

Investor Presentation

March 2015

Q4 - FY15

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Strategy: Way Forward

- Strengthening long-term franchise value with focus on Retail and SME segments
 - Housing loans - key focus segment with centralized processing and faster approvals
 - Creating SME hubs focused on serving the needs of SME clientele
- Focused on improving asset quality
 - Special cell focused on recovery from NPA accounts
 - Cleaned books through sale of stressed assets to Asset Reconstruction Companies (ARCs)
- Strengthening deposit franchise
 - Improvement in core deposits
 - CASA expected to improve with concerted efforts at branch level
- Customer focused technology initiatives
 - Increase in internet, mobile and debit card transactions

Key Performance Highlights – Q4-FY15

Item	Q4 - FY15 (INR mn)	Q-o-Q	Y-o-Y	FY15 (INR mn)	FY14 (INR mn)	Y-o-Y
Net Interest Income	3,471	8.5%	(4.8%)	13,662	13,988	(2.3%)
Other Income	1,219	(24.0%)	26.2%	4,971	3,685	34.9%
Profit After Tax	163	(81.5%)	(86.9%)	3,072	5,075	(39.5%)
Advances	373,916	2.7%	3.2%	373,916	362,299	3.2%
Deposits	519,125	7.1%	9.3%	519,125	474,911	9.3%
GNPA	6,434	(2.7%)	48.7%	6,434	4,326	48.7%
NNPA	3,570	(5.9%)	26.7%	3,570	2,817	26.7%
NIM	2.70%	0.00%	(0.32%)	2.70%	3.02%	(0.32%)
CASA	20.59%	(0.92%)	(0.10%)	20.59%	20.69%	(0.10%)

Financial performance

Financial Highlights – As at March 2015

Balance Sheet Overview

Rs. Crore

	Q4-FY15	Q4-FY14	Y-o-Y (%)	Q3-FY15	Q-o-Q (%)
Capital & Liabilities					
Capital	135	134	0.75%	135	0.00%
Reserves and Surplus	3,454	3,234	6.80%	3,524	-1.99%
Deposits	51,912	47,491	9.31%	48,459	7.13%
Borrowings	2,232	2,731	-18.27%	2,209	1.06%
Other Liabilities & Provisions	1,383	1,396	-0.93%	1,251	10.55%
Total	59,116	54,986	7.51%	55,577	6.37%
Assets					
Cash & Balances with RBI	2,442	2,201	10.95%	2,102	16.18%
Balances with Banks	1,154	1,017	13.47%	1,037	11.28%
Investments	16,717	14,352	16.48%	14,750	13.34%
Advances	37,392	36,230	3.21%	36,394	2.74%
Fixed Assets	479	412	16.26%	465	3.01%
Other Assets	932	774	20.41%	829	12.42%
Total	59,116	54,986	7.51%	55,577	6.37%
Business (Advances + Deposits)	89,304	83,721	6.67%	84,853	5.25%
Current Accounts	1,818	1,888	-3.72%	1,826	-0.45%
Savings Accounts	8,868	7,937	11.74%	8,598	3.15%
CASA Ratio	20.59%	20.69%	-0.10%	21.51%	-0.92%

Financial Highlights – As at March 2015

Profit and Loss Account

Rs. Crore

	Q4-FY15	Q4-FY14	Y-o-Y (%)	FY15	FY14	Growth(%)
Net Interest Income	347	365	-5%	1,366	1,399	-2%
Other Income	122	97	26%	497	368	35%
Total Income	469	461	2%	1,863	1,767	5%
Operating Expenses	304	256	19%	1,047	883	19%
Operating Profit	165	205	-19%	816	884	-8%
Provisions (Ex-Tax) & Contingencies	138	28	387%	414	155	167%
Profit Before Tax	27	177	-85%	402	729	-45%
Provision for Tax	11	52	-79%	138	221	-38%
Exceptional Items			N/A	-43	0	N/A
Profit After Tax	16	125	-87%	307	508	-40%

- Other income increased by 34.9% during the year with strong contribution from treasury, forex and ATM usage fees
- Operating expenses include the impact of additional employee expenses (Rs 52 Cr.) on account of differential due to settlement and actuarial liabilities; amortization of actuarial liabilities has been completed
- Provisions increased on account of NPA, restructured assets and FITL
- Exceptional Item refers to reversal of excess depreciation charged till March 31, 2014 (net of taxes) due to change in depreciation method from WDV to SLM

Key Metrics – Annual

<u>Particulars</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
Net Interest Margin (NIM) (%)	3.06	3.10	3.21	3.02	2.70
CRAR Basel II (%)	14.01	14.00	13.91	12.53	12.06
RoAA (Annualized) (%)	1.05	1.12	1.17	1.00	0.56
Provision Coverage (%)	73.94	71.36	60.33	62.71	60.63
CASA (%)	21.55	19.67	18.60	20.69	20.59
Gross NPA (%)	1.11	0.97	1.36	1.19	1.71
Net NPA (%)	0.29	0.28	0.78	0.78	0.96
Book Value per Share (Rs.)	16.33	19.12	22.44	25.06	26.59
Earnings per Share (Rs.)	2.59	3.55	4.03	3.78	2.28
Dividend per Share (Rs.)	0.50	0.60	0.70	0.80	0.60

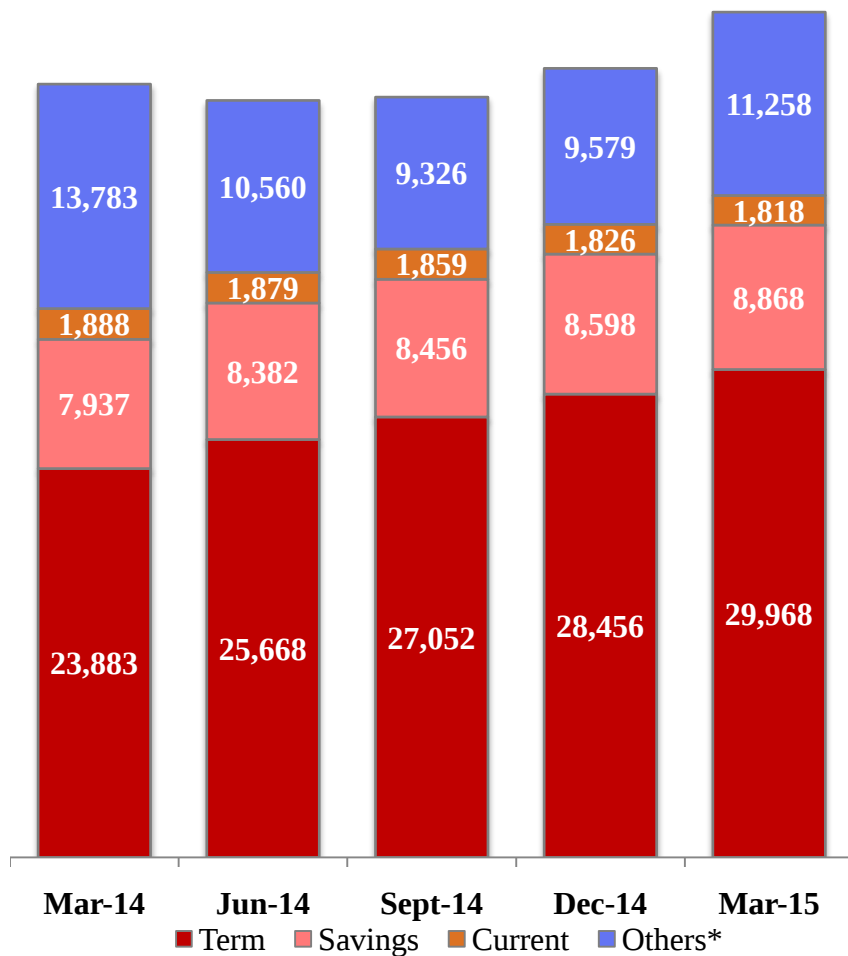
Key Metrics – Quarterly

Particulars	Q1-FY14	Q2-FY14	Q3-FY14	Q4-FY14	Q1-FY15	Q2-FY15	Q3-FY15	Q4-FY15
Net Interest Margin (NIM) (%)	2.93	3.03	3.02	3.02	2.72	2.80	2.70	2.70
CRAR Basel II (%)	13.66	13.16	12.35	12.53	12.32	12.35	11.57	12.06
RoAA (Annualized) (%)	0.94	0.97	1.02	1.00	0.93	0.75	0.71	0.56
Provision Coverage (%)	57.95	53.56	55.73	62.71	62.50	62.91	60.41	60.63
CASA (%)	20.58	21.33	21.16	20.69	22.07	22.09	21.51	20.59
Gross NPA (%)	1.57	1.92	1.66	1.19	1.50	1.55	1.80	1.71
Net NPA (%)	1.12	1.39	1.18	0.78	0.91	0.90	1.04	0.96
Book Value per Share (Rs.)	23.27	24.20	25.13	25.06	25.88	26.47	27.10	26.59
Earnings per Share (Rs.)	3.41	3.59	3.79	3.78	3.78	3.01	2.87	2.28
Branches								
- Kerala	409	422	434	436	439	440	441	444
- South India (Ex-Kerala)	213	220	227	227	228	230	231	236
- Rest of India	119	121	128	131	134	135	138	142
ATMs								
- Kerala	475	492	512	552	565	587	607	651
- South India (Ex-Kerala)	230	250	265	293	295	311	323	362
- Rest of India	125	130	137	155	158	165	178	187

