

Basel III – Pillar 3 disclosures for the Quarter ended 31st December 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 entities : 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 31st December 2024 are as follows:

(Rs. in millions)

Capital Requirements for various Risks	
Credit Risk	
Capital requirements for credit risk:	
• Portfolios subject to standardised approach	6,044
• 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	485
• Foreign exchange risk (including gold)	79
• Equity risk	0

(Rs. in millions)

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

Capital Adequacy Ratios	Ratio
Common Equity Tier – 1 CRAR	11.49%
Tier – 1 CRAR	11.49%
Total CRAR	15.76%

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
- Climate 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 279 Mio as on 31st December 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	31 st December 2024		
	Fund based*	Non-fund based	Total
Domestic	47,811	20,331	68,142
Overseas	-	-	-
Total	47,811	20,331	68,142

*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	13,030	21
Other Retail Loans	6,584	-
Commercial Real Estate	2,856	13
Financial Intermediation	2,689	25
Food Processing	2,501	3,935
Trade	2,297	3,020
Chemicals and Chemical Products	2,216	855
Infrastructure	2,091	5,249
Other Services	2,035	1,532
Credit Card Receivables	1,803	-
Basic Metal and Metal Products	1,785	190
Housing Loans	1,164	-
Professional Services	1,083	155
Construction	950	1,234
Mining and Quarrying	871	826
Paper and Paper Products	758	5
Advances against Fixed Deposits	611	351
All Engineering	609	1,434
Leather and Leather products	425	-
Vehicles, Vehicle Parts and Transport Equipments	412	272
Textile	383	350
Rubber, Plastic and their Products	271	-
Transport Operators	165	524
Manufacturing-Other Industries	147	203
Beverage & Tobacco	71	10

Vehicle/ Auto loans	4	-
Computer and Related Activities	-	45
Wood and Wood Products	-	82
Agriculture	-	-
Gems and Jewellery	-	-
Total	47,811	20,331

As on 31st December 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	19.15%
2	Infrastructure	10.77%
3	Other Retail Loans	9.66%
4	Food Processing	9.45%
5	Trade	7.80%
6	Other Services	5.24%

Breakdown of assets

Residual Contractual Maturity Breakdown of Assets as of 31st December 2024

(Rs. in millions)

Maturity buckets	Cash	Balances with RBI	Balances with other banks	Investments	Advances*	Fixed Assets	Other assets
1day	8,402	11	158	10,640	1,042	-	741
2 to 7 days	-	-	-	-	2,225	-	-
8 to 14 days	-	172	-	461	338	-	54
15 to 30 days	-	76	-	127	68	-	29
31 days to 2 months	-	112	-	77	2,101	-	188
Over 2 months and upto 3 Months	-	188	-	67	559	-	56
Over 3 months and upto 6 Months	-	461	-	344	377	-	261
Over 6 months and upto 12 Months	-	623	-	2,502	3,477	-	160
Over 1 year and upto 3 years	-	876	-	2,261	26,074	-	8
Over 3 years and upto 5 years	-	204	-	2,564	5,697	-	56
Over 5 years	-	115	-	5,882	7,260	1,129	3,187
Total	8,402	2,838	158	24,925	49,218	1,129	4,740

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

*Advances presented above are without IBPC adjustments.

Movement of NPAs

		(Rs. in millions)
Particulars		Amount
Amount of NPAs (Gross)		
• Substandard		310
• Doubtful 1		187
• Doubtful 2		168
• Doubtful 3		6
• Loss		740
Net NPAs		279
NPA Ratios		
• Gross NPAs to gross advances		2.88%
• Net NPAs to net advances		0.58%

Movement of NPAs (Gross)		
Opening balance (1 st April 2024)		1,236
Additions		405
Reductions		230
Closing balance (31 st December 2024)		1,411

Movement of specific provisions and general provisions

			(₹ in millions)
		Specific Provisions	General Provisions
Movement of Provisions			
Opening balance (1 st April 2024)		950	239
Provisions made during the period		238	13
Write-off /write-back of excess provisions		(56)	-
Any other adjustments, including transfers between provisions		-	-
Closing balance (31 st December 2024)		1132	252

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		66
Recoveries that have been booked directly to the income statement		29

Geography wise Distribution of NPA and Provision – Position

				(Rs. in millions)
Particular	Domestic	Overseas	Total	
Gross NPA	1,411	-	1,411	
Specific Provision	1,132	-	1,132	

Breakup of NPA by major Industries– Position

(Rs. in millions)

	Total (31st December 2024)	
Particulars	Gross NPA	Specific Provision
Infrastructure	758	758
Other Retail Loans	403	194
Credit Card Receivables	62	57
Chemicals and Chemical Products	100	100
Housing Loans	84	19
Vehicle/ Auto loans	4	4
Total	1,411	1,132

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

(Rs. in millions)

Particulars		Amount
A	Amount of Non-Performing Investments	32
B	Amount of Provision held for Non-performing investments	32
C	Movement of provision for depreciation on investments*	
	- Opening balance as on 1st April 2024	-
	- Provision made in 2024-25	-
	Write-offs/Write-back of excess provision	-
	- Closing balance as on 31st December 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 Dec 31, 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 Dec 31, 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 weight age 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	28,560
100% risk weight	23,112
More than 100% risk weight	16,470
Deduction from capital funds	-
Total	68,142

Note: Exposure includes loans & advances, lendings, 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.

Internal

5. Main Features of Regulatory Capital Instruments As on 31st December 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 Bonds

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 Debenture
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