per share	782.52	775.09	782.85	775.31
Earnings used in the computation of diluted earnings per share	782.52	775.09	782.85	775.31
Nominal Value of share *(in Rs.)*	1.00	1.00	1.00	1.00
Basic earnings per share (in Rs.) *	**3.74**	**3.70**	**3.74**	**3.70**
Effect of potential equity shares for ESOS	0.00	0.00	0.00	0.00
Diluted earnings per share (in Rs.) *	**3.74**	**3.70**	**3.74**	**3.70**

**Nine months numbers are not annualized.*
Note:
1. Basic earnings per share (₹) = Net profit/(loss) attributable to equity shareholders for the year/period divided by weighted average number of equity shares outstanding during the year/period. There were no extra ordinary items.
2. Diluted earnings per share (₹) = Net profit/(loss) attributable to equity shareholders for the year/period divided by the sum of weighted average number of equity shares and dilutive potential equity shares outstanding at the year/period end. Potential equity shares which are anti-dilutive in nature are ignored. There were no extra ordinary items.

(b) Calculation of Net Worth

(in ₹ crores)

Particulars	Standalone		Consolidated	
	Nine months period ended December 31, 2023 (Unaudited)	**Fiscal year ended March 31, 2023 (Audited)**	**Nine months period ended December 31, 2023 (Unaudited)**	**Fiscal year ended March 31, 2023 (Audited)**
Paid Up Equity Share Capital (A)	209.27	209.27	209.27	209.27
Reserves and Surplus (Excluding Revaluation reserves) (B)	6,836.97	6,113.00	6,837.31	6,113.04
Total Shareholder's Funds (C)=(A)+(B)	**7,046.24**	**6,322.27**	**7,046.58**	**6,322.31**
Less:				
Deferred Tax Asset (Net)		21.41		21.42
MAT Credit		138.25		138.25
Intangible Assets and Intangible Assets under Development – Computer Software	65.19	64.61	65.20	64.61
Subtotal (D)	**65.19**	**224.27**	**65.20**	**224.28**
Net Worth (C)-(D)	**6,981.05**	**6,098.00**	**6,981.38**	**6,098.03**

Capitalisation Statement

The table below sets forth the capitalisation statement of our Bank as at December 31, 2023 derived from the Audited Consolidated Financial Statements, and as adjusted for the Issue:

(in ₹ crores)

Particulars	Pre-Issue as at December 31, 2023	As adjusted for the proposed Issue#
Total Borrowings@		
Current Borrowings*	2,008.34	2,008.34
Non - Current Borrowings	2,204.20	2,204.20
Total Borrowings (I)	**4,212.54**	**4,212.54**
Total Equity		
Equity Share Capital*	209.27	261.59
Reserves and Surplus*#	7,185.42	8,284.11
Total Equity (II)	7,394.69	8,545.70
Ratio: Total Borrowings (I)/ Total Equity (II)	**0.57**	**0.49**

**These terms shall carry the meaning as per Schedule III of the Companies Act, 2013 (as amended).*
 # The figures for the respective line items under 'As adjusted for the proposed Issue' column are derived after considering the impact of proposed Allotment of Equity Shares pursuant to the Issue, assuming full subscription to the Issue, and does not include any other transactions or movements for such financial statements line items after December 31, 2023, including impact of estimated Issue related expenses.
@Borrowings indicated above do not include deposits as on December 31, 2023, amounting to ₹ 99,153.32 crores.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the "Financial Statements" beginning on page 74. Unless otherwise indicated or the context requires, the financial information for Fiscal 2023 and Fiscal 2022 is derived from our Reformatted Audited Standalone Financial Statements for the financial year ended March 31, 2023, with previous year comparatives, and the financial information for nine-month periods ended December 31, 2023 and December 31, 2022 is derived from our Unaudited Interim Condensed Standalone Financial Statements for the nine-month period ended December 31, 2023 with previous period comparatives, included in this Letter of Offer.

*We prepare our financial statements in accordance with Indian GAAP. Our financial statements reflect applicable statutory requirements and regulatory guidelines and accounting practices in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014, and Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply, and guidelines issued by the Reserve Bank of India ("**RBI**"). For the purposes of a comparative analysis in the discussion below, previous years' or periods' figures, as applicable, have been reclassified and regrouped wherever necessary. Our fiscal year ends on March 31, of each year. Accordingly, all references to a particular fiscal year are to the 12-month period ended on March 31, of that year.*

Certain non-GAAP measures presented in this section are a supplemental measure of our business, performance and liquidity that are not required by, or presented in accordance with, Indian GAAP, or IFRS. Further, these non-GAAP measures are not a measurement of our financial performance or liquidity under Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Indian GAAP, or IFRS. In addition, these non-GAAP measures are not standardized terms and hence a direct comparison of similarly titled non-GAAP measures between companies may not be possible. Other companies may calculate the non-GAAP measures differently from us, limiting their usefulness as a comparative measure.

Unless otherwise specified, references herein to "we", "our", "us", "our Bank" are to the Bank on a standalone basis. Although the Bank has one Subsidiary as on date of this Letter of Offer, the impact of the Subsidiary on the Bank's consolidated financial statements is not significant. Accordingly, the Bank primarily utilizes the Bank's standalone financial information to monitor the operational strength and performance of the Bank's business. For more information on the Bank's financial performance on a consolidated basis, see the Bank's Reformatted Audited Consolidated Financial Statements for the financial year ended March 31, 2023, and the Unaudited Interim Condensed Consolidated Financial Statements for the nine-month period ended December 31, 2023, which have been included in this Letter of Offer on pages 166 and 220, respectively.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the section "Forward-Looking Statements" on page 14, the section "Risk Factors" on page 17 and elsewhere in this Letter of Offer.

Overview

Our Bank was incorporated under the Indian Companies Act, 1913 over nine decades ago on January 25, 1929, at Thrissur in Kerala. We are a banking company recognized as a scheduled commercial bank within the meaning of the Reserve Bank of India Act, 1934. Our Bank is predominantly present in Kerala and South India and is gradually expanding its presence in the country. As on December 31, 2023, our Bank has a network 948 branches across 26 states and four union territories, five satellite and ultra small branches, 1,315 ATMs and 57 business correspondents.

Our Bank operates in three primary segments, i.e., retail banking, corporate/wholesale banking, and treasury operations, along with certain other banking operations. As part of its retail banking offerings, our Bank offers several products and services to its retail customers, such as deposits (including term deposits, savings accounts and current accounts), banking services for non-resident Indians ("**NRIs**"), agricultural loans, housing loans and top-ups, loans against property ("**LAP**"), automobile loans, retail gold loans, personal loans, and cards and payment services. These products are offered with certain variations as customized products to certain target groups such as senior citizens, students and salaried employees. Our Bank's corporate/ wholesale banking business offerings include several commercial banking and corporate institutional banking products and services, such as working capital, term loans, documentary letters of credit, bank guarantees, supply chain finance and foreign exchange services. Our Bank has also entered into third party partnerships to offer insurance products, such as life insurance, general insurance and health insurance, and mutual fund products, among others. For further details of our Bank's product offerings, see "*Products and Services*" on page 64.

The Bank's pan-India branch network allows it to provide banking services to a range of customers, including large and mid-sized corporates, institutions, state-owned enterprises as well as commercial, agricultural, industrial and retail customers. As of December 31, 2023, our Bank had approximately 0.76 crore customers, reflecting our large customer base. The Bank also has internet, mobile banking and doorstep banking solutions. As of December 31, 2023, the Bank had approximately 0.12 crore internet banking users and 0.26 crore mobile banking users.

The following table sets forth key highlights of our Bank's financial performance as of and for the financial years ended March 31, 2022, March 31, 2023 and the nine-month periods ended December 31, 2022 and December 31, 2023:

(in ₹ crores, except for percentages or as otherwise indicated)

Key Highlights	As of and for Fiscal		As of and for nine-month period ended December 31,	
	2022	2023	2022	2023
Deposits	89,142.11	91,651.35	90,671.74	99,154.66
Advances	59,993.39	69,804.44	67,920.21	75,339.87
Gross Advances	61,815.76	72,092.06	70,116.68	77,685.92
Interest Earned	6,586.54	7,233.18	5,260.22	6,338.13
Interest Expended	4,346.78	4,221.10	3,105.32	3,880.75
Net Interest Income	2,239.76	3,012.08	2,154.90	2,457.38
Other Income	1,034.10	812.63	467.26	1,169.49
Total Income	7,620.64	8,045.81	5,727.48	7,507.62
Net profit/ (loss) after taxes for the year	44.98	775.09	441.20	782.52
Earnings per share (basic) (in ₹)	0.21	3.70	2.11*	3.74*
Earnings per share (diluted) (in ₹)	0.21	3.70	2.11*	3.74*
Net Interest Margin	2.62%	3.30%	3.17%	3.28%
ROA (based on working funds)	0.04%	0.73%	0.56%	0.91%
ROE	0.77%	11.61%	9.22%	14.05%
CRAR	15.86%	17.25%	16.25%	15.60%
Gross NPA ratio	5.90%	5.14%	5.48%	4.74%
Net NPA ratio	2.97%	1.86%	2.26%	1.61%

***** *Not annualised*

Our Bank has one unlisted wholly owned subsidiary, SIB Operations and Services Limited, which was incorporated on May 28, 2021. SIB Operations and Services Limited is a non-financial company and caters to the operational needs of our Bank. It provides exclusive services to our Bank in the operational areas of tele calling, business development, data entry operations, IT support and other services permitted by RBI.

For further details, see *"Our Business – Overview"* on page 59.

Factors Affecting our Results of Operations

Numerous factors affect our results of operations and financial condition. The following factors are of particular importance:

India's macroeconomic environment

As our operations are conducted in India, we are significantly affected by the general macroeconomic environment in India. A favorable macroeconomic environment is generally characterized by, among other factors, high gross domestic product ("**GDP**") growth, adequate liquid and efficient capital markets, low inflation, a high level of business and investor confidence, stable political and economic conditions, and strong business earnings. Unfavorable or uncertain economic conditions may result from conflict or war, pandemics, declines in economic growth, business activity or investor confidence, limitations on the availability or increases in the cost of credit and capital, increases in inflation, interest rates, exchange rate volatility, default rates or the price of basic commodities, capital controls or limits on the remittance of dividends, or a combination of these and/ or other factors.

Government policies and regulations

The Indian banking industry is regulated by the RBI and operates within a framework that provides guidelines on capital adequacy, corporate governance, management, anti-money laundering and provisioning for NPAs. In addition, RBI's framework stipulates required levels of lending to "priority sectors," such as agriculture, which exposes the Bank to higher levels of risk than it otherwise might face. The RBI can alter any of these policies at any time and can introduce new regulations to control any particular line of business.

Corporate tax rates applicable to the Bank also impact the Bank's profitability. The corporate tax rate applicable to the Bank was 25% for the nine months ended December 31, 2023, as prescribed under Section 115BAA of the Income Tax Act, 1961. Any increase in tax rates could have an impact on the Bank's financial results.

Non-performing loans and provisioning

Indian banks are required to comply with RBI guidelines on recognition and provisioning for non-performing assets ("**NPAs**"). Provisions are created by a charge to expense and represent our estimate for loan losses and risks inherent in the credit portfolio. At a minimum, we make provisions in accordance with RBI guidelines, though we may provide in excess of RBI requirements to reflect our internal estimates of actual losses.

The level of our non-performing loans is affected by, among other things, the general level of economic growth in India, the difficulties inherent in restructuring problem loans, the amount of non-performing loans written-off and our credit approval and monitoring policies. Other factors include a rise in unemployment, prolonged recessionary conditions, decline in household savings and income levels, regulators' assessment and review of our loan portfolio, a sharp and sustained rise in interest rates, refinance risks due to slow-down in lending by non-banking financial companies, housing finance companies and other financial intermediaries, movements in global commodity markets and exchange rates, each of which could cause a further increase in the level of NPAs. An increase in the volume of our NPAs may require us to increase our provisions against advances, investments and the related recovery and litigation costs. To the extent that we are required to make additional provisions on account of our NPAs, such provisions are charged to our profit and loss account and decrease our profitability.

Our net restructured assets considered standard as of Fiscal 2022, Fiscal 2023 and the nine month period ended December 31, 2022 and December 31, 2023 was ₹ 2,175.11 crores, ₹ 1,375.89 crores, ₹ 1,613.51 crores and ₹ 806.26 crores equivalent to 3.52%, 1.91%, 2.30% and 1.04% of our gross advances.

Our gross NPA as a percentage of our gross advances stood at 5.90%, 5.14%, 5.48% and 4.74% as of Fiscal 2022, Fiscal 2023 and the nine month period ended December 31, 2022 and December 31, 2023, respectively. Our net NPA as a percentage of our net advances stood at 2.97%, 1.86%, 2.26% and 1.61% as of Fiscal 2022, Fiscal 2023 and the nine month period ended December 31, 2022 and December 31, 2023, respectively.

Capital Requirements, Reserve Ratios and Liquidity Coverage Ratios

The RBI imposes several compulsory deposit and capital adequacy requirements on banks and financial institutions as a mechanism to control the liquidity and stability of the Indian financial system. The RBI has issued guidelines for implementation of Basel III from April 1, 2013 in a phased manner wherein Indian banks are required to improve the quality and consistency of their capital base, enhance risk coverage and supplement the risk-based capital requirement with a leverage ratio.

*Cash reserve ratio ("**CRR**"):* A bank is required to maintain a specified percentage of its net demand and time liabilities, excluding interbank deposits, by way of balance in current account with the RBI. Due to the outbreak of COVID-19 pandemic, in March 2020, the RBI reduced the CRR requirement from 4.00% to 3.00% of net demand and time liabilities. This was gradually restored to 4.00% in a phased manner with banks required to maintain the cash reserve ratio at 3.50% of their net demand and time liabilities effective from the fortnight beginning March 27, 2021 and at 4.00% effective from fortnight beginning May 22, 2021. In May 2022, the RBI increased the CRR to 4.50% of net demand and time liabilities, effective from the reporting fortnight beginning May 21, 2022. As on the date of this Letter of Offer, the RBI requires a CRR 4.50% of our net demand and time liabilities. In February 2021, the RBI permitted banks to deduct the amount equivalent to credit disbursed to new micro, small and medium enterprise ("**MSME**") borrowers (who have not availed credit from the banking system as on January 1, 2021) from their net demand and time liabilities for calculation of CRR. This exemption was available only up to ₹2.50 million per borrower disbursed up to the fortnight ending October 1, 2021, for a period of one year from the date of origination of the loan or the tenure of the loan, whichever is earlier. In May 2021, the exemption timeline was extended until December 31, 2021.

The RBI has the authority to prescribe CRR without any ceiling limits and it does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period. The daily cash reserve requirement on any day of the fortnight has to be 90.00% of the requirement. Following the outbreak of COVID-19 pandemic, the RBI India reduced the minimum daily maintenance of the cash reserve ratio from 90.00% of the requirement to 80.00% effective from March 28, 2020. This was a one-time dispensation available up to September 25, 2020. Our CRR as of the fortnight end pertinent to March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, was as follows:

Fortnight End Date	Cash Reserve Required as a % of NDTL	Cash Reserve maintained as a % of NDTL
April 8, 2022	4.00%	4.01%
January 13, 2023	4.50%	4.51%
April 7, 2023	4.50%	4.51%
January 12, 2024	4.50%	4.51%

*Statutory liquidity ratio ("**SLR**"):* In addition to the CRR, a bank is required to maintain SLR, which is a specified percentage of its net demand and time liabilities by way of liquid assets like cash, gold or approved unencumbered securities. As on the date of this Letter of Offer, RBI requires a SLR of 18.00% effective since April 2020. Although SLR is intended to be a measure to maintain our liquidity, it has adverse implications on our ability to expand our credit. Changes in the interest rates also impact the valuation of our SLR portfolio and thereby affect our profitability. Our SLR as of the fortnight end pertinent to March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, was as follows:

Fortnight End Date	SLR Required as a % of NDTL	SLR maintained as a % of NDTL
April 8, 2022	18.00%	24.52%
January 13, 2023	18.00%	21.63%
April 7, 2023	18.00%	21.70%
January 12, 2024	18.00%	22.37%

*Liquidity coverage ratio ("**LCR**")*: In line with the Basel III framework, banks in India are required to maintain a minimum LCR, which is a ratio of the stock of high-quality liquid assets to total net cash outflows over the next 30 calendar days under certain prescribed stressed conditions. The LCR is designed to ensure that a bank maintains an adequate level of unencumbered high quality liquid assets to meet any acute liquidity requirements over a hypothetical stressed period lasting 30 days and the requirement was phased in over time. A minimum LCR requirement of 100.00% has been required since January 1, 2019. Our Bank's quarterly average LCR for the quarter ending March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023 was 319.50%, 199.46%, 238.39% and 163.84%, respectively. More stringent compulsory deposit requirements and capital adequacy requirements tend to negatively impact the banks' capital position, thus requiring the banks to commit additional capital in order to meet such increased requirements. This tends to decrease overall liquidity in the financial system and decrease the amount of capital available for deployment in credit transactions or higher-yielding investments, which negatively impacts the banks' interest-earning assets. Any increases in the CRR requirements or capital adequacy requirements could affect our profitability by limiting the amount that is available for commercial credit transactions or for investment in higher-yielding securities, thus restricting our ability to grow our business. We may also be compelled to dispose of certain of our assets and/or take other measures in order to meet more stringent requirements, which may adversely affect our results of operations and financial condition.

Interest Rates

Changes in interest rates affect the interest rates we charge on our interest-earning assets and that we pay on our interest-bearing liabilities. Indian banks, including us, follow the broad guidelines issued by RBI regarding interest rates on deposits and advances while independently deciding the rates. Decreases in the RBI policy rates would prompt Indian banks to re-examine their lending rates. Adverse changes in prevailing interest rates may result in a decline in net interest income due to increase in our costs of funds or deposits without a corresponding increase in our yield on assets. Interest rates are highly sensitive to many external factors beyond our control, including growth rates in the economy, inflation, money supply, RBI's monetary policies, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors.

