

INVESTOR PRESENTATION (JUNE 2011)

SOUTH
INDIAN Bank

Contents



History & Background

Overview

Key Strength

Business Performance

Future Strategy

HISTORY & BACKGROUND



History & Pioneering Initiatives

- 🌀 ONE OF THE OLDEST BANKS IN SOUTH INDIA.
- 🌀 INCORPORATED ON JANUARY 25, 1929. HEAD OFFICE: THRISSUR, KERALA
- 🌀 FIRST AMONG PRIVATE SECTOR BANKS IN KERALA TO BECOME A SCB IN 1946.
- 🌀 **A PIONEER - FIRST PRIVATE SECTOR BANK :**
 - 🌀 TO OPEN A NRI BRANCH IN NOV, 1992 & AN IFB BRANCH IN MARCH 1993.
 - 🌀 AMONG THE PVT SECTOR BANKS IN KERALA TO OPEN AN “OVERSEAS BRANCH”, JUNE’93.
- 🌀 LISTED IN NSE, BSE & CSE- IPO IN 1998. SUCCESSFUL FPO IN 2006
- 🌀 SUCCESSFUL QIP IN SEPT 2007

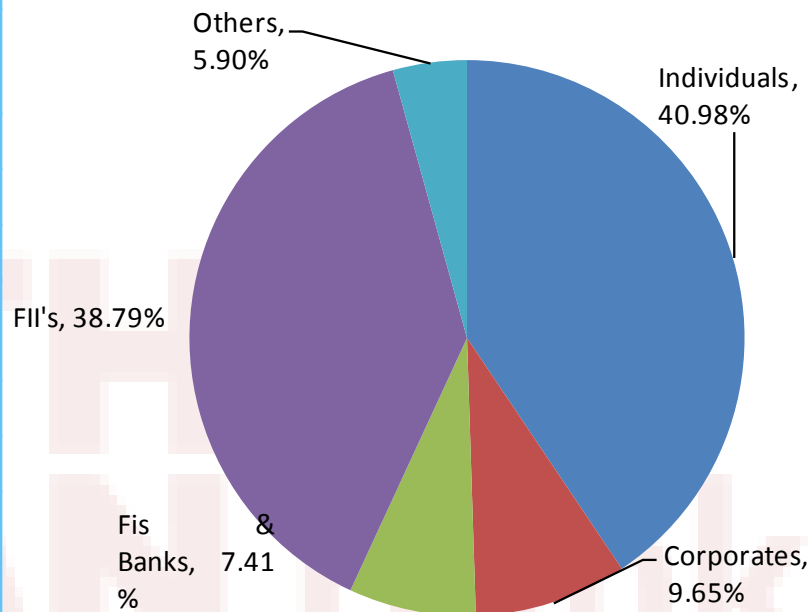
Management & Shareholding Pattern

BOARD OF DIRECTORS

NAME	QUALIFICATION
Shri. Amitabha Guha (Chairman)	M.Sc
Dr. V.A.Joseph (MD & C.E.O)	M.Com, LL.B., CAIIB, Ph.D.(HRD), MPM.
Sri Jose Alapatt	B.Sc
Sri Paul Chalisery	B.Com., PGDM
Sri Mathew L Chakola	Graduation
Dr. N J Kurian	Ph.D(Eco.), M.A.(Eco.), M.Sc(Stat.)
Sri Mohan E Alapatt	BE (Mech)
Sri K. Thomas Jacob	B.SC./ F.C.A. / DISA (ICAI)
Sri H. Suresh Prabhu	M.B.A (Finance), M.A., C.A.I.I.B, PG Diploma in International Banking, Bank Management, Treasury Investment & Risk Management

EMINENT PERSONALITIES WITH RICH AND VARIED EXPERIENCE, GUIDE
THE BANK IN ITS PROGRESS & ACHIEVEMENTS IN ALL SPHERES

Shareholding Pattern (June '11)



**DIVERSIFIED SHAREHOLDING & TRADITION OF
GOOD CORPORATE GOVERNANCE PRACTICES**

Vision & Mission



CORPORATE VISION

TO EMERGE AS THE MOST PREFERRED BANK IN THE COUNTRY IN TERMS OF BRAND, VALUES, PRINCIPLES WITH CORE COMPETENCE IN FOSTERING CUSTOMER ASPIRATIONS, TO BUILD HIGH QUALITY ASSETS LEVERAGING ON THE STRONG AND VIBRANT TECHNOLOGY PLATFORM IN PURSUIT OF EXCELLENCE AND CUSTOMER DELIGHT AND TO BECOME A MAJOR CONTRIBUTOR TO THE STABLE ECONOMIC GROWTH OF THE NATION.

MISSION

TO PROVIDE A SECURE, AGILE, DYNAMIC AND CONDUCIVE BANKING ENVIRONMENT TO CUSTOMERS WITH COMMITMENT TO VALUES AND UNSHAKEN CONFIDENCE, DEPLOYING THE BEST TECHNOLOGY, STANDARDS, PROCESSES AND PROCEDURES WHERE CUSTOMER CONVENIENCE IS OF SIGNIFICANT IMPORTANCE AND TO INCREASE THE STAKEHOLDERS' VALUE.

Our New Corporate Office at Thrissur.



Our New Administrative Office at Kochi.



South Indian Bank... At A Glance

HIGHLIGHTS

No of years in banking business	82 years
No of branches	643
No of ATM's	533
Business as on Quarter end June 2011-2012	₹ 53773 Crore
Last 5 years business CAGR	~26%
Net Interest Margin (June 11)	2.8%
Capital Adequacy Ratio (Basel II -June '11)	13.51%
Net Non-Performing Assets (June '11)	0.29%

OVERVIEW



Overview

Healthy Fundamentals

- Adequately capitalised;
13.51% CRAR & 10.86% Tier 1 ratio
- Asset quality;
1.07% GNPA's & 0.29% NNPA's
- 73.94% NPA Coverage ratio
- 17.18% ROE, 1.02% ROAA
- Over 85% secured loan book

Strong Growth

- One of the fastest growing banks in India.
- 25% CAGR in business in last 5 years
- Constant growth in Business & Profitability
- Most advanced technology in all spheres of banking operations & delivery channels.

Key Strength

Significant Turnaround

- Benchmarked HR Practices & Introduced Performance Linked Incentive schemes.
- Forward looking employee profile
- Highly skilled workforce- 43% of employees under age 30 with professional qualification.

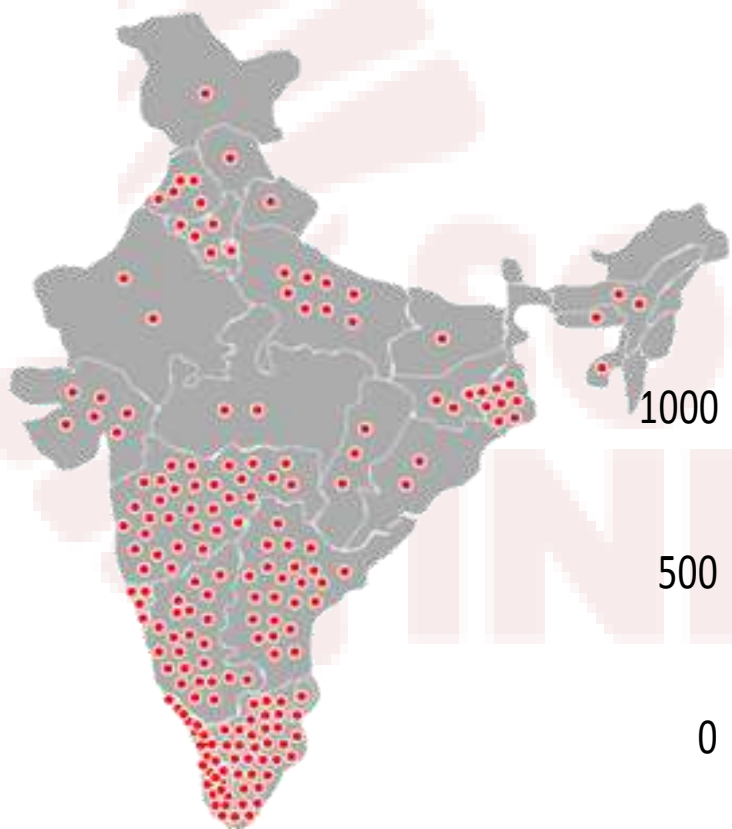
Key Competitive Advantage

- Fast expanding branch network
- High Asset Quality with well diversified Loan portfolio
- 9% market share in Kerala's NRI deposit base.
- Strong boost to Income from high yielding gold loans forming 20% of the loan book.

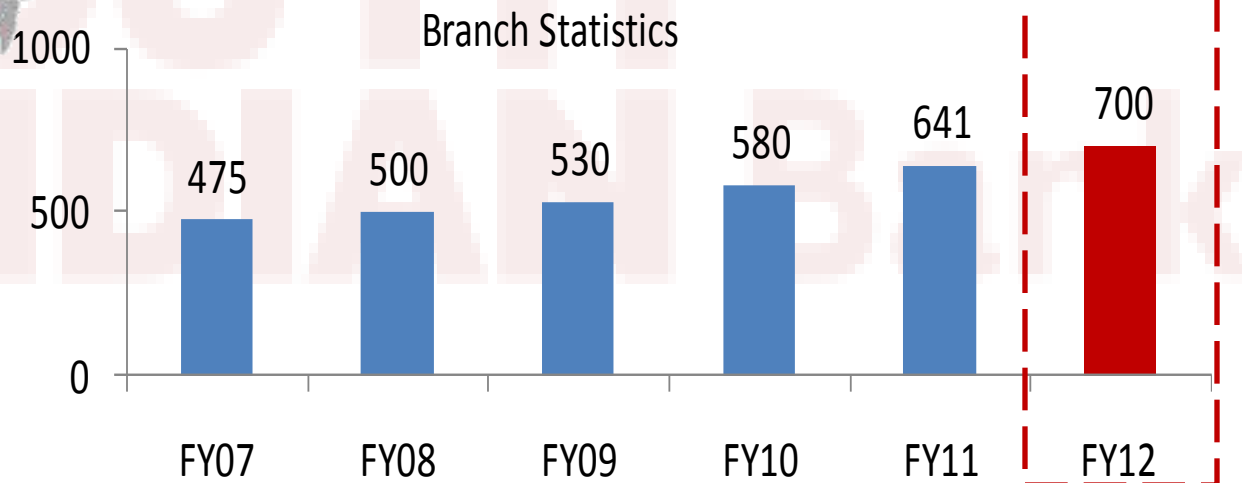
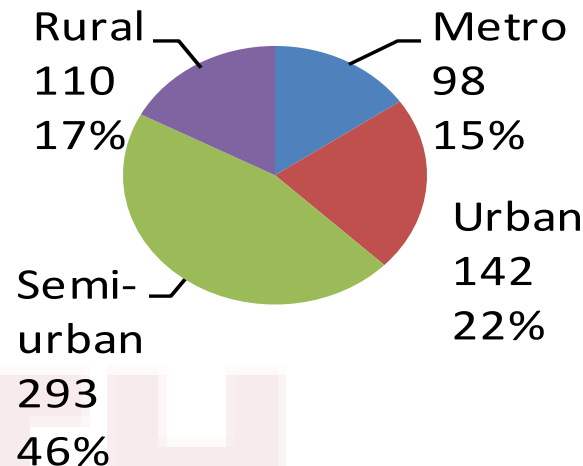
Vast and Rapidly Growing Branch Network

Spread of Branches

- ✓ 2 more branches added in FY 12 making the total no of branches - **643**.



