



“South Indian Bank Limited Q1 FY12 Results Conference Call”

July 15, 2011



MODERATORS

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South Indian Bank
July 15, 2011

Moderator Ladies and gentlemen, good day and welcome to the South Indian Bank Q1 FY12 Results conference call hosted by Almondz Global Securities Limited. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during the conference call, please signal an operator by pressing "*" and then "0" on your touchtone telephones. Please note that this conference is being recorded. At this time I would like to hand the conference over to Mr. Harijit Singh Sethi. Thank you and over to you sir.

Harijit Singh Sethi Thank you Faisal. Good evening everyone. On behalf of Almondz Global Securities it is indeed our great pleasure to welcome you all for this conference with South Indian Bank management. We welcome Dr. V. A. Joseph, MD and CEO, Mr. Abraham, Executive Director, Mr. Cheryan, Executive Director and Mr. M. S. Mani, GM – Treasury to this call. We would like to hand over this call to Dr. Joseph for his initial remarks for 1st Quarter FY12 results. Sir over to you now.

V. A. Joseph Thank you very much. I am very happy to inform you our Chief Financial Officer; Mr. K. S. Krishnan is also with me to answer any queries on the balance sheet side. At the outset I am very happy to inform you that the Q1 net profit of South India Bank grew by 41.15% to touch the highest ever quarterly figure of Rs.82.49 Cr as against the Rs.58.44 Cr for the corresponding quarter of the previous year. The total business of the bank has increased by Rs.13,556 Cr from Rs. 40,217 Cr to Rs. 53,773 Cr on a year to year basis registering a growth of 33.71% while the deposits has gone up by Rs. 8,291 cores from Rs. 23,331 Cr to Rs. 31,662 Cr registering a growth of 35.54%, the advances has increased by Rs. 5,265 Cr from Rs. 16,886 Cr to Rs. 22,151 Cr registering a growth of 31.18%. CASA of the bank has increased by Rs. 937 Cr from Rs. 5,852 Cr to 6,789 Cr registering a growth of 16.02%. The banks earned a total income to Rs. 820.34 Cr during the quarter as against Rs. 581.78 Cr for the previous year registering a growth of 41.01%. Bank has maintained a net interest margin at the same level of 2.8% as in the 1st Quarter of June 2010. Annualized earnings per share for the quarter has increased to Rs. 2.93 from Rs. 2.59 as on 31st March, 2011. The book value per share increased from Rs. 13.66 to Rs. 17.04 on a year to year basis. The capital adequacy ratio of the bank stood at 13.51 under Basel II standard against the regulatory requirement of 9%. Due to excellent monitoring and recovery measures by bank, the bank could bring down the gross NPA percentage to 1.07 from 30th June, 2011 as against 1.33 as on 30th June, 2010. The net NPA percentage also decreased from 0.39 as on 30.6.2010 to 0.29 as on 30th June 2011. Provision coverage ratio also increased to 73.94 as on 30.6.2011 as against 73.15 as on 30th June, 2010. The bank is planning to open 57 more branches during the current fiscal to take total number of branches to 700.

I have also with me Mr. Abraham Thariyan – Executive Director who will be answering your questions on the matters on foreign exchange, NRI business and Mr. Cheryan Varkey – Executive Director is here to answer the questions from credit and recovery and Mr. Mani will be answering questions on treasury and investment and Mr. Krishnan on the balance sheet side.

Harijit Singh Sethi We can open the house for questions and answers.