Deposits

Breakup of Deposits

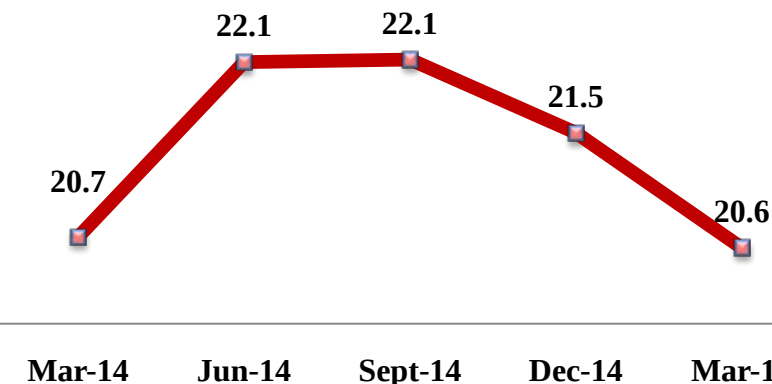
Rs. Crore



*Others includes: Bulk, Certificates of Deposits

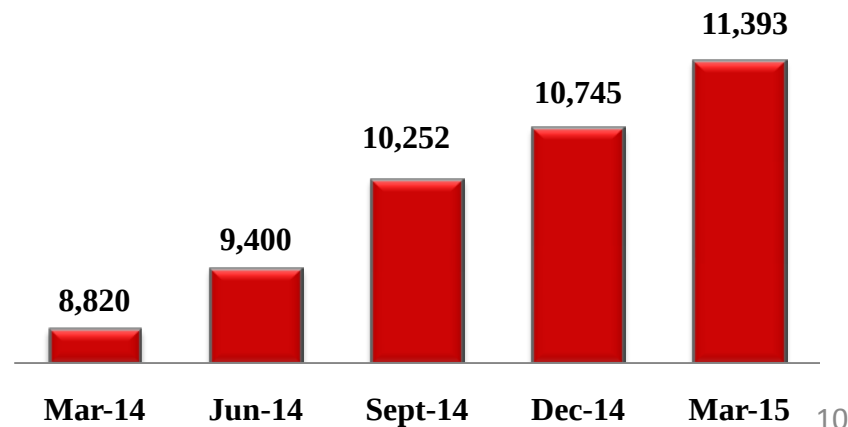
CASA Ratio

(%)