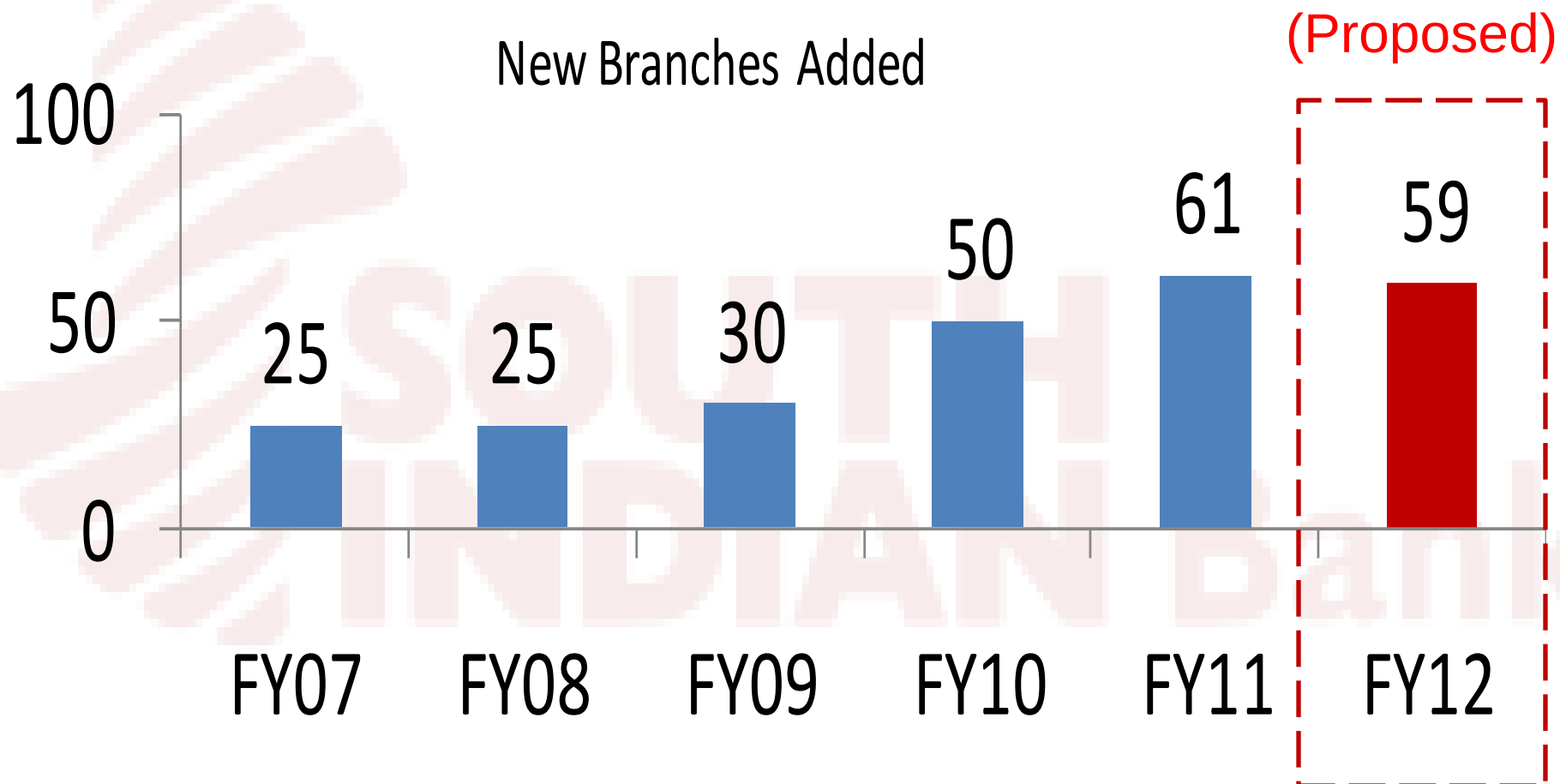
(Pie chart distribution of Branch classification as on 30.06.2011)



State wise Distribution of Branches (June 2011)

STATES	No: of Branches	STATES	No: of Branches
KERALA	360	JHARKHAND	2
TAMIL NADU	115	MADHYA PRADESH	2
KARNATAKA	37	ORISSA	2
ANDHRA PRADESH	29	PONDICHERRY	2
MAHARASHTRA	24	RAJASTHAN	2
DELHI	21	ASSAM	2
WEST BENGAL	9	BIHAR	1
UTTAR PRADESH	8	CHANDIGARH	1
GUJARAT	6	JAMMU & KASHMIR	1
HARYANA	4	UTTARANCHAL	1
PUNJAB	4	TRIPURA	1
GOA	4	HIMACHAL PRADESH	1
CHATTISGARH	3	MEGHALAYA	1

Network Expansion



Efficient Service Leveraging on Technology

- Project SIBERTECH- 100% Core Banking Solution (CBS) using FINACLE from Infosys.
- Centralized Data Centre with most advanced technological platform in a new state of the art “Green” complied building at Kochi, Kerala.
- Emphasis on IT security & Risk Management - Disaster-recovery site at Bangalore for CBS & Regular IS Audits.
- Member of INFINET & 533 On-line ATMs through NFS tie-up with other banks
- A host of hi-tech products- International debit & credit cards, high speed & secure Internet & Mobile Banking for retail & corporate clients.
- Online Value added services - Stock trading, ticket booking, mobile recharges, shopping, Utility payments, offerings.
- SIB FINS Card -A smartcard based FI initiative in association with M/s Coromandel Infotech India Ltd., Chennai, as the technology service provider.
- Successfully implemented RTGS & NEFT in all branches.
- Successfully launched Smart card at Christ University, Bangalore which works as Access card, Identity card, ATM card and card for payment of fees in Christ College for around 10000 students.
- **Best-in-class IT products & solutions in all banking operations like Treasury, Risk Management, AML, Credit Processing, HR, Audit & KYC.**

Range of Products

	Loan Products	Deposit products	Other Products
 Retail Banking	▪ Gold Loans ▪ Retail Business Loans ▪ Housing Loans/ Mortgages ▪ Auto Loans ▪ Personal Loans ▪ Education Loans ▪ Employee Group Loans	• Savings Bank Accounts • Current Accounts • Fixed/ Recurring Deposits	• Depository Account • Mutual Funds sales • Life Insurance sales • General Insurance sales • Group Insurance sales • E-payment • Cash Management Services • Online Foreign Inward Remittance • m-Commerce • New Pension System
	Commercial Banking		
 Wholesale Banking	• Working Capital Loans • Term Loans • Wholesale Deposits • Letters of Credit • Banks Guarantees • Bill Finance		

Financial Inclusion

Particulars	March 10	March 11	June 11
Number of Business Correspondents (BCs) appointed	0	7	12
Number of villages with population above 2000 provided with banking facility (Rural branches & BCs)	107	117	122
Number of rural households covered	2.46 Lakh	2.47 Lakh	2.52 Lakh
Number of 'No-frills' accounts (including Students A/c)	6.83 Lakh	10.26 lakh	10.61 lakh
No-frills accounts - amount	64.06 crore	102.72 crore	105.96 crore

Way forward

- ✓ We have been empanelled by UIDAI for opening 'No-Frills account' based on AADHAAR enrollment in 26 districts & 39 villages already allotted for Financial Inclusion.
- ✓ BCs with smartcard based model with Hand Held Terminals as per the open standards as recommended by IBA/IDRBT implemented.

Strategic Tie Ups

- **LIFE INSURANCE WITH LIC**
- **GENERAL INSURANCE WITH BAJAJ ALLIANZ**
- **MUTUAL FUNDS –ALL THE LEADING AMCs IN INDIA**
- **SRI LANKA'S HATTON NATIONAL BANK (HNB)**
 - IMPROVE THE REMITTANCE FLOW TO INDIA AND SRI LANKA
- **MORE THAN 30 EXCHANGE HOUSES & BANKS IN MIDDLE EAST**
 - FACILITATING FAST REMITTANCES FOR MORE THAN 2LAKH NRI CUSTOMERS, MOSTLY FROM GULF COUNTRIES
- **PROVIDING MANAGERIAL SUPPORT TO OVERSEAS EXCHANGE HOUSE - HADI EXCHANGE HOUSE**



Recognitions

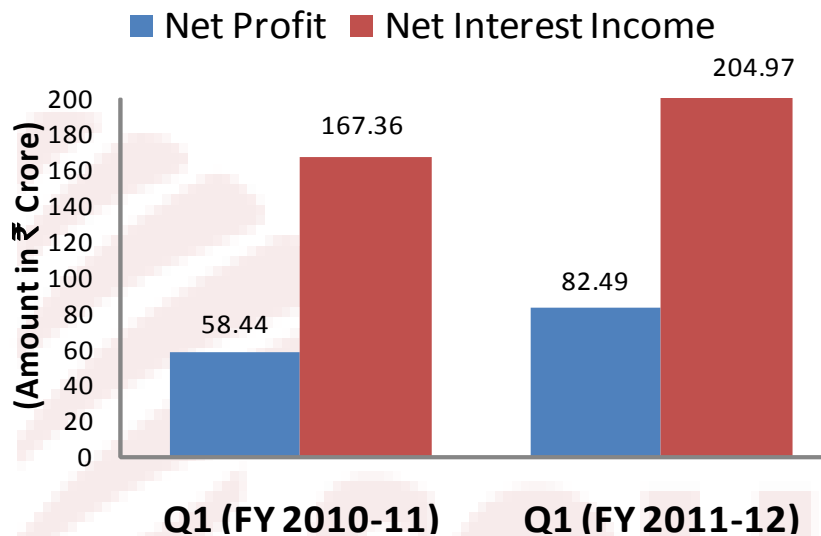


- ✓ No. 1 in Asset Quality- Business Today Ranking of Banks.
- ✓ Best Bank in Asset Quality Award - Dun & Bradstreet
- ✓ Best NPA Manager- ASSOCHAM- ECO Pulse Survey.
- ✓ Top Performer in Asset Quality- Analyst 2008 Survey.
- ✓ Best Asian Banking Website - Asian Banking & Finance Magazine, Singapore.
- ✓ Best Old Pvt Sector Bank - Financial Express India's Best Banks 2008-2009.
- ✓ Best Pvt Sector bank in the Service quality segment
Outlook Money - CFore Survey.
- ✓ Best Website Award from Kerala Management Association
- ✓ India's Best Bank 2010 Award – "Businessworld – Price Water House Coopers
Best Banks Survey 2010"