*South Indian Bank
July 15, 2011*

- Moderator** Sure sir. The first question is from the line of Sumit Jatia from Aditya Birla Money, please go ahead.
- Sumit Jatia** I wanted to get some sense on your loan book composition. During the quarter our total loan book grew by 1350 Cr out of which 1000 Cr has been increased in the other segment. So what does this other constitute?
- V. A. Joseph** 1000 Cr in other segment?
- Sumit Jatia** Yeah, in your presentation, in the loan book composition there is an increase of 1000 Cr in the other segment.
- M. S. Mani** What was the figure for 31/03/2011 and 30.06.2011 ? How do you arrive at that increase?
- Sumit Jatia** At the end of the March quarter it was around
- V. A. Joseph** I think we may have to go for slightly higher bifurcations because even that 'other' contains our personal loans, loan against deposit, vehicle loans all those things are there. So increase has happened in all these segments.
- Sumit Jatia** Other segment it is showing around 6,761 Cr?
- V. A. Joseph** We can give you slightly higher better bifurcation on that amount. The growth can be arrived from many sectors as I told you now. Now that 'others' about 6000 consist of personal loan, then vehicle loan, food credit loan and others are there and we give loan against deposits and gold come together under 6000.
- Sumit Jatia** This gold loan portfolio is not included in this 'others'?
- V. A. Joseph** Gold loan is shown in a part maybe in the agriculture, part maybe in the other priority sector and then a part maybe in the business loan and then others.
- Sumit Jatia** So what is the absolute amount in gold loans?
- Moderator** I am sorry to interrupt. May we ask you to come up for follow-up questions as we have other participants in the queue?
- V. A. Joseph** Okay, no problem.
- Moderator** Thank you. The next question is from the line of Kashyab Jhaveri from Emkay Global, please go ahead.
- Kashyab Jhaveri** My question actually pertains again back to the loan growth in this quarter on sequential basis our loans have grown by about 8% Q-on-Q whereas NPA average has been less than about 2 or 3% or so and we can see that our margins also have come down significantly. What has driven such sharp sequential growth in loans and couldn't our target be to actually sort of protect the margins rather than balance sheet growth.



*South Indian Bank
July 15, 2011*

- V. A. Joseph** The point regarding the growth what I would say was as far as the growth in advance is concerned and what about the NIM? Am I getting it right? As for being explained by our CEO, last year same quarter it was 2.8 and they are maintained at the same level of 2.8% though at the year end last year we were above 3% in NIM. Our recent 1st Quarter the same performance starts last year and in this year the main factors is. For example in 2011 March-February we have contracted deposits of slightly higher value market being what it is for which greater impact is happening during the 1st Quarter of this year. Always for re-pricing asset has a lag on the liability can be transferred to the liability part I mean the asset part only with a small lag and that will be impacting the interest income for the 1st Quarter and getting neutralized over the quarter as has been proved in the last year. Regarding the growth in advances, of course, gold loan has played a good role and then otherwise many other segments are also grown.
- Kashyab Jhaveri** And what would be our target NIM for the full year?
- V. A. Joseph** Targeted at 3%.
- Kashyab Jhaveri** So should one expect some improvement in coming quarters in NIMs over 2.8% which is for this quarter?
- V. A. Joseph** That should be slowly inching up towards 3% maybe with the 3rd Quarter we will be close to 3% that was the way that we are moving in the last year.
- Kashyab Jhaveri** And just last question on the pension liabilities. What is the pending pension and gratuity liability which is to be amortized towards four year period? I want both pension plus gratuity.
- Management 1** Gratuity we have amortized for the quarter proportionate amount, 7.83 Cr and incremental liability another 7 Cr.
- Kashyab Jhaveri** And that multiplied by the 16 quarters will be the total liability?
- Management 1** Yeah.
- Kashyab Jhaveri** That's it from my side.
- Moderator** Thank you. The next question is from the line of Kumarappan M from Anush Shah, please go ahead.
- Kumarappan M** Can I have your gold loan portfolio, how much the size is?
- V. A. Joseph** 5,050, slightly above 5000 Cr.
- Kumarappan M** And also can I have how much of your loan book consists of the infrastructure funding, mainly power?
- V. A. Joseph** Power and a little bit of road, together would be around 1000 Cr.
- Kumarappan M** And how much would be towards real estate?