NRI Deposits

Rs. Crore



Deposits

Core & Non Core Deposits

Rs. Crore

Mar-15

40,694

21%

33,741

Mar-14

Core Deposit

Mar-15

11,218

18%

13,750

Mar-14

Non-Core Deposit

Mar-15

51,912

9%

47,491

Mar-14

Total Deposit

- Strengthening core deposit franchise for long-term growth

CASA Deposits

Rs. Crore

Mar-15

1,818

4%

1,888

Mar-14

Current Deposit

Mar-15

8,868

12%

7,937

Mar-14

Savings Deposit

Mar-15

10,686

9%

9,825

Mar-14

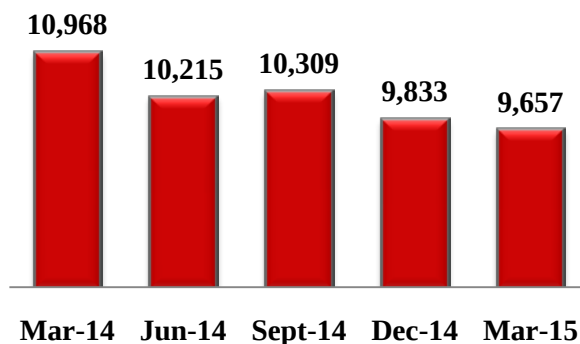
Total CASA

- Improved CASA by 9% through concerted efforts at the branch level

Advances: Composition of Loan Book

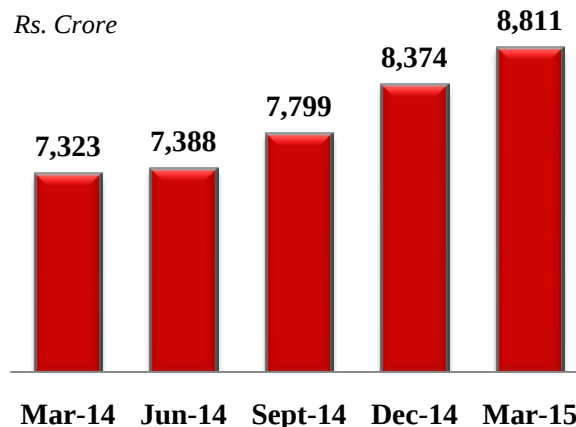
Retail

Rs. Crore



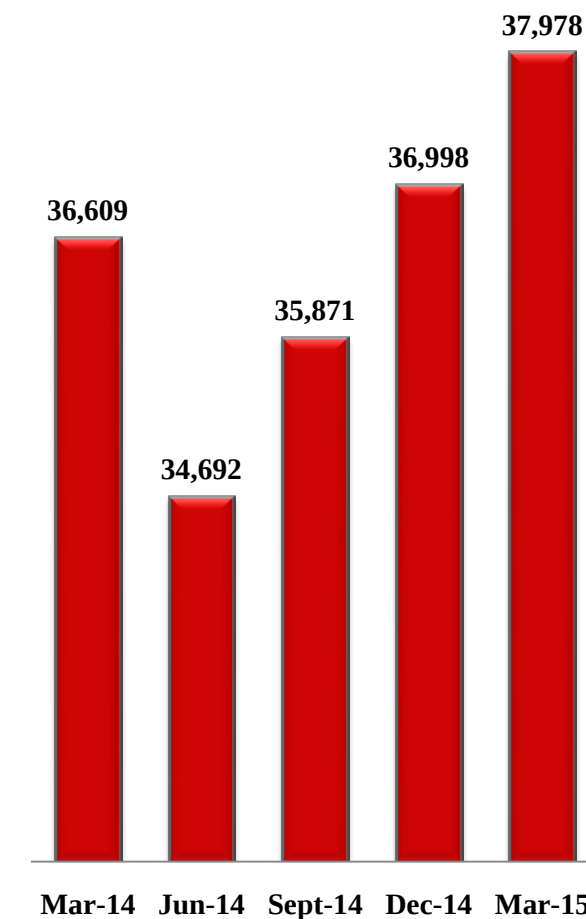
SME

Rs. Crore



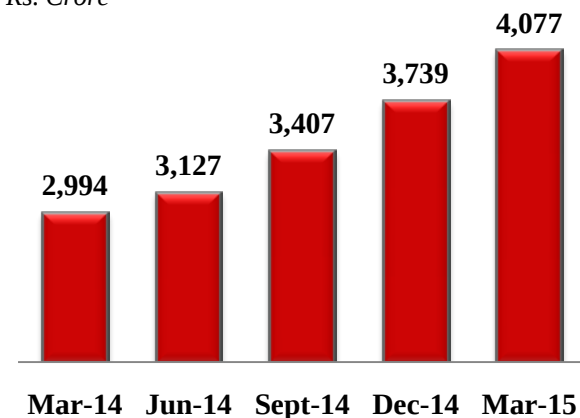
Aggregate Loan Book

Rs. Crore



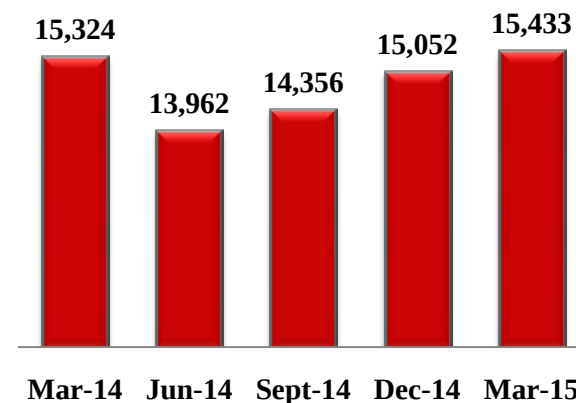
Agriculture

Rs. Crore



Corporate

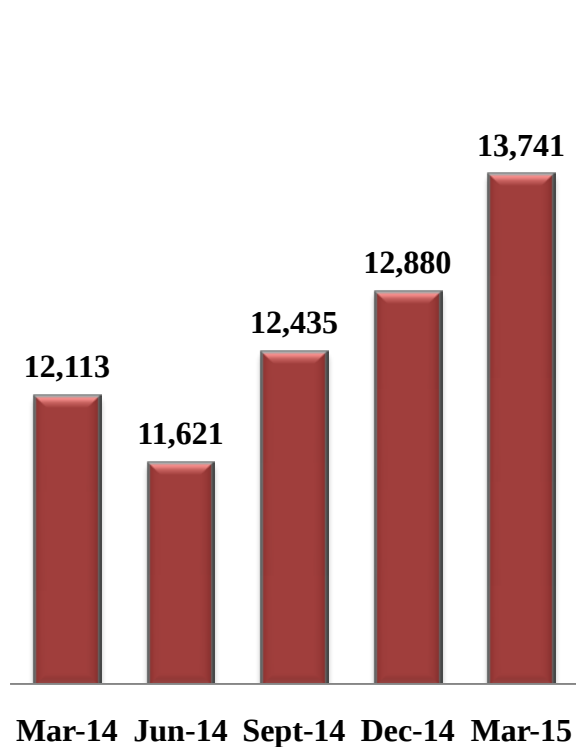
Rs. Crore



Advances: Geography wise split

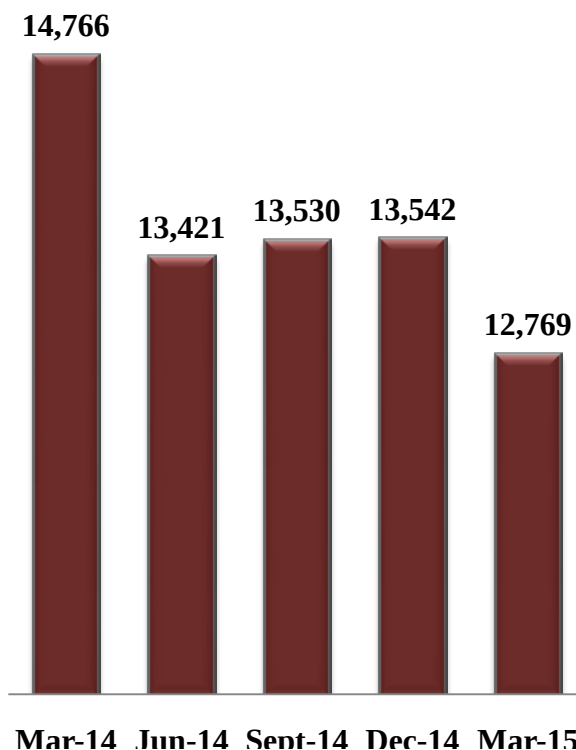
Kerala

Rs. Crore



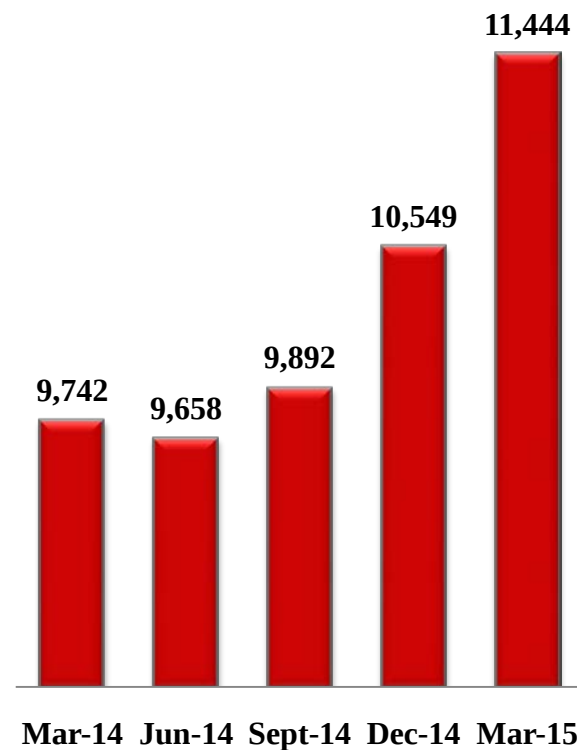
South Ex-Kerala

Rs. Crore



Rest of India

Rs. Crore

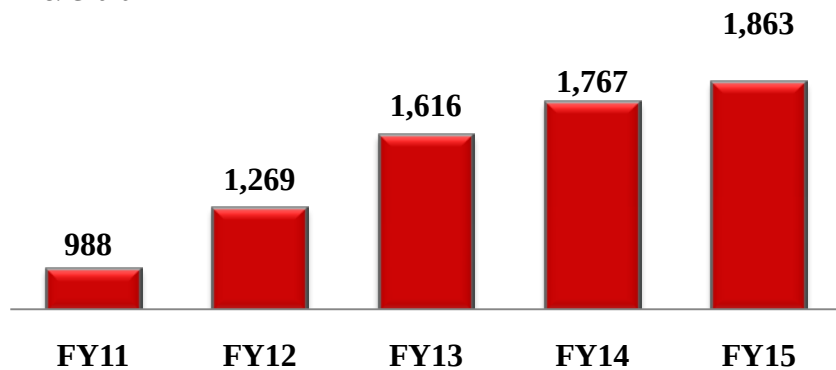


Kerala franchise providing a strong base with growth in advances led by expansion into other geographies, both in South India (ex-Kerala) and Rest of India