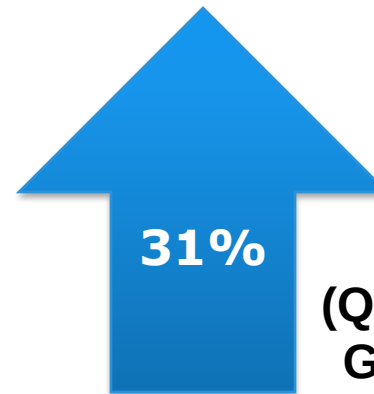
BUSINESS PERFORMANCE



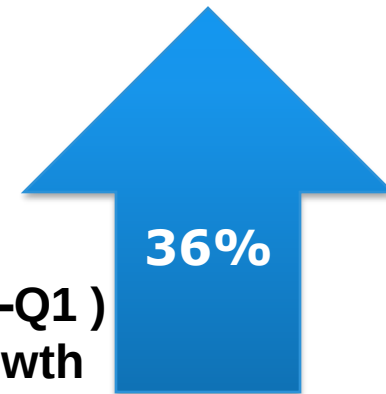
Financial Highlights – Q1 - FY12



Advances

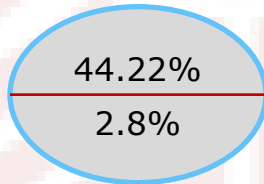


Deposits



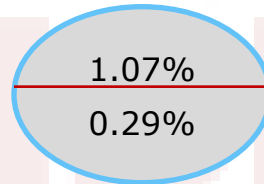
(Q1 –Q1)
Growth

Cost/ Income Ratio



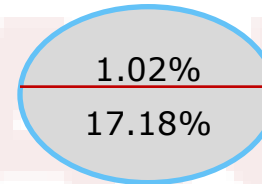
Net Interest Margin

Gross NPA



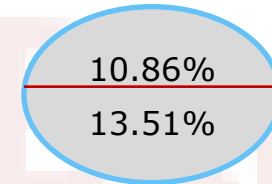
Net NPA

ROA



ROE

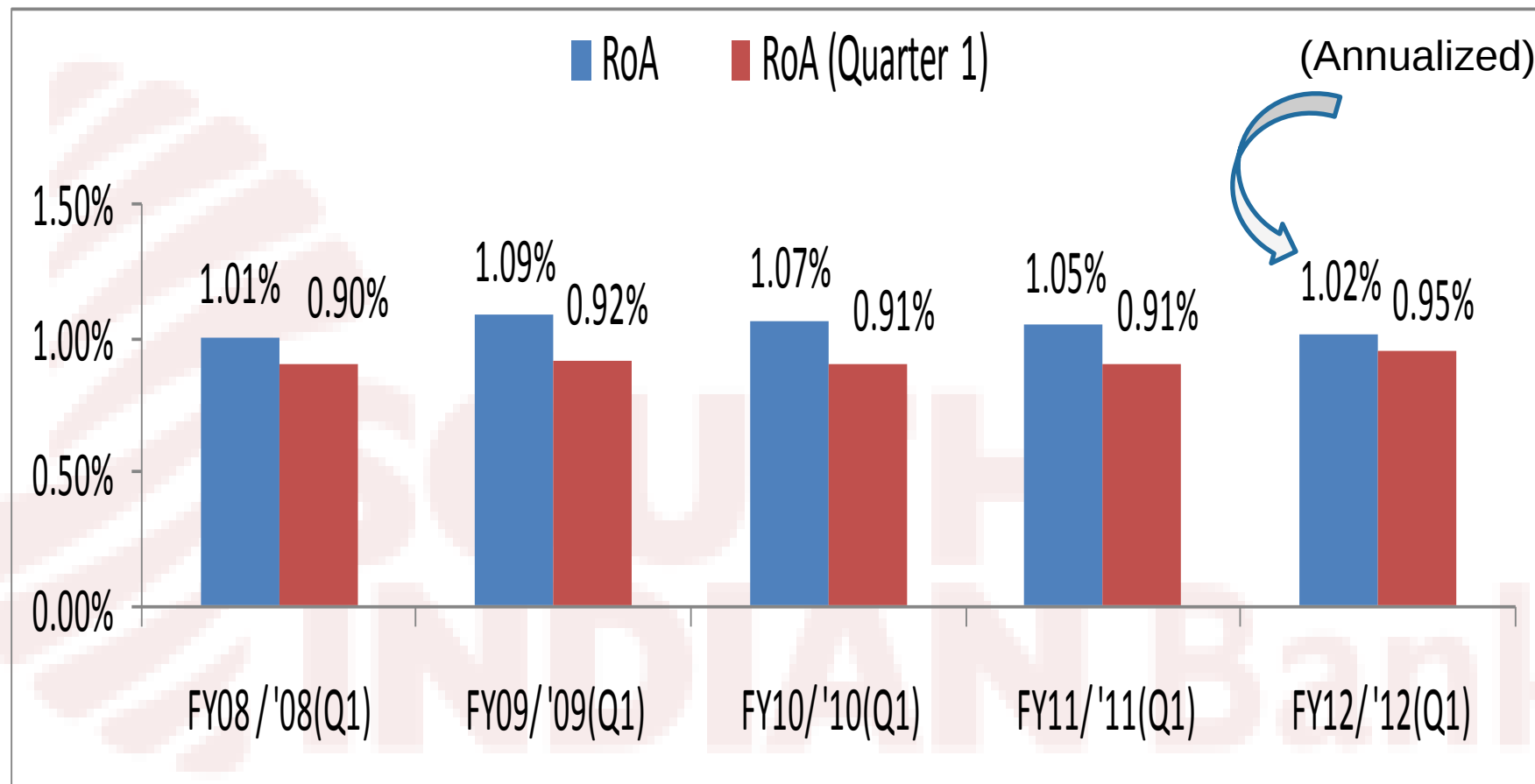
Tier 1



CRAR

Net profit grew 41%

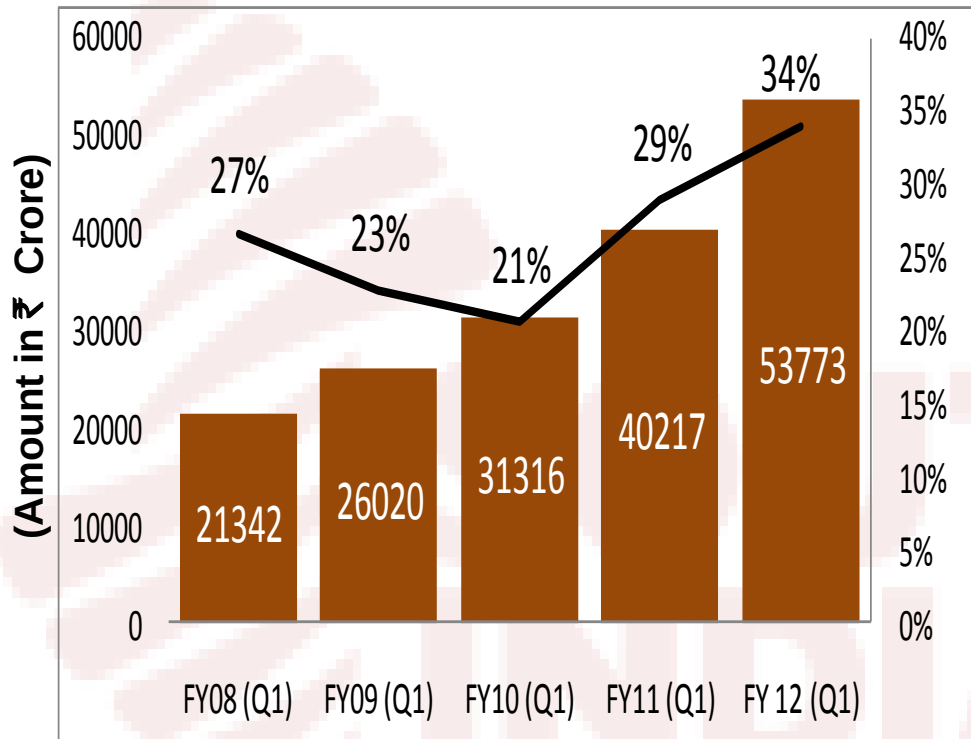
Improved Quality of Earnings



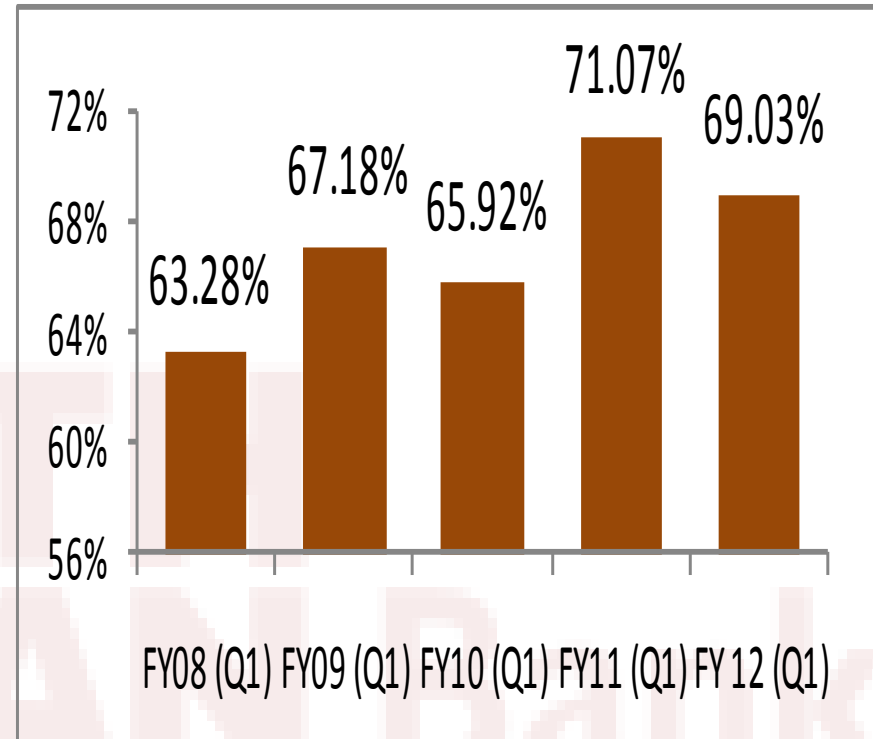
RoA coming mainly from Core Income

Business Trend in First Quarter

Total Business and Growth



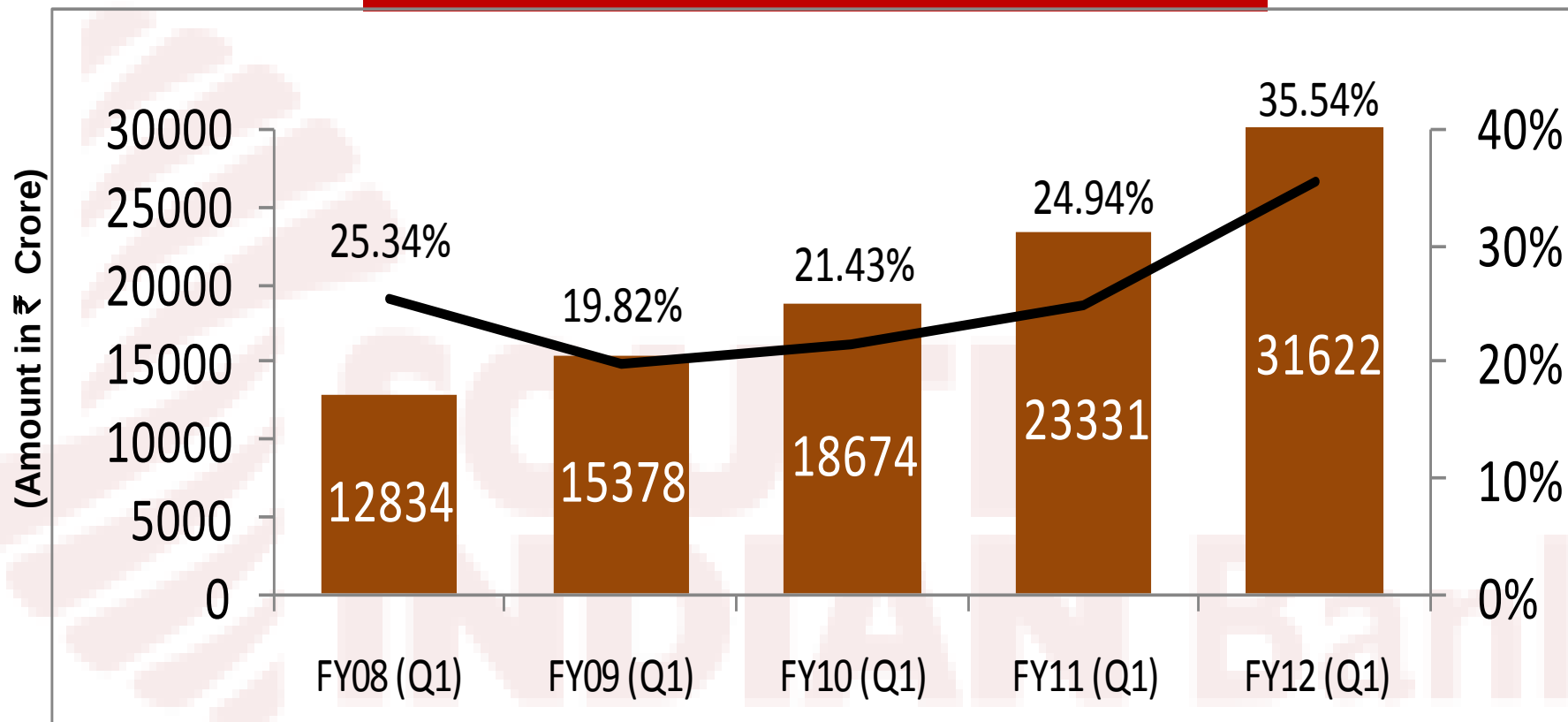
Credit Deposit Ratio



Business grew over 2.5 times at CAGR of 26% in 5 years
Increasing trend for CD ratio for last 2 year