*South Indian Bank
July 15, 2011*

- V. A. Joseph** Power will be marginally below 1000 and road will be about 100-150 Cr together it will be marginally above 1000 as far as road and power is concerned. What is the next question?
- Kumarappan M** And how much will be towards real estate?
- V. A. Joseph** Real estate is hardly about 120-150 Cr.
- Kumarappan M** Okay, you have very little exposure towards real estate. And going ahead how do you expect the power sector loan growth to be?
- V. A. Joseph** Power sector we have an internal sector cap for each sector and we are by and large done with the power sector part of it.
- Kumarappan M** Incremental will be like how much?
- V. A. Joseph** Nothing much to add to that.
- Kumarappan M** What will be the maximum ticket size in power?
- V. A. Joseph** It is not ticket size, we have few government guaranteed account where it is around 250 Cr. There we have the government guarantee. Otherwise we are limiting it to say 100-150 maximum.
- Kumarappan M** How much is the loan linked to the base rate?
- V. A. Joseph** All are linked to the base rate, on annual base rate
- Kumarappan M** That's it from my side, thank you.
- Moderator** Thank you. The next question is from the line of Mayank Bajaj from Axis Bank, please go ahead.
- Mayank Bajaj** I wanted to ask what is the average lending rate of the gold loan portfolio.
- V. A. Joseph** You will be getting an average of around 12.5%.
- Mayank Bajaj** And what is the cost of funds for the bank as of now?
- V. A. Joseph** It will be 6.94.
- Mayank Bajaj** How do you see the corporate because in your segmental result it has been showing that corporate and wholesale banking profit has grown tremendously? In the corporate/wholesale banking the segment results are showing that the profits have jumped to 42 Cr from 16.4 Cr, profit before tax in the corporate and wholesale banking.
- V. A. Joseph** The question is how?



*South Indian Bank
July 15, 2011*

- Mayank Bajaj** What was the major contributor to the corporate wholesale banking? How has the loan book grown in this segment?
- V. A. Joseph** Here one point that you can kindly keep in mind is what is reported is the regulatory retail and regulatory corporate where the line is drawn as 5 Cr. So any advance above 5 Cr as per regulatory reporting is under not retail but corporate, it is not just in a conventional understanding of corporate that we are talking about.
- Mayank Bajaj** Fine, that's it from my side.
- Moderator** Thank you. The next question is from the line of Akshat Gandhi from Sahara Mutual Fund, please go ahead.
- Akshat Gandhi** I wanted few numbers. First of all what is the restructured assets as on 30th June, 2011?
- V. A. Joseph** 420.
- Akshat Gandhi** Did we have any additions to the restructured advances in the current quarter?
- V. A. Joseph** Current quarter we have nothing.
- Akshat Gandhi** I wanted to know what kind of branch growth target do we have for the next quarter?
- K. S. Krishnan** Actually we are planning the number of branches to the extent of 60 this year. 60 we should be able to open at least by September end almost half of it, 30 branches.
- Akshat Gandhi** So are we saying that we are going to open 28 branches in the next quarter because we seem to have opened only 2....
- K. S. Krishnan** Two branches have already been opened.
- Akshat Gandhi** Exactly, so are we saying that 28 branches will be opened in the next three months?
- K. S. Krishnan** Yes.
- Akshat Gandhi** Alright. That's all from my side, thank you.
- Moderator** Thank you. The next question is from the line of Megha Gupta from Birla Sun Life Insurance, please go ahead.
- Megha Gupta** My question is on excess SLR, what would be the current excess SLR held by the bank, both in quantum as well as in percentage terms?
- K. S. Krishnan** There is no excess SLR. Excess SLR maybe hardly about in 100 Cr that must be there. Mostly what is required that much is only maintaining there.



*South Indian Bank
July 15, 2011*

- Megha Gupta** And on the ALM side what would be the cumulative up to one year gap in ALM, both in again absolute and percentage terms?
- M. S. Mani** Up to one year is positive only. There is no negative. As the percentage of total outflow we have 38.56%, there is no negative mismatch in that.
- Megha Gupta** Next question is on gold loans. What is our board thought policy on this product in terms of upper sealing on the percentage of advances that gold loans would be in terms of portfolio size?
- M. S. Mani** You are asking whether we are putting any upper sealing on the size of the gold loan portfolio is that the question?
- Megha Gupta** Yes sir.
- M. S. Mani** As of now we have not put any numerical number but we are just watching the growth.
- Megha Gupta** So more of a cautious stance. And on the segment wise NPAs, gross NPA level, if you could just give us broad in the top three segments retail / SME segments, what would be the gross NPA levels as of June?
- M. S. Mani** We will give the numbers maybe later. There is no specific sector where that percentage is too abnormally high.
- Megha Gupta** So in retail for example, what would be the gross NPA levels, if we were just to factor it in?
- M. S. Mani** I can get you the number later.
- Megha Gupta** Sure, I will get in touch. That's about it, thank you.
- Moderator** Thank you. The next question is from the line of Sangam Iyer from Alf Accurate Advisors, please go ahead.
- Sangam Iyer** Could you provide us an outlook on your advances and deposit growth for this financial year, what is your internal target that you are looking at?
- M. S. Mani** As far as our deposits are concerned we are looking at a growth projection for this year of 23.29%
- Sangam Iyer** And the advances?
- M. S. Mani** Advances 25%.
- Sangam Iyer** How do you see the cost of deposits going forward considering the kind of rate hikes and also the peer banks increasing the rates, etc. How do we see the cost deposits?