Sources and cost of funding

Our primary interest-bearing liabilities are our deposit base, subordinated debt instruments, RBI, inter-bank borrowings and borrowings from other financial institutions. An increase in the cost of our interest-bearing liabilities generally tends to increase our interest expenses. Conversely, a decrease in the cost of our interest-bearing liabilities generally tends to decrease our interest expenses. The cost of our interest-bearing liabilities depends on many external factors, including competitive factors and developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the inter-bank markets. Internal factors that can impact our cost of funds include changes in our credit ratings, available credit limits and our ability to mobilize low-cost deposits, particularly from retail customers and balances in current accounts.

The market to attract deposits is competitive, and the Bank must compete with private banks, small finance banks, payment banks, and other public sector banks on factors such as interest rates offered and customer service in order to attract and retain deposits. Deposits in current and savings accounts (known as "**CASA deposits**") attract lower rates of interest and are therefore a particularly low-cost form of funding. The Bank monitors a measure known as "**CASA Ratio**", which is the ratio of CASA deposits to all deposits (including interbank). A higher CASA Ratio generally indicates a lower average cost of deposits. Our CASA Ratio as of March 31, 2022, March 31, 2023, December 31, 2022 and December 31, 2023, was 33.21%, 32.98%, 33.81% and 31.80%.

In order to meet the levels of capital required by regulations, including the Basel III requirements, from time to time, the Bank issues regulatory capital instruments such as Additional Tier 1 and Tier 2 instruments. As these instruments are subordinate to senior debt and may have other features that result in them absorbing losses ahead of other creditors in a stress situation, the cost of such funding may be more expensive than other types of capital markets instruments.

We currently enjoy a relatively low-cost deposit base achieved through a well-distributed and growing deposit base. Our total deposits have increased by 2.82% from ₹ 89,142.11 crores as of Fiscal 2022 to ₹ 91,651.35 crores as of Fiscal 2023, and subsequently to ₹ 99,154.66 crores as on December 31, 2023. In response to increased competition for deposits, our Bank's funding strategy is now primarily focused on growing retail CASA, and retail deposits and reducing the dependency on wholesale term deposits. Our retail deposits represented 95.71%, 97.78%, 97.78% and 95.90% of total deposits in the corresponding periods of Fiscals 2022, 2023 and the nine month period ended December 31, 2022 and December 31, 2023, respectively. In addition, we have a strong NRI franchise. Our NRI franchise has contributed to our development in our deposits and CASA Ratio. The deposits from NRIs constituted 30.78%, 30.72%, 30.84% and 29.49% of total deposits in the corresponding periods of Fiscals 2022, 2023 and the nine month period ended December 31, 2022 and December 31, 2023, respectively. Other sources of funding on which we rely are subordinated debt instruments, RBI, inter-bank borrowings and borrowings from other financial institutions.

Employee cost

Employee cost is a large component of our total cost. In Fiscals 2022, 2023 and the nine month period ended December 31, 2022 and December 31, 2023, our payments to, and provisions for, employees were ₹ 1,197.89 crores, ₹ 1,300.36 crores, ₹ 971.12 crores and ₹ 1,280.18 crores, respectively, constituting 59.12%, 56.11%, 57.93% and 58.38% of our operating expenses, respectively. The Indian financial services sector is highly competitive, and it can be difficult and expensive to hire and assimilate talented and experienced employees. The attrition rate of our employees in Fiscals 2022, 2023 and the nine month period ended December 31, 2022 and December 31, 2023 was 4.11%, 4.88%, 3.78% and 3.65%, respectively.

Significant Accounting Policies

1. ***Revenue recognition***

(a) Interest / discount / other charges income from loans, advances and investments and deposits placed with banks and other institutions are recognized on accrual basis, except in respect of income relating to advances/ investments classified as non-performing advances/ investments, additional finance treated as standard asset under approved restructuring package, where the income is recognized only on realization in accordance with RBI guidelines.

(b) Interest income on loans bought out through the direct assignment route is recognized at their effective interest rate, except in case of such loans classified as non-performing advances.

(c) The recoveries made from NPA accounts are appropriated towards the order of demand applicable to borrowers accounts.

(d) Dividend on investments in shares and units of mutual funds are accounted when the bank's right to receive the dividend is established.

(e) Income on discounted instruments is recognized over the tenure of the instrument on a straight-line basis.

(f) Insurance claims and locker rent are accounted on receipt basis.

(g) Commission income on issuance of bank guarantee / letter of credit is recognized over the period of the guarantee/letter of credit.

(h) Processing fee/ upfront fee, handling charges or income of similar nature collected at the time of sanctioning or renewal of loan/ facility is recognized at the inception/renewal of loan.

(i) Other fees and commission income (including commission income on third party products) are recognized when due, except in cases where the bank is uncertain of ultimate collection.

(j) Unpaid funded interest on term loans are recognized on realization as per the guidelines of RBI.

(k) In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account in the year of sale. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

(l) Fees received on sale of Priority Sector Lending Certificates is considered as Miscellaneous Income, while fees paid for purchase is expensed as other expenses in accordance with the guidelines issued by the RBI.

(m) The difference between the sale price and purchase cost of gold coins, received on consignment basis is included in other income and is recognised at the time of sale to the customers.

(n) Interest on income tax refund is recognised under “other income" in the year of passing of Assessment Orders.

(o) Legal expenses incurred on suit filed accounts are expensed in profit and loss account as per RBI guidelines. Such amount when recovered is treated as income.

(p) In case of one-time settlement (OTS) accounts the recoveries are first adjusted to principal balance and sacrifice on settlement is accounted upfront.

(q) Penal interest is recognized as income on realization other than on running accounts where it is recognized when due.

2. *Investments*

A. *Classification*

(a) In accordance with the RBI guidelines, investments are categorized into “held for trading", “available for sale" and “held to maturity" and further classified under six groups, viz. government securities, other approved securities, shares, debentures and Bonds, subsidiaries and / or joint ventures and other (to be specified) investments for the purposes of disclosure in the Balance Sheet. Shifting amongst the categories is done in accordance with the RBI guidelines.

(b) Investments which are held for sale within 90 days from the date of purchase are classified as “Held for Trading".

(c) Investments which the bank intends to hold till maturity are classified as “Held to Maturity".

(d) Investments which are not classified in either of the above two categories are classified as “Available for Sale".

B. *Acquisition cost*

The cost of investments is determined on the weighted average basis. Broken period interest on debt instruments and government securities is treated as a revenue item. The transaction cost including brokerage, commissions etc. paid at the time of acquisition of investments are charged to the Profit and Loss Account.

C. *Valuation*

The valuation of investments is performed in accordance with the RBI Guidelines:

(a) Investments classified as HFT or AFS - Investments classified under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the Market Price of the Scrip as available from the trades/ quotes on the stock exchanges, or prices declared by Financial Benchmark India Private Limited periodically. Net depreciation, if any, within each category of investment classification is recognized in Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.

The depreciation on securities acquired by way of conversion of outstanding loan is provided in accordance with the RBI guidelines. Provision for depreciation on investments is classified under

Schedule 14 “Other Income.

(b) Held to Maturity - These are carried at their acquisition cost unless it is more than the face value, in which case premium on acquisition is amortized over the remaining maturity of the security on straight line basis. Such amortization of premium is adjusted against interest income under the head 'Income from Investments' under Schedule 13 in Profit and Loss account. As per RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity. Any diminution, other than temporary, in the value of such securities is provided for.

(c) Treasury Bills, commercial paper, Cash management bills and Certificate of Deposits being discounted instruments, are valued at carrying cost which includes discount accrued over the period to maturity.

(d) Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Mutual Fund.

(e) Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Financial Benchmark India Pvt Limited (FBIL) and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk markup for each category and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose;

- in case of bonds and debentures where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;

- Preference shares shall be valued on YTM basis. It shall be valued with appropriate mark-up over the YTM rates for Central Government Securities put out by the FBIL. The preference shares shall not be valued above its redemption value.

- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹ 1/- per company;

- In case of investment by the Bank in SRs issued against loans transferred by it is more than 10 percent of all SRs issued against the transferred asset, then the provision for depreciation in value is made at the higher of - provisioning rate required in terms of net asset value declared by the Reconstruction Company ('RC')/ Securitization Company ('SC') or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continued in the books of the bank.

- Non- Performing Investments are identified and valued based on RBI guidelines. Interest on non-performing investments is recognized on cash basis.

- Investment in subsidiary as per RBI guidelines are categorized as HTM and assessed for impairment to determine permanent diminution, if any

(f) The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions in securities. The investments in equity shares are accounted for on settlement date.

D. *Repo and Reverse Repo transactions*

In accordance with the RBI guidelines repo and reverse repo transactions in government securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are reflected as collateralized borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo is accounted for as interest income.

E. *Short Sales*

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is classified under 'Other Liabilities'. The short position is marked to market and resultant mark-to-market gain/losses are accounted for as per the relevant RBI guidelines for valuation of investments.

F. *Transfer Between Categories*

Transfer of securities between categories is done at the lower of the acquisition cost / book value/ market value on the date of the transfer and the depreciation, if any, on such transfer is fully provided for in accordance with RBI guidelines.

Transfer of scrips from AFS/HFT category to HTM category shall be done at the lower of the acquisition cost / book value / market value on the date of the transfer and the depreciation if any, on such transfer shall be fully provided for in accordance with RBI guidelines.

Transfer of securities from HTM to AFS/HFT category, the investments held under HTM at a discount are transferred to AFS/HFT category at acquisition price and investment placed in the HTM category at premium are transferred to AFS/HFT at amortised cost.

In the case of transfer of securities from AFS to HFT category or vice-versa, the securities need not be re-valued on the date of transfer and the provisions for the accumulated depreciation, if any, held may be transferred to the provisions for depreciation against the HFT securities and vice-versa.

G. *Disposal of Investments*

(a) Investments classified as HFT and AFS - Profit or loss on sale / redemption is included in the Profit and Loss account.

(b) Investments classified as HTM - Profit on sale of /redemption of investments is included in the Profit and Loss Account and is appropriated to capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale/redemption is charged to the Profit and Loss Account.

H. *Investment Fluctuation Reserve*

Investment Fluctuation reserve is accounted in line with the RBI guidelines issued from time to time.

3. *Advances*

A. *Valuation / Measurement*

(a) Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs, sacrifice provisions on restructured advances, claims received from guarantee corporations and unrealised interest on NPAs. Interest on non-performing advances is not recognised in profit and loss account and transferred to an unrealised interest account until receipt. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made as per the guidelines and circulars of the RBI on matters relating to prudential norms.

(b) Non-performing advances are written-off in accordance with the Bank's policies. Amounts recovered against debts written off are recognised in the profit and loss account and included under “Other Income". The recovery of unrealised interest is accounted under “Interest on Loans & Advances" in the profit and loss account.

(c) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest or of principal, whichever is later, falls due, subject to satisfactory performance of the account during the period.
Additional provision for restructured accounts as per the relevant restructuring scheme announced by RBI for Micro, Small and Medium (MSME) sector, accounts affected by natural calamities and as per COVID 19 resolution framework are made as per extant RBI guidelines.

(d) For entities with Unhedged Foreign Currency Exposure(UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. The Provision is classified under Schedule 5 - Other Liabilities in the Balance Sheet.

(e) The Bank maintains general provision for standard assets including credit exposures computed as per the current marked-to-market values of foreign exchange derivative contracts, in accordance with the guidelines and at levels stipulated by RBI from time to time. The Provision is classified under Schedule 5 - Other Liabilities in the Balance Sheet.

(f) The bank transfers advances through interbank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the bank is participating, the aggregate amount of participation is shown as due from banks under advances.

(g) Loss on sale of assets to Asset Reconstruction Companies.

If the sale of non- performing advances is at a price below the net book value, the shortfall is charged to the Profit and Loss Account, spread over a period as specified in RBI guidelines. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

(h) The Bank makes additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated June 7, 2019 on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timeline.

(i) Loans reported as fraud are classified as loss assets and provided as per RBI guidelines.

(j) In the event of substantial erosion in value of loan and remote possibility of collection, nonperforming loans with adequate provisions are evaluated for technical / prudential write off based on Bank's policy and the RBI guidelines. Such write off does not have an impact on the Bank's legal claim against the borrower. The Bank may also write off non-performing loans on one-time settlement ('OTS') with the borrower or otherwise.

4. *Country risk*

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low risk, moderately low risk, moderate risk, moderately high risk, high risk, very high risk, restricted and off-credit as per Export Credit Guarantee Corporation of India Limited ("**ECGC**") guidelines and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure. This provision if any, is classified under Schedule 5 - Other Liabilities in the Balance Sheet.

5. *Fixed Assets (Property Plant & Equipment and Intangibles) and depreciation / amortization*

(a) The Property Plant & Equipment and Intangibles (other than office premise, which are revalued) are stated at historical cost less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on asset put to use is capitalised only when it increases the future benefit / functioning capability from/ of such assets. Gain or losses arising from the retirement or disposal of a Property Plant and Equipment / Intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Profit and Loss Account. Profit on sale of premises after adjustments for tax and transfer to Statutory, if any, is transferred to Capital Reserve as per the RBI guidelines.

(b) Portfolio of immovable properties is revalued periodically by independent valuers to reflect current market valuation. All land and building owned by the bank and used as branches or offices or office quarters are grouped under "Office Premises" in the Property Plant & Equipment. Appreciation, if any, on revaluation is credited to Revaluation Reserve under Capital Reserve. Additional depreciation on revalued asset is charged to Profit and Loss Account and appropriated from Revaluation Reserve to Revenue and other Reserves.

(c) Depreciation /Amortisation: Depreciation is provided on a pro-rata basis on a straight-line method over the estimated useful life of the fixed assets at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013, except for Vehicles which are depreciated over five years, based on technical estimates. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013. Computer software is amortised over its useful life, not more than 5 years.

6. *Impairment of Assets*

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a reduction in revaluation to the extent a revaluation reserve is available for that asset.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognised.

7. *Non-Banking Assets*

Non-banking assets (NBAs) acquired in satisfaction of claims is carried at lower of net book value and net realisable value. Specific provision is made on specific non-banking assets acquired on debt asset swap arrangements as specified by RBI.

8. *Transactions involving foreign exchange*

(a) Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities outstanding at the Balance Sheet date are revalued at rates notified by Foreign Exchange Dealers Association of India [FEDAI] and resulting profits or losses are included in the Profit and Loss Account, as per the guidelines issued by RBI.

(b) Foreign exchange spot and forward Contracts outstanding as at the Balance Sheet date (except Forward Contracts taken to hedge FCNR Deposits/Overseas Borrowings) are revalued at the closing Spot and Forward Rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities. For valuation of contracts having longer maturities, the forward points (for rates/tenures not published by FEDAI) are obtained from Reuters for valuation of the FX Deals. As directed by FEDAI to consider profit or loss on present value basis, the forward profit or loss on the deals are discounted till the valuation date using the discounting yields. The resulting profit or loss on valuation is recognised in the Profit and Loss Account in accordance with RBI/FEDAI Guidelines.

(c) Forward Contracts taken to hedge FCNR Deposits/Overseas Borrowings are translated at the prevailing spot rate at the time of swap. The Premium/ Discount on the swap arising out of the difference in the exchange rate of the swap date and maturity date of the underlying forward exchange contract is amortised over the period of the swap and the same is recognized in the Profit and Loss Account.

(d) Contingent liabilities on account of foreign exchange contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

(e) Currency future contracts are marked to market daily using settlement price on a trading day, which is the closing price of weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the future contracts or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss is daily settled with the exchange.

9. *Derivative transactions*

The Bank recognizes all derivative contracts at fair value, on the date on which the derivative contracts are entered into and are remeasured at fair value as at the Balance sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (Positive marked-to-market) or as liabilities when the fair value is negative (negative marked-to-market). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Profit and Loss Account.

10. *Employee benefits*

(a) *Provident Fund*: The contribution made by the Bank to "The South Indian Bank Ltd Employees Provident Fund", administered by the trustees is charged to Profit and Loss account. The fund is a defined contribution fund and the Bank has no further liability beyond the contribution made to the fund.

(b) *Pension Fund*: The contribution towards "The South Indian Bank Ltd Employees' Pension Fund Trust", managed by trustees, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date and is recognised in the profit and loss account. The actuarial gain or loss arising during the year is recognised in the Profit and Loss Account.

Employees who had joined the services of the Bank with effect from April 1, 2010 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes specified percentage of the Basic Pay plus Dearness Allowance and the expenditure thereof is charged to Profit and Loss account and the Bank has no further liability beyond the contribution to the fund on this account.

(c) *Gratuity:* The bank makes contribution to "The South Indian Bank Ltd Employees' Gratuity Trust" administered and managed by the trustees. The present value of the bank's obligation towards the same is actuarially determined based on the projected unit credit method as at the balance sheet date. The actuarial gain or loss arising during the year is recognised in the Profit and Loss Account.

(d) *Compensated absence on Privilege / Sick / Casual Leave and Leave Travel Concession (LTC)*: The employees of the Bank are entitled to compensated absence on account of privilege / sick / casual leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognised in the profit and loss account. The actuarial gain or loss arising during the year is recognised in the Profit and Loss Account.

The employees are also eligible for LTC as per the rules. The estimated cost of unused entitlement as on the Balance Sheet date based on actuarial valuation is provided for.

(e) *Employees Stock Option Scheme (ESOS):* The SIB ESOS 2008 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Managing Director of the Bank. The Scheme is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits and sweat equity) Regulations, 2021. The Bank followed intrinsic value method to account for its stock based employee compensation plans as per the Guidelines for all the options granted till the accounting period ending 31 March, 2021.

RBI issued a clarification on Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers /Material Risk Takers and Control Function Staff on 30 August, 2021, advising banks that the share-linked instruments are required to be fair valued on the date of grant using the Black-Scholes model. Accordingly, the Bank has changed its accounting policy from the intrinsic value method to the fair value method for all share- linked instruments granted after 31 March, 2021 and consequently recognized the fair value of options computed using the Black- Scholes model, without reducing estimated forfeitures, as compensation expense over the vesting period. Options are granted at an exercise price, which is equal to the fair market price of the underlying equity shares at the date of the grant or at such a discount as may be approved by NRC/Board from time to time. The fair market price being the closing price of stock exchange which recorded the highest trading volumes in equity shares of the Bank and trading day immediately preceding the date on which the grant of options was approved and recommended to Board by Nomination and Remuneration Committee of Board.