Deposits

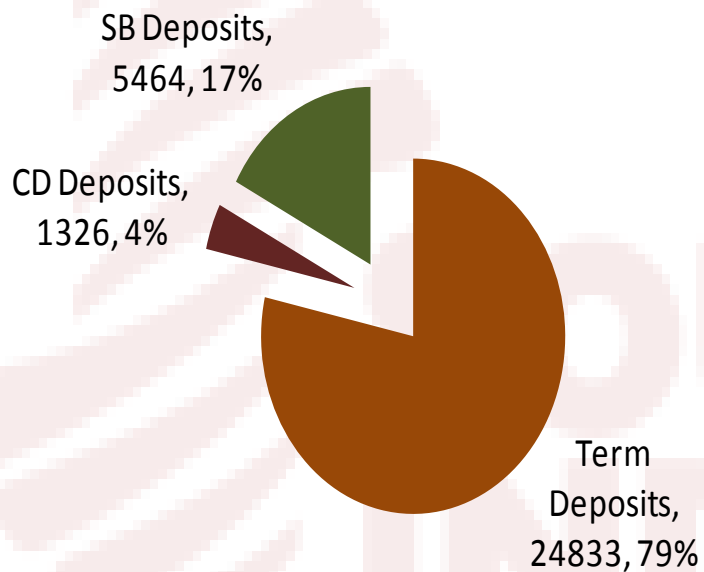
Growth in Deposits



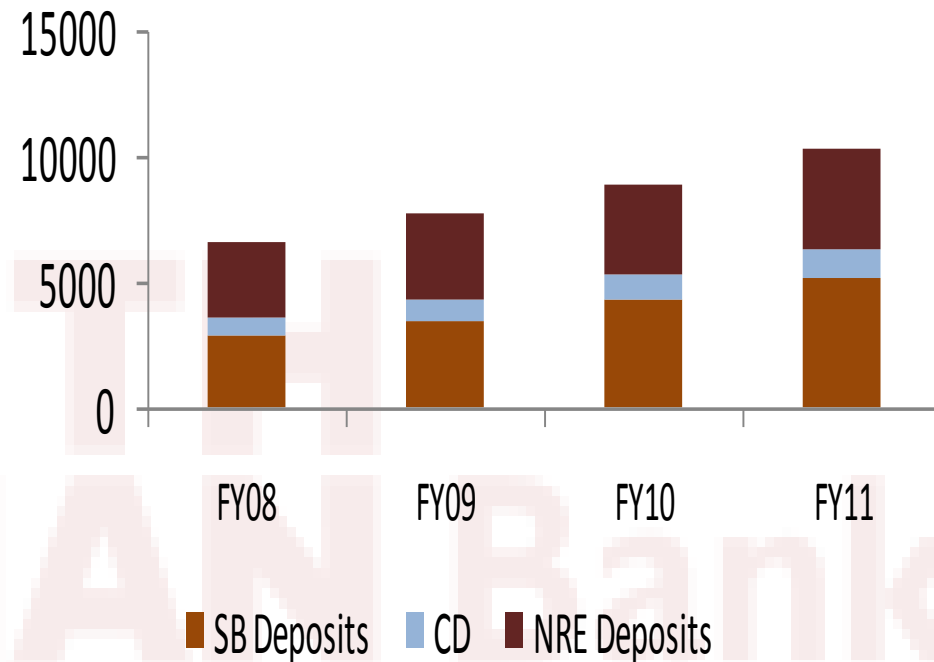
**Deposits grew over 2.5 times at CAGR of 25%
in 5 years**

Deposits – Composition and Trend

Composition of Deposits : June '11



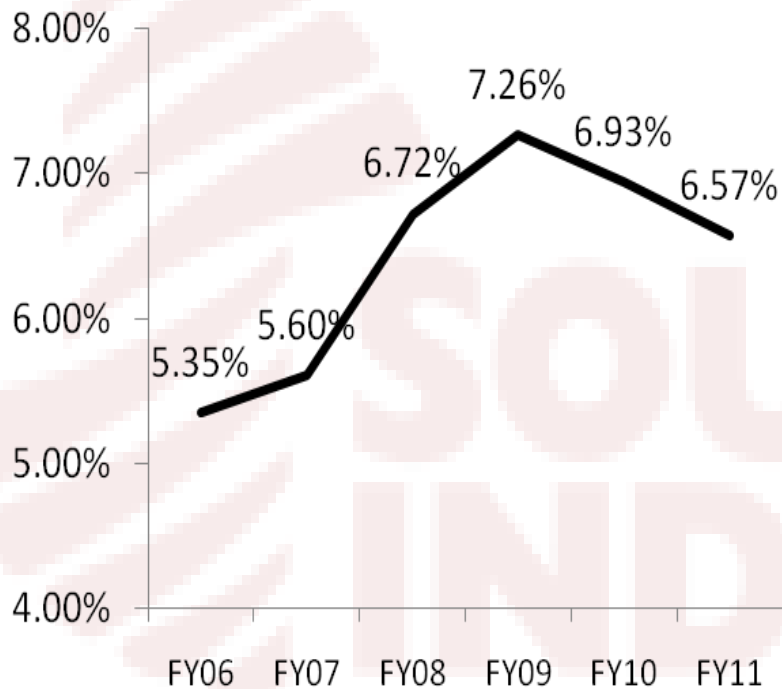
Annual Trend in Low cost deposits



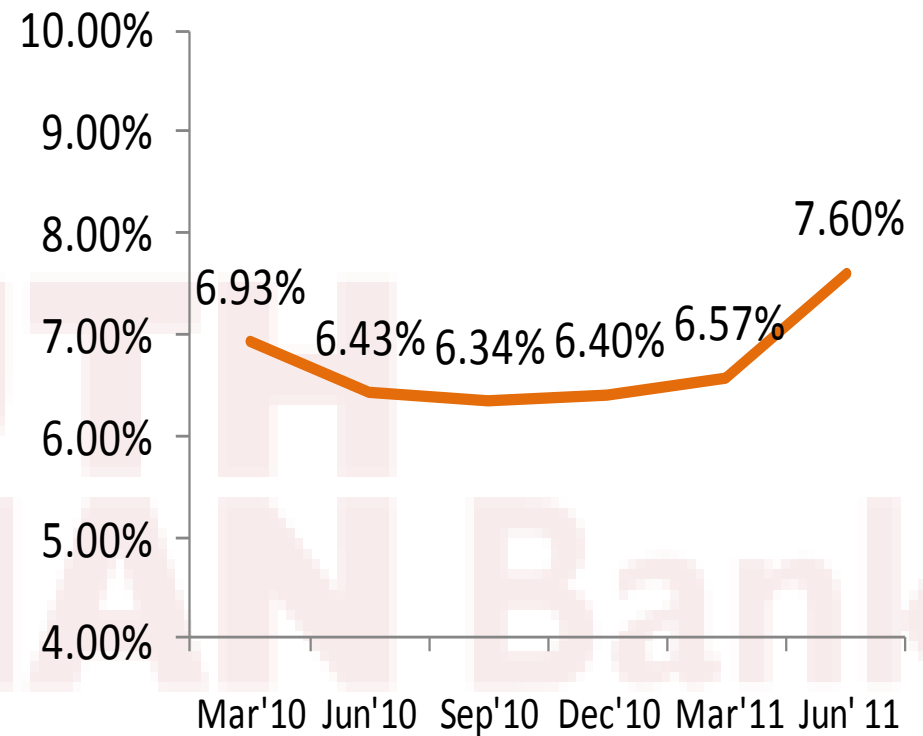
SB, CD and NRE deposits form 34% of total deposits.