*South Indian Bank
July 15, 2011*

- V. A. Joseph** We have been extremely careful with regard to the costing of our deposits for fresh deposits etc. We have not been a starter, we have been only a follower of many banks as far as increasing our rates of deposits are concerned. Second thing is basically although there has been a slight increase in the cost of deposit for this quarter, it should come down drastically because quite a lot of deposits will be facing higher price, three year deposits will be getting matured over the period of September onwards it will be considerably coming down because we had a three year deposit of 1000 Cr which we opened in 80 plus, one deposits scheme which was for a three year period which will be all getting over during this March and some residual in the first month of April. So that gets re-priced. Second thing is basically after September-October period we do not see much of a further hike in deposit and if you look at our cost of deposit, if you see from the last quarter , although for the whole year it was 6.57, last quarter it was only 6.95 which has gone up slightly more this time. So within another two to three quarters it should become very comfortable.
- Sangam Iyer** Would it be fair to assume that we should on an average end this year at around 6.9 odd levels that is what we are looking at? How is it like in terms of numbers?
- K. S. Krishnan** It should be left at 6.90 for the March quarter.
- Sanagam Iyer** For the March quarter, okay. And sir on yield side, will you be able to pass on the increase in rate hikes to the customers going forward?
- M.S. Mani** Now basic mechanism is in place that is they are highly system driven working wherein all the cost factors are automatically captured. So, we will be able to pass on the cost of the deposit to the customer but maybe to the borrower maybe with a shorter time lag but then it is absolutely getting passed
- Sanagam Iyer** And sir your ROAtarget for FY12 would be approximately?
- M.S. Mani** ROA.
- Sanagam Iyer** Yeah.
- M.S. Mani** Above 1%.
- Sanagam Iyer** Okay. So, we are currently at around 1.02%. So, approximately similar line now.
- M.S. Mani** Say between 1.0 and 1.1 yeah okay.
- Sanagam Iyer** Great sir. I will come back for further questions.
- M.S. Mani** Yeah okay thank you thanks.
- Moderator** The next question is from the line of Amit Ganatra from Religare AMC. Please go ahead.
- Amit Ganatra** Yeah can I get your total asset size?



*South Indian Bank
July 15, 2011*

M.S. Mani 35,000.

Amit Ganatra Okay and also wanted to understand your quarter-on-quarter other operating expenses has dropped very sharply. So, what was it that was there in the previous quarter which is basically not there in this quarter? Basically referring to the fourth quarter other operating expenses of 53 odd Cr which has dropped to 44 Cr in first quarter so a very sharp drop. So, what is that reason for such a sharp drop?

M.S. Mani Now Mr. Krishnan you are answering?

K. S. Krishnan Yeah. Actually it was one-time hit on account of pension provision 37 Cr.

Amit Ganatra But that forms part of employee expenses right?

K. S. Krishnan Employees expenses.

Amit Ganatra I am talking about the other operating expenses. Other operating expenses basically has dropped on the quarter-on-quarter basis is down to almost.

K. S. Krishnan So, last quarter it was 37 Cr current quarter 44 Cr.

Amit Ganatra Last quarter it was 53 odd Cr?

K. S. Krishnan Last quarter of the corresponding previous year.

Amit Ganatra No I am talking of the fourth quarter of March, during March quarter it was around 53 odd Cr which basically has dropped to 44 Cr.

K. S. Krishnan Branch opening expenses maybe there, a lot of branches were opened.

Amit Ganatra How many branches did you open this quarter?

M. S. Mani For this quarter we have opened only two branches last year around 30 branches were opened during the last quarter.

Amit Ganatra Okay. So, basically branch opening expenses were not there but this year how many branches do you plan to open?