(f) *Other Employee Benefits:* The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employee is recognised during the period when the employee renders the service. These benefits include performance incentives.

(g) *New Pension Scheme ('NPS'):* In respect of employees who are covered under NPS, the Bank contributes certain percentage of the sum of basic salary and dearness allowance of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies and regulated by PFRDA. NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

11. *Segment Reporting*

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI. Segmental expenses are allocated as per board approved policy.

12. *Debit Card Reward Points*

The Bank runs a loyalty program which seeks to recognise and reward customers based on their Debit Card Transactions. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing independent actuary. Provision for said reward points is then made based on the actuarial valuation report as furnished by the said independent Actuary.

13. *Earnings Per Share (EPS)*

The Bank reports Basic and Diluted Earnings per Equity Share in accordance with Accounting Standard 20, prescribed under section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021. Basic EPS has been computed by dividing Net Profit for the year by the weighted average number of Equity Shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. A diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end. Potential equity shares which are anti-dilutive in nature are ignored.

14. *Taxes on income*

Income tax expense is the aggregate amount of current tax and deferred tax charge. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961, the rules framed there under and considering the material principles set out in Income Computation and Disclosure Standards and as per Accounting Standard 22 - "Accounting for Taxes on Income" respectively.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961, Accounting Standard 22 - "Accounting for Taxes on Income" and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Bank has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Bank.

15. ***Accounting for Provisions, Contingent Liabilities and Contingent Assets***

In accordance with Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets prescribed under section 133 of the Companies Act, 2013, the Bank recognises provisions when it has a present obligation as a result of a past event and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

16. ***Operating Lease***

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms.

17. ***Cash and cash equivalents***

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and balances with other banks/institutions and Money at Call and Short Notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

18. ***Share issue expenses***

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013 and in line with the respective RBI guidelines issued from time to time.

19. ***Corporate Social Responsibility***

Expenditure towards Corporate Social Responsibility is recognized in accordance with Companies Act 2013.

20. ***Accounting of Priority Sector Lending Certificate (PSLC)***

The Bank vide RBI circular FIDD.CO.Plan. BC.23/04.09.01/2015-16 dated April 7, 2016 trades in priority sector portfolio by selling or buying PSLC, without transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

21. ***Accounting for Dividend***

In terms of revised Accounting Standard (AS) 4 "Contingencies and Events occurring after the Balance sheet date" as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016 dated March 30, 2016, Proposed Dividend or Dividend declared after balance sheet date are not shown as liability in current year balance sheet. The effect of the proposed dividend shall be reckoned in determining capital funds in the computation of capital adequacy ratios in Financial Year for which the dividend is declared.

In case of interim dividend, the same shall be reckoned in the same quarter.

22. ***Cash Flows***

Cash flow Statement has been prepared under the Indirect Method.

Components of Income and Expenditure

Interest Earned

Interest earned consists of interest /discount on advances / bills, income on investments, interest on balances with RBI and other inter-bank funds and other interest earned from other sources.

Other Income

Our other income consists principally of (i) commission, exchange and brokerage, (ii) profit or loss on the sale of investments, (iii) provision for depreciation of investments, (iv) profit or loss on the sale of land, buildings and other assets; (iv) profit or loss on foreign exchange and derivative transactions; and (vi) miscellaneous income, which primarily includes recoveries in assets written off.

Interest Expended

Our interest expended consists of interest on deposits, interest on RBI and inter-bank borrowings, and other interest such as interest on other borrowings from other financial institutions.

Operating Expenses

Our operating expenses consist principally of (i) payments to and provision for employees, (ii) rent, taxes and lighting, (iii) printing and stationery, (iv) advertisement and publicity, (v) depreciation on our Bank's property, (vi) directors' remuneration, fees, allowances and expenses, (vii) auditors' fees and expenses, (viii) law charges, (ix) postage, telegrams, telephones, etc., (x) repairs and maintenance, (xi) insurance and (xii) other expenditure, which includes expenditure on corporate social responsibility.

Provisions and Contingencies

Our provisions and contingencies consist of (i) provision towards NPAs (including write-offs and excluding technical write-offs), (ii) provision for non-performing investments, (iii) provision for taxes (net of write back) (iv) deferred tax, (v) MAT credit, (vi) provision for standard assets, (vii) provision for restructured advances, (viii) provision for unhedged foreign currency exposures, (ix) provision for non-banking asset, (x) provision for fraud/other impaired assets etc.

Fiscal 2023 compared to Fiscal 2022

Summary of Performance

Particulars	**Fiscal**		
	2023	**2022**	**% Increase/ (Decrease)**
	(₹ in crores, except percentages)		
Income			
Interest earned	7,233.18	6,586.54	9.82
Other income	812.63	1,034.10	(21.42)
Total	8,045.81	7,620.64	5.58
Expenditure			
Interest expended	4,221.10	4,346.78	(2.89)
Operating expenses	2,317.38	2,026.29	14.37
Provisions and contingencies	732.24	1,202.59	(39.11)
Total	7,270.72	7,575.66	(4.03)
Net profit for the year	775.09	44.98	1,623.19

Interest earned

Our total interest earned increased by 9.82% from ₹ 6,586.54 crores for Fiscal 2022 to ₹ 7,233.18 crores for Fiscal 2023. The increase in interest earned was primarily due to an increase in interest and discounts on advances and bills from ₹ 5,069.34 crores for Fiscal 2022 to ₹ 5,712.15 crores for Fiscal 2023 and increase in income on investments from ₹ 1,039.81 crores for Fiscal 2022 to ₹ 1,285.73 crores for Fiscal 2023.

Interest Expended

Our total interest expended has decreased by 2.89% from ₹ 4,346.78 crores for Fiscal 2022 to ₹ 4,221.10 crores for Fiscal 2023. This decrease was primarily due to a decrease in interest on deposits from ₹ 4,062.37 crores in Fiscal 2022 to ₹ 3,853.32 crores in Fiscal 2023.

Net Interest Income

Particulars	Fiscal		
	2023	2022	% Increase/ (Decrease)
	(₹ in crores, except percentages)		
Interest earned			
Interest / discount on advances / bills	5,712.15	5,069.34	12.68
Income on investments	1,285.73	1,039.81	23.65
Interest on balances with RBI and other inter-bank funds	132.10	333.73	(60.42)
Others	103.20	143.66	(28.16)
Total interest earned	**7,233.18**	**6,586.54**	**9.82**
Interest expended			
Interest on deposits	3,853.32	4,062.37	(5.15)
Interest on RBI / inter-bank borrowings	1.66	4.04	(58.91)
Others	366.12	280.37	30.58
Total interest expended	**4,221.10**	**4,346.78**	**(2.89)**
Net Interest Income	**3,012.08**	**2,239.76**	34.48

Our net interest income increased by 34.48% from ₹ 2,239.76 crores for Fiscal 2022 to ₹ 3,012.08 crores for Fiscal 2023. Our net interest margin increased from 2.62% in Fiscal 2022 to 3.30% in Fiscal 2023, primarily due to a higher better product mix and asset liability management. The following table sets out the components of our net interest income:

Operating Expenses

The following table sets out the components of operating expenses:

Particulars	Fiscal		
	2023	2022	% Increase/ (Decrease)
	(₹ in crores, except percentages)		
Payments to and provision for employees	1,300.36	1,197.89	8.55
Rent, taxes and lighting	138.80	128.80	7.76
Printing and stationery	24.84	12.61	96.99
Advertisement and publicity	12.37	2.78	344.96
Depreciation on our property	87.48	84.02	4.12
Directors' fees, remuneration, allowances and expenses	2.30	1.98	16.16
Auditors' fees and expenses (including branch auditors' fees and expenses)	2.80	2.13	31.46
Law charges	22.22	14.53	52.92
Postage, telegrams, telephone etc.	57.28	50.52	13.38
Repairs and maintenance	64.74	50.79	27.47
Insurance	121.10	115.94	4.45
Other expenditure (including expenditure towards corporate social responsibility)	483.09	364.30	32.61
Total operating expenses	2,317.38	2,026.29	14.37

Our total operating expenses increased by 14.37% from ₹ 2,026.29 crores for Fiscal 2022 to ₹ 2,317.38 crores in Fiscal 2023. This increase was primarily due to:

- an increase in other expenditure increased from ₹ 364.30 crores in Fiscal 2022 to ₹ 483.09 crores in Fiscal 2023;
- payment to and provisions for employees increased by from ₹ 1,197.89 crores in Fiscal 2022 to ₹ 1,300.36 crores in Fiscal 2023;
- repairs and maintenance increased from ₹ 50.79 crores in Fiscal 2022 to ₹ 64.74 crores in Fiscal 2023;
- rent, taxes and lighting increased from ₹ 128.80 crores in Fiscal 2022 to ₹ 138.80 crores in Fiscal 2023.

Provisions and Contingencies

Provisions and contingencies decreased by 39.11 % from ₹ 1,202.59 crores in Fiscal 2022 to ₹ 732.24 crores in Fiscal 2023. This decrease was primarily due to a decrease in provision for NPAs from ₹ 1,161.40 crores in Fiscal 2022 to ₹ 623.07 crores in Fiscal 2023. Further, there was also decrease in provision for standard assets from ₹ 175.57 crores in Fiscal 2022 to ₹ (58.61) crores in Fiscal 2023.

Net Profit

As a result of the above, our net profit for the year increased by 1,623.19% from ₹ 44.98 crores for Fiscal 2022 to ₹ 775.09 crores for Fiscal 2023.

Nine month ended December 31, 2023 compared to nine month ended December 31, 2022

Summary of Performance

Particulars	Nine Months ended 31, December		
	2023	2022	% Increase/ (Decrease)
	(₹ in crores, except percentages)		
Income			
Interest earned	6,338.13	5,260.22	20.49
Other income	1,169.49	467.26	150.29
Total	7,507.62	5,727.48	31.08
Expenditure			
Interest expended	3,880.75	3,105.32	24.97
Operating expenses	2,192.74	1,676.38	30.80
Provisions and contingencies	651.61	504.58	29.14
Total	6,725.10	5,286.28	27.22
Net profit for the period	782.52	441.20	77.36

Interest earned

Our total interest earned increased by 20.49% from ₹ 5,260.22 crores for nine months period ended December 31, 2022 to ₹ 6,338.13 crores for nine months period ended December 31, 2023. The increase in interest earned was primarily due to an increase in interest and discounts on advances and bills from ₹ 4,122.84 crores for nine months period ended December 31, 2022 to ₹ 5,070.05 crores for nine months period ended December 31, 2023 and increase in income on investments from ₹ 941.55 crores for nine months period ended December 31, 2022 to ₹ 1,144.52 crores for nine months period ended December 31, 2023.

Interest Expended

Our total interest expended has increased by 24.97% from ₹ 3,105.32 crores for nine months period ended December 31, 2022 to ₹ 3,880.75 crores for nine months period ended December 31, 2023. This increase was primarily due to an increase in interest on deposits from ₹ 2,840.06 crores for nine months period ended December 31, 2022 to ₹ 3,595.41 crores for nine months period ended December 31, 2023.

Net Interest Income

Our net interest income increased by 14.04% from ₹ 2,154.90 crores for nine months period ended December 31, 2022 to ₹ 2,457.38 crores for nine months period ended December 31, 2023. Our net interest margin increased from 3.17% for nine months period ended December 31, 2022 to 3.28% for nine months period ended December 31, 2023, primarily due to a higher better product mix and asset liability management. The following table sets out the components of our net interest income:

Particulars	Nine months ended 31, December		
	2023	2022	% Increase/ (Decrease)
	(₹ in crores, except percentages)		
Interest earned			
Interest / discount on advances / bills	5,070.05	4,122.84	22.97
Income on investments	1,144.52	941.55	21.56
Interest on balances with RBI and other inter-bank funds	66.41	113.07	-41.27
Others	57.15	82.76	-30.94

Particulars	Nine months ended 31, December		
	2023	2022	% Increase/ (Decrease)
	(₹ in crores, except percentages)		
Total interest earned	**6,338.13**	**5,260.22**	**20.49**
Interest expended			
Interest on deposits	3,595.41	2,840.06	26.60
Interest on RBI / inter-bank borrowings	6.18	1.48	317.57
Others	279.16	263.78	5.83
Total interest expended	**3,880.75**	**3,105.32**	**24.97**
Net Interest Income	**2,457.38**	**2,154.90**	**14.04**

Operating Expenses

The following table sets out the components of operating expenses:

Particulars	Nine months ended 31, December		
	2023	2022	% Increase/ (Decrease)
	(₹ in crores, except percentages)		
Payments to and provision for employees	1,280.18	971.12	31.83
Rent, taxes and lighting	114.68	102.15	12.27
Printing and stationery	14.11	8.58	64.45
Advertisement and publicity	9.14	5.35	70.84
Depreciation on our property	65.90	64.19	2.66
Directors' fees, remuneration, allowances and expenses	2.21	1.62	36.42
Auditors' fees and expenses (including branch auditors' fees and expenses)	2.40	2.01	19.40
Law charges	17.73	15.02	18.04
Postage, telegrams, telephone etc.	55.82	35.37	57.82
Repairs and maintenance	57.78	44.79	29
Insurance	93.76	91.42	2.56
Other expenditure (including expenditure towards corporate social responsibility)	479.03	334.76	43.10
Total operating expenses	**2,192.74**	**1,676.38**	**30.80**

Our total operating expenses increased by 30.80% from ₹ 1,676.38 crores for nine months period ended December 31, 2022 to ₹ 2,192.74 crores for nine months period ended December 31, 2023. This increase was primarily due to:

- an increase in other expenditure increased from ₹ 334.76 crores for nine months period ended December 31, 2022 to ₹ 479.03 crores for nine months period ended December 31, 2023;

- payment to and provisions for employees increased from ₹ 971.12 crores for nine months period ended December 31, 2022 to ₹ 1,280.18 crores for nine months period ended December 31, 2023;

- repairs and maintenance increased from ₹ 44.79 crores for nine months period ended December 31, 2022 to ₹ 57.78 crores for nine months period ended December 31, 2023;

- rent, taxes and lighting increased from ₹ 102.15 crores for nine months period ended December 31, 2022 to ₹ 114.68 crores for nine months period ended December 31, 2023.

Provisions and Contingencies

Provisions and contingencies increased by 29.14 % from ₹ 504.58 crores for nine months period ended December 31, 2022 to ₹ 651.61 crores for nine months period ended December 31, 2023. This increase was primarily due to an increase in provision for tax from ₹ 144.45 crores for nine months period ended December 31, 2022 to ₹ 353.31 crores for nine months period ended December 31, 2023. Further, there was also decrease in write back for standard assets from ₹ (40.37) crores for nine months period ended December 31, 2022 to ₹ (28.08) crores for nine months period ended December 31, 2023.

Net Profit

As a result of the above, our net profit for the period increased by 77.36% from ₹ 441.20 crores for nine months period ended December 31, 2022 to ₹ 782.52 crores for nine months period ended December 31, 2023.

Financial Condition

Assets

The following table sets forth the principal components of our assets as of the dates indicated:

(*in ₹ crores*)

Particulars	As of Fiscal		As of December 31,	
	2023	2022	2023	2022
Cash and balances with the RBI	4,639.22	7,276.61	5,055.80	5,411.18
Balances with banks and money at call and short notice	2,441.27	3,926.82	1,823.36	1,407.35
Investments	24,641.80	21,445.01	25,334.61	22,925.17
Advances	69,804.44	59,993.39	75,339.87	67,920.21
Fixed assets	877.92	811.05	930.78	877.53
Other assets	5,293.53	6,599.54	5,029.72	5,291.81
Total	107,698.18	100,052.42	113,514.14	103,833.25

Our total assets increased by 7.64% from ₹ 100,052.42 crores as of Fiscal 2022 to ₹107,698.18 crores as of Fiscal 2023. This increase was primarily due to:

- an increase in net advances by 16.35% from ₹ 59,993.39 crores as of Fiscal 2022 to ₹69,804.44 crores as of Fiscal 2023;

- an increase in net investments by 14.91% from ₹21,445.01 crores as of Fiscal 2022 to ₹ 24,641.80 crores as of Fiscal 2023;

- an increase in fixed assets by 8.24% from ₹ 811.05 crores as of Fiscal 2022 to ₹877.92 crores as of Fiscal 2023.

This was partially offset by a decrease in cash and balances with RBI from ₹7,276.61 crores as of Fiscal 2022 to ₹4,639.22 crores as of Fiscal 2023 and decrease in other assets from ₹ 6,599.54 crores as of Fiscal 2022 to ₹ 5,293.53 crores as of Fiscal 2023.

Advances

The following table sets forth a breakdown of our net advances as of the dates indicated:

(*in ₹ crores*)

Particulars	Fiscal		As of nine-month period ended December 31,	
	2023	2022	2022	2023
Bills Purchased and Discounted	8,133.50	5,110.94	7,648.06	9,363.98
Cash Credits, Overdrafts and Loans repayable on demand	36,728.60	29,607.50	34,791.61	38,731.61
Term Loans	24,942.34	25,274.95	25,480.54	27,244.28
Total Advances	**69,804.44**	**59,993.39**	**67,920.21**	**75,339.87**

The Bank's total net advances increased by 16.35% from ₹59,993.39 crores as of Fiscal 2022 to ₹ 69,804.44 crores as of Fiscal 2023, primarily due to an increase in (i) bills purchased and discounted from ₹ 5,110.94 crores as of Fiscal 2022 to ₹ 8,133.50 crores as of Fiscal 2023; and (ii) cash credits, overdrafts and loans repayable on demand from ₹ 29,607.50 crores as of Fiscal 2022 to ₹ 36,728.60 crores as of Fiscal 2023.