Income & Profit - Annual

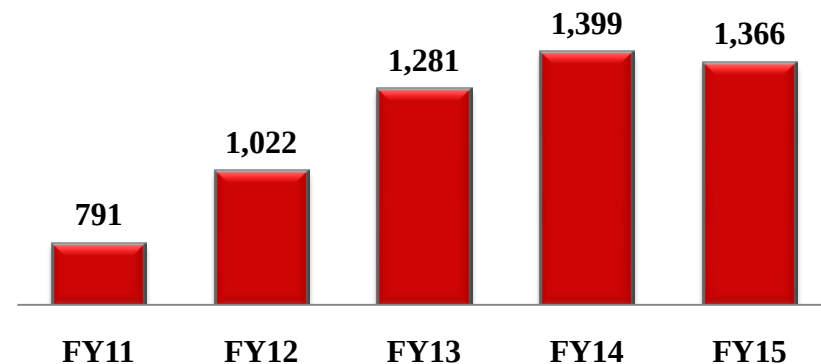
Net Total Income

Rs. Crore



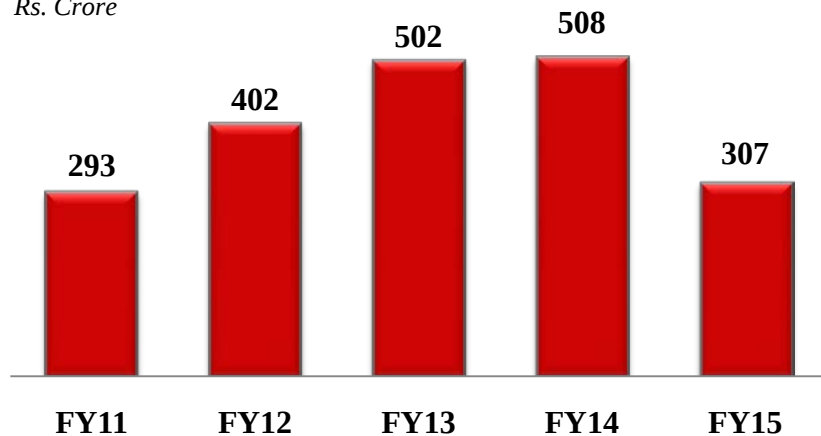
Net Interest Income

Rs. Crore



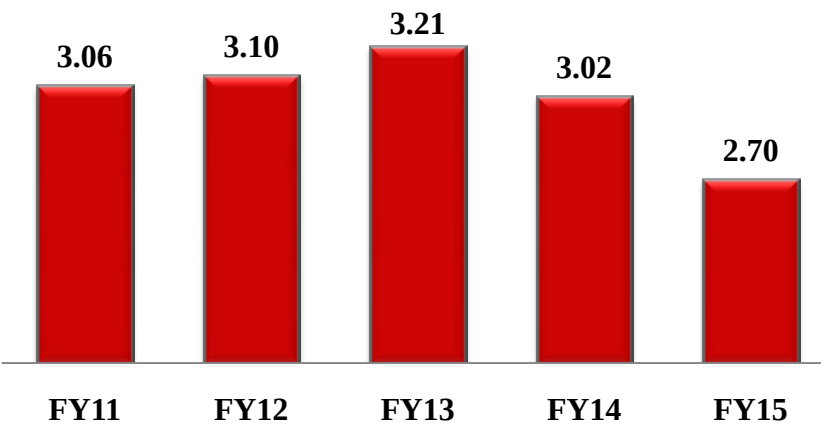
Net Profit

Rs. Crore



Net Interest Margin

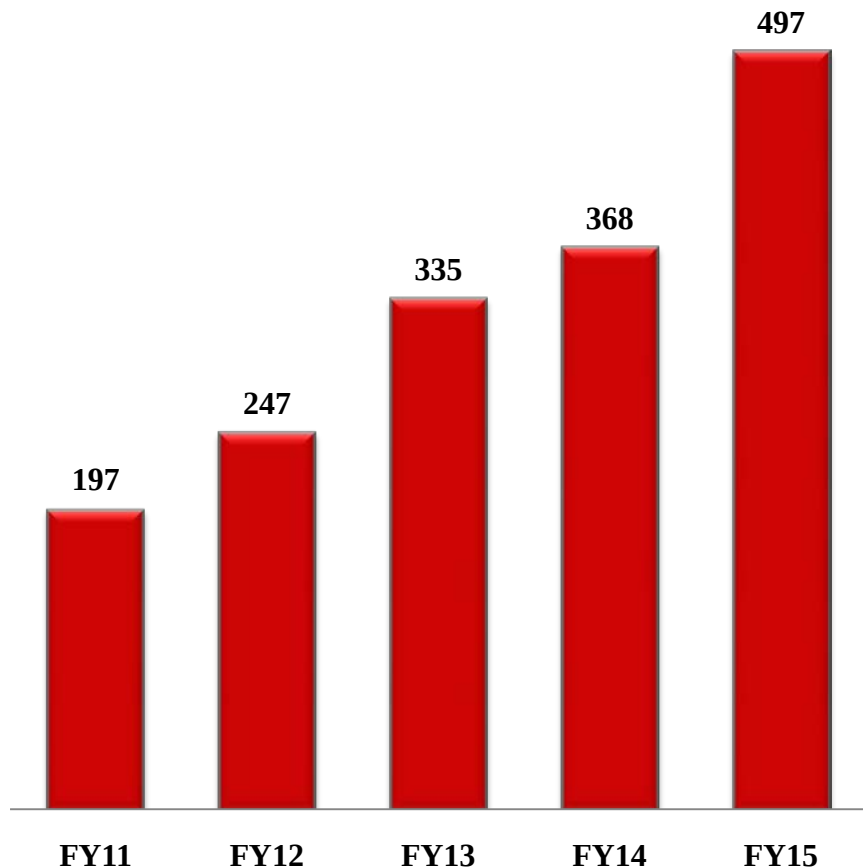
(%)



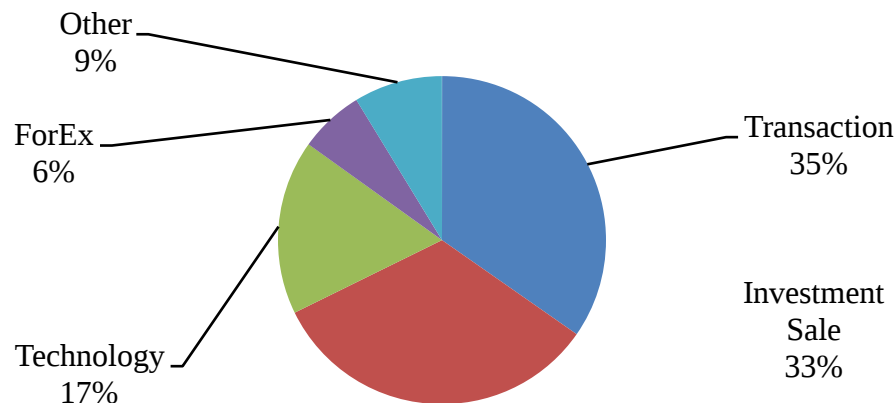
Other Income

Other Income

Rs. Crore



Other Income Breakup: FY15



Total Other Income (Rs. Cr.): 497

Key Future Initiatives

- Enhancing treasury income
- Targeting end-to-end SME business potential
- Strengthening retail presence
- Focus on NRI remittances and currency conversion
- Integrating both domestic and forex treasury

Break-up of Provisions

Rs. Crore

Particulars	<u>Q4-FY15</u>	<u>Q4-FY14</u>	<u>Q3-FY15</u>	<u>FY15</u>	<u>FY14</u>
For NPA & NPI	59.65	7.52	51.35	223.58	137.13
For Depreciation on Investments	6.88	-8.70	-3.46	13.72	-28.47
For Standard Assets	10.64	23.12	3.69	31.37	31.09
For Restructured Advances/Sacrifices & FITL	46.67	6.45	30.39	119.38	15.34
For Unhedged Forex Exposure	3.11	0	3.54	15.11	0
Others	10.79	-0.10	0.45	10.88	0.33
Taxes	10.92	52.01	45.53	138.41	221.41
Total Provisions	148.66	80.30	131.49	552.45	376.83

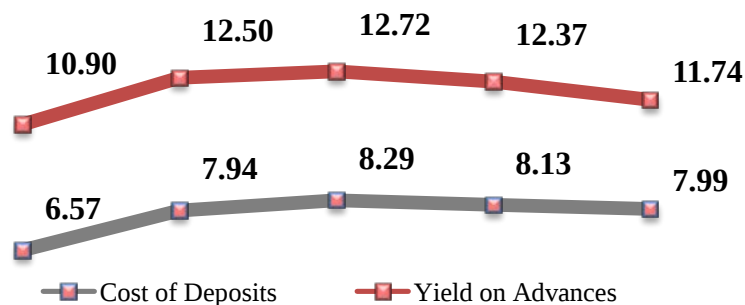
Increase in Provisions primarily driven by historical loan book issues:

- Net shortfall of Rs. 8.32 Cr. in sale of NPA assets to ARCs – to be recognized over 2 years
- Provision of Rs. 28.09 Cr. on account of FITL during the current quarter; amortization of FITL provisioning has been completed

Operating Efficiency

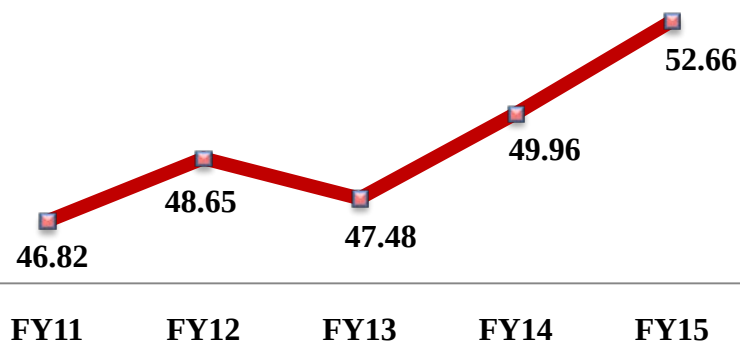
Yields on Advances & Deposits

(%)



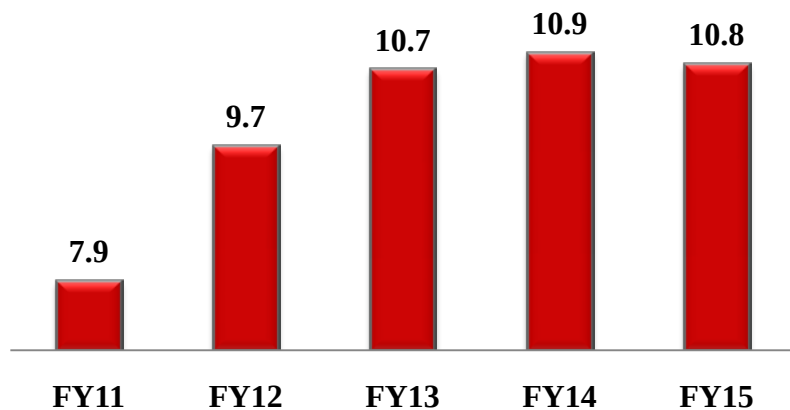
C/I Ratio

(%)



