DEPT: SECRETARIAL

REF. No. : SEC/ST.EX.STT/ 109 /2025-26
DATE : October 1, 2025

BSE Ltd. Department of Corporate Services (Listing), First Floor, New Trading Wing, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai – 400 001. SCRIP CODE: 532218	National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. SCRIP CODE: SOUTHBANK

Dear Madam/Sir,

Sub: Intimation of revision in Credit Rating

Pursuant to Regulation 30(6) read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation"), we would like to inform that M/s INFOMERICS Valuation and Rating Private Limited vide intimation dated October 1, 2025 has upgraded the issuer rating of the Bank. Details of the same is provided below:

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Issuer rating	-	IVR AA /Stable (IVR Double A with Stable outlook)	IVR AA- /Stable (IVR Double A minus with Stable outlook)	Rating Upgraded	Not applicable

Detailed rating rationale for the aforesaid assignment of Credit Rating is enclosed herewith. The rating rationale has been published and can be accessed at the below link:

https://www.infomerics.com/admin/uploads/pr-south-indianbank-1oct25.pdf

This information is also being uploaded on the Bank's website at www.southindianbank.com.

Yours faithfully,

JIMMY MATHEW Digitally signed by JIMMY MATHEW Date: 2025.10.01 16:11:14 +05'30'

(JIMMY MATHEW)
COMPANY SECRETARY

Encl: as above

Press Release

The South Indian Bank

October 01, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Issuer Rating	-	IVR AA/Stable (IVR Double A with Stable outlook)	IVR AA-/Stable (IVR Double A minus with Stable outlook)	Rating Upgraded	NA
Total	-				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics ratings has upgraded the Issuer Rating assigned to The South Indian Bank (SIB) on account of consistent growth in overall business of the bank, sustained improvement in the earnings profile, granular and diversified loan book, comfortable capitalisation and moderate resource profile. However, the ratings are constrained by average, albeit improving asset quality and regionally concentrated operations.

Infomerics has assigned "Stable" outlook as it expects that the bank will continue to grow its business on the back of comfortable capitalisation and established presence while maintaining healthy asset quality and profitability.

Key Rating Sensitivities:

Upward factors

- Substantial and sustained growth in advances, deposit mobilisation, profitability along with improvement in asset quality.

Downward Factors

- Substantial degrowth in advances and deposits of the bank from the current levels.
- Any major increase in slippages leading to further deterioration of asset quality and thereby impacting the earnings profile.
- Any material decline in overall capital adequacy ratios below the current levels.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Sustained improvement in the earnings profile

SIB's earnings profile has shown sustained improvement in the last 5 years on the back of consistent growth in the advances with major contribution from retail loan book. In FY25, SIB's total interest income grown by 9.29% YoY to Rs 9413.31 crore (FY24: Rs. 8612.81 crore) and its NIM stood stable at 3.24% for FY25 (3.31% in FY24) due to lower cost of deposits. SIB's operating profit had increased to Rs 2,270.08 crore in FY25 from Rs 1,867.67 crore in FY24 and the Net Profit increased to Rs 1,302.91 crore in FY25 as against Rs 1,070.08 crore in FY24 on the back of improved operational efficiency and decreased credit costs. SIBs ROA and ROE has improved to 1.06% & 12.90% respectively as on 31 March 2025 (FY24: 0.91% & 12.13% respectively). For Q1FY26, SIB reported total interest income of Rs 2362.44 crore, operating profit of Rs 672.20 crore and PAT of Rs 321.95 crore. Going forward, ability of the bank to maintain a healthy profitability and manage its credit costs will remain a key rating monitorable.

Granular and diversified loan book

SIB's loan book (Advances) is granular and diversified in nature with only 42% exposure to corporate loan segment and 58% exposure to retail loan book and 51% of loan book having a ticket size of less than Rs 5 crore. Retail loan book comprises 27% of personal loan book, 17% of agriculture loans and 14% of business loans as on 30th June 2025. SIB's gross domestic advances have witnessed a sustained growth of ~9% and stood at Rs 84,579.00 crore in FY25 (Rs 80,426.00 crore in FY24). Gross advances have further grown to Rs 89,198 crore in Q1FY26 driven by the growth in retail loan book. Infomerics Ratings expects the growth momentum to continue considering the established branch network and customer base which will drive the credit growth.