Investments

The following table sets forth a breakdown of our investments as of the dates indicated:

(*in ₹ crores*)

Particulars	Fiscal		As of nine-month period ended December 31,	
	2023	2022	2023	2022
Investments in India				
Government securities	22,376.61	19,465.53	23,015.61	20,268.22
Other approved securities	-	-	-	-

Particulars	Fiscal		As of nine-month period ended December 31,	
	2023	2022	2023	2022
Shares	218.33	54.56	131.18	139.16
Debentures and bonds	1,297.95	571.85	1,610.57	1,699.33
Subsidiaries and/or joint ventures	0.50	0.50	0.50	0.50
Others#	748.21	1352.37	576.55	817.76
Total investments in India			25,334.41	22,924.67
Investments outside India				
Shares	0.20	0.20	0.20	0.20
Total investments outside India	0.20	0.20	0.20	0.20
Total investments	24,641.80	21,445.01	25,334.61	22,925.17

#includes security receipts, certificate of deposit and commercial paper.

Our total net investments increased by 14.91% from ₹ 21,445.01 crores as of Fiscal 2022 to ₹ 24,641.80 crores as of Fiscal 2023, primarily as a result of increase in investment in (i) government securities in India from ₹19,465.53 crores as of Fiscal 2022 to ₹22,376.61 crores as of Fiscal 2023 and (ii) debentures and bonds from ₹ 571.85 crores as of Fiscal 2022 to ₹ 1,297.95 crores as of Fiscal 2023.

Our total net investments increased by 10.51% from ₹ 22,925.17 crores as of nine months period ended December 31, 2022 to ₹ 25,334.61 crores as of nine months period ended December 31, 2023, primarily as a result of increase in investment in (i) government securities in India from ₹ 20,268.22 crores as of nine months period ended December 31, 2022 to ₹23,015.61 crores as of nine months period ended December 31, 2023.

Liabilities

The following table sets forth the principal components of our liabilities as of the dates indicated:

(in ₹ crores)

Particulars	Fiscal		As of nine-month period ended December 31,	
	2023	2022	2023	2022
Deposits	91,651.35	89,142.11	99,154.66	90,671.74
Borrowings	6,993.85	3,294.49	4,212.54	4,772.72
Other liabilities and provisions	2,378.29	1,761.40	2750.86	2,039.28
Total	1,01,023.49	94,198.00	1,06,118.06	97,483.74

Our liabilities (excluding capital, employee stock options (grants) outstanding, and reserves and surplus) increased by 7.25% from ₹94,198.00 crores as of Fiscal 2022 to ₹1,01,023.49 crores as of Fiscal 2023. The increase was primarily on account of growth in our deposits and borrowings.

Our liabilities (excluding capital, employee stock options (grants) outstanding, and reserves and surplus) increased by 8.86% from ₹97,483.74 crores as of December 31, 2022 to ₹1,06,118.06 crores as of December 31, 2023. The increase was primarily on account of growth in our deposits and borrowings.

Deposits

The following table sets forth a breakdown of our deposits, as well as the percentage of total deposits that each item contributes, as of the dates indicated:

Particulars	Fiscal				As of nine-month period ended December 31,			
	2023		2022		2023		2022	
	Amount (₹ crores)	Percentage of total deposits (%)	Amount (₹ crores)	Percentage of total deposits (%)	Amount (₹ crores)	Percentage of total deposits (%)	Amount (₹ crores)	Percentage of total deposits (%)
Demand deposits from banks	7.02	0.01	12.37	0.01	10.65	0.01	16.01	0.02
Demand deposits form others	4,978.96	5.43	4,849.15	5.44	5,491.37	5.54	5,327.87	5.88
Saving bank deposits	25,241.08	27.54	24,739.85	27.75	26,026.92	26.25	25,316.03	27.92
Term deposits from banks	334.57	0.37	2,228.73	2.50	603.26	0.61	305.12	0.34

Particulars	Fiscal				As of nine-month period ended December 31,			
	2023		2022		2023		2022	
	Amount (₹ crores)	Percentage of total deposits (%)	Amount (₹ crores)	Percentage of total deposits (%)	Amount (₹ crores)	Percentage of total deposits (%)	Amount (₹ crores)	Percentage of total deposits (%)
Term deposits from others	61,089.72	66.65	57,312.01	64.29	67,022.47	67.59	59,706.70	65.85
Total	**91,651.35**	**100.00**	**89,142.11**	**100.00**	**99,154.66**	**100**	**90,671.74**	**100**

Deposits comprised of (a) demand deposits from banks, (b) demand deposits from others, (c) saving bank deposits, (d) term deposits from banks, and (e) term deposits from others.

Deposits increased by 2.81 % from ₹ 89,142.11 crores as of Fiscal 2022 to ₹ 91,651.35 crores as of Fiscal 2023 on account of an increase in demand deposits from others, saving bank deposits and term deposits from others, which was offset by decrease in demand deposits from banks and term deposits from banks.

Deposits increased by 9.36% from ₹ 90,671.74 crores as of December 31, 2022 to ₹ 99,154.66 crores as of December 31, 2023 on account of an increase in demand deposits from others, saving bank deposits and term deposits from others, which was offset by decrease in demand deposits from banks and term deposits from banks.

Borrowings

Our borrowings increased by 112.29 % from ₹ 3,294.49 crores as of Fiscal 2022 to ₹ 6,993.85 crores as of Fiscal 2023. The increase was primarily on account of borrowings in India to support lending activities, as well as borrowings outside India.

Our borrowings decreased by 11.74% from ₹ 4,772.72 crores as of December 31, 2022 to ₹ 4,212.54 crores as of December 31, 2023. The decrease was primarily on account of redemption of refinance availed.

Other liabilities and provisions

Other liabilities and provisions increased by 35.02% from ₹ 1,761.40 crores as of Fiscal 2022 to ₹ 2,378.29 crores as of Fiscal 2023. The increase was primarily on account of increase in interest accrued and provision for standard assets.

Other liabilities and provisions increased by 34.89% from ₹ 2,039.28 crores as of December 31, 2022 to ₹ 2,750.86 crores as of December 31, 2023. The increase was primarily on account of provision for salary arrears and settlement of card transactions.

Cash Flows

The following table sets forth our cash flows for the period indicated:

(in ₹ crores)

Particulars	Fiscal		As of and for nine months ended December 31,	
	2023	2022	2023	2022
Net cash flow from / (used) in operating activities	(7,260.82)	5,165.32	5,922.63	(6,361.58)
Net cash flow from / (used) in investing activities	(386.05)	(1,740.58)	(3,218.51)	559.81
Net cash flow from / (used in) financing activities	3,523.93	(989.19)	(2,905.46)	1,416.87
Net increase / (decrease) in cash and cash equivalents	(4,122.94)	2,435.55	(201.33)	(4,384.90)
Cash and cash equivalents at the beginning of the year	11,203.43	8,767.88	7,080.49	11,203.43
Cash and cash equivalents at the end of the year	7,080.49	11,203.43	6,879.16	6,818.53

Cash flows from / (used) in operating activities

Net cash used in operating activities was ₹ 7,260.82 crores in Fiscal 2023. Net profit before taxes in Fiscal 2023 amounted to ₹ 1,108.21 crores with adjustments primarily for provision for non-performing investments/ depreciation of investments of ₹296.98 crores, amortization of premium on held to maturity investments of ₹ 312.41 crores, write back against standard assets of ₹ (58.61) crores and depreciation of ₹ 87.48 crores. The main working capital adjustments in Fiscal 2023 included, increase in advances of ₹ 10,434.08 crores, increase in investments of ₹3,529.07 crores, and increase in deposits of ₹ 2,509.25 crores.

Net cash flow from operating activities was ₹ 5,165.32 crores in Fiscal 2022. Net loss before taxes in Fiscal 2022 amounted to ₹ 91.99 crores with adjustments primarily for provision for non-performing investments/depreciation of investments of ₹ 256.30 crores, amortization of premium on held to maturity investments of ₹ 256.54 crores, provision against standard assets of ₹ 175.57 crores and depreciation of ₹ 84.02 crores. The main working capital adjustments in Fiscal 2022 included, increase in advances of ₹ 3,099.54 crores, decrease in investments of ₹66.80 crores and increase in deposits of ₹ 6,431.56 crores.

Net cash flow from operating activities was ₹ 5,922.63 crores in nine month period ended December 31, 2023. Net profit before taxes in nine month period ended December 31, 2023 amounted to ₹ 1,135.82 crores with adjustments primarily for provision for non-performing investments/depreciation of investments of ₹ 39.79 crores, amortization of premium on held to maturity investments of ₹ 210.64 crores, provision against standard assets of ₹ (28.08) crores and depreciation of ₹ 65.90 crores. The main working capital adjustments in nine month period ended December 31, 2023 included, increase in advances of ₹ 5,900.25 crores, decrease in investments of ₹2,161.56 crores and increase in deposits of ₹ 7,503.31 crores.

Net cash used in operating activities was ₹ 6,361.58 crores in nine month period ended December 31, 2022. Net profit before taxes in nine month period ended December 31, 2022 amounted to ₹ 585.65 crores with adjustments primarily for provision for non-performing investments/ depreciation of investments of ₹273.30 crores, amortization of premium on held to maturity investments of ₹ 237.70 crores, write back against standard assets of ₹ (40.37) crores and depreciation of ₹ 64.19 crores. The main working capital adjustments in nine month period ended December 31, 2022 included, increase in advances of ₹ 8,416.12 crores, increase in investments of ₹2,626.53 crores, and increase in deposits of ₹ 1,529.63 crores.

Cash flows from / (used) in investing activities

Net cash flow used in investing activities was ₹ 386.05 crores in Fiscal 2023, primarily due to purchase of held to maturity investments of ₹ 277.11 crores and purchase of fixed assets of ₹ 112.70 crores.

Net cash flow used in investing activities was ₹ 1,740.58 crores in Fiscal 2022, primarily due to purchase of held to maturity investments of ₹ 1,703.56 crores and purchase of fixed assets of ₹ 101.87 crores.

Net cash flow used in investing activities was ₹ 3,218.51 crores in nine month period ended December 31, 2023, primarily due to purchase of held to maturity investments of ₹ 3,104.80 crores and purchase of fixed assets of ₹ 120.98 crores.

Net cash flow from investing activities was ₹ 559.81 crores in nine month period ended December 31, 2022, primarily due to sale of held to maturity investments of ₹ 635.37 crores and purchase of fixed assets of ₹ 77.51 crores.

Cash flows from / (used) in financing activities

Net cash flow from financing activities was ₹ 3,523.93 crores in Fiscal 2023, primarily on account of net proceed in borrowings of ₹ 3,699.36 crores and interest on subordinated bonds of ₹ (175.43) crores.

Net cash flow used in financing activities was ₹ 989.19 crores in Fiscal 2022, primarily on account of repayment of borrowings of ₹ 813.78 crores and interest on subordinated debt of ₹ (175.41) crores.

Net cash flow used in financing activities was ₹ 2,905.45 crores in nine months period ended December 31, 2023, primarily on account of repayment in borrowings of ₹ 2,781.31 crores, dividend paid (including corporate dividend tax) of ₹ 62.78 crores, and interest on subordinated bonds of ₹ (61.36) crores.

Net cash flow from financing activities was ₹ 1,416.87 crores in nine months period ended December 31, 2022, primarily on account of net proceed in borrowings of ₹ 1,478.23 crores and interest on subordinated bonds of ₹ (61.36) crores.

Capital adequacy requirements

Our Bank is a banking company within the meaning of the Indian Banking Regulation Act, 1949. We are registered with and subject to supervision by the RBI.

As per the Basel III Capital Regulations of the RBI, we are required to maintain a minimum total capital to risk weighted assets ratio ("**CRAR**") of 9.00%, minimum common equity tier 1 capital to risk weighted assets ratio ("**CET1 CRAR**") of 5.50%, tier 1 capital to risk weighted assets ratio ("**Tier 1 CRAR**") of 7.00%, along with capital conservation buffer ("**CCB**") of 2.50%. The Bank's CET1 CRAR, Tier 1 CRAR and CRAR, calculated pursuant to the Basel III Capital Regulations, as of the dates indicated, are as follows:

Particulars	**Basel III - Fiscal**		**Basel III – December 31,**	
	2023	**2022**	**2023**	**2022**
	(*₹ in crores, except percentages*)		(*₹ in crores, except percentages*)	
CET1 capital	6,315.63	5,550.94	6,226.14	5,611.70
Additional Tier 1 capital	500.00	500.00	500.00	500.00
Tier 1 capital	6,815.63	6,050.94	6,726.14	6,111.70
Tier 2 capital	1,161.37	1,206.80	1,117.72	1,133.22
Total capital	7,977.00	7,257.74	7,843.86	7,244.92
Total risk weighted assets and contingents	46,224.83	45,743.59	50,291.86	44,562.97
Capital ratios				
CET1 CRAR	13.66%	12.13%	12.38%	12.59%
Tier 1 CRAR	14.74%	13.22%	13.37%	13.71%
CRAR	17.25%	15.86%	15.60%	16.25%
Minimum capital ratios required by the RBI				
CET1 CRAR (including CCB)	8.00%	8.00%	8.00%	8.00%
Tier 1 CRAR (including CCB)	9.50%	9.50%	9.50%	9.50%
CRAR (including CCB)	11.50%	11.50%	11.50%	11.50%

Our Subsidiary, SIB Operations and Services Limited, is a non-financial entity, and hence not consolidated for capital adequacy purpose.

Contingent Liabilities

Our Bank's contingent liabilities primarily relate to claims against us not acknowledged as debts. These include demands raised by income tax and other statutory authorities and disputed by the Bank. Contingent liabilities also include liabilities on account of outstanding forward exchange contracts that the Bank enters into on its own account and on behalf of its customers. Guarantees given on behalf of constituents in India entities, acceptances, endorsements and other obligations also form part of the contingent liabilities. The table below sets forth, as of the dates indicated, the principal components of the Bank's contingent liabilities:

(*₹ in crores*)

Particulars	**As of March 31,**		**As of December 31,**	
	2023	**2022**	**2023**	**2022**
I. Claims against the Bank not acknowledged as debts				
(i) Direct tax disputes	20.50	20.50	20.50	20.50
(ii) Indirect tax disputes	22.03	22.72	19.05	22.03
(iii) Others	26.86	26.99	25.54	26.72
II. Liability on account of outstanding forward exchange contracts	22,517.21	30,894.64	34,116.37	20,357.54
III. Guarantees given on behalf of constituents				
(i) in India	1,697.82	1,542.40	2,139.67	1,991.74
(ii) outside India	425.96	198.97	-	-
IV. Acceptances, endorsements and other obligations	925.38	836.35	891.95	907.10
V. Other items for which the Bank is contingently liable				
(i) Capital commitments	36.84	38.44	75.07	37.63
(i) Transfers to Depositor Education and Awareness Fund (DEAF)	218.64	183.70	235.81	209.22
Total	**25,891.24**	**33,764.70**	**37,523.96**	**23,572.48**

Qualifications, Reservations and Adverse Remarks

There are no reservations, qualifications or adverse remarks highlighted by the Statutory Auditors in their (i) audit reports on the Audited Financial Statements, (ii) reports on the Reformatted Audited Financial Statements, and (iii) reports on the Unaudited Interim Condensed Standalone Financial Statements.

Changes in Accounting Policies

There are no changes in the accounting policies of our Bank during the Fiscal 2023 and the nine months period ended December 31, 2023.

Related Party Transactions

For details regarding our related party transactions entered into by our Bank in Fiscals 2022 and 2023, as per the requirements under Related Party Disclosures (Accounting Standard – 18) please see "*Financial Statements*" starting on page 74.

New Products or Business Segments

Other than as disclosed in "*Our Business*" on page 59, and products that we announce in the ordinary course of business, we have not announced any new products or business segments.

Known trends or uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Factors Affecting our Results of Operations*" above and the uncertainties described in "*Risk Factors*" on pages 232 and 17 respectively. Except as disclosed in this Letter of Offer, there are no known factors which we expect to have a material impact on our income and cash flow.

Competitive conditions

We operate in a competitive environment. Please refer to "*Risk Factors*" and "*Our Business*" "*Factors Affecting Our Results of Operations*" on pages 17 and 232, respectively, for further information on our industry and competition.

Significant developments after December 31, 2023

Except as discussed above and as otherwise stated in this Letter of Offer, to our knowledge, no circumstances have arisen since December 31, 2023, which may materially and adversely affect or are likely to affect, our profitability, or the value of our assets or our ability to pay our liabilities, or our financial performance and prospects.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

*Our Bank is involved in various legal proceedings from time to time. Our Bank solely for the purposes of this Issue, has disclosed in this section all outstanding civil and tax proceedings involving our Bank where the amount involved in such proceedings exceeds 2% of the total revenue or 2% of the net worth or 5% percent of the average of absolute value of profit after tax, as per the last three audited consolidated financial statements whichever is lower, of our Bank, for the Financial Year ending March 31, 2023 ("**Materiality Threshold**") adopted by the Capital Planning and Infusion Committee through its resolution dated February 12, 2024 in conformity with the 'Policy for Determination of Materiality of Events' ("**LODR Materiality Policy**") framed in accordance with Regulation 30 of the SEBI LODR Regulations and adopted by our Board. Accordingly, the Materiality Threshold considered for disclosure in this section is ₹ 14.70 Crores, which is 5% of the of the average of absolute value of profit after tax, as per the last three audited consolidated financial statements.*

Further, other than as disclosed in this section, there are no pending: (i) matters involving issues of moral turpitude or criminal proceedings initiated against our Bank and/or our Subsidiary; (ii) matters involving material violations of statutory regulations by our Bank and/or our Subsidiary; (iii) matters relating to economic offenses, where proceedings have been initiated against our Bank and/or our Subsidiary; or (iv) matters involving our Bank and/or our Subsidiary which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Bank.

Pre-litigation notices received by our Bank and Subsidiary from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time as our Bank and our Subsidiary are impleaded as defendants in litigation proceedings before any judicial forum.