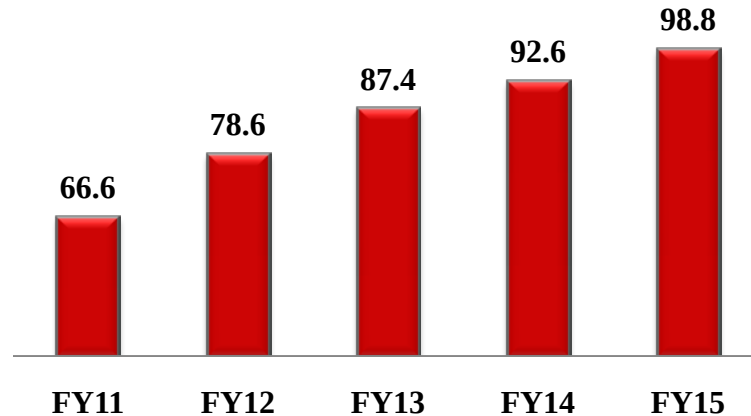
Average Business per Employee

Rs. Crore



Business per Branch

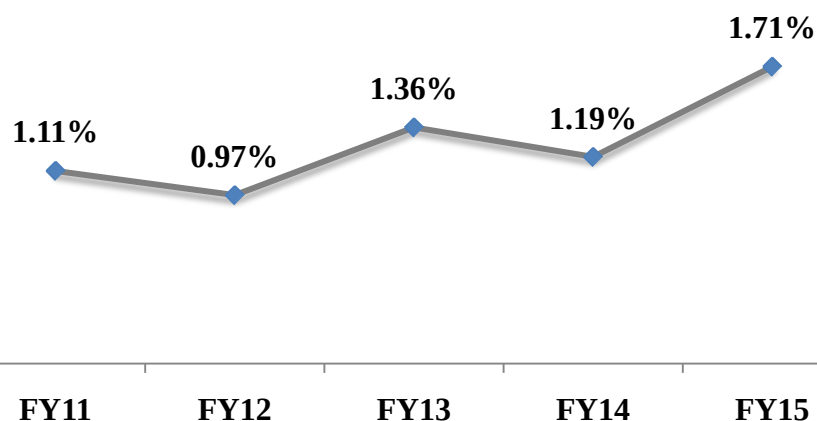
Rs. Crore



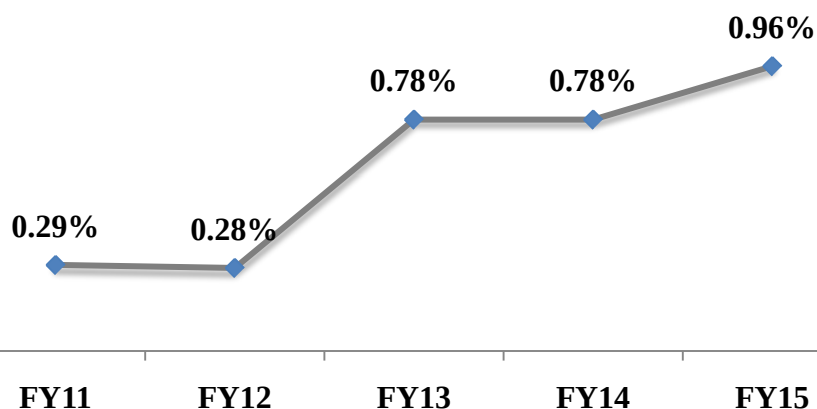


Non-Performing Assets

Gross NPA



Net NPA



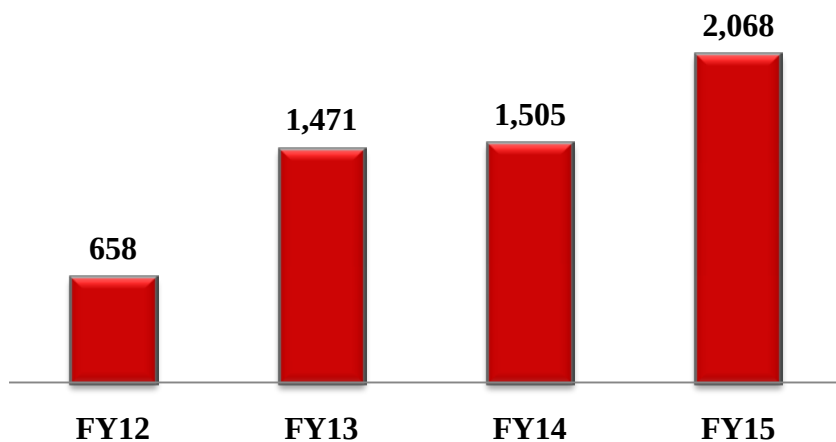
NPA management initiatives

- Special Recovery Cell headed by DGM and staffed by legal team
 - Collection efforts for large ticket NPAs – responsible for multiple recoveries over past 6 months
 - Monitoring of restructured loan portfolio
- Large Asset Monitoring Cell in head office
- Defocusing from power and infrastructure sectors
- Granularise Exposure / Spread out risk
- Shift in focus from large corporates to mid and small enterprises
 - Sole banker or consortium lead as against one bank in a large consortium, leading to better control

Restructured Assets

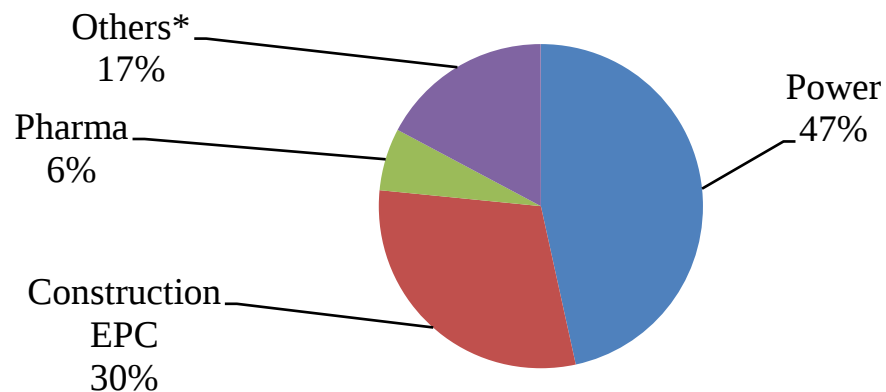
Restructured Assets

Rs. Crore



Sectoral Breakup - FY15

Standard Restructured Advances



*Other includes: Agriculture, Service, and Retail

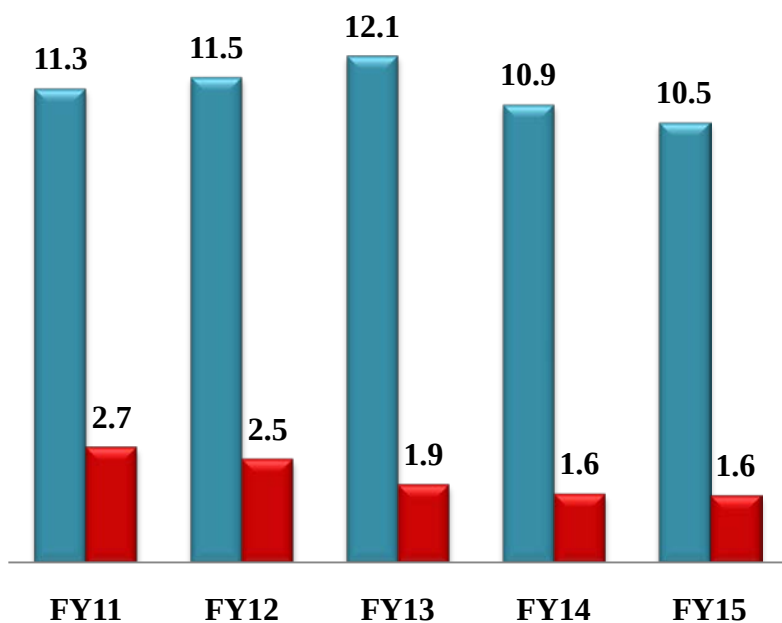
Core Capital

BASEL II (FY15)	CRAR Tier I	CRAR Tier II
	10.5	1.6

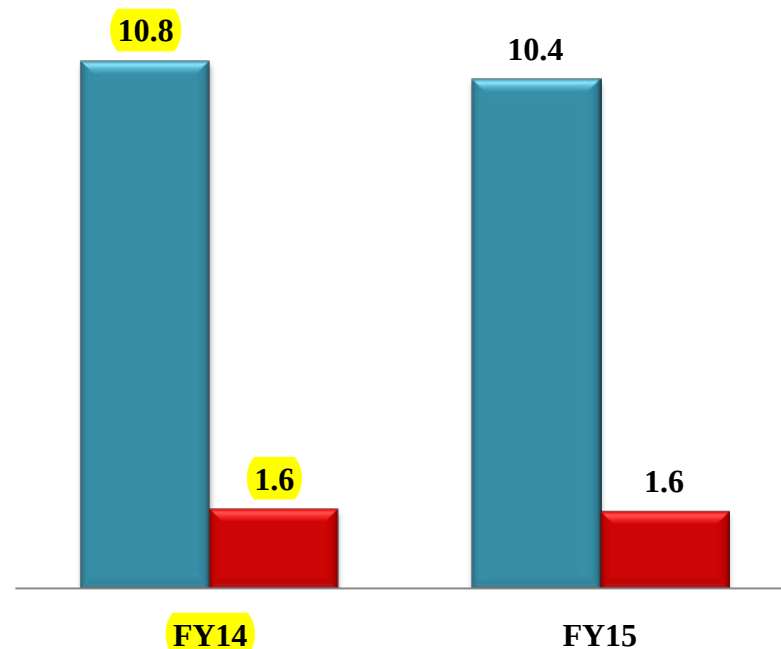
(%)

