

Policy on Determination of Materiality of Events / Information and its Disclosure

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Corporate Centre
Mumbai**

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1. PREAMBLE

- 1.1. The State Bank of India, (“SBI” or “the Bank”), a body corporate constituted under State Bank of India Act, 1955 (“SBI Act”) is governed by the provisions of the SBI Act. SBI is bound by the regulations, viz. State Bank of India General Regulations, 1955 (“SBIGR”) framed under section 50 of the SBI Act. Further, SBI is bound by the provisions mentioned in section 51 of the Banking Regulations Act, 1949 (“BR Act”), the directions and guidelines issued by the regulatory authority, Reserve Bank of India (“RBI”), from time to time in accordance with the BR Act, Reserve Bank of India Act, 1934 (“RBI Act”) or any other statutory provisions.
- 1.2. SBI, being a listed entity, has to comply with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the circulars and guidelines issued by the Securities and Exchange Board of India (“SEBI”) from time to time.
- 1.3. Sub-Regulation 4 (ii) of Regulation 30 of the Listing Regulations requires that a listed entity shall frame a policy for determination of materiality and disclosure of Events / Information, based on criteria specified in Sub-Regulation 4 (i) of Regulation 30 without diluting the requirements of the Listing Regulations, duly approved by its Board of Directors, and this Policy has been formulated to fulfill the said requirement.

2. NAME, SCOPE AND OBJECTIVE OF THE POLICY.

- 2.1. This Policy shall be called the “*Policy for Determination of Materiality of Events / Information and its Disclosure*” (“Policy”).
- 2.2. The Central Board of SBI shall be the authority to approve, adopt, review and modify this Policy and authorize Key Managerial Personnel (KMP) for the purpose of determining materiality of event / information and making necessary disclosures to the Stock Exchange(s).
- 2.3. This Policy shall be read with its Operational Guidelines framed as per applicable law stated above and as amended from time to time according to requirement.
- 2.4. The Bank shall disclose this Policy on its website.
- 2.5. This Policy outlines the basis for determining Materiality of an Event or Information, for making disclosures under Regulation 30 of the Listing Regulations.

3. APPLICABILITY

- 3.1. The Policy is applicable to all such events that fall under the criteria enumerated under Regulation 30 and 51 of the Listing Regulations and Circulars / Guidelines issued from time to time by SEBI in this regard.

4. DEFINITIONS

In this Policy, unless the context requires otherwise, the following words and expressions used shall have the meaning as defined herein:

- 4.1. **“Bank”** means the State Bank of India (SBI), constituted under the State Bank of India Act, 1955.
- 4.2. **“Central Board”** means the Central Board, as defined under Section 19 of the State Bank of India Act, 1955 as amended from time to time and includes the Executive Committee of the Central Board, constituted as per Section 30 of the State Bank of India Act, 1955.
- 4.3. **“Designated Officials”** means official holding position of Departmental Head.
- 4.4. **“Expected Impact in terms of value”** shall mean the monetary impact of an event or information, whether immediate or over a period of time, directly relatable to or occasioned by the event or information, on the basis of full expected potential of the event or information, whether, on turnover, net worth, or/and profit/ loss of the Bank, as ascertained or expected at the time of occurrence of the event or information.
- 4.5. **“Key Managerial Personnel (KMP)”** means the Chief Executive Officer (Chairman), Managing Directors, Deputy Managing Director (Finance), Chief Financial Officer and Company Secretary of the Bank, if any, and such other officer, designated as such by the Central Board.
- 4.6. **“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including subsequent modifications issued from time to time.
- 4.7. **“Market Rumour(s)”/“Rumour”** shall mean an information, not based on official Stakeholder Communication issued by or on the authority of the Bank, about specific and impending event or information or development pertaining to the Bank, whether emanating from within the Bank or not, which, had it been verified as true or ripe for disclosure, would constitute a Material Event or Information, or is likely to have caused a market reaction, but shall exclude each of the following:

- Any matter, news or comments on matters of general relevance, whether pertaining to the business, products, services or sectors in which the Bank has its interests, or not, not directly related to any event or development pertaining to the Bank;
 - Some individual's or entity's interpretation or analysis of, or views on official Stakeholder Communication;
 - Any comparison or analysis of the Bank with that of any of its peers, other companies or entities;
 - A pure conjecture, speculation of imprecise or incoherent nature, or a generic statement which any reasonable person would not have related with or referring to any Material Event or Information. For example: "something is happening in the Bank"; "some big news is coming" – these conjectures are unlikely to make a reader relate to any particular Material Event or Information.
- 4.8. **"Material Event or Information"** shall mean such event/ information as listed under Para 5 of this Policy.
- 4.9. **"Material Price Movement"** means the price movement in equity shares of SBI at stock exchanges where the equity shares of the Bank are listed as per the framework issued by stock exchanges from time to time.
- 4.10. **"Nodal Officer"** means departmental head or designated official not below the rank of DGM, responsible for reporting of material event / information to the stock exchanges through the Shares & Bonds Department.
- 4.11. **"Relevant Employee"** shall include such employee(s), personnel, heads of various departments, divisions or functions, as identified based on the criteria laid in the Operational Guidelines prepared pursuant to this Policy.
- 4.12. **"Senior management"** shall mean the officers and personnel of the Bank who are members of its core management team, excluding the Central Board, and shall also comprise all the members of the management one level below the Managing Director and shall specifically include the Deputy Managing Directors, being the functional heads, and any other officers/ personnel reporting directly to the Chairman, and will include the persons identified and designated as key managerial personnel, other than the Directors on the Central Board, by the Bank.
- 4.13. **"Stakeholder Communication"** means any communication issued by or on the authority of the Bank, including any information filed by the Bank with one or more Exchange, or information disseminated by the Bank as a part of its quarterly, half yearly or annual financial statement, or any other communications addressed either to a section of stakeholders or to public at large.

- 4.14. “**Stock Exchange**” means BSE Ltd. and National Stock Exchange of India Ltd. or any other authorized stock exchanges where the securities of the Bank are listed.

All other words and expressions used but not defined in this Policy, but defined in the Listing Regulations, SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

5. MATERIAL EVENT OR INFORMATION

- 5.1. **Deemed material events:** Events specified in Para A of Part A of Schedule III of Listing Regulations which are deemed material events and shall be disclosed by the Bank without applying any guidelines/criteria.
- 5.2. **Events/ information requiring materiality assessment:** Events specified in Para B of Part A of Schedule III of Listing Regulations, the materiality of which has to be determined based on the application of guidelines for materiality provided in Para 6 of this Policy.
- 5.3. **Material Events under Regulation 51(2):** As the Bank has also listed its Non-Convertible Securities, the Bank will be required to make disclosure of events specified in Part B of Schedule III of Listing Regulations.
- 5.4. **Other material events/information:** Events/ information, not covered under 5.1, 5.2 and 5.3 above, but constituting any major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and any other information which is exclusively known to the Bank which may be necessary to enable the holders of securities of the Bank to appraise its position and to avoid the establishment of a false market in such securities, will be disclosed if it is expected to trigger Material Price Movement.
- 5.5. Events/ information with respect to subsidiaries not expressly covered above, which are material for the Bank, determined based on their impact on consolidated results which may result in Material Price Movement for the Bank, shall also be disclosed to the stock exchanges in accordance with Listing Regulations.
- 5.6. The Bank shall, with respect to disclosures referred to in the Listing Regulations, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations. For this purpose, material developments shall include a

material change in the stage, status of approval, discontinuation, material modification in terms of Expected Impact in Value, etc.

5A. CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENT AND/OR INFORMATION

5A.1 In terms of Regulation 30 (3) read with Regulation 4 (1) of Listing Regulations, the Bank shall consider the following criteria for determination of materiality of events/ information:

Qualitative Criteria

5A.1.1 If the omission of an event or information which is likely to result in discontinuity or alteration of event or information already available publicly; or

5A.1.2 If the omission of an event or information is likely to result in significant market reaction, if the said omission came to light at a later date; or

Quantitative Criteria

5A.1.3 The omission of an event or information, whose value or the expected impact in terms of value, exceeds the least of the following:

5A.1.3.1 2% of turnover, as per the last audited consolidated financial statements of the Bank;

5A.1.3.2 2% of net worth, as per the last audited consolidated financial statements of the Bank, except in case the arithmetic value of the net worth is negative;

5A.1.3.3 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Bank;

[Note: In terms of Listing Regulations, the average of absolute value of profit or loss is required to be considered by disregarding the 'sign' (positive or negative) that denotes such value as the said value / figure is required only for determining the threshold for 'materiality' of the event and not for any commercial consideration]

5A.2 Materiality will be determined on a case to case basis depending on specific facts and circumstances relating to the event / information. In order to determine whether a particular event / information is material in nature, both the 'quantitative' and 'qualitative' factors shall be considered.

5A.3 In a case where the quantitative and qualitative criteria mentioned above are not applicable, an event or information may be treated as being material if in the opinion of the Central Board of the Bank, the event or information is considered material. The Central Board, while framing an opinion, may have regard to the principles governing obligations and disclosure requirements as provided for in Regulation 4 of the Listing Regulations.