Litigations involving our Bank

Proceedings involving issues of moral turpitude or criminal liability on the part of our Bank

1. The Special Director, Directorate of Enforcement, Mumbai ("**ED**") filed a case on May 23, 2002 before Chief Metropolitan Magistrate, Esplanade Mumbai against one Suresh Ratilal Modi and certain other persons including our Bank under sections 49(3) and 49(4) of the Foreign Exchange Management Act, 1999 ("**FEMA**") of fraudulent transactions made through our Bank. The ED submitted that by not taking due care while handling import documents, our Bank appears to have failed to follow the procedures laid down under para 7A.21 of chapter 7 the Exchange Control Manual (1993 edition) of RBI to ensure genuineness of import and thereby abetted the illegal transfer and committed offences punishable under sections 8(3), 8(4) read with sections 64(2) and 56(1) of Foreign Exchange Regulation Act, 1973 read with sections 49(3) and 49(4) of FEMA. The matter is currently pending.

Proceedings involving material violations of the statutory regulations by our Bank

1. The Special Director, Directorate of Enforcement, Mumbai ("**ED**") issued a notice dated January 4, 2002 ("**SCN**") under Section 51 of Foreign Exchange Regulation Act, 1973 ("**FERA**") read with section 49(3) of the Foreign Exchange Management Act, 1999 ("**FEMA**") against certain persons including two officials of our Bank. A show cause notice dated February 12, 1997 was also issued in the matter. However, the Bank and its officers were not made a party to it. Nine current accounts were opened at the Nariman Point branch of our Bank by certain traders and illegal transactions were undertaken by certain importers against the imports purportedly being carried out by the said importers. The SCN alleged contravention of Section8(3) read with Section 8(4) read with Section 64(2) of FERA by the officials of the Bank. However, the SCN was not issued to our Bank and no allegations were made against our Bank and our Board of Directors. Subsequently, a corrigendum to the notice dated February 13, 2002 ("**SCN-2**") was also issued which made our Bank a party as well.

   The ED then passed an original order dated March 9, 2009 ("**Order**") wherein a penalty of ₹63.00 crores was imposed on our Bank for violation of sections 8(3) and 8(4) read with section 64(2) of FERA and paragraph 7A.21 of the Exchange Control Manual, 1993. Our Bank filed an appeal before the Appellate Tribunal for SAFEMA, FEMA, PMLA, NDPS, PBPT Act at New Delhi ("**Appellate Tribunal**") against the Order. The Appellate Tribunal allowed our petition and set aside the Order and case was remanded to the ED for deciding it afresh on January 25, 2021. Thereafter, an order dated September 9, 2021 ("**Impugned Order**") was issued to our Bank which held that there is no legal bar for issuance of the SCN-2 in respect of the SCN already issued and that the SCN and SCN-2 are not bad in law and therefore the proceedings against our Bank are not vitiated on this account.

Our Bank then filed an appeal against the Impugned Order before the Appellate Tribunal, FEMA, New Delhi on the ground *inter alia* that the ED has failed to appreciate that the adjudication proceedings are being carried out without following due process and that there is no legal bar for issuance of the SCN-2. The matter is currently pending. For details regarding the criminal complaint filed by the ED before Chief Metropolitan Magistrate, Esplanade Mumbai, see '*Proceedings involving issues of moral turpitude or criminal liability on the part of our Bank'* on page 254.

2. A notice dated February 24, 2022 was issued to our Bank by the Municipal Corporation of Greater Mumbai ("**MCGM**") in accordance with the order of the Technical Advisory Committee dated June 23, 2021 requiring us to evacuate and repair the structure of a property owned by us in Bandra, Mumbai within six months. Moreover, through its speaking order dated July 27, 2023 ("**Order**"), MCGM directed our Bank to repair and secure the property which was found to be in ruinous condition and to set up proper and sufficient board or fence for the protection of passer-by and other persons, under section 354 of the Mumbai Municipal Corporation Act, 1888 ("**Act**") within thirty days, failing which our Bank would be liable for prosecution under section 475-A of the Act. However, our Bank filed a writ petition on August 8, 2023 before the High Court of Bombay ("**High Court**"), seeking appropriate notice for immediate evacuation and demolition of the building and stay the effect and operation of the impugned Order passed by MCGM. The High Court has granted a stay through its Order dated September 11,2023. The matter is currently pending.

3. Our Bank was in receipt of notice dated August 11, 2019 from the Thrissur Corporation ("**Corporation**") restraining the functioning of our office in the building owned by our in Thrissur on account of its dilapidated condition. In this respect, we submitted an application to Corporation for alteration/ roof change of the concerned building along with supporting stability certificates which was later rejected by the Corporation on January 18, 2021. Thereafter, our Bank filed an appeal dated September 14, 2021 before the High Court of Kerela which was disposed off with a direction to the Corporation to reconsider our application. The matter is currently pending.

4. Our Bank received a show cause notice dated May 28, 2021 ("**Notice**") under sections 35, 35A, 46 and 47A of the Banking Regulation Act, 1949 ("**Act**") from the RBI pursuant to inspections conducted from July 3, 2019 to August 5, 2019. The Notice alleged that our Bank failed to ensure that the disbursal of house loans was linked to the stages of construction of the housing project and that our Bank failed to adhere to the RBI guidelines granting loans against gold bar. Our Bank was called upon to show cause as to why no penalty should be imposed on our Bank under section 47(A) of the Act. Our Bank submitted our response on June 15, 2021 providing explanations and confirming that disbursal of housing loan was linked to the stages of construction barring a few instances an no upfront payment was made by our Bank. We also submitted that our Bank has implemented a system with effect from November 19, 2019 through which our branches provide a confirmation to the effect that the gold items given by the customers do not contain gold bars weighing more than fifty grams, before granting of any loans. A personal hearing was also conducted in the matter, however, no further communication has been received by RBI in this regard.

Material litigation involving our Bank

1. Opera Exports Private Limited along with other parties ("**Applicants**") filed a securitization application dated April 18, 2023, against the Ahmedabad branch of our Bank ("**Respondent**") before the Debt Recovery Tribunal-II, Ahmedabad ("**DRT-II**") to declare the notice claiming an amount of ₹ 43.73 crores issued to the Applicants, on default of payment, by the Respondent along with the symbolic possession of the Applicant's property as illegal and void-ab initio and accordingly be quashed and set aside under the provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The matter is currently pending.

2. A writ petition dated March 15, 2023, was filed before the High Court of Kerala at Ernakulam by Pradeep Kumar P ("**Petitioner**"), who is the managing director of M/s Sama Rubbers, against Kerala Branch of our Bank along with some other parties ("**Respondents**"). The Petitioner had filed a securitization application with the Debt Recovery Tribunal-II at Ernakulam ("**DRT-II**") challenging the measures taken by the Respondent's actions of proclaiming Petitioner's securities by way of symbolic possession and publication of a possession notice. The DRT-II in its order dated January 17, 2023, declared that the Petitioner is liable to pay an amount of ₹16.42 crores and fix the date of sale of the mortgaged property. The Respondents approached the Chief Judicial Magistrate Court, Kottayam for the appointment of advocate commissioner when the Petitioner defaulted in the payment of the outstanding amount. The Petitioner approached the High Court of Kerala seeking *inter alia* issuance of a writ of mandamus directing the Respondents to keep in abeyance all coercive actions against the Petitioner and their properties and consider proposal for one-time settlement for discharging the liability. The matter was dismissed.

3. Afcons Infrastructure Limited ("**Applicant**") filed a securitization application dated February 15, 2023, against

the Mumbai branch of our Bank along with some other parties ("**Defendants**") before the Debt Recovery Tribunal-I at Mumbai ("**DRT-I**") challenging the Defendant's possession and issuance of tender cum auction sale notice of Petitioner's immovable property and project materials to recover the outstanding amount due of ₹30.07 crores and default in repayment. The matter is currently pending.

4. Satguru Polyfilms Private Limited along with other parties ("**Applicants**"), filed a securitization application dated March 17, 2023 against the Mumbai branch of our Bank ("**Respondent**") before the Debt Recovery Tribunal-1 at Mumbai ("**DRT**") challenging the delivery of notice issued to the Applicants under Section 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 to their erstwhile directors and old office address despite being informed of the change in both and issued notice claiming a total amount of ₹18.87 crores. It is alleged that the notice issued by the Respondent is illegal and contrary to the settled principles. The matter is currently pending.

5. Hiteshbhai Arvind Bhanushali and Prakashbhai Babulal Bhanushali ("**Applicants**") filed a securitization application dated June 12, 2023, against the Ahmedabad branch of our Bank ("**Respondent**") before the Debt Recovery Tribunal-II, Ahmedabad ("**DRT-II**") to declare the notice claiming an amount of ₹46.38 crores issued to the Applicants, on default of payment, by the Respondent along with the symbolic possession of the Applicant's property as illegal and void-ab initio and accordingly be quashed and set aside under the provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. It was alleged that the Respondent had initiated arbitrary measures of taking symbolic possession of the mortgaged property and issue sale notice and hence, should be set aside. The matter is currently pending.

6. M/s. Kumbukattu Cashews along with other parties ("**Applicants**") filed a securitization application dated January 16, 2023, against Kerala branch of our Bank ("**Respondents**") before the Debts recovery Tribunal-II at Ernakulam ("**DRT-II**") alleging that the Respondents classified the loan accounts of the Petitioner for availing cash credit facilities mortgaging several properties, as non-performing asset and invoked proceedings under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The amount involved in this matter is ₹27.17 crores. While the proceedings were pending, the Respondent had proceeded with and published a sale notice of the mortgaged properties at a reserve price too low. The Petitioner then approached the High Court of Kerala at Ernakulam, which passed an order dated January 23, 2024, dismissing the case and allowing the Petitioner to challenge the sale confirmation and issuance of sale certificate along with issue of low reserve price also. The matter is currently pending.

7. Aradhya Wire & Ropes Private Limited ("**Corporate Debtor**") filed an application under Rule 7(1) of Insolvency and Bankruptcy (Application to Adjudicating Authority) Rule read with Section 10 of Insolvency and Bankruptcy Code, 2016 against the Bengaluru branch our Bank ("**Financial Creditor**") before the National Company Law Tribunal, Bengaluru ("**NCLT**") in lieu of the Financial Creditor's demand to immediately settle the outstanding dues of ₹25.29 crores, to which the Corporate Debtor acknowledged that the dues have not been settled and proceeded to file the application as it is commercially insolvent. The relief sought by the Corporate Debtor before the NCLT was to allow the corporate insolvency resolution process and appointment of interim resolution professional. NCLT, through its order dated November 16, 2020, directed the Corporate Debtor to be liquidated in the manner given in the Insolvency and Bankruptcy Code, 2016.

8. Shree Ganesh Jewellery House (I) Limited along with some other parties ("**Petitioners**") filed a writ petition against the Kolkata branch of our Bank along with other parties ("**Respondents**") before the High Court at Calcutta challenging the illegal and arbitrary action on the part of the Respondents. The amount involved in the matter is ₹69.63 crores. The Applicants approached the Court seeking *inter alia* issuance of a writ of certiorari directing the Respondents to transmit all records pertaining to the case in order to be quashed and set aside and issuance of writ of mandamus commanding the Respondents to rescind the notice. The matter is currently pending.

9. Basudev Builder Private Limited along with other parties ("**Applicants**") filed a securitization application against the Kolkata branch of our Bank along with other parties ("**Respondents**") before the Debts Recovery Tribunal-III at Kolkata ("**DRT-III**") alleging that the impugned noticed served to the Applicants by the Respondents under the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 is bad in law and is initiating action in respect of the properties mortgaged by the Applicant in lieu of the credit facility availed. The relief sought by the Applicants before the DRT-III is to pass an order quashing sale notice issued by the Respondents. In the order dated January 10, 2024, the Debts Recovery Tribunal-I at Kolkata disposed the securitization application as settled between the parties. The total amount involved in the matter is ₹139.13 crores. The matter is currently pending.

10. M/s. Shree Sharvana Traders along with other parties (“**Applicants**”) filed a securitization application dated December 8, 2017, against the Madurai branch of our Bank along with other parties (“**Respondents**) before the Debts Recovery Tribunal at Madurai (“**DRT**”) challenging the demand notice issued under Section 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**Act**”), declaring the loan accounts of the Applicants as non-performing asset as well as issued a possession notice against the mortgages properties. The total amount involved in the matter is ₹61.31 crores. The Applicants pleaded before the DRT to set aside the sale notice and to direct the Respondents to pay compensation under Section 19 of the Act. The matter is currently pending.

11. M/s. Alternative Learning Systems Limited along with other parties (“**Applicants**”) filed a securitization application dated July 12, 2023, against the New Delhi branch of our Bank (“**Respondent**”) before the Debts Recovery Tribunal-I at New Delhi (“**DRT-I**”) under Section 17 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 challenging the symbolic possession of the secured assets against which the Respondent had issued a sale notice and further alleged that the Respondent had gone to the extent of sending goons to the door of the Applicants to create an undue pressure to clear the dues amounting to ₹15.96 crores. The Applicant approached the DRT-I seeking relief by way of passing an order to quash the demand notice and possession notice and direct the Respondent to not interfere with the immoveable properties of the Applicant. The matter is currently pending.

12. Our Bank (“**Applicant**”) filed an application dated July 15, 2021, against M/s. Asia Pacific International along with other parties (“**Defendants**”) before the Debt Recovery Tribunal at Coimbatore (“**DRT**”) for an outstanding amount of ₹24.95 crores alleging Defendants to be chronic and systematic defaulters in repayment of the loan availed despite repeated demands made by the Applicant. In lieu of the default, the authorized officer of the Applicant had initiated proceedings against the secured assets under the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and had issued a demand notice under section 13(2) of the Act to the Defendants on November 15, 2019. The Applicant had approached the DRT pleading to pass an order and issue a certificate of recovery in favour of the Applicant and direct the Defendant to not deal with, transfer, alienate or create third party interest of whatsoever nature in all their business properties until the hearing is pending and final disposal of the application is made. The matter is currently pending.

13. Our Bank along with other parties (“**Original Applicants**") filed an original application dated March 15, 2023 against M/s. UP Materials along with other parties (“**Original Respondents**”) for an amount of ₹16.98 crores before the Debts Recovery Tribunal-II at Ernakulam (“**DRT-II**”) pleading the tribunal to pass order directing the immoveable properties mortgaged by the Original Respondents be liable to be sold for the recovery of the said amount and issue a certificate for recovery. The Original Respondent then filed a writ petition dated August 22, 2023, against the Original Applicants before the High Court of Kerala at Ernakulam challenging the sale of the property at a very lower rate and taking possession of more properties to adjust the outstanding loan. The matter is currently pending.

14. Our Bank (“**Applicant**”) filed an original application dated April 27, 2022, against RCI Industries & Technologies Limited along with other parties (“**Defendants**”) before the Debt Recovery Tribunal-II at Delhi (“**DRT-II**”) for an amount of ₹19.26 crores alleging that the Defendants, after availing the credit facilities, failed to maintain the financial discipline, pay the interest, submit the documents and comply with the terms of sanction resulting in declaring the Defendants’ account non-performing asset under the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The Applicant pleaded that the DRT-II in their application to order the Defendants to pay jointly or severally the outstanding amount at a rate of interest of 9.2% and penal interest of 2% per annum along with attachment and sale of mortgaged property(s). The matter is currently pending.

15. Our Bank (“**Applicant**”) filed an original application dated March 20, 2015, against Sanjay Minocha and others (“**Defendants**”) before the Debt Recovery Tribunal at Lucknow (“**DRT- 1**”) for issuance of recovery certificate for an amount of ₹19.43 crores together with a rate of interest of 12% applicable till the loan availed by the Defendants is fully liquidated. The DRT-1 had drawn up a recovery certificate dated September 16, 2016, against the Defendants. In the order dated September 16, 2016, the DRT-1 allowed the issuance of recovery certificate for the said amount and restrained the defendants by means of injunction from depleting, transferring and alienating with their properties without paying the claimed amount. The matter was transferred to Debt Recovery Tribunal at Dehradun (“**DRT-2**”), which in its order dated October 10, 2023, attached the Defendant’s accounts with immediate effect and directed that no debit shall be made in the said accounts.

16. Our Bank along with other parties (“**Applicants**”) filed an original application against P. Somarajan, proprietor

of M/s Kailas Cashew ("**Defendants**") before the Debts Recovery Tribunal-II at Ernakulam ("**DRT-**II") for an amount of ₹74.44 crores for which the Applicant had issued several letters requesting the Defendant to make the payment of the amounts and clear the liability. The DRT-II in its order dated February 18, 2021, allowed the original application and directed the issuance of recovery certificate as prayed for by the Applicants. The Defendant filed an interim application dated November 28, 2023, for the stay the said order alleging that the measures undertaking by the Applicants are illegal, improper and arbitrary. The matter is currently pending.

17. Our Bank ("**Applicant**") filed an original against Vijay Kushwaha ("**Defendant**") before the Debt Recovery Tribunal at Lucknow ("**DRT 1**") alleging misappropriation done through clearing account of the Applicant maintained with State Bank of India, clearing house and to maintain sufficient balance in the clearing account of the Applicant, the Defendant had made several fictitious debits in various accounts and by way of not crediting the concerned amount, i.e., ₹15.61 crores of the Defendant, despite receiving funds from clearing house after clearance of the instruments by the banker of the drawer of the instruments. The Defendant filed a counter claim before the DRT-1. The matter was transferred to Debt Recovery Tribunal at Dehradun ("**DRT 2**") which in its transfer appeal order dated August 20, 2019, declared that the Applicant may be allowed as prayed for and the recovery certificate for the amount claimed may be issued. The validity of the documents to be admitted as documentary evidence was challenged by the Defendant. The matter is currently until further hearing.

18. Our Bank ("**Applicant**") filed an original application dated June 1, 2019, against Sanjay Strips Private Limited along with other parties ("**Defendants**") before the Debt Recovery Tribunal-II at Hyderabad ("**DRT-II**") for recovery of an amount of ₹36.42 crores with rate of interest 10.95% applicable and enforcement of security interest. The Applicant issued a demand notice to the Defendants under Section 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 but the Defendant failed to clear the outstanding dues and the Applicant had, in accordance with law, disposed by way of auction application the mortgaged properties of the Defendant. The Applicant pleaded the DRT-II to issue a recovery certificate against the Defendants jointly and severally and issue certificate for sale of the mortgages properties to recover the dues. The matter is currently pending.