BASEL III (FY15)	CRAR Tier I	CRAR Tier II
	10.4	1.6

(%)



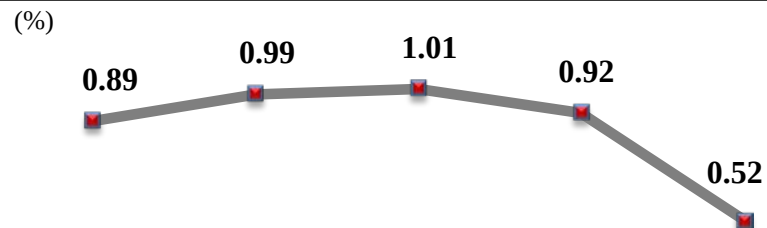
■ CRAR Tier I ■ CRAR Tier II



■ CRAR Tier I ■ CRAR Tier II

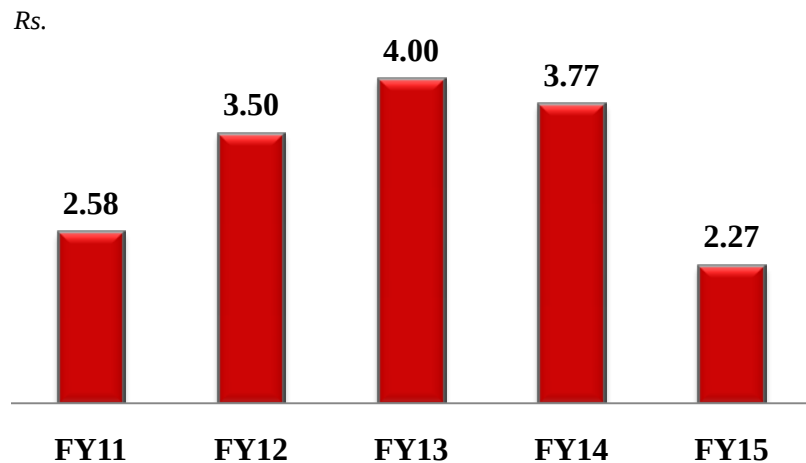
Returns to Stakeholders

Return on Assets



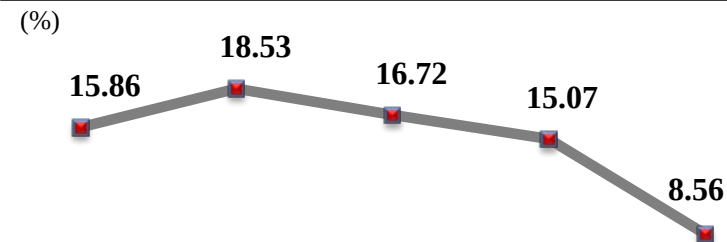
FY11 FY12 FY13 FY14 FY15

Diluted Earnings per Share



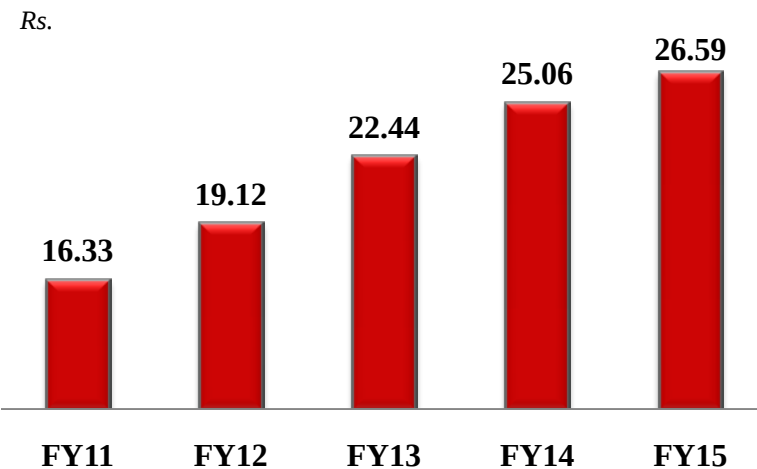
FY11 FY12 FY13 FY14 FY15

Return on Equity



FY11 FY12 FY13 FY14 FY15

Book Value per Share

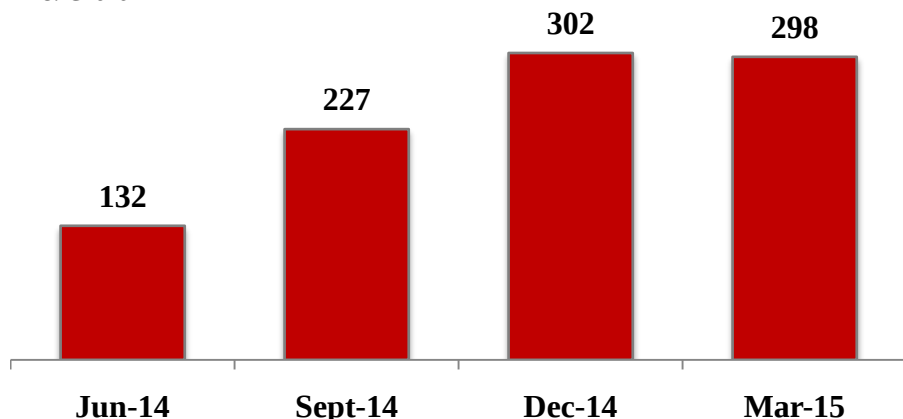


FY11 FY12 FY13 FY14 FY15

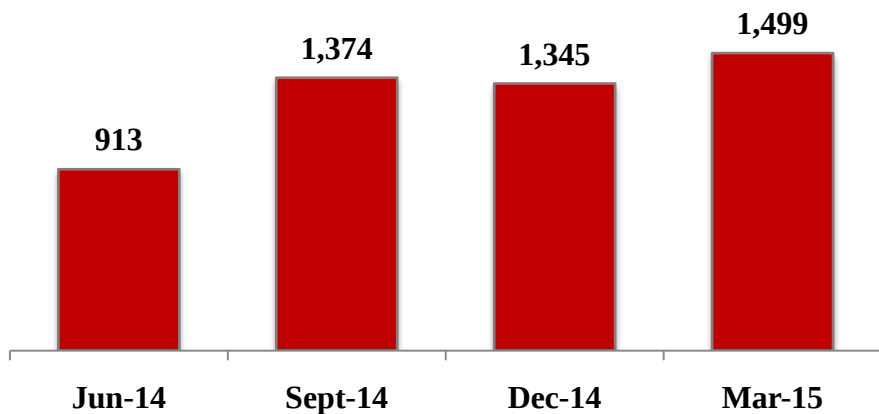
Business Focus: Housing Finance

Housing Finance Loans Sanctioned

Rs. Crore

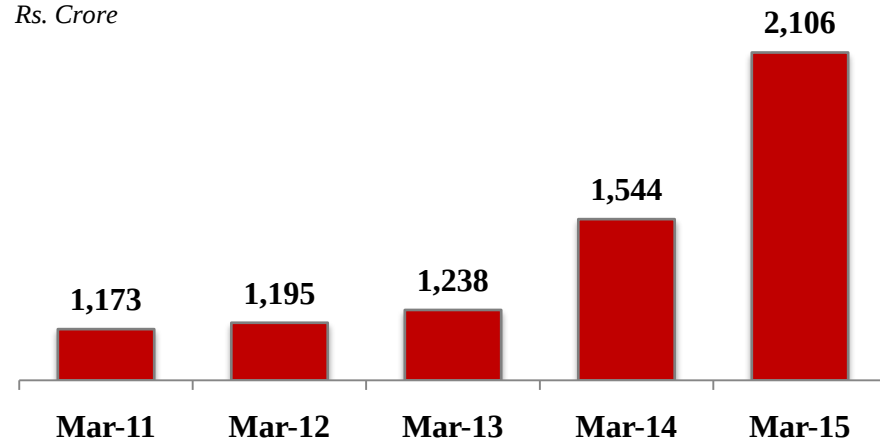


Number of Home Loans



Total Housing Loan Book - Annual

Rs. Crore



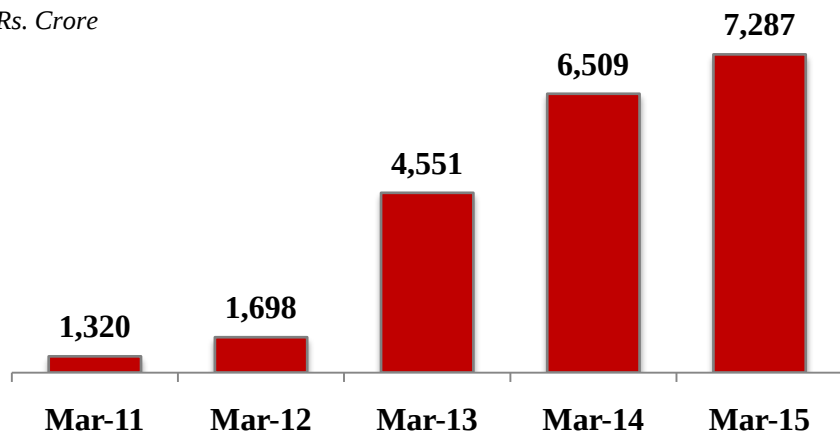
Housing Finance: Key Initiatives

- Special retail hub in Cochin to increase focus on housing finance
- Two more hubs to be set up – One in South India and one in North
- Branch staff being given specific training to market mortgage loans
- Marketing initiative through TVCs
- Tailor made products for different segments