6. AUTHORITY FOR DETERMINATION OF MATERIALITY OF EVENT AND/OR INFORMATION

6.1. The Managing Directors/ Deputy Managing Directors/ Senior Management / Departmental Head shall identify the material events/ information falling under his / her area of operation.

6.2. The Chief Financial Officer shall be the Authorised KMP in terms of regulation 30(5) of the Listing Regulations. DGM (Compliance & Company Secretary) and in his/her absence DGM (Shares & Bonds) shall be authorized for the purpose of making disclosures to stock exchange(s).

6.3. The Authorised KMP and the Designated Officials may consult the 'Committee for determination on Materiality of Event/ Information' ('Committee'), as and when required, while determining the materiality of certain events/ information.

6.4. The Committee will have the following KMP as members:

- a. All the Managing Directors;
- b. Deputy Managing Director (Finance);
- c. Chief Financial Officer.

Any two members will make the quorum for a meeting of the Committee.

6.5. The Committee will enable determination of materiality of the event/ information, price sensitivity of an event/ information that qualifies for disclosure by the Designated Officials and/or Authorised KMPs. All decisions of the Committee in relation to guidance on identification of Material Event or Information including determination of material developments therein, will be recorded in writing.

6.6. Notwithstanding anything contained above, the Central Board shall be entitled to give directions to treat an event and/or information as material.

7. DISCLOSURE TO STOCK EXCHANGE: TIMELINE, CONTENT AND MANNER

7.1. All events or information which are 'material' shall be disclosed to stock exchanges as soon as reasonably possible and in any case not later than the following:

Nature of information	Timeline for disclosure
<p>In case the event/information is pursuant to a meeting of the Central Board of Directors in which the decision pertaining to the event or information has been taken</p>	<p>30 minutes from the closure of the meeting of the Central Board of Directors</p> <p>Provided that in case the meeting of the Central Board closes after normal trading hours of that day but more than three hours before the beginning of the normal trading hours of the next trading day, the Bank shall disclose the decision pertaining to the event or information, within three hours from the closure of the Central Board meeting.</p> <p>Provided further that in case the meeting of the Central Board of Directors is being held for more than one day, the financial results shall be disclosed within thirty minutes or three hours, as applicable, from closure of such meeting for the day on which it has been considered.</p>
<p>Event or information is emanating from within the Bank</p>	<p>12 hours from the occurrence of the event/information</p>
<p>Event or information is not emanating from within the Bank</p>	<p>24 hours from the occurrence of the event/information</p> <p>Provided that if all the relevant information, in respect of claims which are made against the Bank under any litigation or dispute, other than tax litigation or dispute, in terms of sub-paragraph 8 of paragraph B of Part A of Schedule III, is maintained in the structured digital database of the Bank in terms of provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the disclosure with respect to such claims shall be made to the stock exchange(s) within seventy-two hours of receipt of the notice by the Bank.</p>

7.2. In case of information not emanating from within the Bank, the timeline as specified above shall apply from the time the relevant Employee became aware or may be reasonably expected to become aware about such event or information.

- 7.3. Note that all timelines specified in the Listing Regulations/ Policy are inclusive of non- working day/ trading holiday. Normal trading hours shall mean time period for which the recognized stock exchanges are open for trading for all investors.
- 7.4. Any material development in any of the material event / information previously disclosed, shall be disclosed within the timelines provided for in clauses above.
- 7.5. In case the disclosure is made after the timelines specified, the Bank shall, along with such disclosure, provide the explanation for the delay.
- 7.6. In case an event or information is required to be disclosed by the Bank in terms of the provisions of Regulation 30, pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the Bank shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority. In case of an instance where disclosure is so prohibited by the authority, the Designated Officials/ Nodal Officer shall keep a record of the same as the reason for non-disclosure.
- 7.7. The disclosure shall be made to the stock exchanges in such manner as specified by the stock exchanges from time to time. The disclosures submitted to the stock exchanges will be uploaded on Bank's website and will be retained thereafter as per the Archival Policy of the Bank and guidelines issued by SEBI from time to time.

7A RESPONDING TO MARKET RUMOURS

- 7A.1 The Bank shall confirm, deny or clarify, upon the Material Price Movement as may be specified by the stock exchanges, any reported event or information in the mainstream media which is not general in nature and which indicates that rumour of an impending specific event or information is circulating amongst the investing public.
- 7A.2 The Bank shall confirm / deny / clarify the market rumor as soon as reasonably possible but not later than 24 hours from the trigger of material price movement. Further, if the Bank confirms the reported event or information, it shall also provide the current stage of such event or information
- 7A.3 For the purpose of verification of market rumours, the Bank shall follow the industry standards as recognised by SEBI and issued by Industry Standards Forum, under Regulation 30(11) of Listing Regulations, as issued / amended from time to time.