19. Our Bank ("**Applicant**") filed an original application dated February 1, 2022, against Karvy Data Management Services Limited along with other parties ("**Defendants**") before the Debt Recovery Tribunal-II at Hyderabad ("**DRT-II**") for recovering an amount of ₹33.49 crores in lieu of the Defendant failing to discharge the amounts due under the credit facility availed. The relief sought by the Applicant before the DRT-II was to pass an order directing the Defendant to pay the claimed amount and to issue a recovery certificate for the same. The matter is currently pending.

20. Our Bank ("**Applicant**") filed original application dated March 28, 2022, against Mr. Ummer T.K., who is the proprietor of Navarathna Hyper Market, along with other parties ("**Defendants**") before the Debts Recovery Tribunal-II at Ernakulam ("**DRT-II**") for recovering an amount of ₹49.01 crores. The Defendants, despite of personal requests and reminders, failed to regularize the operation of their accounts and the Applicant was constrained to recall the credit facilities availed under the rules and regulations of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The Applicant requested the DRT-II to pass an order directing the Defendants to pay, jointly and severally, the claimed amount with future interest applicable at the rate of 8.7% and penal interest at the rate of 2%. The matter is currently pending.

21. Our Bank ("**Applicant**") filed an original application dated July 11, 2019, against M/s. N.S. Engineering Projects. Private Limited along with other parties ("**Defendants**") before Debts Recovery Tribunal-I at Kolkata ("**DRT-I**") praying for issuance certificate for recovery of a sum of ₹18.39 crores and sale of the properties mortgaged for the credit facilities under applicable rules and regulations of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The matter is currently pending.

22. Our Bank ("**Applicant**") filed an original application dated May 5, 2022, against Mr. James P.M., who is the proprietor of Ernad Rubbers, Mr. Jerim Jamas, who is the son of Mr. James P.M. and proprietor of T.J. Traders, along with other parties ("**Defendants**") before Debts Recovery Tribunal-I at Ernakulam ("**DRT-**I") for an amount of ₹14.86 crores. The Applicants prayed for issuance of recovery certificate for the said amount and injunction on the Defendants from transferring or otherwise dealing with properties and assets without prior permission. The matter is currently pending.

23. Our Bank ("**Applicant**") filed an original application dated March 1, 2019, against M/s. Shree Sharvana Traders along with other parties ("**Defendants**") before the Debts Recovery Tribunal at Madurai ("**DRT**") under section 19(1) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, for an amount of ₹73.65 crores seeking an order of injunction restraining the Defendants from encumbering or

alienating or disposing off any of their personal properties and disclose their personal assets and certify the properties to be liable for attachment and sale if outstanding dues is unpaid. The matter is currently pending.

24. Our Bank ("**Applicant**") filed an original application dated, November 5, 2017, against M/s Afeef Cashew Company and others ("**Defendants**") before the Debts Recovery Tribunal-II at Ernakulam ("**DRT**-II") for an amount of ₹27.09 crores as the Defendants failed to operate the account satisfactorily complying with the sanction terms and conditions and in view of which, the account was classified as a non-performing asset. The Applicants prayed before the DRT-II to pass orders declaring the said amount is due to the Applicants from the Defendants and that the moveable and immoveable properties mortgaged are liable to be sold retaining the paramount charge complying with the applicable laws under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The matter is currently pending.

25. Our Bank ("**Applicant**") filed an original application dated, February 9, 2021, against Mr. Sanjay P.Y., proprietor of M/s. St. Johns Cashew Company, and Mrs. Sheena Sanjan ("**Defendants**") before Debt Recovery Tribunal-II at Ernakulam("**DRT-II**") for an amount of ₹16.62 crores for failing to clear the liability due to the Applicant. The Applicant approached the DRT-II requesting for an order to be passed for issue of recovery certificate for the said amount, which the Defendants be ordered to pay jointly and severally, and mortgaged assets be sold under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The matter is currently pending.

26. Our Bank ("**Applicant**") filed an original application dated January 13, 2016, against Atlas Jewellery Private Limited along with other parties ("**Defendants**") before Debts Recovery Tribunal at Ernakulam ("**DRT**") for an amount of ₹242.41 crores when the Defendants committed default in repayment of the said amount Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("**Act**"). The Applicant approached the DRT requesting to pass an order for recovery of balance due with interest, costs and charges which the Defendants be ordered to pay jointly and severally, and moveable and immoveable properties mortgaged by the Applicants be sold under the Act. The matter is currently pending.

27. Our Bank ("**Applicant**") filed an original application dated, July 30, 2020, against Inshape Health and Fitnez Private Limited and Talkalkars Better Value Fitness Limited ("**Defendants**") before Debts Recovery Tribunal-I at Chennai("**DRT-I**") for an amount of ₹39.60 crores on account of the irregularity in the operating of the loan accounts and non-payment of the interest accruals as well as the instalments in the loan facilities and hence, declaring the Defendant's account as non-performing asset. The Applicant approached the DRT-I requesting for an order to pass and issue a recovery certificate for the said amount, which the Defendants be ordered to pay jointly and severally under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The matter is currently pending.

28. Our Bank ("**Applicant**") filed an original application dated November 11, 2020, against RCI Industries and Technologies Limited along with other parties ("**Defendants**") before the Debts Recovery Tribunal-I at Ernakulam ("**DRT-I**") for an amount of ₹14.79 crores, which the Defendants were deliberately withholding. The Applicant pleased before the DRT-I to issue a certificate to the recovery officer for the realization of the dues and disposing off any assets of the Defendants and any other mode of recovery that tribunal deems fit. The matter is currently pending.

29. Our Bank along with other parties ("**Applicants**") filed an original application dated November 24, 2020, against M/s. Transstroy Dindigul-Theni-Kumli Tollways Private Limited along with other parties ("**Defendants**") before the Debts Recovery Tribunal-II at Hyderabad ("**DRT-II**") for recovery of ₹182.89 crores for which the Applicant issued a demand notice to recall the dues, but the loan accounts remained overdue and unpaid. The relief sought by the Applicants before the DRT-II was to pass an order directing the Defendants to pay the debt and direction for hypothecated goods/assets be ordered to be sold/realized. The matter is currently pending.

30. Our Bank along with other parties ("**Applicants**") filed an original application dated September 29, 2020, against M/s. Transstroy Trichy Karaikudi Tollways Private Limited along with other parties ("**Defendants**") before the Debts Recovery Tribunal-II at Hyderabad ("**DRT-II**") for recovery of ₹143.16 crores owed by Defendants jointly for which the Applicant issued a demand notice to recall the dues, but the loan accounts remained overdue and unpaid. The relief sought by the Applicants before the DRT-II was to pass an order directing the Defendants to pay the debt and direction for hypothecated goods/assets be ordered to be sold/realized. The matter is currently pending.

31. Our Bank ("**Applicant**") filed an original application dated November 24, 2020, against Vadekken Gold Exports Private Limited along with other parties ("**Defendants**") before the Debts Recovery Tribunal-II at Ernakulam

("**DRT-II**") for recovery of ₹63.60 crores in lieu of the credit facility availed by the Defendants, the terms and conditions of which were breached. The Applicant requested the DRT-II to pass an order directing the Defendants to pay the dues and for moveable hypothecated properties to be sold/realized in favour of the Applicant in order appropriate the proceeds toward the claimed amount. The matter is currently pending.

32. Our Bank ("**Applicant**") filed an original application against Brijesh N.B. along with other parties ("**Respondents**") before the Debt Recovery Tribunal-II at Ernakulam ("**DRT-II**") seeking conditional attachment of the schedule properties belonging to the Respondents in order to recover a sum of ₹36.07 crores along with future interest applicable. It was alleged that the amounts were wrongfully misappropriated by the Respondents in active collusion with other Respondents by attempting to alienate the concerned properties. The DRT-II, in the order dated June 17, 2022, allowed the Applicant an interim relief to attach the scheduled properties. The matter is currently pending.

33. Our Bank along with other parties ("**Applicants**") filed an original application against Transstroy India Limited along with other parties ("**Respondents**") before the Debts Recovery Tribunal-II at Hyderabad ("**DRT-II**) for an amount of ₹108.19 crores in lieu of the working capital facility availed by the Respondents which they failed to repay with interest. The relief sought by the Applicants before the DRT-II was to pass an order against the person and properties of the Defendants to pay the liability for the claimed amount at the rate of interest of 18.30% and 2% penal interest and issue a recovery certificate. The matter is currently pending.

34. The Trivandrum corporate branch of our Bank ("**Applicant**") filed an original application dated February 5, 2024, against M/s. Parthas and the partners of this partnership firm ("**Defendants**") before the Debts Recovery Tribunal-II at Ernakulam ("**DRT-II**") for an amount of Rs. 17.58 crores in lieu of the default committed against the credit facility availed by the Defendants. The Applicant approached the DRT-II for the recovery of the said amount under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, along with the prayer to pass an order reserving the right of the Applicant to proceed against the mortgaged properties of the Defendants for the recovery of the suit amount and issue a certificate to the recovery officer for the realisation of the dues. The matter is currently pending.

35. The Kottayam main branch of our Bank ("**Applicant**") filed an original application dated February 14, 2024, against M/s. J and J Granites and Marbles and the partners of this partnership firm ("**Defendants**") before the Debts Recovery Tribunal-II at Ernakulam ("**DRT-II**") for an amount of Rs. 17.26 crores in lieu of the default committed against the credit facility availed by the Defendants. The Applicant approached the DRT-II for the recovery of the said amount under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, along with the prayer to pass an order reserving the right of the Applicant to proceed against the mortgaged properties of the Defendants for the recovery of the suit amount and issue a certificate to the recovery officer for the realisation of the dues. The matter is currently pending.

36. Our Bank filed an original application dated July 6, 2015, against Manojkumar R, Jacob Kovoor, Sanjay Minocha, Vijay Kumar Kushwaha along with other parties ("**Defendants**") before the Debts Recovery Tribunal at Lucknow ("**DRT**") for an amount of Rs. 50.83 crores. Our Bank alleged that the Defendants have conspired and colluded amongst themselves and have defrauded the Applicant through various illegal ways to misappropriate the Bank's funds and hence, the Bank has approached the DRT, pleading to issue a certificate of recovery for the amount due. Our Bank has, in the same matter, filed two separate original application against Sanjay Minocha and Vijay Kumar Kushwaha before the DRT. For details, see '*Material litigation involving our Bank*' on page 257 and 258, respectively. The recovery, if any, made in respect of the original application towards the amount recoverable from Sanjay Minocha and Vijay Kumar Kushwaha will be adjusted in this original application filed against the Defendants and the Applicant prayed for the remaining amount of Rs. 15.79 crores. The matter is currently pending.

37. We Two Engineering Private Limited ("**Applicant**") filed a securitization application against our Bank ("**Respondent**"). The amount involved in the matter is ₹19.88 crores. However, the securitization application is yet to be served on our Bank.

Material tax matters involving our Bank

1. The Centralized Processing Center ("**CPC**") on December 22, 2023 passed an intimation under section 143(1) for the assessment year 2023-24 i) disallowing an amount of ₹ 207.22 crores alleging inconsistency in the amount of profit chargeable to tax under section 41 of the Income Tax Act, 1961 ("**Act**") as specified in the tax audit report and the return of income , ii) addition to the income a net amount of ₹ 19.69 crores on account of depreciation under ICDS and iii) disallowing claim of provision made for leave salary of ₹ 57.41 crores. Our Bank filed an

appeal dated January 11, 2024 before the Commissioner of Income-tax (Appeals) stating that deemed income under section 41 of the Act of ₹ 207.22 crores and depreciation of ₹ 19.69 crores has been offered to tax in the income tax returns filed for the year and that CPC erred in disallowing the provision made for leave salary based on actuarial valuation by invoking the provisions of section143(1)(a)(iv) of the Act. The tax impact involved in this matter is ₹ 99.35 crores. Further, a rectification petition was filed by our Bank on January 15, 2024 before the jurisdictional assessing officer for certain errors apparent on record amounting to ₹226.92 crores. The matter is currently pending.

2. Our Bank filed an appeal dated April 10, 2023 before Joint Commissioner (Appeals) against the order dated February 8, 2023 ("**Order**") issued by Centralized Processing Center ("**CPC**") for the assessment year 2022-23. CPC passed the Order under section 143(1) of the Income Tax Act, 1961 ("**Act**") making additions amounting to ₹ 64.91 crores, being claim of provision for leave encashment made during the year. Our Bank stated that the CPC erred in disallowing provision made for leave salary based on actuarial valuation by invoking the provisions of section143(1)(a)(iv) of the Act. The tax impact involved in this matter is ₹ 22.68 crores. The matter is currently pending.

3. Central Processing Centre ("**CPC**") on March 29, 2022 passed an intimation order ("**Order**") under section 143(1) of the Income Tax Act, 1961 ("**Act**") without giving prior intimation to our Bank, making an addition of ₹ 74.57 crores in respect of claim of provision for leave encashment. Our Bank filed an appeal against the order on May 4, 2022 stating that the authority erred in disallowing provision made for leave salary based on actuarial valuation by invoking the provisions of section143(1)(a)(iv) of the Act. The tax impact involved in this matter is ₹ 26.05 crores. The matter is currently pending.

4. Our Bank filed an appeal on January 17, 2020 before the Commissioner of Income Tax (Appeals) against the order under Section 143(3) dated December 18, 2019 issued by the office of the Deputy Commissioner of Income Tax, Thrissur ("**Order**") for the Assessment year 2017-18. The Order disallowed the deduction claimed under section 36(1)(viii) of the Income Tax Act, 1961 ("**Act**") amounting to ₹ 65.64 crores. In the appeal petition, our Bank stated that the adjudicating authority erred in disallowing deduction claimed under section 36(1)(viii) of the Act by wrongly holding that our Bank has not advanced any loans for the specified purposes. The tax impact involved in this matter is ₹ 22.71 crores. The matter is currently pending.

5. Our Bank filed an appeal on January 8, 2019 before the Commissioner of Income Tax (Appeals) against the order under Section 143(3) dated December 18, 2018 issued by office of the Assistant Commissioner of Income Tax ("**Order**") for the assessment year 2016-17. The Order disallowed a sum of ₹ 86.90 crores under section 36(1)(viii) of the Income Tax Act, 1961 ("**Act**"). Our Bank has submitted that adjudicating authority erred in disallowing deduction claimed u/s 36(1)(viii) of the Act by wrongly holding that our Bank has not advanced any loans for the specified purposes. The tax impact involved in this matter is ₹ 30.07 crores. The matter is currently pending.

6. Our Bank received an assessment order under Section 143(3) dated December 20, 2017 ("**Order**") issued by the Assistant Commissioner of Income tax, Thrissur, for the assessment year 2015-16 disallowing an amount of ₹ 43.50 crores under section 36(1)(viii) of the Income Tax Act, 1961 ("**Act**") and ₹ 47.56 crores under section 36(1)(viia) of the Act. Thereafter, our Bank filed an appeal on January 20, 2018 before the Commissioner of Income Tax (Appeals) ("**CITA**") against the Order, with an additional claim of ₹ 98.56 crores in respect of various issues. The appeal was partially allowed by the Commissioner (Appeals) through its order dated February 27, 2019. Thereafter, the income tax department and our Bank filed counter appeals with the Income Tax Appellate Tribunal ("**ITAT**"), Cochin bench. The ITAT through its order dated August 22, 2019 partially allowed the claim under Section 36(1)(viii) of the Act, disallowed the claim under 36(1) (viia) of the Act and restored the additional claims to CITA for verification. The tax impact for the matter restored to CITA is ₹ 33.50 crores. Moreover, our Bank has filed an appeal dated December 17, 2019 before the High Court of Kerala for the claim under 36(1)(viia) of the Act. The tax impact involved in this matter is ₹ 14.42 crores. The matter is currently pending.

Other pending matters against our Bank which, if they result in an adverse outcome would materially and adversely affect the operations or financial position of our Bank

NIL

Economic offences where proceedings have been initiated against our Bank

For details regarding the economic offence involving our Bank, see '*Proceedings involving material violations of the* *statutory regulations by our Bank'* on page 254.

Litigation involving our Subsidiary

Proceedings involving issues of moral turpitude or criminal liability on part of our Subsidiary

NIL

Proceedings involving material violations of the statutory regulations by our Subsidiary

NIL

Material litigation involving our Subsidiary

NIL

Other pending matters against our Subsidiary which, if they result in an adverse outcome would materially and adversely affect the operations or financial position of our Subsidiary

NIL

Economic offences where proceedings have been initiated against the Subsidiary

NIL

GOVERNMENT AND OTHER APPROVALS

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please see "*Objects of the Issue*" at page 49.

MATERIAL DEVELOPMENTS

Except as stated elsewhere in this Letter of Offer, to our knowledge, no circumstances have arisen since December 31, 2023, which materially or adversely affect or are likely to affect, within the next 12 months, our operations, performance, prospects or profitability, or the value of our assets or our ability to pay our liabilities.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors passed at its meeting held on December 27, 2023 pursuant to Section 62(1)(a) of the Companies Act. This Letter of Offer has been approved by our Board pursuant to its resolution dated February 21, 2024.

The Board, in its meeting held on February 21, 2024 has resolved to issue the Equity Shares to the Eligible Equity Shareholders, at Issue Price of ₹22 per Rights Equity Share (including a premium of ₹21 per Rights Equity Share) aggregating up to ₹1,151.01 crore*, in the ratio of 1 Rights Equity Share for every 4 Equity Shares, as held on the Record Date. The Issue Price of ₹22 per Rights Equity Share has been arrived at by our Bank in consultation with the Lead Manager, prior to determination of the Record Date.

**Assuming full subscription with respect to Rights Equity Shares*

Our Bank has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in this Issue pursuant to their letters each dated February 14, 2024. Our Bank will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular.

Our Bank has been allotted the ISIN INE683A20015 for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Bank. For details, see *"Terms of the Issue"* on page 273.

Prohibition by SEBI or Other Governmental Authorities

Our Bank and our Directors have not been and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

Further, our Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Except for Mr. R.A. Sankaranarayana, who is associated with Centrum Capital Limited, none of our Directors are associated with entities operating in the securities market. No action has been initiated by SEBI against the entities operating in the securities market with which the Directors are associated.

