SBM BANK (INDIA) LIMITED

Basel III – Pillar 3 disclosures for the Quarter ended 30th September 2024

1. Scope of Application

Quantitative Disclosures:

(a) The aggregate amount of capital deficiencies in subsidiaries : Not Applicable
(b) The aggregate amount of the bank's total interests in insurance entitles : Not Applicable

2. Capital Requirement

Qualitative disclosures

Bank's approach to assessing the adequacy:

The Bank is subject to the capital adequacy guidelines stipulated by RBI, which are based on the framework of the Basel Committee on Banking Supervision. The Bank's policy is to maintain an adequate capital to maintain confidence of depositors and market and to sustain future business developments.

The Bank is fully committed to implementing the Basel III as adopted by the Reserve Bank of India and currently follows Standardised approach for credit and market risk and Basic Indicator approach for operational risk.

Quantitative disclosures:

The details of capital, risk weighted assets and capital adequacy ratio as on 30th September 2024 are as follows:

(Rs. in millions)

Capital Requirements for various Risks	
Credit Risk	
Capital requirements for credit risk:	
• Portfolios subject to standardised approach	5,923
• Securitisation exposures*	-

* Bank does not have any exposure to securitization transactions

Note:- Capital requirement has been computed at 11.50% of Credit Risk RWA

(Rs. in millions)

Market Risk	
Capital requirements for market risk:	
Standardised duration approach;	
• Interest rate risk	406
• Foreign exchange risk (including gold)	79
• Equity risk	-

(Rs. in millions)

Operational Risk	
Capital requirements for operational risk:	
• Basic Indicator Approach	486
• The Standardised Approach (if applicable)	-

(Rs. in millions)

Capital Adequacy Ratios	**Ratio**
Common Equity Tier – 1 CRAR	11.89%
Tier – 1 CRAR	11.89%
Total CRAR	16.28%

3. Risk Exposure and Assessment

General qualitative disclosure on risk area, risk management objective policies and processes etc:

The Bank has identified the following risks as material to its nature of operations:

- Credit Risk
- Market Risk
- Operational Risk (including fraud risk)
- Concentration Risk
- Interest Rate Risk in the Banking Book
- Liquidity Risk
- Compliance Risk
- Reputational risk
- Strategic Risk
- Information Security or Cyber Security Risk
- Settlement Risk
- UFCE Risk
- IT Risk/Technology Risk/Fintech Risk

Risk Management framework

Overview

The Bank's risk management framework is embedded in the business through the different levels supported by an appropriate level of investment in information technology and its people.

Credit Risk

The Bank has a comprehensive credit risk framework to manage Credit Risk, in a uniform and consistent manner.

► Bank maintains independence and integrity of credit decision-making, credit under writing function is segregated from loan origination.

► Bank adheres to the RBI prudential requirements with respect to lending norms.

► All credit proposals are analysed through borrower's historical financial statements and projections, which includes a thorough review of traditional methods of ratio analysis, evaluation of asset conversion cycle, balance sheet structure (liquidity, capitalization, and maturity schedule of liabilities), cash flow and FX exposure.

► As a matter of policy, all credit facilities are reviewed / renewed annually. An account would be classified as NPA based on RBI guidelines.

Credit Concentration Risk

Credit Concentration Risk arises mainly on account of concentration of exposures under various categories including industry, products, geography, sensitive sectors, underlying collateral nature and single/group borrower exposures. Limits have been stipulated on single borrower, borrower group and industry. Limits on countries and bank counterparties have also been stipulated. In addition, a framework has been created for managing concentration risk.

Credit risk: General disclosures

Qualitative Disclosures

(a) Credit quality of Loans and Advances

All loans and advances in the Bank are classified according to asset quality, nature and number of days in arrears in accordance with RBI guidelines. For accounting purposes, definition of RBI for past due and impaired assets are adopted. Standard accounts include all facilities which demonstrate good financial condition, minimum risk factors and capacity to repay in line with the original terms of sanction.

Non-Performing Assets

Non-performing assets are those loans for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms. During the financial year 2024-25, Bank has non-performing assets, net off provision (Gross NPA less Provision), amounting to INR 350 Mio as on 30/09/2024.

The Bank has adopted the Standardised Approach under Basel III for computation of capital for credit risk for Financial Year 2024-25.

Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure

(Rs. in millions)

Exposure distribution	30th September 2024		
	Fund based*	**Non-fund based**	**Total**
Domestic	46,526	18,227	64,753
Overseas	-	-	-
Total	**46,526**	**18,227**	**64,753**

***Represent Net Advances**

Distribution of Credit Risk Exposure by Industry Sector

(Rs. in millions)

Industry Classification	Amount	
	Fund Based	**Non-Fund Based**
Financial Intermediation-NBFC	13,385	43
Other Retail Loans	6,658	-
Commercial Real Estate	3,365	12
Trade	2,959	2,631
Chemicals and Chemical Products	2,719	1,015
Infrastructure	2,174	4,825
Credit Card Receivables	1,931	-
Basic Metal and Metal Products	1,730	244
Financial Intermediation	1,698	25
Other Services	1,501	1,840
Housing Loans	1,219	-
Professional Services	1,069	149
Mining and Quarrying	919	756
Construction	838	506
Food Processing	776	3,334
Advances against Fixed Deposits	610	294
All Engineering	496	1,493
Leather and Leather products	427	-
Paper and Paper Products	419	5
Vehicles, Vehicle Parts and Transport Equipments	418	50
Textile	403	347
Gems and Jewellery	228	-
Rubber, Plastic and their Products	192	-
Transport Operators	177	423
Manufacturing-Other Industries	111	119
Beverage & Tobacco	104	10
Wood and Wood Products	-	39
Computer and Related Activities	-	67
Total	**46,526**	**18,227**

As on 30th September 2024, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure (outstanding):

(Rs. in millions)

Sr. No.	Industry Classification	Percentage of the total gross credit exposure
1	Financial Intermediation-NBFC	20.74%
2	Infrastructure	10.81%
3	Other Retail Loans	10.28%
4	Trade	8.63%
5	Food Processing	6.35%
6	Chemicals and Chemical Products	5.77%
7	Commercial Real Estate	5.21%
8	Other Services	5.16%