Trend in Cost of Deposits

Trend in Cost of Deposits - Yearly

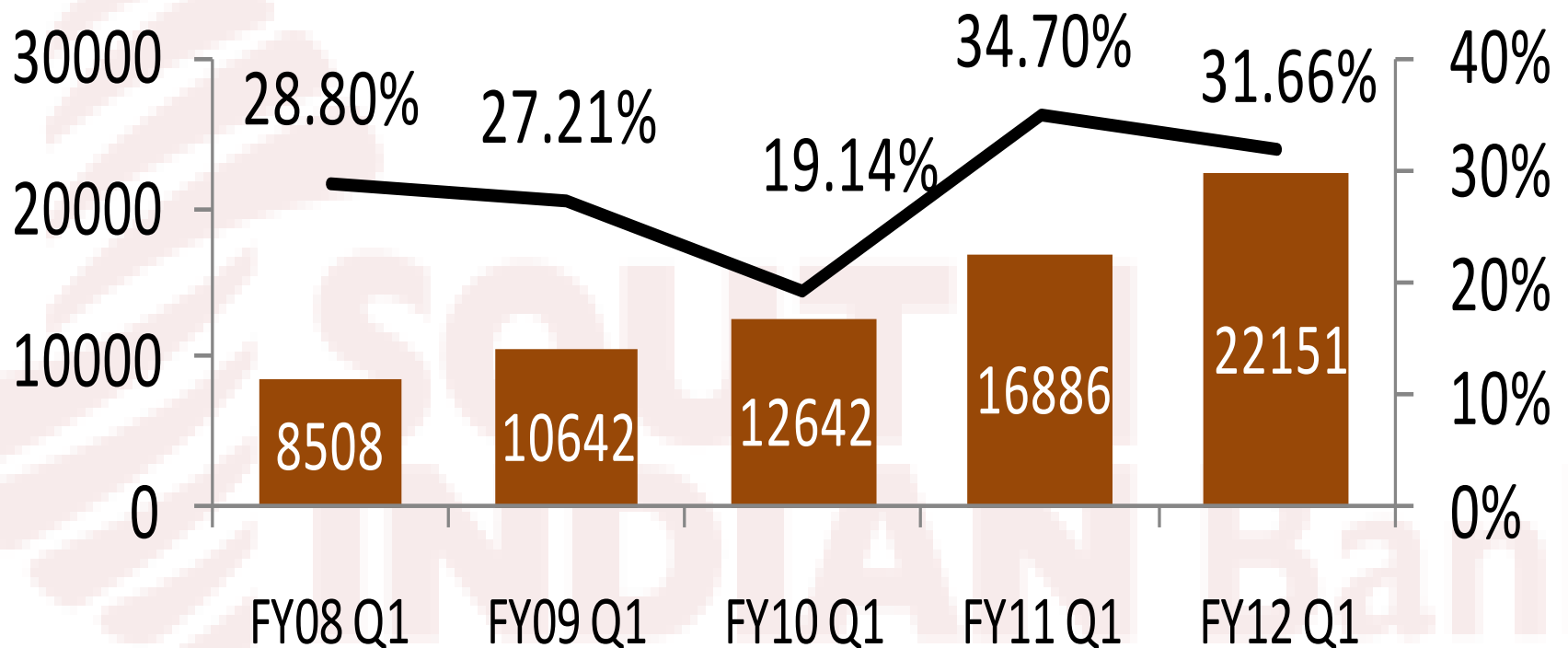


Trend in Cost of Deposits - Qtrly



Advances

Growth in Advances



Advances grew over 2.6 times at CAGR of 27% in 5 years

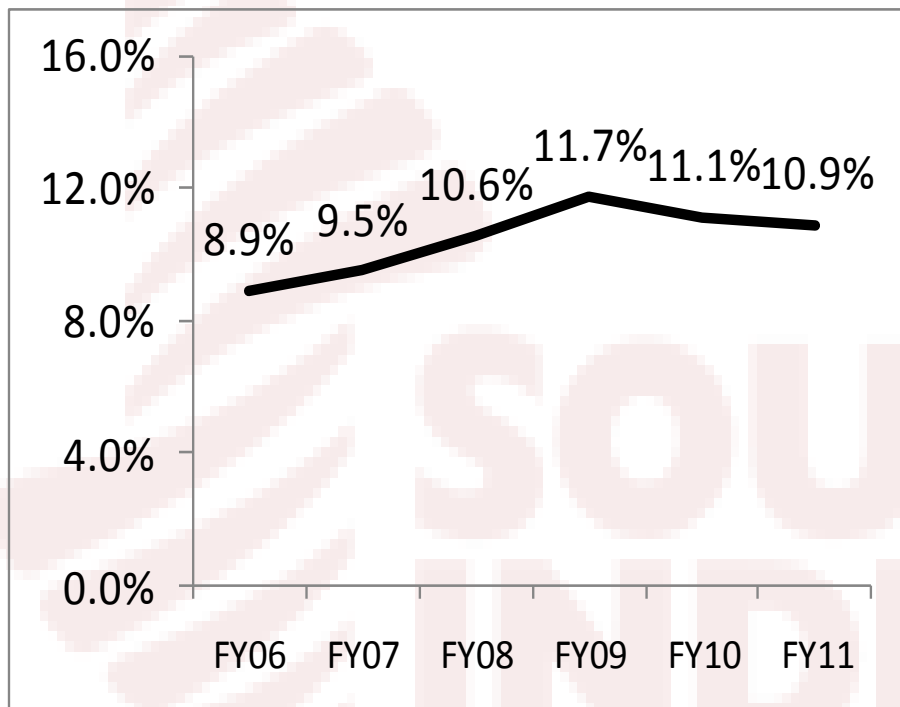
Advances – Composition and Trend

Composition of Advances June '11

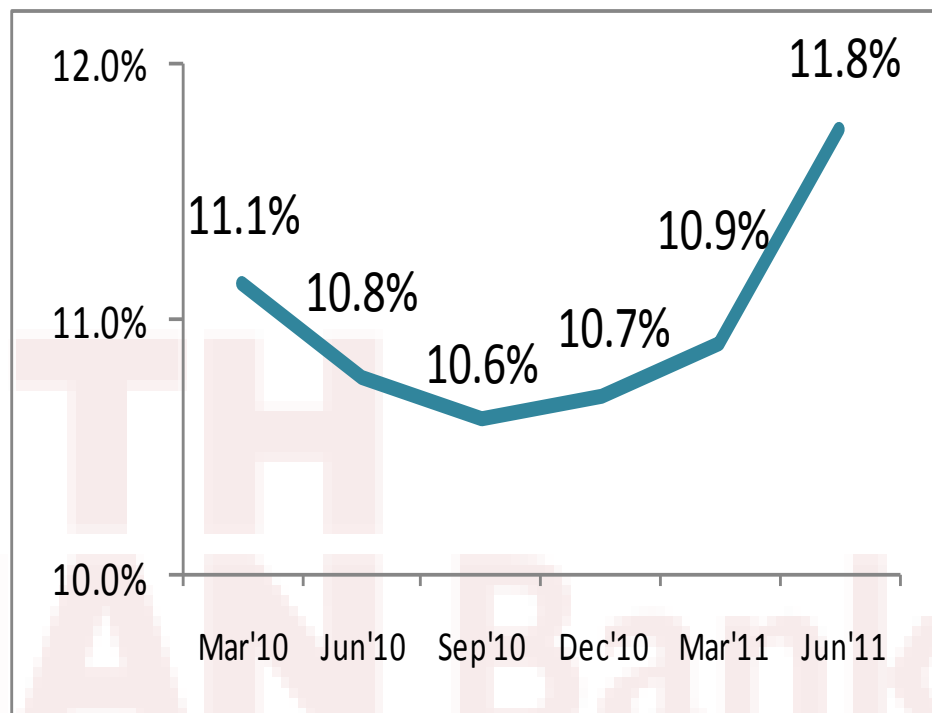
Sector	Less than 5 crore	5 crore & above	Total	% to total
Agriculture	3144.03	285.23	3429.26	15.48%
MSME	1673.66	396.78	2070.44	9.35%
Large Scale Industries	511.82	3075.10	3586.93	16.19%
Housing	1149.77	597.91	1747.69	7.89%
Commercial Real Estate	72.20	32.06	104.27	0.47%
NBFC	59.38	898.33	957.71	4.32%
Food Credit	--	415.81	415.81	1.88%
LC Bills	--	3077.80	3077.80	13.89%
Other	5885.58	875.52	6761.11	30.52%
Total	12496.45	9654.55	22151.00	100.00%

Trend in Yield on Advances

Trend in Yield on Advances- Yearly

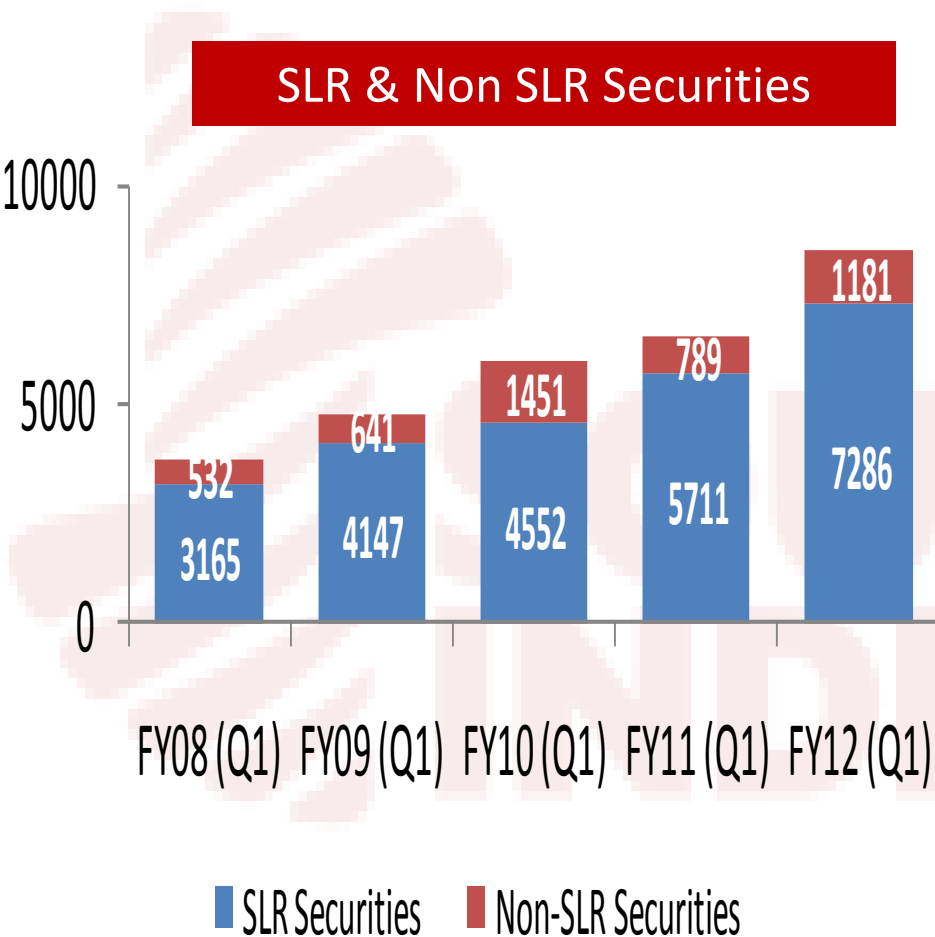


Trend in Yield on Advances - Qtrly



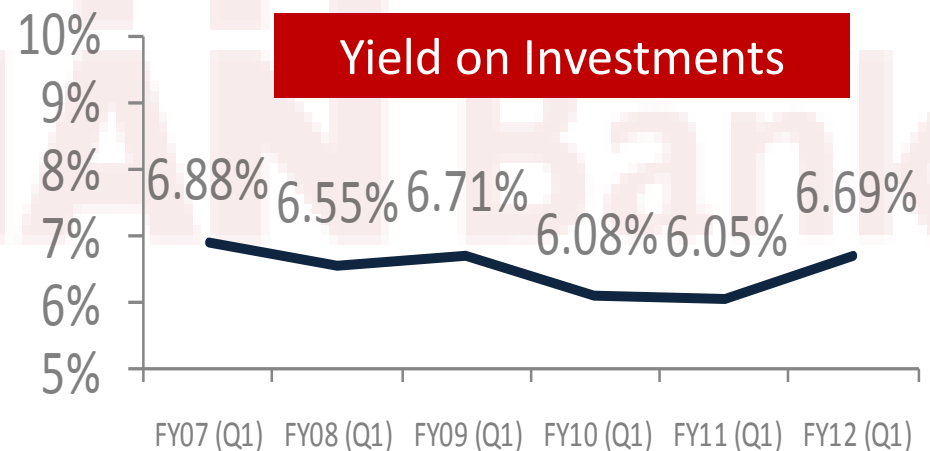
**Yield on Advance trends downwards in last two years.
Improvement in last 3 quarters.**

Investment Portfolio



Composition of Investment Book (June '11)