M. S. Mani We are planning to open 60 branches of which two branches we have opened to engage more we will be opening during this up to September October period we should be able to complete that the rest of it during the third and fourth quarters. Few of the branches which we can open in the rural areas and where 50,000 population or less RBI approval is not required those branches most quite a lot of them have been already been identified and opening of this will be a faster pace we should be able to do with regard to the major branches in the metros and other urban places, it may take a little more time that's why we are planning those things in the second and third quarters and fourth quarters.

Amit Ganatra But how many branches do you manage to open last year?



South Indian Bank
July 15, 2011

- M. S. Mani** 61 branches we opened.
- Amit Ganatra** So, 60 branches you will open this year also, as per the plan?
- M. S. Mani** Yeah 50 branches year before last year. We will be reaching 700 branches by end of this year. And 750 branches by next year and 800 branches by 2014 that's our long term plan.
- Amit Ganatra** Also you have mentioned about this QIP raising how much there were also reports that you are planning to set up the gold NBFC so, how much capital do you plan to infuse into that NBFC?
- M. S. Mani** Actually we have no immediate plans because it all depends on the fresh policies of the Reserve Bank of India. So, Reserve Bank is having a review of its own policies on this issue. So, because of that we are not making any immediate plans we will go ahead with our gold loans and things like that what we have been doing at a branch level so, our existing in the bank.
- Amit Ganatra** Okay and so, basically what you will do is this 1000 Cr of capital raising would support your overall growth targets. Not basically getting up into separate NBFC and funding it?
- M. S. Mani** No.
- Moderator** Thank you the next question is from the line of Shekar Kedia from Barclays Securities, please go ahead.
- Shekar Kedia** Yeah sir good evening thank you for taking my question sir just had some few bookkeeping questions first sir what were the cost of deposits and yield on advances?
- M.S. Mani** The cost of deposits that's on this quarter is 7.60 and yield on advance is 11.75.
- Shekar Kedia** Sir and what will the corresponding figure in last year same quarter?
- M.S. Mani** Same quarter last year it was 6.43 and yield on advance, 10.77, which has gone to 11.75.
- Shekar Kedia** Right sir and sir how much base rate hike did we take in Q1 FY12 sir if you may tell me?
- M.S. Mani** Q1 FY12 we moved up from, I mean we hiked by three times up to 9.3 and then after July we hiked to 10%.
- Shekar Kedia** Sir could you repeat that once again?
- M.S. Mani** Three months' time we hiked three times.
- Shekar Kedia** And sir for the deposits we have a target of about 23% growth and advance is 25% growth while in the first quarter we have seen that we have been much above that



South Indian Bank
July 15, 2011

growth target that we have. So do we see some slowdown in the next few quarters, basically second quarter before we hit the busy season?

M.S. Mani It may not be the way, we declare the target at the beginning of the year but then as you have rightly said we have overgrown or overshoot the target for first quarter obviously meaning that we will be going slightly above the target by the end of the year.

Shekar Kedia Right sir and sir your CD ratio in Q1 FY12 has come down to 67% levels. Sir what is the sustainable CD ratio that you are kind of looking at because I guess deposit grew at a higher pace sir is it like in the first quarter we raised a lot of term deposits to fund the credit growth?

M.S. Mani You want the CD ratio I mean what is the number that you have got?

Shekar Kedia Sir 67%.

M.S. Mani 69%. In Q1 at the 30.06.2011 it is 69%.

Shekar Kedia **69%**, And then sir regarding your other income sir, are we looking at new segments to increase the other income growth?

M.S. Mani Yeah two-three areas we are trying to see one is with regard to the gold business we are entering into by first week of September because we have already got the gold license gold has been ordered it is been coming by 22nd of August and we should be able to start commercial launch maybe by 1st or 2nd of September. So this is one area where we feel that we should be able to do well because there is a very good demand for gold which is being imported and sold by the banks and we are with a large network of branches and our clientele preferences we should be able to do well in this business. Second area is with regard to the third party products. Also we have been more aggressive on our sale of LIC and Bajaj and Cholamandalam Health Insurance, etc., which are third party products. For the purpose of doing it actually we are strengthening our marketing staff's numbers also. The recruitments are already over. We should be able to do it in a more aggressive way during the rest of the year. Another two areas where we find a non-interest income to increase and expanded treasury, basically our treasury is at the moment in Bombay and our ForEx operations are in Cochin. We are going to integrate it. We have taken a new premise in BKC and our furnishing is going on and possibly by 1st of October we should be able to move the integrated facility there. After that a fresh and bigger team will be able to do much better on larger volumes in ForEx and other treasury functions we should be able to expand largely. For the three areas where we thought non-interest income can substantially increase.