None of our Directors are declared fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Prohibition by RBI

Neither our Bank nor any of our Directors have been or are identified or categorised as Wilful Defaulters or Fraudulent Borrowers.

Eligibility for the Issue

Our Bank is a listed company and has been incorporated under the Indian Companies Act, 1913. Our Equity Shares are presently listed on the Stock Exchanges. Our Bank is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Bank is undertaking this Issue in compliance with Part B of Schedule VI to the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Bank is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Bank has made applications to the Stock Exchanges and has received their in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for the Issue.

Compliance with conditions of Fast Track Issue

Our Bank satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations, and accordingly, our Bank is eligible to make this Issue by way of a 'fast track issue':

(1) Our Equity Shares have been listed on BSE and NSE, each being a recognised stock exchange having, nationwide trading terminals, for a period of at least three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

(2) The entire shareholding of the members of our Promoter Group is held in dematerialised form as at the date of filing this Letter of Offer with the Designated Stock Exchange; <u>Not applicable. Our Bank is a professionally managed company and does not have a promoter or promoter group in terms of the SEBI ICDR Regulations or the Companies Act, 2013.</u>

(3) The average market capitalisation of the public shareholding (as defined under the SEBI ICDR Regulations) of our Bank is at least ₹250 crore, in at least one of the recognised stock exchanges with nationwide trading terminal, where its securities are listed, calculated as per Explanation (i) of the Regulation 99 of SEBI ICDR Regulations;

(4) The annualised trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six-months period on each of the Stock Exchanges;

(5) The annualised delivery-based trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualised trading turnover of Equity Shares during such six-month period on each of the Stock Exchanges;

(6) Our Bank has been in compliance with the equity listing agreement entered into with the Stock Exchanges and the SEBI Listing Regulations, for a period of at least three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange.;

(7) Our Bank has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month at the date of filing this Letter of Offer with the Designated Stock Exchange;

(8) No show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and are pending against our Bank or whole-time Directors. Further, no show cause notices have been issued by the SEBI or an Adjudicating Officer in a proceeding for imposition of penalty and/or no prosecution proceedings have been initiated by SEBI, against our Bank or whole-time Directors;

(9) Our Bank or our Directors have not settled any alleged violations of securities laws through the settlement mechanism with SEBI during the three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

(10) Our Equity Shares have not been suspended from trading as a disciplinary measure during three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

(11) There is no conflict of interest between the Lead Manager and our Bank or our Group Companies in accordance with applicable regulations;

(12) Our Promoters and Promoter Group shall mandatorily subscribe to their rights entitlement and shall not renounce their rights, except to the extent of renunciation within our Promoter Group or for the purpose of complying with minimum public shareholding norms prescribed under the SCRR; <u>Not applicable. Our Bank is a professionally managed company and does not have a promoter or promoter group in terms of the SEBI ICDR Regulations or the Companies Act, 2013.</u>

(13) Our Promoters have undertaken and confirmed in relation to this Issue to subscribe on their own account, and not through any nominated entity or person to:

(a) the full extent of their Rights Entitlement in the Issue in accordance with the applicable provisions of the SEBI Takeover Regulations; and

(b) the full extent of any rights entitlement in the Issue that may be renounced in their favour by any of the members of our Promoter Group in accordance with the applicable provisions of the SEBI Takeover Regulations. - <u>Not applicable. Our Bank is a professionally managed company and does not have a promoter or promoter group in terms of the SEBI Regulations or the Companies Act, 2013.</u>

(14) There were no audit qualifications in respect of the financial years for which accounts are disclosed in this Letter of Offer.

Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

Our Bank is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

(1) Our Bank has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Letter of Offer with the SEBI.

(2) The reports, statements and information referred to above are available on the website of BSE and NSE.

(3) Our Bank has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at least once every year and as and when required, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Bank satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and is not covered under the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations. Disclosures in this Letter of Offer have been made in terms of Clause (4) of Part B of Schedule VI of SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER, BEING IIFL SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR BANK IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE BANK DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 21, 2024, WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THIS LETTER OF OFFER OF THE SUBJECT ISSUE. <u>COMPLIED WITH TO THE EXTENT APPLICABLE</u>

(2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE BANK, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE BANK, WE CONFIRM THAT:

(a) THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;

(b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) **BESIDES OURSELVES , ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH**

(4) **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. NOT APPLICABLE**

(5) **WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. NOT APPLICABLE**

(6) **ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER. NOT APPLICABLE**

(7) **ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE BANK ALONG WITH THE PROCEEDS OF THE ISSUE. NOT APPLICABLE**

(8) **NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER(S) TO THE ISSUE AND THE BANK SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE**

(9) **THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE BANK FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE BANK AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH TO THE EXTENT APPLICABLE**

(10) **FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:**

> **(a)** **AN UNDERTAKING FROM THE BANK THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE BANK, EXCLUDING SUPERIOR EQUITY SHARES, WHERE THE COMPANY HAS OUTSTANDING SUPERIOR EQUITY SHARES. COMPLIED WITH (THE BANK HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND**
>
> **(b)** **AN UNDERTAKING FROM THE BANK THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. COMPLIED WITH**

(11) **WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. NOTED FOR COMPLIANCE**

(12) IF APPLICABLE, THE BANK IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE

(13) NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY. COMPLIED WITH

(14) THE BANK IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE BANK HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER. COMPLIED WITH

(15) THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS. COMPLIED WITH

(16) ALL MATERIAL DISCLOSURES IN RESPECT OF THE BANK HAVE BEEN MADE IN THIS LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE BANK OR RELATING TO THE BANK UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN. COMPLIED WITH AND NOTED FOR COMPLIANCE

(17) AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE BANK. COMPLIED WITH

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE BANK FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer clauses from our Bank and the Lead Manager

Our Bank and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Bank or by any other persons at the instance of our Bank and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Bank, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Bank and the Lead Manager shall make all information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorised information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as at its date.

Our Bank, the Lead Manager and its directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares.

The Lead Manager and its affiliates may engage in transactions with and perform services for our Bank or our affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Bank or our affiliates, for which they have received and may in the future receive, compensation.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is BSE.

Disclaimer Clause of the BSE

As required, a copy of this Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Letter of Offer is set out below:

"BSE Limited ("the Exchange") has given, vide its letter dated February 14, 2024 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Bank, its promoters, its management or any scheme or project of this Company's;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer Clause of NSE

As required, a copy of this Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Letter of Offer is set out below:

"As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/40018 dated February 14, 2024, permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Disclaimer Clause of RBI

A license authorising our Bank to carry on banking business has been obtained from the RBI in terms of Section 22 of the Banking Regulation Act. It must be distinctly understood, however, that in issuing the license the RBI does not undertake any responsibility for the financial soundness of our Bank.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND

APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT TO ELIGIBLE EQUITY SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE IS PERMITTED UNDER THE LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER INTO THE UNITED STATES AT ANY TIME.

Neither our Bank, nor any person acting on behalf of our Bank, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Bank, or any person acting on behalf of our Bank, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer or where any action would be required to be taken to permit the Issue. Our Bank is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Bank. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Bank, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Bank or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any other jurisdiction where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided; or (iv) where our Bank believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Bank shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Filing

This Letter of Offer is being filed with Stock Exchanges and SEBI, simultaneously with the filing of this Letter of Offer with the Designated Stock Exchange, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, the Lead Manager will simultaneously do an online filing with SEBI through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, the Lead Manager will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

Mechanism for Redressal of Investor Grievances

Our Bank has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES. Consequently, investor grievances are also tracked online by our Bank through the SCORES mechanism.

Our Bank has a Stakeholders Relationship Committee which meets at least once every year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. Link Intime India Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with our Company Secretary and Compliance Officer.

The Investor complaints received by our Bank are generally disposed of within 10-15 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre Issue or post Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy

to the SCSBs(in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, please see *"Terms of the Issue"* on page 273.

The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:

Registrar to the Issue

Link Intime India Private Limited
C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 810 811 4949
E-mail: sib.rights2024@linkintime.co.in
Investor Grievance E-mail: sib.rights2024@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Ms. Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

Company Secretary and Compliance Officer

Mr. Jimmy Mathew is the Company Secretary and Compliance Officer of our Bank. His details are as follows:

Jimmy Mathew
Company Secretary and Compliance Officer,
The South Indian Bank Limited
SIB House, Mission Quarters,
T.B. Road, Thrissur 680 001,
Kerala, India
Tel: + 91 487 2420020/2429333
Email: jimmymathew@sib.co.in

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Bank and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.

Investors are requested to note that application in this Issue can only be made through ASBA or any other mode which may be notified by SEBI.

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Bank, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, SEBI ICDR Master Circular, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the RBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Bank with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

Please note that our Bank has opened a separate demat suspense escrow account (namely, "LIIPL SIB Rights Escrow Demat Account") ("Demat Suspense Account") and would credit Rights Entitlements on the basis of the Equity Shares: (a) held by Eligible Equity Shareholders which are held in physical form as on Record Date; or (b) which are held in the account of the Investor Education and Protection Fund ("IEPF") authority; or (c) of the Eligible Equity Shareholder whose demat accounts are frozen or where the Equity Shares are lying in the unclaimed suspense account / demat suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Bank or with the Registrar on the Record Date or where Equity Shares have been kept in abeyance or where entitlement certificate has been issued or where instruction has been issued for stopping issue or transfer or where letter of confirmation lying in escrow account; or (d) where credit of the Rights Entitlements have returned/reversed/failed for any reason; or (e) where ownership is currently under dispute, including any court or regulatory proceedings or where legal notices have been issued, if any. Please also note that our Bank has credited Rights Entitlements to the Demat Suspense Account on the basis of information available with our Bank and to serve the interest of relevant Eligible Equity Shareholders to provide them with a reasonable opportunity to participate in the Issue. The credit of the Rights Entitlements to the Demat Suspense Account by our Bank does not create any right in favour of the relevant Eligible Equity Shareholders for transfer of Rights Entitlement to their demat account or to receive any Equity Shares in the Issue.

With respect to the Rights Entitlements credited to the Demat Suspense Account, the Eligible Equity Shareholders are requested to provide relevant details (such as applicable regulatory approvals, self-attested PAN and client master sheet of demat account, details/ records confirming the legal and beneficial ownership of their respective Equity Shares, etc.) to our Bank or the Registrar no later than two clear Working Days prior to the Issue Closing Date, i.e., by Monday, March 18, 2024 to enable credit of their Rights Entitlements by way of transfer from the Demat Suspense Account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Bank or the Registrar account is active to facilitate the aforementioned transfer. In the event that the Eligible Equity Shareholders are not able to provide relevant details to our Bank or the Registrar by the end of two clear Working Days prior to the Issue Closing Date, Rights Entitlements credited to the Demat Suspense Account shall lapse and extinguish in due course and such Eligible Equity Shareholder shall not have any claim against our Bank and our Bank shall not be liable to any such Eligible Equity Shareholder in any form or manner.

Further, with respect to Equity Shares for which Rights Entitlements are being credited to the Demat Suspense Account, the Application Form along with the Rights Entitlement Letter shall not be dispatched till the resolution of the relevant issue/concern and transfer of the Rights Entitlements from the Demat Suspense Account to the respective demat account other than in case of Eligible Equity Shareholders who hold Equity Shares in physical

form as on the Record Date who will receive the Application Form along with the Rights Entitlement Letter. Upon submission of such documents /records no later than two clear Working Days prior to the Issue Closing Date, to the satisfaction of our Bank, our Bank shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

The Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Bank and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

(i) our Bank at www.southindianbank.com;

(ii) the Registrar at www.linkintime.co.in;

(iii) the Lead Manager at www.iiflcap.com;

(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.* www.linkintime.co.in*)* by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date) and PAN. The link for the same shall also be available on the website of our Bank (*i.e.*, www.southindianbank.com).

Further, our Bank along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

Please note that neither our Bank nor the Registrar nor the Lead Manager shall be responsible for not sending the physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Bank or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Bank or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

Further, in accordance with Section 12B of the Banking Regulation Act, 1949 read with the RBI (Acquisition and Holding of Shares of Voting in Banking Companies) Directions, 2023, dated January 16, 2023 and the Guidelines On Acquisition and Holding of Shares or Voting Rights in Banking Companies, dated January 16, 2023, ("Guidelines"), no person (along with his relatives, associate enterprises or persons acting in concert with) can acquire or hold, either directly or indirectly, 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more, of the total voting rights of our Bank, without prior approval of the RBI. Further, the Guidelines prescribe the following limits on ownership for all shareholders in our Bank, (a)10% of the paid up share capital or voting rights of our Bank in case of natural persons, non-financial institutions, financial institutions directly or indirectly connected with large industrial houses and financial institutions that are owned to the extent of 50% or more or controlled by individuals (including the relatives and persons acting in concert); and (b) 15% of the paid-up share capital or voting rights of our Bank in case of certain financial institutions, supranational institutions, public sector undertaking and central/state government.

Our Bank is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid e-mail addresses and an Indian address to our Bank.

The Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Bank or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Bank and who make a request in this regard.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI ICDR Master Circular and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense account, as applicable. For further details on the Rights Entitlements and demat suspense account, please see "*Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 286.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense account in case of resident Eligible Equity Shareholders holding shares in physical form as at Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, please see "*Grounds for Technical Rejection*" on page 282. Our Bank, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, - please see "*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 278.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

(i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or

(ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or

(v) renounce its Rights Entitlements in full.

Making of an Application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, our Bank, their directors, their employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's for Investors applying through ASBA:

(a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.

(b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialised form only.

(c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

(d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

(f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

(i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts for Investors applying through ASBA:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.

(c) Do not send your physical Application to the Lead Manager, the Registrar to the Issue, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Bank; instead submit the same to a Designated Branch of the SCSB.

(d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

(e) Do not submit Application Form using third party ASBA account.

(f) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(g) Do not submit multiple Applications.

Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected.

Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilise the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Bank, being 'The South Indian Bank Limited';

2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Bank or the Depository);

3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date)/DP and Client ID;

4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;

5. Number of Equity Shares held as at Record Date;

6. Allotment option – only dematerialised form;

7. Number of Rights Equity Shares entitled to;

8. Number of Rights Equity Shares applied for within the Rights Entitlements;

9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);

10. Total number of Rights Equity Shares applied for;

11. Total amount paid at the rate of ₹22 per Rights Equity Share;

12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);

16. An approval obtained from any regulatory authority, if required, shall be obtained by the Eligible Equity Shareholders and a copy of such approval from any regulatory authority, as may be required, shall be sent to the Registrar at sib.rights2024@linkintime.co.in; and

17. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in "*Restrictions on Purchases and Resales*" on page 302, and shall include the following:

    *"I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**") to Eligible Equity Shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Bank, nor the Registrar, the Lead Manager or any other person acting on behalf of the Bank will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Bank, the Registrar, the Lead Manager or any other person acting on behalf of the Bank have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

    I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

    I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Restrictions on Purchases and Resales" on page 302.

    I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

    I/ We acknowledge that we, the Lead Manager, our affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense account, as applicable, including cases where an

Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Bank, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in.

Our Bank, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Bank at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Bank or the Registrar, shall be credited in a demat suspense account opened by our Bank.

Eligible Equity Shareholders, who hold Equity Shares in physical form as at Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

(a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), folio no., address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;

(b) The Registrar to the Issue shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

(c) The remaining procedure for Application shall be same as set out in "*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 278.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as at the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialised Rights Entitlements are transferred from the suspense demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in "*Basis of Allotment*" on page 294.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

Additional general instructions for Investors in relation to making of an Application

(a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regards to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under "*—Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* on page 278.

(d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(e) Applications should not be submitted to the Bankers to the Issue, our Bank or the Registrar or the Lead Manager.

(f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.

(g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Bank or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Bank, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**

(h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

(i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(j) Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such

DP ID and Client ID/ Folio number should match the demat account details in the records available with Bank and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Bank, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

(k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Bank or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(q) Do not pay the Application Money in cash, by money order, pay order or postal order.

(r) Do not submit multiple Applications.

(s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

(t) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.

(b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

(c) Sending an Application to our Bank, the Lead Manager, Registrar, to a branch of a SCSB which is not a Designated Branch of the SCSB.

(d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(f) Account holder not signing the Application or declaration mentioned therein.

(g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

(h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

(k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.

(m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

(n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(p) Applications which: (i) appear to our Bank or its agents to have been executed in, electronically transmitted from or dispatched from the United States or jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Bank shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

(q) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(r) Application from Investors that are residing in U.S. address as per the depository records.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialised form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using Additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, please see "*Procedure for Applications by Mutual Funds*" on page 285.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected.

Procedure for Applications by certain categories of Investors

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Bank, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Bank, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Bank and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Bank operates.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to, *inter alia*, the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (*i.e.*, any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Bank or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Bank will not be responsible for any Allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Circular 2020 has been amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Bank and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

*Procedure for Applications by Systemically Important Non-Banking Financial Companies ("**NBFC-SI**")*

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is Wednesday, March 20, 2024, *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in "*Basis of Allotment*" on page 294.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights

Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, whether applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Bank. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Bank shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

In accordance with Section 12B of the Banking Regulation Act, 1949 read with the RBI (Acquisition and Holding of Shares of Voting in Banking Companies) Directions, 2023, dated January 16, 2023 and the Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies, dated January 16, 2023, no person (along with his relatives, associate enterprises or persons acting in concert with) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI.

Accordingly, you hereby represent that your (direct or indirect) aggregate holding in the paid-up share capital of our Bank, whether beneficial or otherwise: (i) after subscription to the Equity Shares in the Issue by you, your relatives, your associate enterprises or persons acting in concert with you, aggregated with any pre-Issue shareholding in the Bank of you, your relatives, your associate enterprises or persons acting in concert; or (ii) after subscription to the Equity Shares in the Issue by you aggregated with any pre-Issue shareholding in our Bank of you, your relatives, your associate enterprises or persons acting in concert with you, shall not amount to 5% or more of the total paid-up share capital of our Bank or would not entitle you to exercise 5% or more of the total voting rights of our Bank, except with the prior approval of the RBI; In the event, your aggregate shareholding, whether direct or indirect, beneficial or otherwise, aggregating to 5% or more, as applicable of the total paid-up share capital of our Bank, you are required to submit the approval obtained from the RBI to the Bank prior to the finalisation of the Allotment.