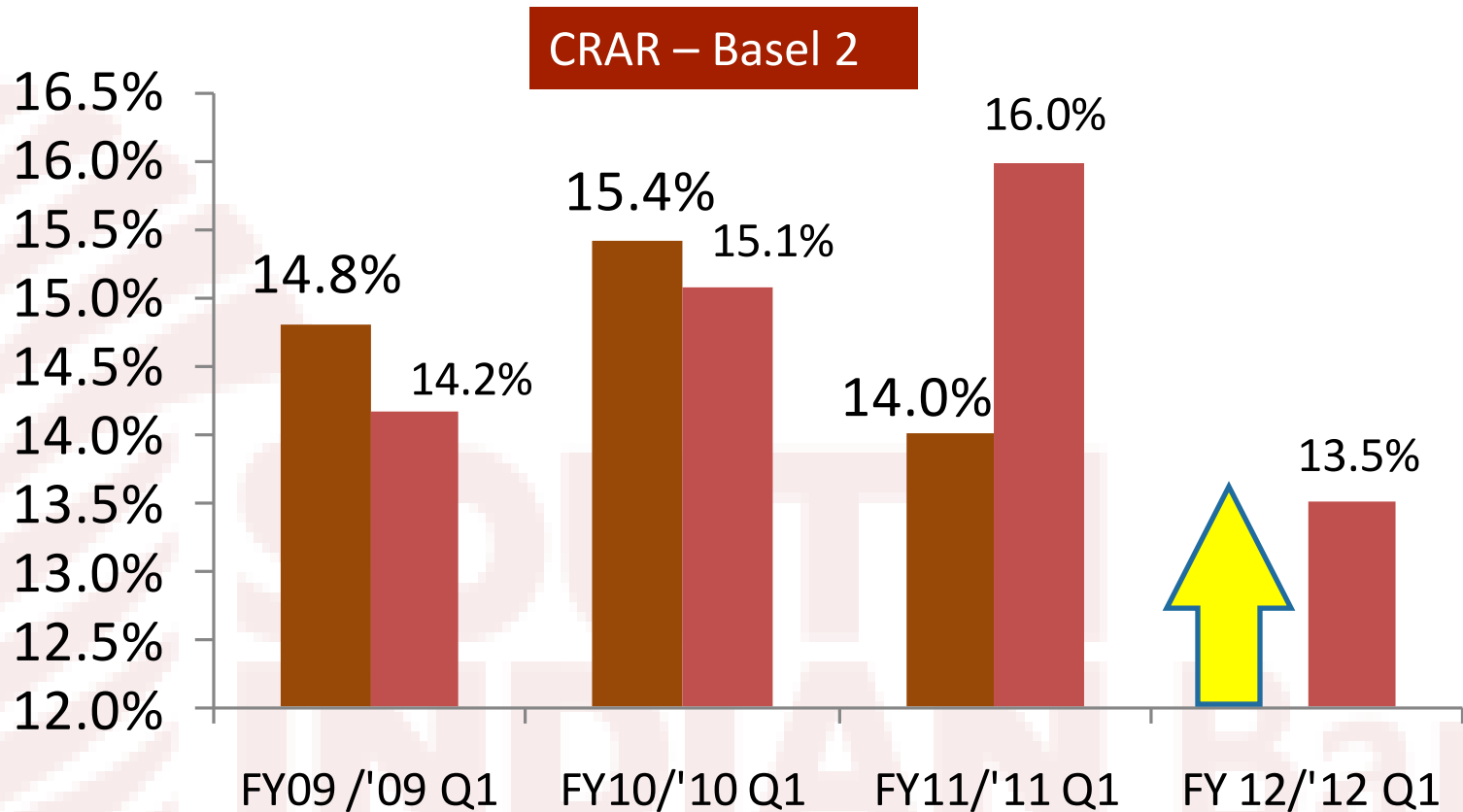
Category	Amount	Percentage
Held to Maturity	6327	75%
Held for Trading	369	4%
Available for Sale	1771	21%
Total	8467	100%



Duration of Investments

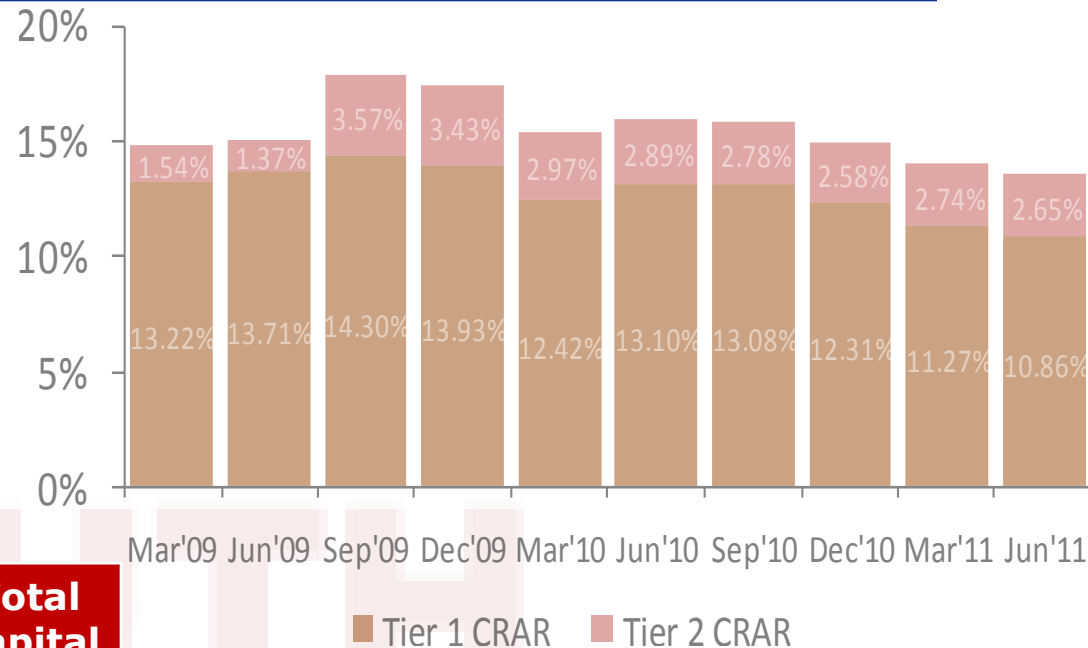
Particulars	March 2009	June 2009	March 2010	June 2010	March 2011	June 2011
Total Investment Portfolio	3.34	3.48	3.89	4.34	3.67	4.10
Total HM Investment Portfolio	5.04	5.64	5.21	5.18	4.81	4.68
Total HFT and AFS together Investment Portfolio	0.77	0.95	0.35	0.74	0.42	0.39

Adequately Capitalized



The bank has CRAR in excess of the required minimum of 9% stipulated by RBI.

Strong Core Capital



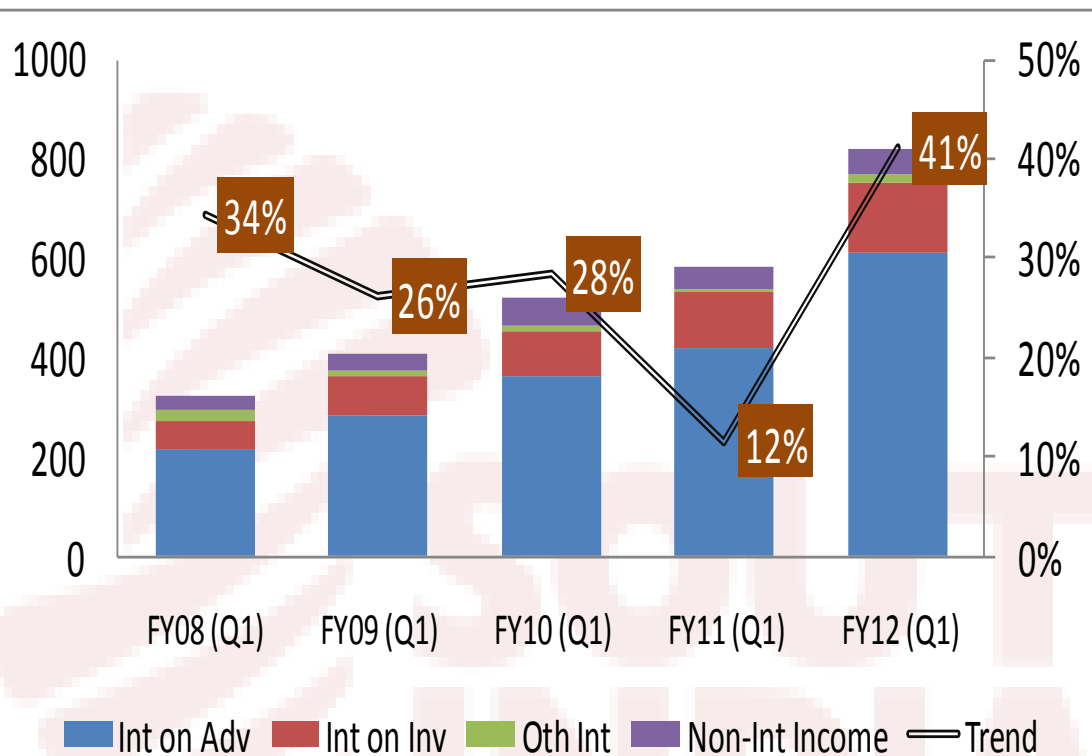
(Amount in ₹ crore)

	RWA	Tier 1 Capital	Tier 2 Capital	Total Capital
Mar 09	9525	1259	147	1406
Mar 10	11377	1412	337	1749
Jun 10	11270	1476	326	1802
Sep 10	11861	1551	330	1881
Dec 10	13174	1622	340	1962
Mar 11	14647	1650	401	2051
Jun 11	15152	1645	401	2046

**Strong Core Capital.
Dependence on Capital
Instruments low.**

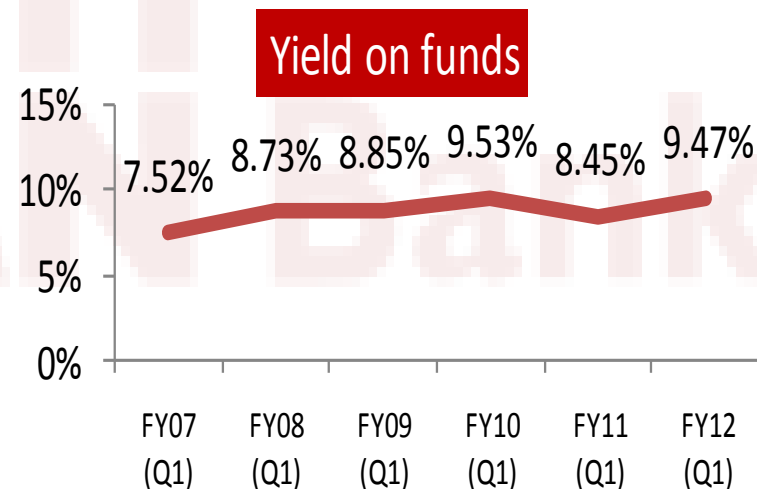
Trend in Income

(Amount in ₹ crore)



Gross Annual income grew over 2.5 times in 5 years at CAGR 26%

Total income	
FY08 (Q1)	322.00
FY09 (Q1)	405.90
FY10 (Q1)	521.20
FY11 (Q1)	581.80
FY 12 (Q1)	820.40



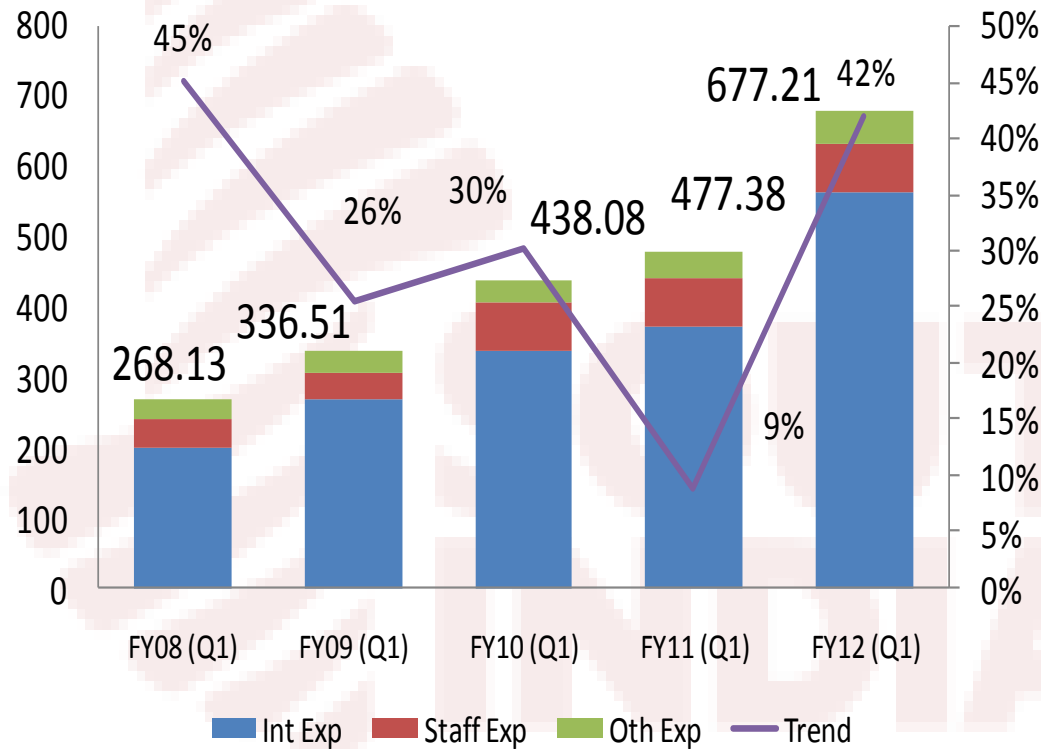
Composition of Non-Interest Income

(Amount in ₹ crore)