Comfortable capitalisation

SIB has been able to maintain comfortable capitalization levels amidst growing advances mainly on account of accrual of profits. Common Equity Tier-1 (CET 1) ratio and Total CRAR stood comfortable at 18.25% & 19.48% respectively, as on 30 June 2025 (17.98% & 19.31%, respectively, as on March 31, 2025). Infomerics expects that SIB will continue to maintain a sufficient buffer above the minimum regulatory capital requirement to meet credit growth on back of expected capital infusion ably supported by improvement in internal accruals.

Moderate resource profile

SIB's resource profile is moderate marked by CASA deposits which has improved to 32.06% as on 30 June 2025 (FY25:31.37%) post rate drops by RBI in last 6 months. SIB's cost of funds and cost of deposits have marginally decreased to 4.82% & 5.49% respectively as on 30 June 2025 (FY25: 4.84% & 5.44% respectively) post the revision in the rates by RBI. Bank's deposits have grown to Rs 107,526 crore in FY25 and further to Rs 112,922 crore (Rs 101,920 crore in FY24) in Q1FY26 reflecting its strong deposit base. Infomerics Ratings expects SIB's resource profile to remain healthy over medium term on back of stability in CASA deposits due to its strong deposit base.

Key Rating Weaknesses

Average, albeit improving, asset quality

SIB's asset quality continues to remain average despite improvement over the years as marked by GNPA and NNPA which stood at 3.15% & 0.68% respectively as on 30 June 2025 (3.20% & 0.92% respectively in FY25). The improvement in the asset quality is mainly due to reduction in large ticket size loans to improve the granularity of the loan book, adoption of stringent lending policies and focus on better rated corporate loan book. Additionally, SIB's slippage ratio has reduced to 0.20% (FY25: 1.31%) as on 30 June 2025 and PCR stood comfortable at 78.90% (FY25: 71.80%) as on 30 June 2025. SIB's ability to maintain healthy asset quality amidst the ground loan book will continue to be a key rating monitorable.

Regionally concentrated operations

Despite presence across pan India with 948 branches across 26 states and 4 union territories, SIBs operations are regionally concentrated with Kerala contributing to 30% of total business followed by other southern states, which contributes to 33% and rest of India contributing to 37% of total business of the bank as on 30 June 2025. This exposes the bank to geographical concentration risk. Going forward, the ability of the bank to diversify geographically and reduce its concentration will be a key rating sensitivity.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Banks

Policy on Default Recognition and Post – Default Curing Period

Criteria of assigning Rating Outlook.

Complexity level of rated instruments/Facilities

Financial Ratios & Interpretation (Financial Sector)

Rating methodology for Issuer Rating

Liquidity: Strong

SIB's liquidity position is supported by the strength of its liabilities franchise and its sovereign ownership. The Bank is having a sizeable retail deposit base that forms a significant part of the total deposits. Its liquidity coverage ratio stood at 147.84% as on 30 June 2025, as against minimum regulatory requirement of 100%. Liquidity is further supported by the Bank's access to systemic sources of funds, such as the liquidity adjustment facility from RBI and access to the call money market.

About the Bank

Established in 1929, SIB was the first 'scheduled bank' amongst the private banks in Kerala. SIB has no identifiable promoter, and the shareholding pattern is well diversified. It has strong presence in south India and particularly in Kerala. As on 30 June 2025, SIB had a network of 955 branches and 1298 ATMs spread across the country.

Financials (Standalone)*:

Rs in crore

For the year ended/As on*	31-03-2024	31-03-2025
	(Audited)	(Audited)
Total Income	10,128.32	11,226.74
PAT	1,070.08	1,302.91
Total Business	182,346.52	195,104.00
Gross Advances	80,426.26	87,578.52
Total Deposits	101,920.26	107,525.60
Networth	8,826.18	100,99.92
Ratios		
NIM (%)	3.31	3.24
ROA (%)	0.91	1.05
Tier I CRAR (%)	17.65	17.98
Total CRAR (%)	19.91	19.31
GNPA [Stage III] (%)	4.50	3.20
NNPA [Stage III] (%)	1.46	0.92
CASA (%)	32.08	31.37

***Classification as per Infomerics' standards**

Status of non-cooperation with previous CRA: Not applicable

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 1 Oct 2024	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Issuer rating	Long Term	-	IVR AA/Stable	IVR AA-/Stable	-	-

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Annexure 1: Instrument/Facility Details

Instrument/ Facility	ISIN	Date of Issuance	Maturity Date	Coupon (%)	Amount (Rs in Crores)	Listing Status	Rating
Issuer Rating	-	-	-	-	-	-	IVR AA/Stable

Annexure 2: Facility wise lender details – Not Applicable

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not applicable.

Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable.

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.