Breakdown of assets

Residual Contractual Maturity Breakdown of Assets as of **30th September 2024**

(Rs. in millions)

Maturity buckets	Cash	Balances with RBI	Balances with other banks	Investments	Advances	Fixed Assets	Other assets
1day	16,500	92	249	5,558	872	-	811
2 to 7 days	-	135	-	-	1,806	-	10
8 to 14 days	-	-	-	-	269	-	56
15 to 30 days	-	120	-	120	64	-	39
31 days to 2 months	-	130	-	122	2,322	-	180
Over 2 months and upto 3 Months	-	132	-	93	559	-	78
Over 3 months and upto 6 Months	-	335	-	721	734	-	62
Over 6 months and upto 12 Months	-	924	-	466	2,962	-	310
Over 1 year and upto 3 years	-	920	-	1,905	24,398	-	13
Over 3 years and upto 5 years	-	210	-	1,500	6,197	-	48
Over 5 years	-	125	-	9,442	6,343	1,051	2,606
Total	**16,500**	**3,123**	**249**	**19,927**	**46,526**	**1,051**	**4,213**

Values are in line with Structural Liquidity Statement submitted to RBI.

Movement of NPAs

(Rs. in millions)

Particulars	Amount
Amount of NPAs (Gross)	
• Substandard	625
• Doubtful 1	116
• Doubtful 2	147
• Doubtful 3	4
• Loss	641
Net NPAs	350
NPA Ratios	
• Gross NPAs to gross advances	3.21%
• Net NPAs to net advances	0.75%

Movement of NPAs (Gross)	
Opening balance **(1st April 2024)**	1,236
Additions	445
Reductions	148
Closing balance **(30th September 2024)**	1,533

Movement of specific provisions and general provisions

(₹ in millions)

Movement of Provisions	**Specific Provisions**	**General Provisions**
Opening balance **(1st April 2024)**	950	239
Provisions made during the period	272	6
Write-off		
Write-back of excess provisions	39	-
Any other adjustments, including transfers between provisions		
Closing balance **(30th September 2024)**	1,183	245

In addition, write-offs and recoveries that have been booked directly to the income statement should be disclosed separately.

(Rs. in millions)

Write-offs that have been booked directly to the income statement	29
Recoveries that have been booked directly to the income statement	7

Geography wise Distribution of NPA and Provision – Position

(Rs. in millions)

Particular	Domestic	Overseas	Total
Gross NPA	1,533	-	**1,533**
Specific Provision	1,183	-	**1,183**

Breakup of NPA by major Industries– Position

(Rs. in millions)

	Total (As of 30th September 2024)	
Particulars	**Gross NPA**	**Specific Provision**
Infrastructure	759	759
Other Retail Loans	380	164
Credit Card Receivables	129	126
Chemicals and Chemical Products	100	100
Commercial Real Estate	112	17
Housing Loans	49	13
Vehicle/ Auto loans	4	4
Total	**1,533**	**1,183**

Non-Performing Investments
NPIs and Movement of Provision for Depreciation on Investments – Position

(Rs. in millions)

Particulars		Amount
A	Amount of Non-Performing Investments	36
B	Amount of Provision held for Non-performing investments	36
C	Movement of provision for depreciation on investments	
	- Opening balance as on **1st April 2024**	-
	- Provision made in 2023-24	-
	Write-offs/Write-back of excess provision	-
	- Closing balance as on **30th September 2024**	-

* With effect from April 1, 2024, the Bank has adopted the revised framework as detailed in the RBI Master Direction on Classification, Valuation and Operation of Investment Portfolio issued on September 12, 2023 and in compliance with the RBI Master Direction, the valuation gains and losses at the period ended June 30, 2024, as across all performing investments (irrespective of classification), held under Available for Sale ("AFS") is aggregated and the net gain / loss has been directly credited / debited respectively to a reserve named "AFS Reserve" (net of taxes). The securities held in Fair Value through Profit and Loss ("FVTPL") (including Held for Trading) is fair valued at the period ended June 30, 2024, and the revaluation gain / loss arising on such valuation has been credited / debited respectively to the Profit and Loss Account.

4. Gross Credit Risk Exposure

Qualitative Disclosures:

- The Bank is using Credit Risk Assessment of ICRA, CRISIL, India Ratings, CARE, Infomerics and Acuite for the purpose of arriving at risk weightage wherever available.

Quantitative Disclosures

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk-Weight – Position

(Rs. in millions)

Particulars	Amount
Below 100% risk weight	27,759
100% risk weight	24,540
More than 100% risk weight	12,454
Deduction from capital funds	-
Total	**64,753**

Note: Exposure includes loans & advances, lending, margins, investments in Govt Securities, T-Bills, SDLs, investments in debenture & bonds, security receipt, other fund based assets and Non-Fund based exposure including LC, Performance Guarantees, Financial Guarantees and un-availed Cash Credit, and other contingent Liabilities.

5. Credit Risk Mitigation

Qualitative Disclosures:
It is the policy of the bank to request for pari-pasu charge on current assets/movable fixed assets/immovable assets for corporate credits unless the business case warrants unsecured lending. Security is recognized only as a fallback option and repayment of facilities are primarily sought from the cash flow of the borrower's business. Collateral security is an important comfort to mitigate risk. Bank insists on proper valuation of collateral security wherever stipulated.

Quantitative Disclosures
Exposures (Fund Based and Non Fund Based) covered by Eligible CRMs:

Particulars	(Rs. in millions)
Exposures fully covered by Financial Collaterals after taking into consideration hair-cut	2,043
Eligible Cash Collaterals	10,685
Eligible Guarantees [Central Govt., State Govt., CGMSE]	NIL
Total	**12,728**

6. Securitisation Exposures: Disclosure for Standardised Approach

Qualitative and Quantities disclosures:
The bank had securitized NPA assets (Marg Ltd) through Pegasus Assets Reconstruction Pvt. Ltd. and subscribed to Security Receipts to the tune of INR 176.65 Mio issued by the Asset Reconstruction Company. Bank securitized the NPA asset of Arch Pharma and subscribed to the Security Receipt to the tune of INR 24.23 Mio issued by JM Asset Reconstruction Company Ltd. Provision of INR 200.88 Mio is made for Security Receipts.