In case of failure by you to submit the approval obtained from the RBI within the above time period, our Bank may Allot maximum number of Equity Shares, that will limit your aggregate shareholding (along with your relatives, associate, enterprises or persons acting in concert with you and including existing shareholding, if any) to less than 5% of the post-Issue paid-up share capital of our Bank.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Bank as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as at the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible

Equity Shareholders who hold Equity Shares in physical form as at Record Date) and PAN. The link for the same shall also be available on the website of our Bank (*i.e.*, www.southindianbank.com).

In this regard, our Bank has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialised form. A separate ISIN for the Rights Entitlements has also been generated which is ISIN: INE683A20015. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Bank will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who have the Rights Entitlements credited in their demat account(s) are required to make an Application to apply for Rights Equity Shares offered under Rights Issue for subscribing to the Rights Equity Shares offered under the Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date, have not provided the details of their demat accounts to our Bank or to the Registrar, they are required to provide their demat account details to our Bank or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.*, www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Prior to the Issue Opening Date, our Bank shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form against the Equity Shares held by them as on the record date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Bank or the Registrar not later than two clear Working Days prior to the Issue Closing Date, *i.e.*, by Monday, March 18, 2024 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Bank or the Registrar account is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. In accordance with the SEBI ICDR Master Circular, Shareholders holding shares in physical form shall be required to provide their demat account details to the Bank and the Registrar for credit of Rights Entitlements not later than two Working Days prior to the Issue Closing Date, such that credit of Rights Entitlements in their demat account takes place at least one day before the Issue Closing Date.

Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "**On Market Renunciation**"); or (b) through an off-market transfer (the "**Off Market Renunciation**"), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

₹22 per Rights Equity Share (including premium of ₹21 per Rights Equity Share) shall be payable in full on Application.

The Lead Manager and our Bank accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Bank.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: INE683A20015 subject to requisite approvals. Prior to the Issue Opening Date, our Bank will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialised form only. The market lot for trading of Rights Entitlements is 1 Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from Wednesday, March 6, 2024 to Thursday, March 14, 2024 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: INE683A20015 and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+1 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) *Off Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: INE683A20015, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorising the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Bank would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalisation of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Bank, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-Tax Act. However, please note that conditions applicable at the time of original investment in our Bank by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Bank in respect of our Equity Shares held in physical form at the close of business hours on the Record Date. For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, please see "*The Issue*" on page 42.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 1 Equity Share for every 4 Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 4 Equity Shares or not in the multiple of 4 Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares over and above their Rights Entitlement, if any subject to availability of Rights Equity Shares in the Issue post allocation towards rights entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 4 Equity Shares shall have 'zero' entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Bank with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall, upon being fully paid-up rank *pari passu* with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Bank has received in-principle approval from the BSE through letter bearing reference number LOD/Rights/VK/FIP/1230/2023-24 dated February 14, 2024, and from the NSE through letter bearing reference number NSE/LIST/40018 dated February 14, 2024. Our Bank will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 532218) and NSE (Scrip Code: SOUTHBANK) under the ISIN: INE683A01023. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Bank fails to obtain listing or trading permission from the Stock Exchanges, our Bank shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Bank becomes liable to repay it, our Bank and every director of our Bank who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoters and members of our Promoter Group

Our Bank is a professionally managed company and does not have a promoter or promoter group in terms of the SEBI ICDR Regulations or the Companies Act, 2013.

Rights of Holders of Rights Equity Shares

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

(a) The right to receive dividend, if declared;

(b) The right to receive surplus on liquidation;

(c) The right to receive offers for rights shares and be allotted bonus shares, if announced;

(d) The right to free transferability of Rights Equity Shares;

(e) The right to attend general meetings of our Bank and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Letter of Offer; and

(f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

VII. GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares shall be tradable only in dematerialised form. The market lot for the Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of the Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Bank shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Malayalam language daily newspaper with wide circulation (Malayalam being the regional language of Thrissur, where our Registered Office is located).

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to a person resident outside India and having investment in an Indian company to make investment in rights equity shares issued by such company subject to certain conditions. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, subject to the conditions set out therein (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Bank, such person should enclose a copy of such approval with the Application details and send it to the Registrar at sib.rights2024@linkintime.co.in. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Bank will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Bank and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Bank, the Lead Manager and the Stock Exchanges. Further, Application Forms will be made available at Registered Office of our Bank for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Bank and the Lead Manager.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, OCBs have been derecognised as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Bank by submitting their respective copies of self-attested proof of address, passport, etc. by email to sib.rights2024@linkintime.co.in and risib@sib.co.in.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALISED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, PLEASE SEE –ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 295.

VIII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	Tuesday, March 5, 2024
ISSUE OPENING DATE	Wednesday, March 6, 2024
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS #	Thursday, March 14, 2024
ISSUE CLOSING DATE*	Wednesday, March 20, 2024
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	Thursday, April 4, 2024
DATE OF ALLOTMENT (ON OR ABOUT)	Friday, April 5, 2024
DATE OF CREDIT (ON OR ABOUT)	Tuesday, April 9, 2024
DATE OF LISTING (ON OR ABOUT)	Friday, April 12, 2024

\# *Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

* *Our Board or a duly authorised committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date, have not provided the details of their demat accounts to our Bank or to the Registrar, they are required to provide their demat account details to our Bank or the Registrar not later than two clear Working Days prior to the Issue Closing Date, *i.e.*, Monday, March 18, 2024, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, Tuesday, March 19, 2024. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Bank by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Bank or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (*i.e.*, www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Bank.

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board or its Capital Planning and Infusion Committee in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Bank for this Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

As required in terms of the Master Direction-Issue and Pricing of shares by Private Sector Banks, Directions, 2016 issued by RBI, our Bank shall report to RBI, upon completion of the Allotment process, complete details of the issue including date of the issue, details of the type of issue, issue size, details of pricing, name and number of the allottees, post allotment shareholding position.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Bank will send/ dispatch Allotment advice, refund intimations or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of four days from the Issue Closing Date. In case of failure to do so, our Bank and our Directors who are "officers in default" shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 days' period.

The Rights Entitlements will be credited in the dematerialised form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Bank or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Bank shall pay the requisite interest at such rate as prescribed under applicable law.

XI. PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

(a) Unblocking amounts blocked using ASBA facility.

(b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition ("**MICR**") code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(c) **National Electronic Fund Transfer** ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as at a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Bank or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

(d) **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Bank.

(e) **RTGS** – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Bank. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.

(f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

(g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR BANK OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS AT THE RECORD DATE.

Investors shall be Allotted the Rights Equity Shares in dematerialised (electronic) form. Our Bank has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Bank in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates:

a) Tripartite agreement dated November 2, 2007 amongst our Bank, NSDL and the Registrar to the Issue; and

b) Tripartite agreement dated October 4, 2007 amongst our Bank, CDSL and the Registrar to the Issue

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Bank. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Bank). In case of Investors having various folios in our Bank with different joint holders, the Investors will have to open separate accounts for

such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Bank or the Depositories.

3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

5. The Rights Equity Shares will be allotted to Applicants only in dematerialised form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, *etc*.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

XIII. IMPERSONATION

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who –*

a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447*."

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹0.1 crore or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹0.1 crore or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹0.5 crore or with both.

XIV. UNDERTAKINGS BY OUR BANK

Our Bank undertakes the following:

1) The complaints received in respect of this Issue shall be attended to by our Bank expeditiously and satisfactorily.

2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the period prescribed by SEBI.

3) The funds required for unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Bank.

4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Applicant within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5) In case of unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

6) Adequate arrangements shall be made to collect all ASBA Applications.

7) As of the date of this Letter of Offer, our Bank had not issued any outstanding compulsorily convertible debt instruments. Further, our Bank has not issued any outstanding convertible debt instruments.

8) Our Bank shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XV. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with this Letter of Offer must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "The South Indian Bank Limited- Rights Issue" on the envelope and postmarked in India) to the Registrar at the following address:

Link Intime India Private Limited
C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 810 811 4949
E-mail: sib.rights2024@linkintime.co.in
Investor Grievance E-mail: sib.rights2024@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Ms. Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

In accordance with SEBI ICDR Master Circular, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is https://linkintime.co.in/contact-us.html.

3. The Investors can visit following links for the below-mentioned purposes:

    a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: https://linkintime.co.in/contact-us.html

    b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Bank: https://linkintime.co.in/contact-us.html or sib.rights2024@linkintime.co.in

    c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.linkintime.com

d) Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: sib.rights2024@linkintime.co.in or https://linkintime.co.in/contact-us.html

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

Rights Equity Shares in abeyance: The Rights Entitlement on the Rights Equity Shares, ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which the Bank has withheld the dividend, shall be held in abeyance and the application form along with the Rights Entitlement letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents/records confirming the legal and beneficial ownership of the Rights Equity Shares with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of the Bank, the Bank shall make available the Rights Entitlement on such Rights Equity Shares to the identified Eligible Equity Shareholders. For further information, please see *"Terms of the Issue"* on page 273.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will not be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs through the FDI Circular 2020 (defined below).

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Circular 2020**"), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as at October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular. Under the current policy, the total foreign ownership in a private sector bank cannot exceed 74% (49% under the automatic route and above 49% and up to 74% under the government approval route) of the paid-up capital. At all times, at least 26% of the paid up capital will have to be held by residents, except in regard to a wholly-owned subsidiary of a foreign bank.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under the FEMA Rules will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI. The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as at October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as at October 15, 2020.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, had notified the FEMA Rules, which had replaced the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations 2017. Foreign investment in this Offer shall be on the basis of the FEMA Rules. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22,2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 issued on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non- resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

The Banking Regulation Act, 1949 requires any person to seek prior approval of the RBI to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5% or more of the paid up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Further, the RBI may, by passing an order, restrict any person holding more than 5.00% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not 'fit and proper' by the RBI. Pursuant to Section 12(2) of the Banking Regulation Act, 1949, the RBI has, on July 21, 2016, notified that no shareholder in a bank can exercise voting rights on poll in excess of 26% of total voting rights of all the shareholders of the bank. Further, the RBI may, by passing an order, restrict any person holding more than 5.00% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not ‘fit and proper’ by the RBI. In this regard, the RBI has issued master directions for prior approval for acquisition of shares or voting rights on January 16, 2023 (the “**Master Directions for Acquisitions**”).

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“**OCBs**”) have been derecognised as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Bank shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Bank and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

Eligibility and Restrictions

General

No action has been taken or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other Issue Material in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into in (i) the United States or (ii) or any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone (i) in the United States or (ii) any jurisdiction in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer and any other Issue Materials should not distribute or send this Letter of Offer or any such documents in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Bank or its affiliates or the Lead Manager or their affiliates to any filing or registration requirement (other than in India. If this Letter of Offer or any other Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out above and below.

No offer in the United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the U.S Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Rights Entitlements (including their credit) and the Rights Equity Shares are only being offered and sold outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act to Eligible Equity Shareholders located in jurisdictions where such offer and sale is permitted under the laws of such jurisdictions. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Entitlements or Rights Equity Shares for sale in the United States or as a solicitation therein of an offer to buy any of the said securities. Accordingly, you should not forward or transmit this letter of offer into the United States at any time.

Representations, Warranties and Agreements by Purchasers

The Rights Entitlements and the Rights Equity Shares offered outside the United States are being offered in offshore transactions in reliance on Regulation S.

In addition to the applicable representations, warranties and agreements set forth above, each purchaser outside the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "**purchaser**", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

(1) The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

(2) No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any "directed selling efforts" in the United States (as such term is defined in Regulation S under the U.S. Securities Act).

(3) The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Bank with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

(4) The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

(5) The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.

(6) If any Rights Entitlements were bought by the purchaser or otherwise transferred to the purchaser by a third party (other than our Bank), the purchaser was in India at the time of such purchase or transfer;

(7) The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment.

(8) The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements except in India or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.

(9) The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Bank, addressed to it and inviting it to participate in this Issue.

(10) None of the purchaser, any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of our Bank to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.

(11) Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Bank and our Group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below);

(iv) will have conducted its own due diligence on our Bank and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Bank, the Lead Manager or their affiliates (including any research reports) (other than, with respect to our Bank and any information contained in this Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

(12) Without limiting the generality of the foregoing, (i) the purchaser acknowledges that the Equity Shares are listed on BSE Limited and National Stock Exchange of India Limited and our Bank is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Bank's business and our Bank's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (ii) none of our Bank, any of its affiliates, the Lead Manager or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to our Bank, the Rights Entitlements, the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

(13) The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the "**Information**"), has been prepared solely by our Bank; and (ii) neither the Lead Manager nor any of their affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or their affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by the Lead Manager or any of their affiliates.

(14) The purchaser will not hold our Bank, the Lead Manager or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Bank to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or their affiliates to it.

(15) The purchaser understands and acknowledges that the Lead Manager are assisting our Bank in respect of this Issue and that the Lead Manager are acting solely for our Bank and no one else in connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Bank, this Issue or the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from their engagement with our Bank and in connection with this Issue.

(16) The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Letter of Offer and the Application Form. The purchaser understands that none of our Bank, the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is in the United States, or is ineligible to participate in this Issue under applicable securities laws.

(17) The purchaser subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future the purchaser decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, the purchaser shall only offer, sell, pledge or otherwise transfer such Rights Equity Shares (i) outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.

(18) The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares.

(19) If the purchaser is outside India, the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Bank or the Lead Manager with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

(20) If the purchaser is outside India, the purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by all jurisdictions applicable to it, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of all jurisdictions of residence.

(21) The purchaser is authorized to consummate the purchase of the Rights Equity Shares sold pursuant to this Issue in compliance with all applicable laws and regulations.

(22) Except for the sale of Rights Equity Shares on one or more of the Stock Exchanges, the purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Equity Shares being sold.

(23) The purchaser shall hold our Bank and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of its representations, warranties or agreements set forth above and elsewhere in this Letter of Offer. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.

The purchaser acknowledges that our Bank, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts (not being contracts entered into in the ordinary course of business carried on by our Bank) which are or may be deemed material have been entered or are to be entered into by our Bank. Copies of the following contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office of our Bank between 10 a.m. and 5 p.m. on all working days from the date of this Letter of Offer until the Issue Closing Date, and will also be available on the website of our Bank from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue agreement dated February 21, 2024 between our Bank and the Lead Manager.
2. Registrar agreement dated February 21, 2024 between our Bank and the Registrar to the Issue.
3. Bankers to the Issue agreement dated February 21, 2024 between our Bank, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Bank, as amended.
2. Our Certificate of Incorporation bearing number 09-1017 of 1104 dated January 24, 2006.
3. License bearing reference number Tri/2 dated June 17, 1957 issued by the RBI under the Banking Regulation Act to carry on banking business in India.
4. Letter of offer dated February 20, 2017, in respect of the rights issue of equity shares of face value of ₹1 each, aggregating to ₹630.99 crore by our Bank.
5. Consents of the Directors, Company Secretary and Compliance Officer, the Joint Statutory Auditors, the Lead Manager, the Banker to the Issue, the legal counsel to our Bank and the Lead Manager as to Indian Law, and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
6. Our Audited Consolidated Financial Statements and the audit report thereon dated May 11, 2023.
7. Our Reformatted Audited Consolidated Financial Statements and the report thereon dated February 21, 2024.
8. Our Audited Standalone Financial Statements and the audit report thereon dated May 11, 2023.
9. Our Reformatted Audited Standalone Financial Statements and the report thereon dated February 21, 2024.
10. Our Unaudited Interim Condensed Consolidated Financial Statements and the report thereon dated February 21, 2024.
11. Our Unaudited Interim Condensed Standalone Financial Statements and the report thereon dated February 21, 2024.
12. Resolution of our Board dated December 27, 2023 in relation to this Issue and other related matters.
13. Resolution of our Board dated February 21 approving and adopting the Letter of Offer.
14. Resolutions of our Board dated February 21 in relation to the terms of the Issue including the Record Date, the Issue Price and the Rights Entitlement Ratio.
15. Statement of possible special tax benefits dated February 12, 2024 from the Joint Statutory Auditors, included in this Letter of Offer.
16. Annual reports of our Bank in respect of the Financial Years 2023, 2022, 2021, 2020 and 2019.
17. Due Diligence Certificate dated February 21, 2024 addressed to SEBI from the Lead Manager.
18. In-principle listing approvals dated February 14, 2024 issued to our Bank by BSE.
19. In-principle listing approvals dated February 14, 2024 issued to our Bank by NSE.
20. Tripartite agreement dated November 2, 2007 entered into among our Bank, NSDL and the Registrar to the Issue.

21. Tripartite agreement dated October 4, 2007 entered into among our Bank, CDSL and the Registrar to the Issue.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Bank or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE BANK

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VJ Kurian

Independent, Non- Executive Director and Part time Chairman

Date: February 21, 2024

Place: Kochi

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.
I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE BANK

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Peruvemba Ramachandran Seshadri

Managing Director and Chief Executive Officer

Date: February 21, 2024

Place: Ernakulum

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE BANK

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Mazhuvancheri George Korah

Non-Executive, Independent Director

Date: February 21, 2024

Place: Kochi

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE BANK

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Pradeep Mahadeo Godbole

Non-Executive, Independent Director

Date: February 21, 2024

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE BANK

Paul Antony

Non-Independent, Independent Director

Date: February 21, 2024

Place: Aluva

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE BANK

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R. A Sankara Narayanan

Independent, Non-Executive Director

Date: February 21, 2024

Place: Chennai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE BANK

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Benny P Thomas

Non-Independent, Non-Executive Director

Date: February 21, 2024

Place: Ernakulum

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE BANK

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Lakshmi Ramakrishna Srinivas

Independent, Non- Executive Director

Date: February 21, 2024

Place: Hyderabad

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF THE BANK

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Ms. Chithra Hariharan

Chief Financial Officer

Date: February 21, 2024

Place: Thrissur