Shekar Kedia Right sir and then sir could you give me a breakdown for gross NPAs in terms of additions and what were the upgradations recovery?

K. S. Krishnan Recovery during the quarter was 36.5 Cr. Additions during the quarter was slightly above 40 Crore. So the net addition to the gross NPA was around 6 Cr.

Shekar Kedia Okay sir. That's all from my side thank you sir.



*South Indian Bank
July 15, 2011*

- Moderator** Thank you. The next question is from the line of Mr. Chowdery from Edelweiss. Please go ahead.
- Kunal** . Firstly just want to know the outlook on asset quality mainly in terms of recoveries. Definitely we have seen some traction over two last quarters. So how do you see the recoveries going forward?
- M.S. Mani** In last two quarters you saw some corrections in the sense?
- Kunal** We have seen some traction building up. So, it is picking up in the rage of say 40 odd Crore. So what is the outlook over there? I think this time slippages were higher at more than 40 Cr but that was offset by the recoveries. So how do we see the recoveries going forward?
- M.S. Mani** I see we have well oiled machinery as far as our monitoring is concerned. So, therefore, all accounts are screen based mechanism we are monitoring from head office through which we will be able to maintain the asset quality at a reasonable levels. And number two, in case it is slipped again the recovery procedures are also pretty well structured and fast issuing a sarfaesi notice. We have sarfaesi action of losses and other recovery measures. So, that also will be parallely going pretty strong. So, even on slippages will continue to be contained and recovery will be done in an aggressive manner so that the net affect can be by and large neutralized to a great extent but whenever situation there can be some additions here and there. But we will be well-contained at a level that we are today as far as the percentages are concerned.
- Kunal** Okay but any sectors wherein we are seeing some stress or something?
- M.S. Mani** Not really sector specific issues are there with us I mean MFI in Andhra was having a problem but then they have gone through that CDR mechanism. So that part for the time being taken care.
- Kunal** This quarter any chunky account was there within this 40 more than 40 Crore any one single account or something wherein we had some higher slippages?
- M.S. Mani** They are all different accounts.
- Kunal** Okay. So if I look at the housing portfolio of say 1700 Cr out of this almost like 35 Cr is loans above 5 Cr okay. So just trying to get sense I mean 35% of the housing portfolio has ticket size of more than 5 Cr. So, that means is this given to say some of the corporate wherein for the housing projects or something how is it exactly?
- M.S. Mani** Out of such a housing 1700 Cr around 500+ Cr is to housing finance companies and individual loans are around 1200 Cr.
- Kunal** Okay so this 600 Cr is mainly to all the housing finance companies?
- M.S. Mani** Just like HDFC, Dewan Housing and I mean just like those companies.



*South Indian Bank
July 15, 2011*

- Moderator** Thank you the next question is a follow up question from the line of Megha Gupta from Birla Sun Life Insurance please go ahead
- Megha Gupta** Sir your presentation mentioned a 1000 Crore capital through QIP. If you can explain, elaborate on this a little more please.
- M.S. Mani** Through QIP we are raising 1000 Crore capital, I mean what is the additional information you would like to have?
- Megha Gupta** I would like to understand what are your CAGR growth plans in advances and broadly the segments behind that for the next two to three years which necessitate this capital infusion and also the minimum Tier-I you would like to maintain at all points of time?
- M.S. Mani** Tier-I we would like to maintain at all point is around 14%, but then as you can see, we went to mop up our capital in 2007 that was four years back coming for the same associates only after four years and we would like to come to the market again only another four years later. So, what is been mopped up now is to take care of that Tier-I minimum of somewhere close to 14% for the next four years and we are targeting to double our business three years' time. So presently we are at about 50,000+cr and we would be in 2014 100,000 Crore business that's kind of growth can be supported by.....
- Megha Gupta** Sure. Thank you so much.
- Moderator** Thank you the next question is from the line of Naga Deepika from Capital Market. Please go ahead.
- Naga Deepika** I just wanted your outlook on CASA deposits and CASA ratio in FY12 we have seen that there has been a decline on industry per se but just wanted to understand your drivers and what is your outlook on CASA?
- M.S. Mani** Basically CASA has grown reasonably well this quarter. The only thing is that our total deposits also grew more than that that's why the percentage has been slightly come down but when you take CASA, for a bank like ours where we are Kerala based bank the percentage of low cost NRI deposits other than SB and SD is also substantially large. So, if you add that also roughly it will work out to 27% is our low cost deposit of the total deposit. That is, if you take along with CASA the low cost NRE deposits and FCNR deposits both of it are less than our SD interest rates. So, those also should be added with that it should be around 26%.
- Naga Deepika** 26% this is your outlook for FY12?
- M.S. Mani** No, this is actual as of now. Outlook also we continue to maintain this percentage in the coming months also because we are also planning a good growth in SB of around 31% this year. Next year 32% and third year we are also planning similar so, we are having a long term plan where we want where we expect a consistent 30% growth in CASA.
- Naga Deepika** Okay sir. Thanks a lot.