7. Market Risk in Trading Book

Qualitative disclosures
Market Risk
Market Risk is the risk of losses arising from changes in market rates or prices that can affect the value of financial instruments. In the Bank all Market Risk is centralized in the dealing room. Market Risk is tracked and measured on a dynamic basis by a dedicated Market Risk desk and periodic reports are circulated to senior management.

Market Risk Organization Structure at the Bank
Bank's Risk Management is controlled at the Corporate Office. The Risk Management Committee of the Board approves risk tolerance and appetite for market risk on the recommendation of the Risk Department. It also monitors and reviews significant risks and effectiveness of processes and sets out management responsibilities. Risk Management Department formulates and implements the market risk policies, and operational plans and recommends changes to policies, processes, and parameters for approval of Risk Management Committee after taking feedback from the stake holders.

Market Risk Limit Structure at the Bank
Market Risk limits represent strategic restrictions, reflecting the risk tolerance of the Bank, the nature of the trading activities and the perceived trading and management skills. The limit setting is to prevent the accumulation of Market Risk beyond the Bank's risk tolerance level, as determined by the Bank's top management, and to reflect mandates of individual trading units. Market Risk limits are set in a top-down process and organized in a certain hierarchy.

The Bank calculates the risk charge on market risk based on standardized approach as prescribed by RBI. The portfolio contains foreign exchange, equity risk and interest rate risk only. The interest rate general risk is computed on the basis of duration-based approach.

Quantitative disclosures

The capital requirements for market risk are as follows:

(Rs. in millions)

Standardized Duration Approach	Amount
Interest rate risk	406
Foreign exchange risk (including gold)	79
Equity position risk	-

8. Operational Risk Disclosures

Operational Risk:
The Basel Committee on Banking Supervision (BCBS) and subsequently the Reserve Bank of India (RBI) have defined Operational Risk (OR) as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". The bank has adopted the same definition for the purpose of management of operational risk. The definition includes risk of loss due to legal risk but excludes strategic and reputational risk. The Bank has put in place Board approved governance and organisational structure with clearly defined roles and responsibilities to mitigate operational risk arising out of the Bank's business and operations.

Governance and Organisational Structure for Managing Operational Risk: The Board of Directors (Board) is primarily responsible for ensuring effective management of the operational risks of the bank. The Board sets the overall strategy and direction for Operational Risk Management within the Bank. The Risk Management Committee (RMC) of the Board is responsible for overseeing the effective implementation of the Operational Risk Management Framework (ORMF) approved by the Board of Directors. A committee of senior management officials namely "Risk Forum" oversees the implementation of the ORMF approved by the Board. This committee comprises of MD & CEO, Chief Operating officer (COO), Chief Risk Officer (CRO), Chief Compliance Officer (CCO), Head of Credit, Head of Treasury & Head of Market Risk & TMO. An independent Operational Risk Management vertical within Risk Department is responsible for implementation of the framework across the Bank. The Board approved operational risk management policy stipulates the roles and responsibilities of employees, business units, operations and support function in managing operational risk.

Monitoring & Measuring Operational Risk:

The Bank has put in place following tools and techniques to monitor and measure operational risk:

1) **Risk and Control Self-Assessment** (RCSA) is a process of periodic and subjective assessment of the bank's operational risk and controls undertaken by the respective department / function heads. This exercise leverages on the knowledge and expertise of the respective departments to assess their risks and effectiveness and adequacy of controls. This helps in identifying control gaps and consequent actions proposed to close the gaps. RCSA is used for identification & mitigation of operational risks, reporting of control deficiencies, monitoring of changes in control environment and assessment of operational risk profile. The focus of RCSA process is to ensure that all operational risks are understood and are being effectively monitored and controlled to improve business and operational efficiency.
2) **Key Risk Indicators:** These are metrics which when monitored on periodic basis can provide a warning /alert on the underlying risk or control failure. This then helps taking timely action to prevent occurrence of the risk. The Bank has identified certain metrics as Key Risk Indicators which are monitored on a periodic basis.
3) **Reporting of Operational Risk Events:** The Bank collects operational risk events. Root cause analysis is conducted for material risk events to identify the underlying risks and mitigate the gaps in control.

Outsourcing Risk:

Outsourcing may be defined as the use of a third party to perform activities that would normally be undertaken by SBMBI (The Bank) itself.

The Bank is using outsourcing as a means of cost savings, access to superior technology, skilled expertise, flexible staffing, efficiencies etc which allows the Bank to focus on its core activities. The outsourcing of any activity by the Bank does not diminish its obligations. The Bank has a Board approved Outsourcing Policy and Standard Operating Procedure (SOP) which specifies the Bank's approach towards outsourcing & it's governance structure.

The Outsourcing Committee constituted by the Bank has the ultimate responsibility for the Outsourcing activities, its key responsibilities are as below:

- Approval of framework for assessing the materiality of outsourced activity.
- Evaluating the risks and materiality of all existing and prospective outsourcing, based on the framework approved by the Board.

A detailed Standard Operating Procedure (SOP) is in place in the Bank to provide operational guidance on the following aspects:

- Identification of outsourced activity and assessing their Materiality
- Constitution, Delegation and Committee quorum members.
- Onboarding, Approval, discontinuation and termination process.
- Due diligence of outsourcing vendors prior to onboarding. (including technology reviews for all partners connecting to the Banks IT infrastructure)
- Maintenance of central data base for outsourcing service provider.
- Half yearly/Annual review to be conducted as per regulatory guidelines.
- Reporting of outsourcing activities and vendors to the Board and RBI.
- Annual review of all critical Service providers is conducted to ensure process followed is in accordance with bank approved processes, Infosec & regulatory guidelines.

