

## **The South Indian Bank Limited**

### **December 02, 2022**

The South Indian Bank Limited (SIBL) has an outstanding Tier II Bonds of Rs.490 crore (ISIN: INE683A08036) issued on November 28, 2017 with maturity date of May 28, 2028 has an optional call date on the fifth anniversary from the date of allotment i.e. November 28, 2022. The Bonds also have subsequent call options on every anniversary of coupon payment date after first call option due date as per the terms of the issue. The bank has not exercised the call option on November 28, 2022. It is to be noted that the coupon rate for this Tier II bonds is 9.50% per annum which is relatively lower in comparison to other existing Tier II bonds of SIBL. Considering the risk weighted assets as on September 30, 2022 and no additional accruals, Total CAR would have stood at 14.97% in case the bank had exercised the call option as against reported total CAR of 16.04% as on September 30, 2022. Tier 1 CAR stood at 13.42% as on September 30, 2022. Total CAR and Tier 1 CAR stood well above regulatory minimum requirement of 11.50% and 9.50% respectively. It is to be noted that not exercising the call option is well within the terms of issue and excluding said Tier II Capital also, capitalization levels of SIBL is comfortable. CARE ratings would continue to monitor the capital raising plans of SIBL and impact of this event, if any on the same.

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