*South Indian Bank
July 15, 2011*

- M.S. Mani** Thank you the next question is form the line of Amandeep Goraya from Finquest, please go ahead.
- Amandeep Goraya** Sir I just wanted to know your guidance for cost-to-income ratio?
- M.S. Mani** Cost-to-income ratio have come down to 44.
- Amandeep Goraya** Sir but now going forward we are targeting to open around 60 branches?
- M.S. Mani** Yeah 60 branches.
- Amandeep Goraya** What would be our cost-to-income ratio?
- M.S. Mani** We will be able to maintain that.
- Amandeep Goraya** Around 44?
- M.S. Mani** Yeah.
- Amandeep Goraya** Sir one more thing if you can share with us the risk-weighted assets?
- M. S. Mani** 15,152 Cr.
- Amandeep Goraya** 15,152 Cr thank you sir.
- Moderator** Thank you the next question is a follow up question from the line of Sangam Iyer from Alf Accurate Advisors.
- Sangam Iyer** I just want to get a sense on outlook for your fee income going forward?
- K. S. Krishnan** Yeah as far as our fee income is concerned, basically we should be able to make a roughly 25% growth should be there during this year. I told you this year non interest income we are going to have the gold import that's one area. Second is treasury income will increase after the integrated treasury being formed from 1st of October so these are the two areas and also third party products expansion through vigorous marketing. These three things we are trying we are doing now.
- Moderator** The next question is from the line of the Kanika Thakkar of Sunidhi Securities. Please go ahead.
- Kanika Thakkar** Sir, can I get a proportion of bulk deposits to total deposits?
- K. S. Krishnan** The deposits if you take it, it is roughly 7000 Cr above 5 Cr.
- Kanika Thakkar** 7000 Cr?
- K. S. Krishnan** Yeah.



*South Indian Bank
July 15, 2011*

- Kanika Thakkar** And can I get the figure for the previous quarter as well as the corresponding quarters of previous year?
- K. S. Krishnan** Corresponding previous year, last June it was roughly 1000 Cr less.
- Kanika Thakkar** Okay and last quarter Q4?
- K. S. Krishnan** Q4, it was around 7000 Cr again yeah. So, it is stagnant it is basically the same bulk deposits above 5 Cr.
- Kanika Thakkar** Okay also can I get the average cost of funds for your NRI deposits? What would that be?
- K. S. Krishnan** Average cost of NRI deposits will be roughly 2.5 to 2.75%.
- Kanika Thakkar** Okay thank you also one last question can I get your exposure to microfinance institutions?
- M. S. Mani** Microfinance total as of now we have 210 Cr.
- Kanika Thakkar** 210 Crore okay. Thank you that's all from my side.
- Moderator** Thank you ladies and gentleman that was the last question I would now like to hand the floor back to Mr. Harjit Singh Sethi.
- Harjit Singh Sethi** On behalf of Almondz Global Securities I thank Dr. Joseph and his senior management team for giving us their valuable time providing insight about the company. I also thank the participants for joining the call. Thank you very much have a nice day.
- Moderator** Thank you sir thank you members of the management. On behalf of Almondz Global Securities Ltd that concludes this conference call. Thank you joining us and you may now disconnect your lines.