Information Security & Information Technology Risk:

The bank uses various technology solutions / applications to be able to carry out its various operations. Use of technology exposes the Bank to the risk of business disruption, risks related to information assets, data breach, compliance, regulatory, third-party, integrity, reliability, and availability etc. The Bank has put in place a governance framework, information security practices and business continuity plan to mitigate information technology related risks.

The Internal Audit Department provides assurance on the management of information technology related risks. Bank conducts Business Continuity tests and Disaster Recovery tests on a periodic basis to ensure capabilities of meeting the contingency needs of the bank.

There is an independent information security team within Risk Department group which addresses information security related risks. A documented Board approved information security policy is put in place. Information security trainings and awareness are provided to all the employees of the bank. An information security steering committee is formed for an effective communication channel for management's directions and provides an ongoing basis alignment of the security programme with organizational objectives.

Fintech Risk:

The bank as a strategy has embarked on a journey of tying up with various Fintech Partners. We use technology solutions / applications and connectivity to banks infrastructure from the Fintech Partners to be able to provide a wide range of service to our customers. Use of technology and Fintech Partners exposes the Bank to the risk of business disruption, risks related to information assets, data breach, compliance, regulatory, third-party, integrity, reliability and availability etc. The Bank has put in place a governance framework, information security practices and business continuity plan to mitigate information technology related risks. The Bank ensures that we assess the security risk of outsourced model wherein the bank data is stored, processed, transmitted by third party partners, vendors, BC, processors, PSP, TSP etc. are assessed prior to go live. The vendor risk assessment is conducted by a CERT-IN auditor on behalf of bank. Any residual risk undergoes a risk treatment and acceptance process.

Fraud Risk:

Risk of frauds – internal or external are inherent to any banking entity. SBM India has identified Fraud Risk as one of the key risks facing the organization.

The Reserve Bank of India has vide its "Master Directions on Frauds – Classification and Reporting by commercial banks and select FIs" categorized the fraud in the following categories to ensure consistency in treatment of fraud–

a) Misappropriation of funds and criminal breach of trust.
b) Fraudulent encashment through forged instruments.
c) Manipulation of books of account or through fictitious accounts, and conversion of property.
d) Cheating by concealment of facts with the intention to deceive any person and cheating by impersonation.
e) Forgery with the intention to commit fraud by making any false documents/electronic records.
f) Wilful falsification, destruction, alteration, mutilations of any book, electronic record, paper, writing, valuable security or account with intent to defraud.
g) Fraudulent credit facilities extended for illegal gratification.
h) Cash shortages on account of frauds.
i) Fraudulent transactions involving foreign exchange.
j) Fraudulent electronic banking / digital payment related transactions committed on banks and
k) Other type of fraudulent activity not covered under any of the above.

Compliance Risk:

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities.

Since the bank is required to adhere to numerous regulatory guidelines and applicable laws, risk of non-adherence to these laws and guidelines is identified as a key risk for SBM India.

Strategic and Business Risk:

Strategic risk is the current or prospective risk to earnings and capital arising from changes in the business environment and/or adverse business decisions, improper implementation of decisions, or lack of responsiveness to changes in the business environment.

The Bank does its capital and business budgeting exercise every year. Such an exercise includes the impact of the Bank's strategic plans (long-term horizon), as well as business plans based on the banks' current and projected capital levels. At the strategic level, investments in related businesses, changes in business portfolio based on internal study of industrial and economic environments, would have a direct impact on the capital levels and the growth targets of the different business lines of the Bank. At the tactical level, introduction of new products, discontinuation of existing products, expansion into new customer segments, etc. would have an impact on the budgeted growth plans.

The Bank identifies the key strategic and business risks during its business plan formulation and review.

Reputational Risk:

Reputational risk is the current or prospective risk to earnings and capital arising from adverse perception of the image of the bank on the part of customers, counterparties, shareholders, investors and/or regulators.

The reputation of SBM India is founded on the trust from its employees, clients, shareholders, regulators and from the public in general. Isolated events may undermine that trust and negatively impact SBM India's reputation. Hence, SBM India acknowledges that it is essential that the reputation is protected.

The Bank has put in place a Enterprise Risk Management and ICAAP Policy which deals with identification and assessment of reputational risk.

Capital Charge: The Bank follows the Basic Indicator Approach for computation of regulatory capital charge for Operational Risk.

9. Interest Rate Risk in Banking Book

Qualitative Disclosures

Interest Rate risk in Banking Book (IRRBB) refers to the risk of loss in earnings or economic value of the Bank's Banking Book as a consequence of movement in interest rates. Interest rate risk arises from holding assets/liabilities and Off-Balance Sheet [OBS] items with different principal amount, maturity dates or re-pricing dates thereby creating exposure to changes in levels of interest rates.

IRRBB Organization Structure

Asset and Liability Committee (ALCO) ensures compliance with regulatory and internal policies related to IRRBB and provides strategic direction, for achieving IRRBB management objectives. The ALCO focuses on building strong interest rate indicators, which positively contributes to optimizing the balance sheet structure and maximizes NII over time, while minimizing susceptibility to interest changes. The ALCO is convened regularly to review interest rate risk in the Bank's balance sheet and to assess the market condition. ALCO is guided by the Asset Liability Policy approved by the Board which sets various limits to control the interest rate risk like Gap Analysis, EaR with respect to 200 basis point adverse change in the interest rate and the magnitude of impact over one year period.

Liquidity Risk

Liquidity Risk is the risk that the Bank is not able to fulfil its actual and potential financial obligations, as and when they are due, without incurring unacceptable losses. The different dimensions of liquidity risks are (i) Funding risk – need to replace net outflows due to unanticipated withdrawal/non-renewal of deposits (wholesale / retail) (ii) Time risk – need to compensate for non-receipt of expected inflows of funds, for example, performing assets turning into non-performing assets and (iii) Call Risk – due to crystallization of contingent liabilities and unable to undertake profitable business opportunities when desirable. The Bank has an Asset Liability Management policy in place, which acts as the principal document for management of liquidity risk.