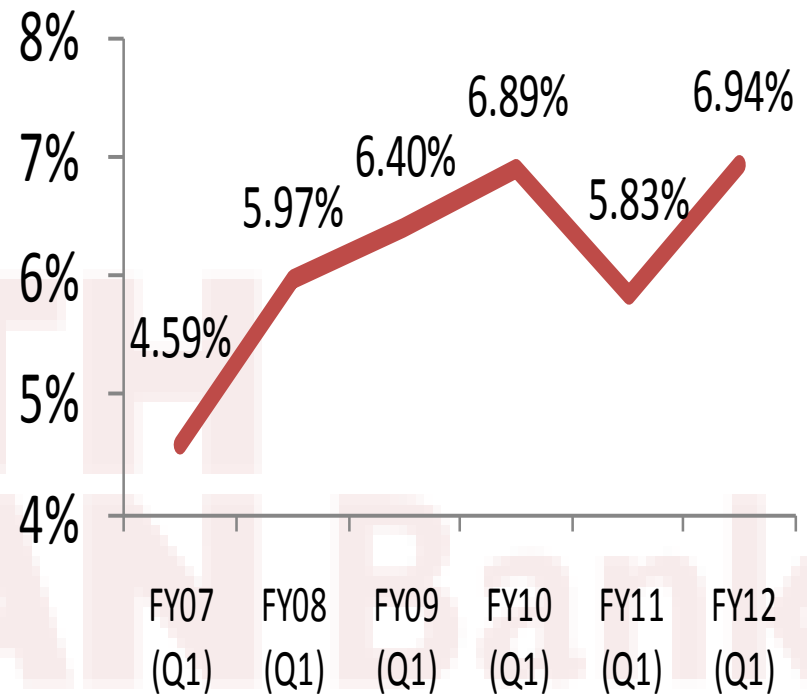
Particulars	Quarter ended 30/06/2010	Quarter ended 30/06/2011
Commission, Exchange & Brokerage	8	9
Profit on sale of investment (NET)	9	15
Profit on sale of Land, Building & Other assets (net)	-	~ 1
Profit on Exchange Transactions (Net)	4	5
Miscellaneous Income		
1. Processing Fees	2	3
2. Rent Received	-	-
3. Others (Folio charges, Locker Rent)	18	19
Total	41	52

Trend in Expenses

Trend in Expenses

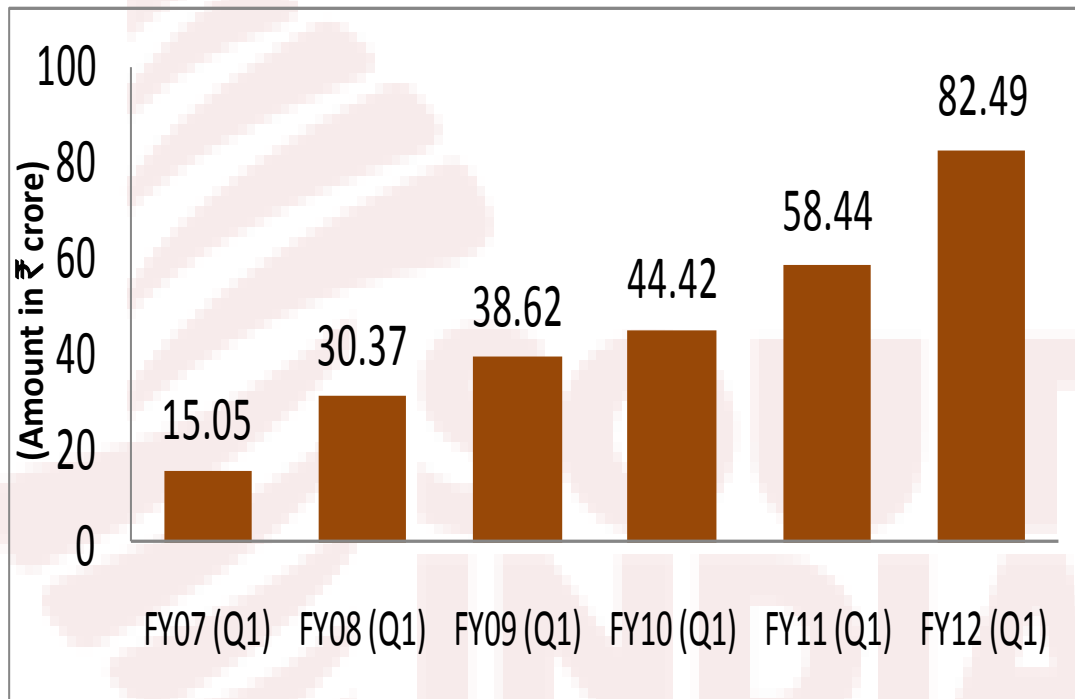


Cost of Funds

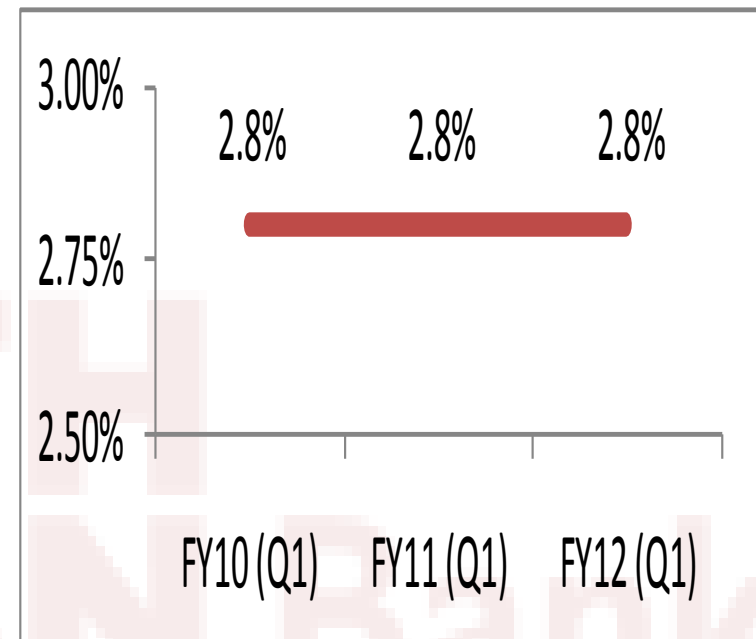


Profitability

Growth in Net Profit



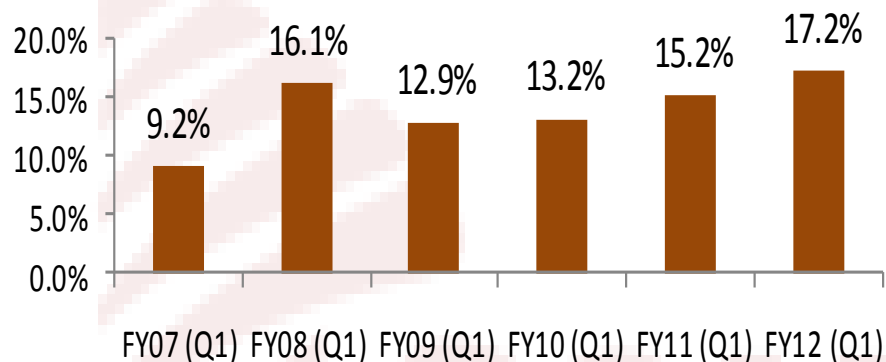
Net Interest Margin



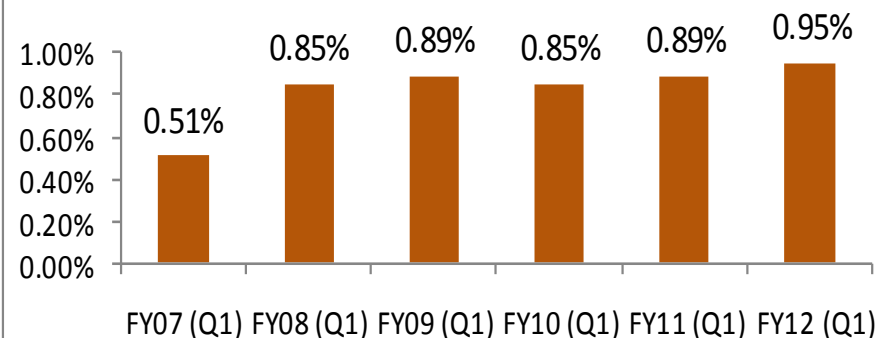
**Net profit grew over 5.5 times in 6 years at CAGR 41%.
Net Interest margin (NIM) remains at satisfactory range.**

Efficiency

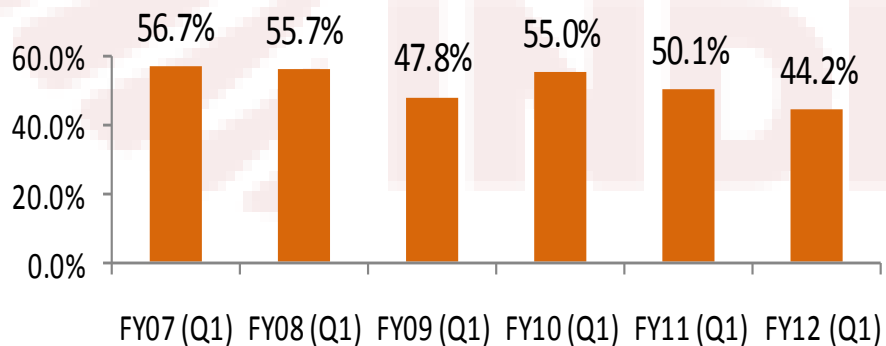
Return on Equity



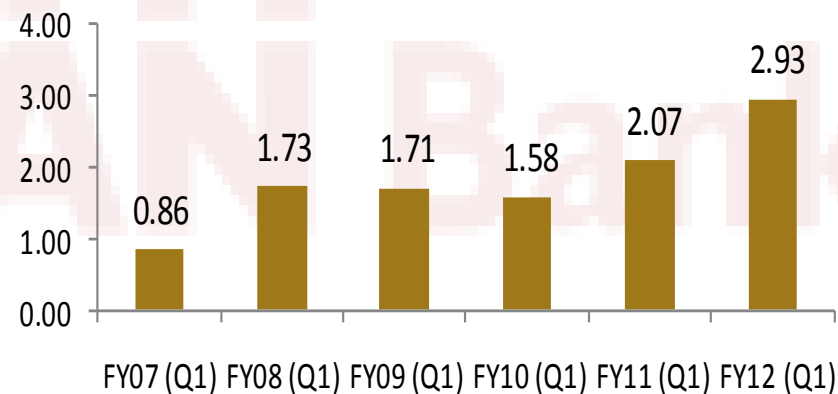
Return on Average Assets



Cost/ Income Ratio



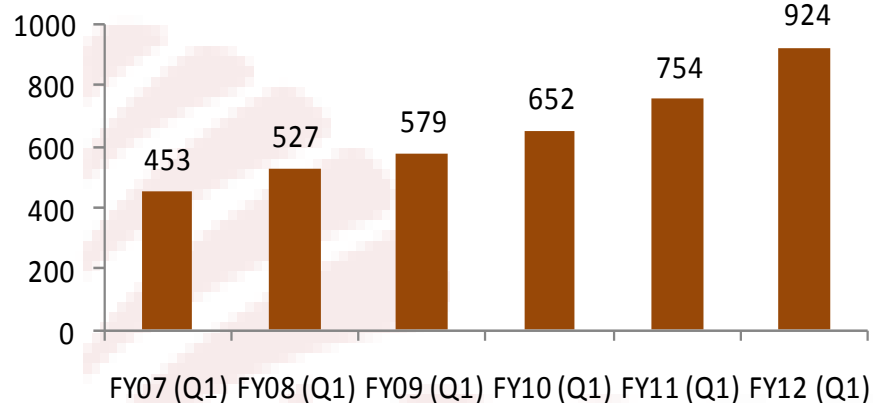
Earnings per Share (EPS)