Business Focus: SME

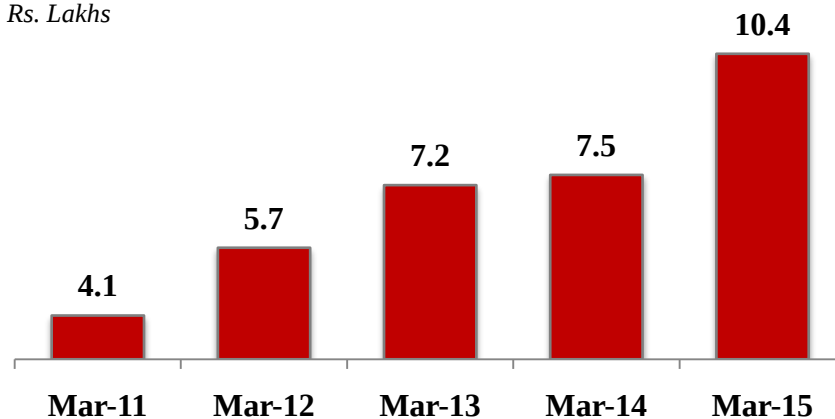
SME Loan Book

Rs. Crore

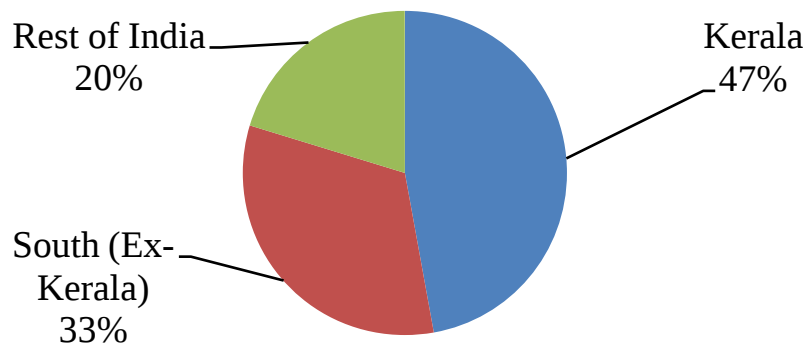


Average SME Loan / Account

Rs. Lakhs



SME Loan Book by Geography - FY15



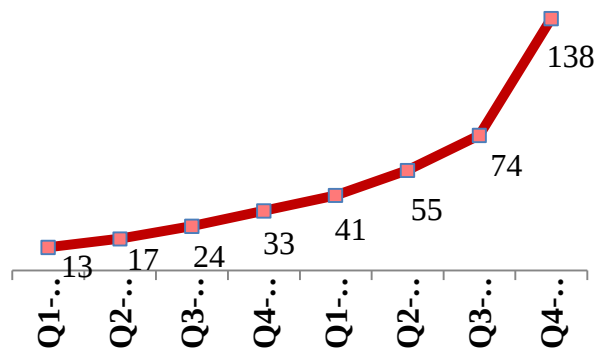
SME Highlights

- Dedicated GM appointed to ensure focus and better coordination with regions
- Focused 'Green Channel' branches to drive faster loan growth to SMEs
- Target to become banker of choice to SMEs thereby getting other business as well – liabilities, vehicle finance, etc.
- Ongoing training (in house as well as external)