Liquidity Risk Organization Structure

The ultimate responsibility for the Liquidity Risk of the Bank lies with the Asset & Liability Committee (ALCO). ALCO meets monthly and monitors the funding and liquidity position of the Bank and provides structural guidance and oversight. The bank prepares and analyses the structural liquidity statement reports as per RBI defined time buckets. The Bank has put in place liquidity mitigants.

Quantitative disclosures

Interest Rate Risk from Earnings Perspective

(Rs. in millions)

Currency	Interest Rate Shock	
	+200bps	**-200bps**
INR	214	(214)
USD	97	(97)
Residual	(5)	5
Total	**306**	**(306)**

Interest Rate Risk from Economic Value Perspective

(Rs. in millions)

Currency	Interest Rate Shock	
	+200bps	**-200bps**
INR	(755)	755
USD	113	(113)
Residual	78	(78)
Total	**(564)**	**564**

10. Exposures to Counterparty Credit Risk

Qualitative Disclosures

Bank is having counterparty credit exposure for derivative transactions only in relation to forex forward contract. All interbank USD/INR forward contract upto 13 months are guaranteed by CCIL. Forward Contract Limits for clients are based on Loan Equivalent Ratio (LER). Bank follows the current exposure method as prescribed by RBI for computing counterparty credit exposure.

Quantitative Disclosures

(₹ in millions)

Distribution of Notional and Current Credit Exposure	Notional	Current credit exposure	Exposure under Current Exposure Method (CEM)
a) Interest rate Swaps	7,688	13	137
b) Cross Currency Swaps	6,749	99	774
c) Currency Options	964	0.15	19
d) Foreign Exchange Contracts	75,483	958	3,899
e) Currency Futures	-	-	-
f) Forward Rate Agreements	-	-	-
g) Others (please specify product name) - NDF	-	-	-
Total	**90,884**	**1,070**	**4,829**

(₹ in millions)

Gross Positive Fair Value of Contracts	1070
Netting Benefits	Nil
Netted Current Credit Exposure	1070
Collateral Held	Nil
Net Derivative Credit Exposure	1,070
Exposure Amount under Current Exposure Method	4,829
Notional Value of Credit Derivative Hedges	18,184
Foreign exchange contracts	75,483
Credit Derivative Transactions that Create Exposure to CCR	90,884

11. Composition of Capital

Qualitative Disclosures:

Tier I capital comprises of Paid-up Capital for the purpose of meeting capital adequacy norms, statutory reserves, Capital Reserves and retained earnings including Carry Forward Losses.

Tier II capital comprises of general loan loss provisions, country risk provision, investment fluctuation reserve and revaluation reserve.

(Rs. in Millions)

	Common Equity Tier 1 capital: instruments and reserves	
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	10,370

2	Retained earnings	(3,544)
3	Accumulated other comprehensive income (and other reserves)	740
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-
6	**Common Equity Tier 1 capital before regulatory adjustments**	7,566
	Common Equity Tier 1 capital: regulatory adjustments	
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Intangibles (net of related tax liability)	-
10	Deferred tax assets	-
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets	-
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
20	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
23	of which: significant investments in the common stock of financial entities	-
24	of which: mortgage servicing rights	-
25	of which: deferred tax assets arising from temporary differences	-
26	National specific regulatory adjustments (26a+26b+26c+26d)	-
26a	of which: Investments in the equity capital of unconsolidated insurance subsidiaries	-
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	-
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-
26d	of which: Unamortised pension funds expenditures	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
28	**Total regulatory adjustments to Common equity Tier 1**	0
29	**Common Equity Tier 1 capital (CET1)**	**7,566**
	Additional Tier 1 capital: instruments	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	-
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-

33	Directly issued capital instruments subject to phase out from Additional Tier 1	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
35	of which: instruments issued by subsidiaries subject to phase out	-
36	Additional Tier 1 capital before regulatory adjustments	-
	Additional Tier 1 capital: regulatory adjustments	
37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	National specific regulatory adjustments (41a+41b)	-
41a	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-
41b	of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
43	**Total regulatory adjustments to Additional Tier 1 capital**	-
44	**Additional Tier 1 capital (AT1)**	0
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	**7,566**
	Tier 2 capital: instruments and provisions	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	2,240
47	Directly issued capital instruments subject to phase out from Tier 2	0
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0
49	of which: instruments issued by subsidiaries subject to phase out	0
50	Provisions	559
51	**Tier 2 capital before regulatory adjustments**	2,799
	Tier 2 capital: regulatory adjustments	
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross-holdings in Tier 2 instruments	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-
55	Significant investments12 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
56	National specific regulatory adjustments (56a+56b)	-
56a	of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-
57	**Total regulatory adjustments to Tier 2 capital**	-
58	**Tier 2 capital (T2)**	2,799
59	**Total capital (TC = T1 + T2) (45 + 58)**	10,365
60	Total risk weighted assets (60a + 60b + 60c)	63,655
60a	of which: total credit risk weighted assets	51,506

60b	of which: total market risk weighted assets	6,070
60c	of which: total operational risk weighted assets	6,079
	Capital ratios and buffers	
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.89%
62	Tier 1 (as a percentage of risk weighted assets)	11.89%
63	Total capital (as a percentage of risk weighted assets)	16.28%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	9.00%
65	of which: capital conservation buffer requirement	2.50%
66	of which: bank specific countercyclical buffer requirement	-
67	of which: G-SIB buffer requirement	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	6.39%
	National minima (if different from Basel III)	
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%
	Amounts below the thresholds for deduction (before risk weighting)	
72	Non-significant investments in the capital of other financial entities	-
73	Significant investments in the common stock of financial entities	-
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-
77	Cap on inclusion of provisions in Tier 2 under standardised approach	644
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA
80	Current cap on CET1 instruments subject to phase out arrangements	NA
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA
82	Current cap on AT1 instruments subject to phase out arrangements	NA
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA
84	Current cap on T2 instruments subject to phase out arrangements	NA
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA

Row No. of template	Particular	(Rs. in million)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-

	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
50	Eligible Provisions included in Tier 2 capital (Including Investment Fluctuation Reserve)	559
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	559

12. Capital- Recon Requirement

(Rs. in millions)