Productivity

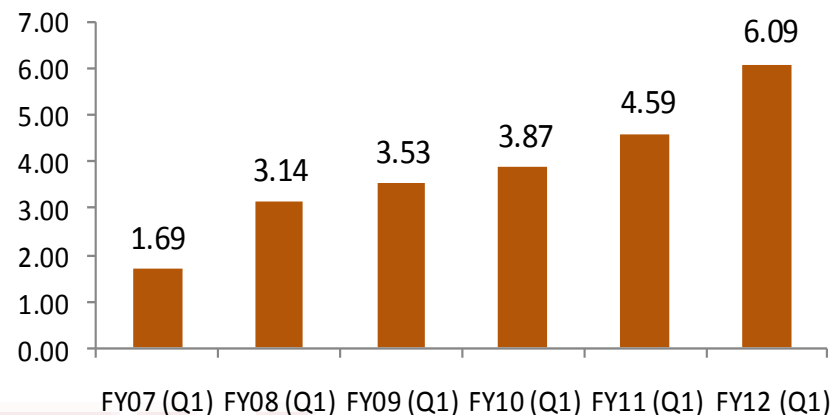
Business per Employee

(₹ in Lakh)



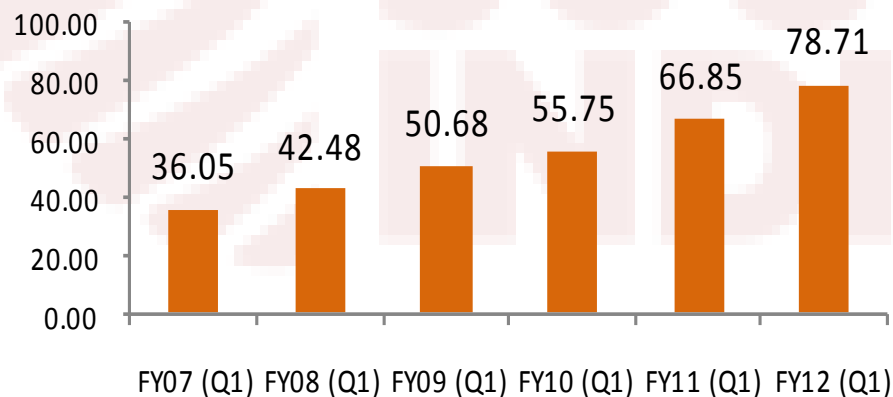
Profit per Employee

(₹ in Lakh)



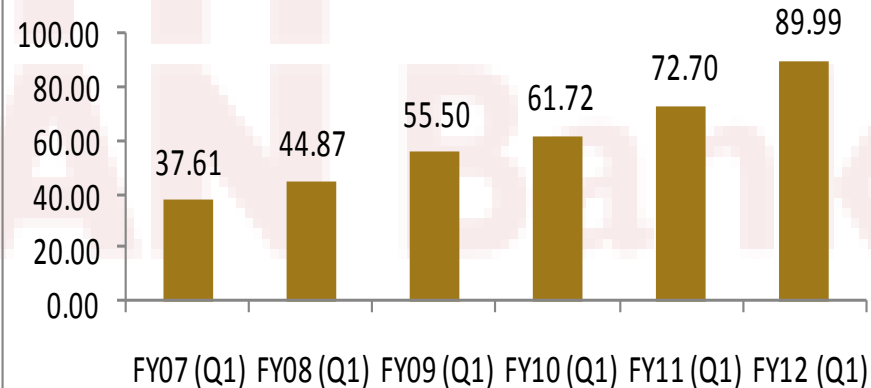
Business per Branch

(₹ in Crore)



Operating Profit per Branch

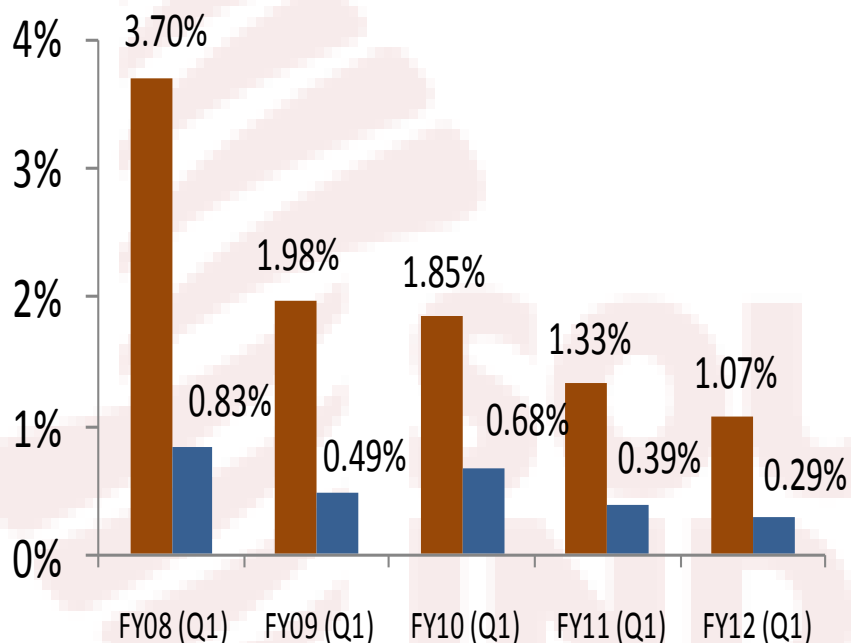
(₹ in Lakh)



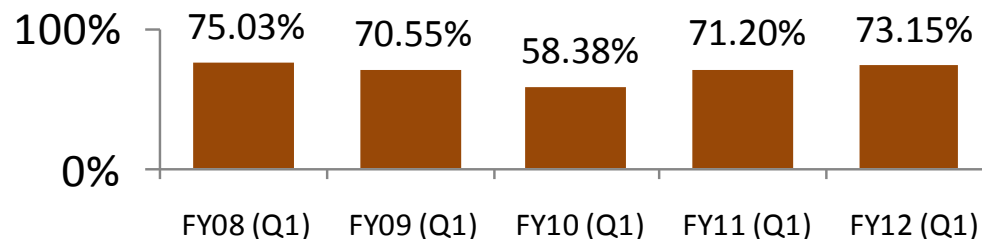
Asset Quality

(Amount in Rs crore)

Gross NPA & Net NPA (%)



Provision Coverage



Change in Gross NPA & Net NPA	Year ended 31/03/2010	Qtr ended 30/06/2010	Year ended 31/03/2011	Qtr ended 30/06/2011
Gross NPA	211	223	230	236
Gross NPA (%)	1.32%	1.33%	1.11%	1.07%
Net NPA	62	64	61	63
Net NPA (%)	0.39%	0.39%	0.29%	0.29%

**Asset Quality maintained at high level.
Provision coverage comfortable**

Break-up of Provision

(Amount in ₹ crore)

Particulars	Year ended 31/03/2010	Year ended 31/03/2011	Qtr ended 30/06/2010	Qtr ended 30/06/2011
For NPA advance	34.98	27.74	10.89	2.77
For Depreciation on Investments	-40.94	9.37	2.74	3.98
For NPA investment	2.14	0.26	0.26	-
For standard assets	6.43	21.60	2.20	13.78
For income tax	133.55	152.94	29.26	39.81
For Restructured advances	7.58	-0.05	-	-0.04
General Provision	33.00	20.00	-	-
Other impaired assets	0.07	0.84	0.61	0.34
Total Provisions and Contingencies	176.81	232.70	45.96	60.64

Performance Highlights

(Amount in ₹ crore)

Performance Highlights	9-Jun	9-Sep	9-Dec	10-Mar	10-Jun	10-Sep	10-Dec	Year ended Mar-11	Quarter ended Jun-11
CRAR Basel 2 (%)	15.08%	17.86%	17.35%	15.40%	15.99%	15.86%	14.89%	14.01%	13.51%
Return on Assets (Annualised)	1.23%	1.30%	1.23%	1.07%	0.91%	1.03%	1.04%	1.05%	1.02%
NIM (%)	3.3%	3%	3.3%	2.8%	2.8%	3.0%	3.0%	3.1%	2.8%
Gross NPA's	230.9	212.9	213.9	211.0	223.1	227.7	253.6	230.3	236.4
Net NPA	83	56	57	61	65	67	74	60	63
Gross NPA (%)	1.85%	1.61%	1.46%	1.32%	1.33%	1.27%	1.33%	1.11%	1.07%
Net NPA (%)	0.68%	0.43%	0.39%	0.39%	0.39%	0.38%	0.39%	0.29%	0.29%
Provision Coverage	63.20%	73.30%	73.30%	70.50%	70.70%	70.10%	70.70%	73.64%	73.15%
CASA	4551	4784	4999	5323	5852	5989	6045	6404	6790
CASA	24.40%	24.30%	24.20%	23.10%	25.10%	23.90%	22.40%	21.55%	21.47%
Deposits	18650	19688	20643	23012	23331	25060	26998	29721	31622
Advances	12320	13059	14508	16115	16728	17718	19188	20799	21829
Yield on advances	11.85%	11.68%	11.39%	11.14%	10.77%	10.61%	10.69%	10.90%	11.75%

FUTURE STRATEGY



Way Forward

1

Enhancing income
from distribution of
third party
products

2

Ramping up low
cost as well as
retail liabilities
franchise

3

Enhancing
productivity per
branch/per
employee

4

Focus on increasing
share of low cost
NRI deposit base

Key Focus

- ✓ AIMS TO OPEN 57 BRANCHES & 107 ATMs THIS FISCAL TO BOOST NETWORK & TAKE BRANCH TALLY TO 700 BY MARCH 2012.
- ✓ AIMS TO INCREASE TOTAL BUSINESS MIX TO Rs 1.25 LAKH CRORE BY MARCH 2015.
- ✓ TO SUPPORT BUSINESS GROWTH PLAN FOR THE NEXT 3 YEARS, THE BANK HAS DECIDED TO RAISE Rs 1,000 CRORE CAPITAL THROUGH QIP.
- ✓ ENHANCING INCOME FROM DISTRIBUTION OF THIRD PARTY PRODUCTS
- ✓ RAMPING UP LOW COST AS WELL AS RETAIL LIABILITIES.
- ✓ ENHANCING PRODUCTIVITY PER BRANCH/PER EMPLOYEE
- ✓ FOCUS ON INCREASING SHARE OF LOW COST NRI DEPOSIT BASE
- ✓ FOCUS ON IMPROVING SHARE OF GOLD LOANS

Targets: Mar '13

(Amount in ₹ crore)

Particulars	June 11 Target	June 11 Actual	Outperformance/ (Underperformance)	March 13 Target	Target growth
Deposits	31,048	31,622	1.85%		
Advances	21,844	22,151	1.40%		
Total Business	52,892	53,773	1.66%	75,000	39.47%
Profits	79	82	3.80%		
Number of branches	-	643	-	750	
Net NPA %		0.29%			

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