Provided that when the Bank confirms within twenty four hours from the trigger of material price movement, any reported event or information on which pricing norms are specified by the SEBI or the stock exchanges are applicable, then the effect on the price of the equity shares of the Bank due to the material price movement and confirmation of the reported event or information may be excluded for calculation of the price for that transaction as per the framework as may be specified by the SEBI.

7A.4 Criteria for determination of Material Business Operations in Foreign Jurisdiction

For the purpose of tracking the rumour verification in terms of Regulation 30(11) of Listing Regulations, those business operations of the Bank in a foreign country, which constitutes 10% or more of the total consolidated turnover of the Bank as per last audited consolidated financial statements of the Bank, shall be considered as “material business operations” in a foreign jurisdiction. Accordingly, leading English Newspapers of that country will be considered for tracking the market rumours.

7A.5 The promoter, director, key managerial personnel or senior management of the Bank shall provide adequate, accurate and timely response to queries raised or explanation sought by the Bank in order to ensure compliance with the requirements under sub-regulation 11 of Regulation 30 of the Listing Regulations and the Bank shall disseminate the response received from such individual(s) promptly to the stock exchanges.

7A.6 The Authorised KMPs, Designated Officials, Nodal Officers and the Committee shall be guided by the Code of Fair Disclosure framed under the SEBI (Prohibition of Insider Trading) Regulations 2015 and the Operational Guidelines framed by the Bank pursuant to this Policy.

8. OWNERSHIP & REVIEW OF THE POLICY

8.1. This Policy is owned by Shares & Bonds Department and is subject to updation / review, on account of any change in the provisions of the Listing Regulations or as may be required to do so from time to time. The Central Board shall review the Policy at least once in every three years or as and when required.

8.2. The Shares & Bonds Department of the Bank or any other Department as may be directed by the Central Board shall be empowered to submit the review / updation of the policy.

8.3. Consequent upon subsequent changes /amendments in the Listing Regulations or other applicable laws during the currency of the Policy, the relevant amended provisions will be implemented immediately with the approval of vertical head and such changes will be put up to the Central Board in due course when the Policy falls due for next review.

9. ROLE AND RESPONSIBILITIES

9.1. Committee

- 9.1.1. Enable determination of materiality of an event/ information or any material development thereof in terms of Listing Regulations, where consulted by the Authorised KMP and Designated Officials;
- 9.1.2. Prescribing the Designated Officials and relevant Employees responsible to identify the material events/ information falling under his/her area of control.

9.2. Compliance Officer

- 9.2.1. Disclosure of material events/information to the stock exchanges, as received from the Nodal Officer(s), within the timeline as specified under this Policy;
- 9.2.2. Ensuring that the disclosures uploaded on the website of the Bank are kept as per the Archival Policy of the Bank;
- 9.2.3. Arranging for a response to all queries raised by the stock exchanges with respect to any event or information in consultation with the appropriate authority.

9.3. Relevant Employees

- 9.3.1. Assisting in identifying potential material events or information and reporting the same to the Designated Officials in a prompt manner for the purpose of determining materiality of those events / information.
- 9.3.2. Assisting the Authorised KMPs and Designated Officials with the implementation of this Policy as may be specified from time to time.

9.4. Designated Officials

- 9.4.1. Identifying the material events/ information falling under his/her area of control and arranging timely disclosure of the same to the stock exchange(s).

9.5. Nodal Officer

- 9.5.1. For the events/information identified as material, ensuring that appropriate disclosures as required under this Policy are made to the stock exchange through Shares & Bonds Department after obtaining requisite approvals from the Designated Officials/Authorised KMPs.
- 9.5.2. Maintaining a record of any decision taken with respect to materiality or otherwise of any event or information (including any development thereof) and disclosure of such event or information, with reasons.
- 9.5.3. Ensuring that the disclosure made to the stock exchanges are also disclosed on the website of the Bank.

- 9.5.4. Ensuring disclosure of the event/information of the subsidiary which is material for the Bank and for the said purpose, connecting with the relevant KMP of the subsidiary to ensure the compliance.
- 9.5.5. To arrange for submissions or response relating to confirmation/ denial/ clarification of the market rumours in co-ordination with the Nodal Officer of the Stakeholders Communications Dept. (Department responsible for Media and Communications) to the Stock Exchange through Shares & Bonds Department.