		Balance sheet as in financial statements	**Balance sheet under regulatory scope of consolidation**
		As on reporting date 30th Sept 2024	**As on reporting date 30th Sept 2024**
A	**Capital & Liabilities**		
I	Paid-up Capital	10,011	10,011
	Reserves & Surplus	(1,964)	(1,964)
	Minority Interest		
	Total Capital	8,047	8,047
Ii	Deposits	73,730	73,730
	of which: Deposits from banks	3,400	3,400
	of which: Customer deposits	70,330	70,330
	of which: Other deposits (pl. specify)		
Iii	Borrowings	6,362	6,362
	of which: From RBI	-	-
	of which: From banks	-	-
	of which: From other institutions & agencies	6,362	6,362
	of which: Others (pl. specify)		
	of which: Capital instruments		
Iv	Other liabilities & provisions	3,450	3,450
	Total	**91,589**	**91,589**

B	**Assets**		
I	Cash and balances with Reserve Bank of India	19,623	19,623
	Balance with banks and money at call and short notice	249	249
Ii	Investments:	19,927	19,927
	of which: Government securities	17,886	17,886
	of which: Other approved securities	-	-
	of which: Shares	-	-
	of which: Debentures & Bonds	1,103	1,103
	of which: Subsidiaries / Joint Ventures / Associates	-	-

	of which: Others (Commercial Papers, Mutual Funds etc.)	938	938
iii	Loans and advances	46,526	46,526
	of which: Loans and advances to banks	74	74
	of which: Loans and advances to customers	46,452	46,452
Iv	Fixed assets	1,051	1,051
V	Other assets	4,213	4,213
	of which: Goodwill and intangible assets		
	of which: Deferred tax assets		
vi	Goodwill on consolidation		
vii	Debit balance in Profit & Loss account		
	Total Assets	**91,589**	**91,589**

		B/S as in financial statements	B/S under regulatory scope of consolidation
A	**Capital & Liabilities**		
I	Paid-up Capital	10,011	10,011
	of which: Amount eligible for CET1	10,011	10,011
	of which: Amount eligible for AT1		
	Reserves & Surplus	(1,964)	(1,964)
	of which: Statutory Reserve	504	504
	of which: Share Premium	358	358
	of which: Capital Reserve	119	119
	of which: Retained Earnings	320	320
	of which: Investment Fluctuation Reserve	338	338
	of which: Revaluation Reserve	261	261
	of which: Other Reserve	24	24
	of which: Balance in Profit and Loss Account	(3,888)	(3,888)
	Minority Interest	-	-
	Total Capital	8,047	8,047
Ii	Deposits	73,730	73,730
	of which: Deposits from banks	3,400	3,400
	of which: Customer deposits	70,330	70,330
	of which: Other deposits (pl. specify)		
Iii	Borrowings	6,362	6,362
	of which: From RBI	-	-
	of which: From banks		
	of which: From other institutions & agencies	6,362	6,362
	of which: Others (pl. specify)		
	of which: Capital instruments		
iv	Other liabilities & provisions	3,450	3,450
	of which: Provision for standard assets**	245	245
	of which: DTLs related to goodwill	-	-
	of which: DTLs related to intangible assets	-	-
	Total	**91,589**	**91,589**
	**excludes provision for moratorium accounts		
B	**Assets**		
i	Cash and balances with Reserve Bank of India	19,623	19,623
	Balance with banks and money at call and short notice	249	249
Ii	Investments:	19,927	19,927

	of which: Government securities	17,886	17,886
	of which: Other approved securities	-	-
	of which: Shares	-	-
	of which: Debentures & Bonds	1,103	1,103
	of which: Subsidiaries / Joint Ventures / Associates	-	-
	of which: Others (CP, Mutual Funds etc.)	938	938
Iii	Loans and advances	46,526	46,526
	of which: Loans and advances to banks	74	74
	of which: Loans and advances to customers	46,452	46,452
Iv	Fixed assets	1,051	1,051
v	Other assets	4,213	4,213
	of which: Goodwill and intangible assets Out of which:	-	-
	Goodwill	-	-
	Other intangibles (excluding MSRs)	-	-
	of which: Deferred tax assets	-	-
Vi	Goodwill on consolidation	-	-
vii	Debit balance in Profit & Loss account	-	-
Total		**91,589**	**91,589**

13. Main Features of Regulatory Capital Instruments as on 30th September 2024

Unquoted Equity

(Rs. in INR Million)

1	Issuer	SBM Bank (India) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	
3	Governing law(s) of the instrument	Applicable Indian statutes and regulatory requirements
	Regulatory treatment	
4	Transitional Basel III rules	NA
5	Post-transitional Basel III rules	Common Equity Tier I
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	Ordinary Equity Shares
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	**10,011.38**
9	Par value of instrument	**10,011.38**
10	Accounting classification	Equity Share Capital
11	Original date of issuance	NA
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend/coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary

21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	Write-down feature	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Represents the most subordinated claim in liquidation
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

Tier 2 Bond

1	Issuer	SBM Bank (India) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE07PX08019
3	Governing law(s) of the instrument	Applicable Indian statutes and regulatory requirements
	Regulatory treatment	
4	Transitional Basel III rules	NA
5	Post-transitional Basel III rules	NCD (Tier 2)
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	NCD
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	IN Mio
9	Par value of instrument	INR 10 Mio
10	Accounting classification	Fully paid-up BASEL III compliant Tier 2 Bonds in the nature of Denture
11	Original date of issuance	April 5, 2022
12	Perpetual or dated	Dated
13	Original maturity date	April 5, 2032
14	Issuer call subject to prior supervisory approval	Call Option will be exercised after approval from RBI
15	Optional call date, contingent call dates and redemption amount	Date: - Call Option in respect of the bond at the end of 5 years from the date of allotment. Redemption Amt – INR 1,250 Mio
16	Subsequent call dates, if applicable	Annual

	Coupons / dividends	Coupons @ 9.75% PA
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	9.75
19	Existence of a dividend stopper	NIL
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	Write-down feature	Loss Absorption at the Point of Non-Viability
32	If write-down, full or partial	Fully or partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All other creditors and Depositors of the Bank
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	NA

c	Issuer	SBM Bank (India) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE07PX08027
3	Governing law(s) of the instrument	Applicable Indian statutes and regulatory requirements
	Regulatory treatment	
4	Transitional Basel III rules	NA
5	Post-transitional Basel III rules	NCD (Tier 2)
6	Eligible at solo/group/ group & solo	Solo
7	Instrument type	NCD
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	IN Mio
9	Par value of instrument	INR 10 Mio
10	Accounting classification	Fully paid-up BASEL III compliant Tier 2 Bonds in the nature of Debenture
11	Original date of issuance	January 24, 2023
12	Perpetual or dated	Dated
13	Original maturity date	January 24, 2033
14	Issuer call subject to prior supervisory approval	Call Option will be exercised after approval from RBI
15	Optional call date, contingent call dates and redemption amount	Date: - Call Option in respect of the bond at the end of 5 years from the date of allotment. Redemption Amt – INR 990 Mio

16	Subsequent call dates, if applicable	Annual
	Coupons / dividends	Coupons @ 9.88% PA
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	9.88
19	Existence of a dividend stopper	NIL
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	Write-down feature	Loss Absorption at the Point of Non-Viability
32	If write-down, full or partial	Fully or partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All other creditors and Depositors of the Bank
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	NA

14. Full Terms and Conditions of Regulatory Capital Instruments

The full terms and conditions of all instruments included in the regulatory capital are as below:

Instruments	Full Terms and Conditions
Equity	As per para 13
Tier II Bonds	As per para 13

15. Requirement for Remuneration

Qualitative disclosures

(a) Information relating to the composition and mandate of the Nomination and Remuneration Committee.	The NRC is responsible for providing oversight of the appointment/re-appointment and remuneration of senior management and other key personnel and ensuring that their compensation is consistent with the legal and regulatory framework, Bank's culture, objectives, strategy, and control environment. The NRC is also responsible for providing assessment of board effectiveness and directing the process of renewing and replacing board members. It is responsible for remuneration, succession planning and other board concerns. The composition of NRC as on **30th September 2024** is given as below: Mr. Shyam Sundar Barik, Independent Director (Chairman) Mr. Umesh Jain, Independent Director Ms. Pallavi Kanchan, Independent Director Mr. Raoul Gufflet, Non-Executive Director Ms. Mariam Rajabally, Non-Executive Director

(b) Information relating to the design and structure of remuneration processes and the key features and objectives of Remuneration policy.	The Bank follows the following practices and principles in designing and structuring the remuneration process:- A focus on long-term, risk-adjusted performance and reward mechanism by focusing on performance of the individual employee, the relevant line of business or function and the Bank as a whole. It seeks to drive accountability, and co-relate risk, financial performance and compensation. Key features and Objective of Remuneration policy are: The bank follows a Cash plus Benefits (Fixed Pay plus Benefits) approach in its Compensation framework by providing competitive level of compensation to attract and retain qualified and competent staff members. The compensation should be adjusted for all types of risk. The policy was last reviewed in August 2024. New benefits introduced by the Bank were included in the Compensation policy. In case of Risk and Compliance staff, the mix of fixed and variable compensation is weighted in favor of fixed compensation. The bank has a Cash plus Benefits (Fixed Pay plus Benefits) approach in its Compensation policy. • The bank shall provide an economically competitive level of compensation to attract and retain qualified and competent staff members. • Compensation to all the employees will be based on the guidelines provided by the RBI and & Compensation to CEO and Whole Time Directors (WTDs) will be guided by principles elaborated in the policy All employees on pay-roll of the bank are covered in the Compensation policy.
(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	SBM has in place a robust risk and performance management system to capture, monitor, and control the risks created by its business activities. The goal is to not only manage the risks of the bank, but also to create a culture of risk awareness, risk quantification and measurement and personal accountability. It seeks to ensure that the potential for any risk-taking by any individual, group, or business is controlled.
(d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	In determining total compensation, the bank considers the overall scope of an employee's responsibilities, the performance history of the individual with the Bank, comparisons with other staff within the bank, external market compensation, and the overall performance of the function and the Bank as whole. The bank has adopted Balance Score Card method and metrics include Financial, Learning, Process and Customer quadrants on which employees are assessed. The Bank looks at sustained superior performance achieved across multiple factors over multiple time periods for determining variable remuneration.
(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	The bank is currently unlisted, with plans of listing at an appropriate time. Till that time, the long term incentives (LTI) will be paid as a cash payout to a limited number of eligible employees (MRTs & WTD) as decided by the Board and the following RBI guideline will apply:

deferred remuneration before vesting and after vesting.	In terms of RBI circular on Compensation dated November 4, 2019 Annex Clause B II. 2.1.2 (a) "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"; and as per Clause B II. 2.1.2(b) (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 p.a. but shall not be less than 50% of the fixed pay." The other relevant provisions in respect of variable pay such as deferral, vesting, malus/claw-back, etc. would be as per the RBI Guidelines. At least 50% of the cash variable will be deferred. The deferral period of variable pay will be decided based on evaluation at the end of Annual performance cycle each calendar year and will be between 3 to 5 years. Post listing, in the eventuality of the Bank's equity shares being listed in the stock exchange(s), the Bank will use a Share-linked Long term incentive to help drive a 'pay for performance' culture and link employees' individual wealth creation to the organizational success. In such case, the deferred pay due to the employee shall be converted to non-cash component with immediate effect. In the event of negative contributions of the bank in any year, the deferred compensation will be subject to malus arrangements which permits the bank to prevent vesting of all or part of the amount of a deferred remuneration, but it does not reverse vesting after it has already occurred.
(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	There will be a proper balance between the fixed and the variable pay. The proportion of variable pay will be higher at higher levels of responsibility and could be in cash, or stock linked instruments or mix of both. The variable remuneration includes short-term & long term variable remuneration. The Short-term variable remuneration includes Annual bonus & Short-term incentives. Short term Incentives (paid quarterly) - Sales incentive will be Self-funded – i.e. it aims to carve out a portion of profits in excess of target level as profit sharing pool and divide among employees of the organization. Funds earned through improved financial performance are available for payouts Annual Bonus - The Variable bonus will be paid out of a budgeted provision, but actual payouts will be determined on the basis of Bank's/ Department's/ Individual performance. All employees who have worked for at least six months in the year and are on the rolls of the Bank at the end of year and confirmed in the services of the Bank will be eligible for the Variable Bonus. The parameters for eligibility will be informed each year to the staff members. The plan will exclude those who are not on payrolls at the end of the year or in the notice period at the time of payment of Bonus. Those who have availed of leave without pay for an aggregate

	period of six months or more during the year will not be eligible for Variable bonus. Long Term Incentive (LTI): The Company is currently unlisted, with plans of listing at an appropriate time. Till such that time, the LTI will be paid as a cash payout to a limited number of eligible employees (MRTs & WTD) as decided by the Board and the following RBI guideline will apply: In terms of RBI circular on Compensation dated November 4, 2019 Annex Clause B II. 2.1.2 (a) "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"; and as per Clause B II. 2.1.2(b) (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 p.a., but shall not be less than 50% of the fixed pay." The other relevant provisions in respect of variable pay such as deferral, vesting, malus/claw-back, etc. would be as per the RBI Guidelines. At least 50% of the cash variable will be deferred. The deferral period of variable pay will be decided based on evaluation at the end of Annual performance cycle each calendar year and will be between 3 to 5 years In cases where the cash component of variable pay is under Rs.25 lakh, deferral requirements would not be necessary. Post listing, in the eventuality of the Bank's equity shares being listed in the stock exchange(s), the Bank will use a Share-linked Long term incentive to help drive a 'pay for performance' culture and link employees' individual wealth creation to the organizational success. In such case, the deferred pay due to the employee shall be converted to non-cash component with immediate effect.

Quantitative disclosures - As on **30th September 2024**

A	i) Number of meetings held by the Remuneration Committee (main body overseeing remuneration) during the financial year	3 Meetings were held for the period April-2024 to Sept-2024 viz. 22nd May 2024, 1st August 2024 and 28th August 2024.
	ii) Remuneration paid to its members (sitting fees)	Rs. 60,000/- per Meeting
B	Number of employees having received a variable remuneration award during the financial year	1
C	Number and total amount of sign-on awards made during the financial year	-
D	Number and total amount of guaranteed bonus awarded during the financial year, if any	-
E	Details of severance pay, in addition to accrued benefits, if any	-
F	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	INR 9.6 million cash
G	Total amount of deferred remuneration paid out in the financial year	INR 0.91 million

<table>
<tr>
<td>H</td>
<td>Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred, different forms used</td>
<td>Includes Data for
<table>
<tr><td>EMP_DETAIL</td></tr>
<tr><td>MD & CEO</td></tr>
<tr><td>Head – Treasury</td></tr>
<tr><td>Ex-Head – Retail Banking*</td></tr>
<tr><td>Head – Retail Banking**</td></tr>
<tr><td>Ex-Dy. CEO & Head of Business#</td></tr>
<tr><td>Head – Corporate Banking***</td></tr>
<tr><td>Head- Operation</td></tr>
<tr><td>Head - IT</td></tr>
</table>
*LWD – 01-02-2024
**DOJ- 04-09-2024
LWD – 31-07-2024
***DOJ – 23-08-2024
<table>
<tr><th>Particulars</th><th>Amount – INR Mio</th></tr>
<tr><td>Variable Pay</td><td>-</td></tr>
<tr><td>Deferred Variable Pay</td><td>0.91</td></tr>
<tr><td>Total GROSS</td><td>40.45</td></tr>
<tr><td>Total PF</td><td>1.87</td></tr>
<tr><td>Total NPS</td><td>-</td></tr>
<tr><td>Total Gratuity</td><td>2.00</td></tr>
<tr><td>Total CAR PERK</td><td>0.04</td></tr>
<tr><td>LOAN_PERK</td><td>0.03</td></tr>
<tr><td>Club_Perk</td><td>0.01</td></tr>
<tr><td>PF Perk-Above 7.5 Lakhs</td><td>0.11</td></tr>
<tr><td>PF Int.Perk</td><td>0.03</td></tr>
<tr><td>Total</td><td>45.45</td></tr>
<tr><td>Deferred Pay - to be paid in Apr 2025, 2026 & 2027</td><td>9.6</td></tr>
</table>
</td>
</tr>
<tr>
<td>I</td>
<td>Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments</td>
<td>1.82</td>
</tr>
<tr>
<td>J</td>
<td>Total amount of reductions during the financial year due to ex- post explicit adjustments</td>
<td>0.60</td>
</tr>
<tr>
<td>K</td>
<td>Total amount of reductions during the financial year due to ex- post implicit adjustments</td>
<td>-</td>
</tr>
</table>

16. Equities – Disclosure for Banking Book Positions

The Bank does not have any equity under the Banking Book (HTM). Bank's Investment in Equity under the Trading Book was NIL as on **30th September 2024**.

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

	Item	(Rs. in Million)
1	**Total consolidated assets as per published financial statements**	91,589
2	**Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation**	-
3	**Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure**	-
4	**Adjustments for derivative financial instruments**	5,558
5	**Adjustment for securities financing transactions (i.e. repos and similar secured lending)**	-
6	**Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)**	15,456
7	**Other adjustments**	73
8	**Leverage ratio exposure**	1,12,676

18. Leverage Ratio as on 30th September 2024

	Item	(Rs. in million)
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	91,662
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	91,662
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	1,031
5	Add-on amounts for PFE associated with all derivatives transactions	4,527
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	5,558
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	44,808
18	(Adjustments for conversion to credit equivalent amounts)	-29,352
19	Off-balance sheet items (sum of lines 17 and 18)	15,456

	Capital and total exposures	
20	Tier 1 capital	7,566
21	Total exposures (sum of lines 3, 11, 16 and 19)	1,12,676
Leverage ratio		
22	Basel III leverage ratio	6.71%