Personal Banking: Technology Banking

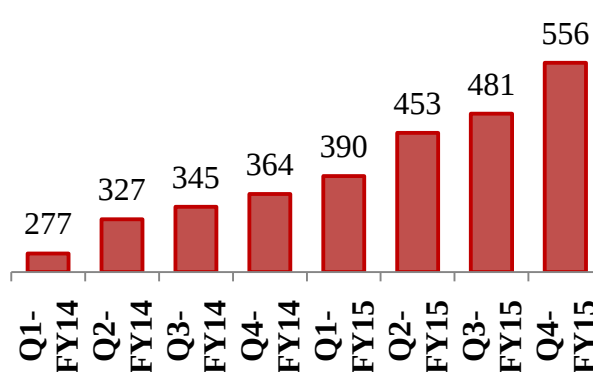
Active Internet Users

(000)'s



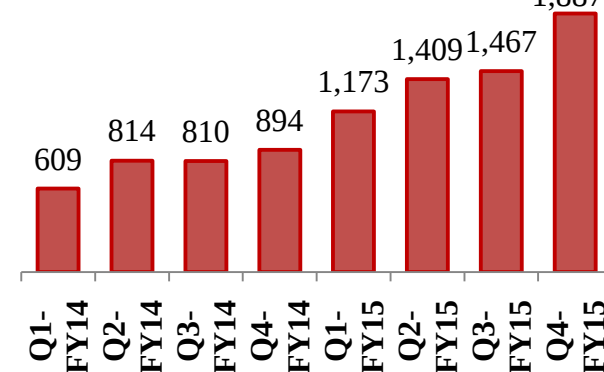
Internet Transaction Volume

(000)'s



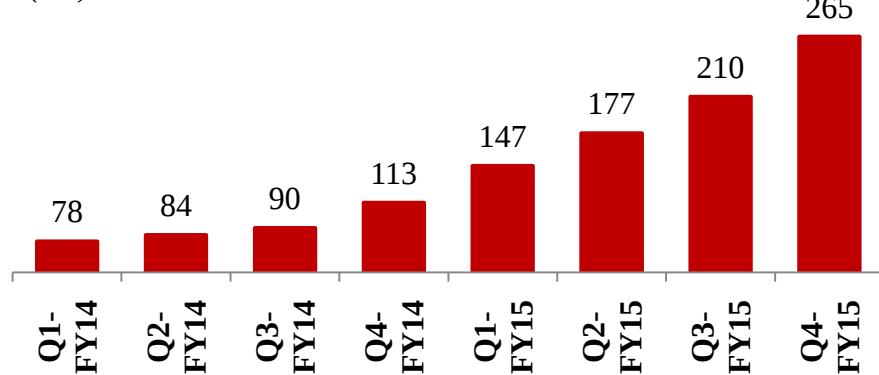
Internet Transaction Value

Rs. Crore



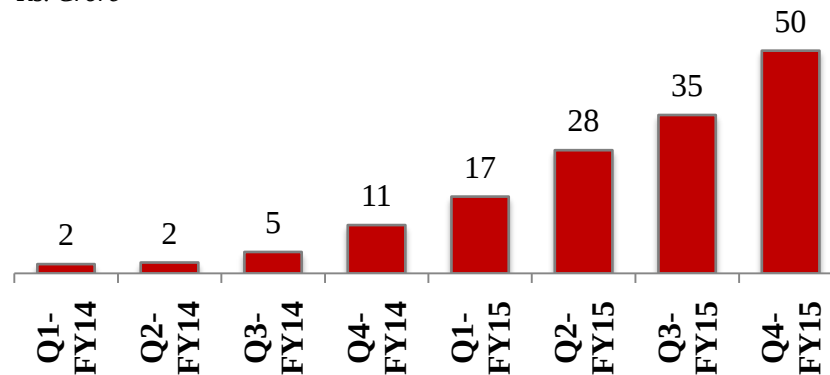
Mobile Transaction Volume

(000)'s



Mobile Transaction Value

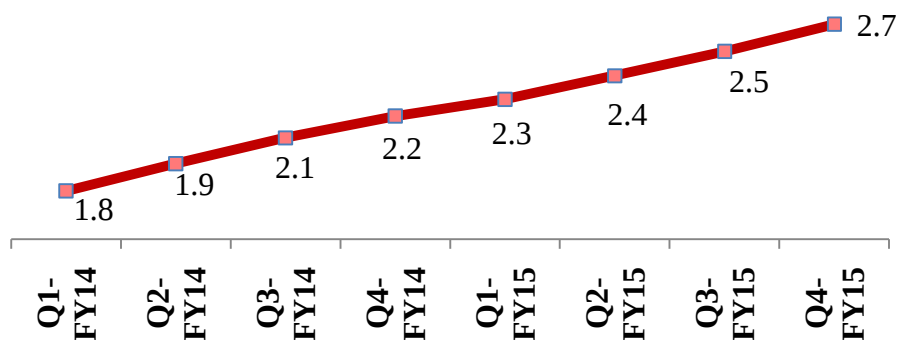
Rs. Crore



Personal Banking: Debit Cards

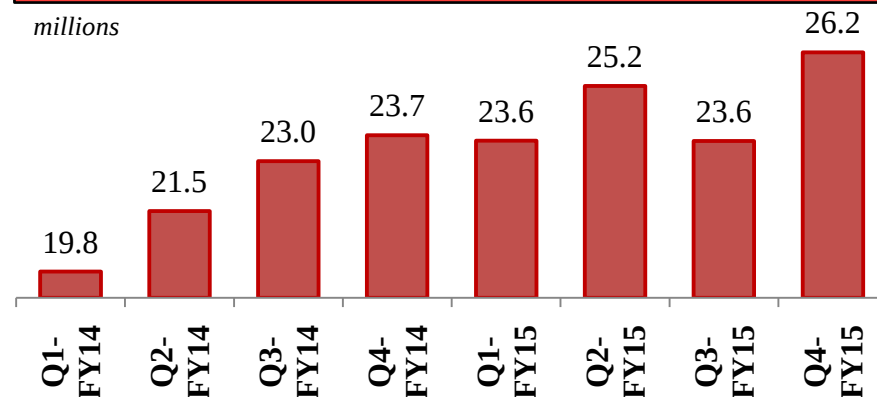
of Active Debit Cards

millions



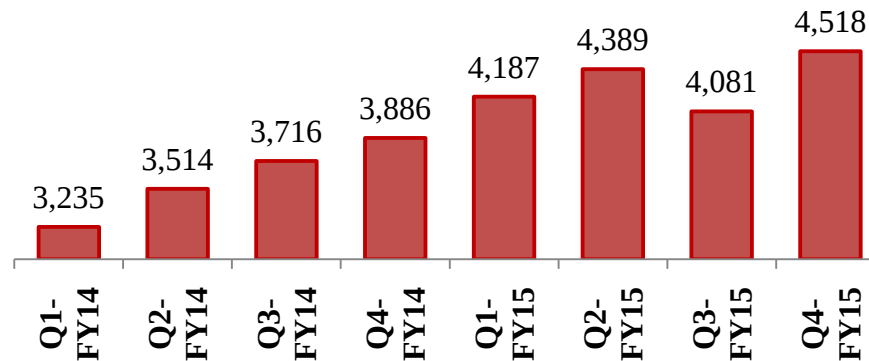
Debit Card Transaction Volumes

millions

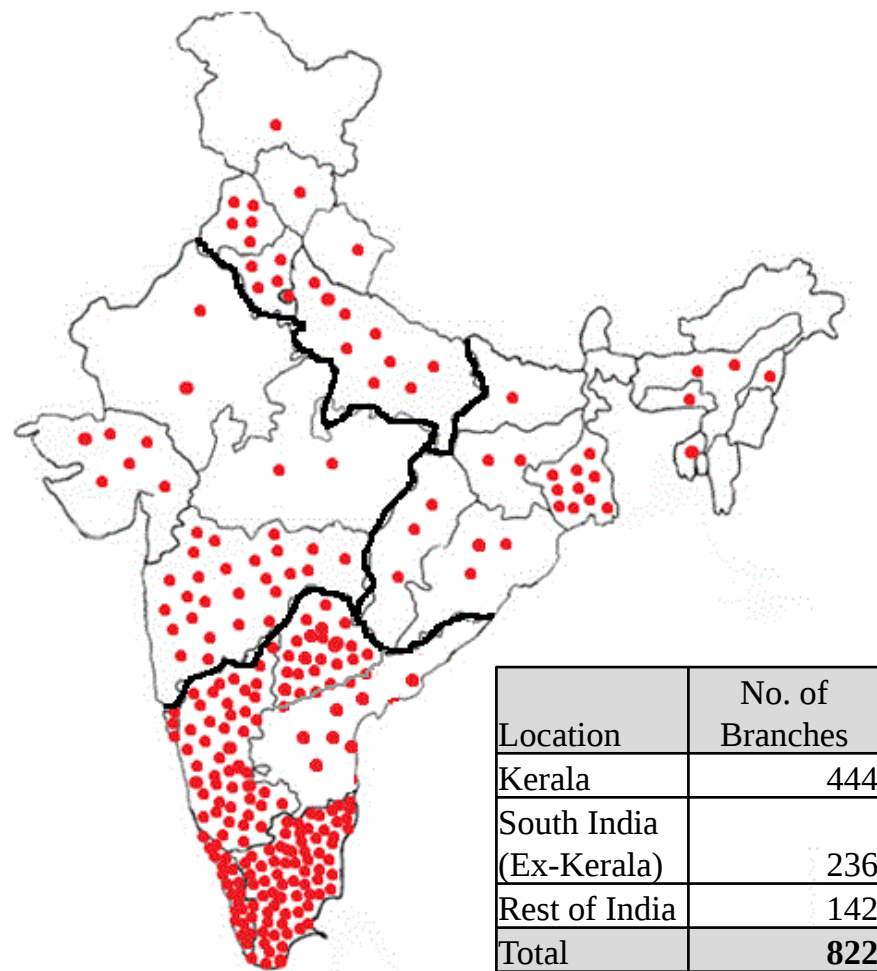


Debit Card Transaction Value

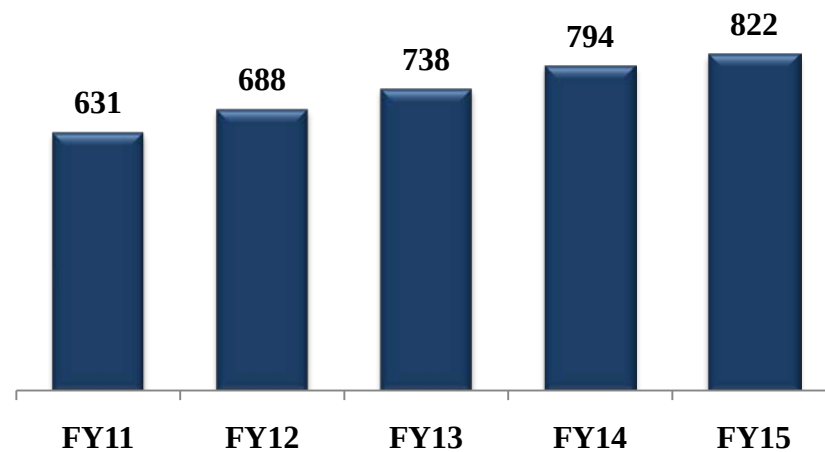
Rs. Crore



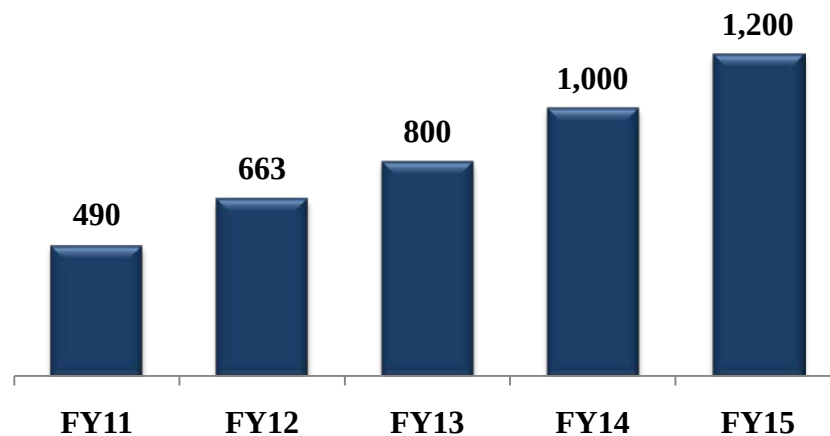
ATM : Branch Network ratio above 1.0x



Total Branch Network



Total ATM Network

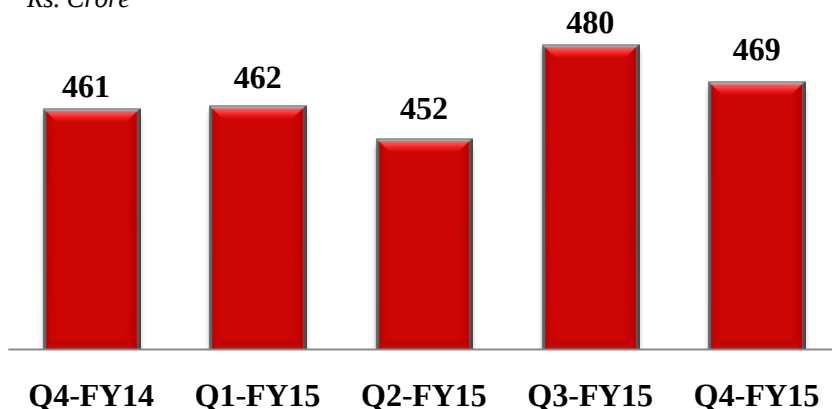


Financial performance - Quarterly

Income & Profit - Quarterly

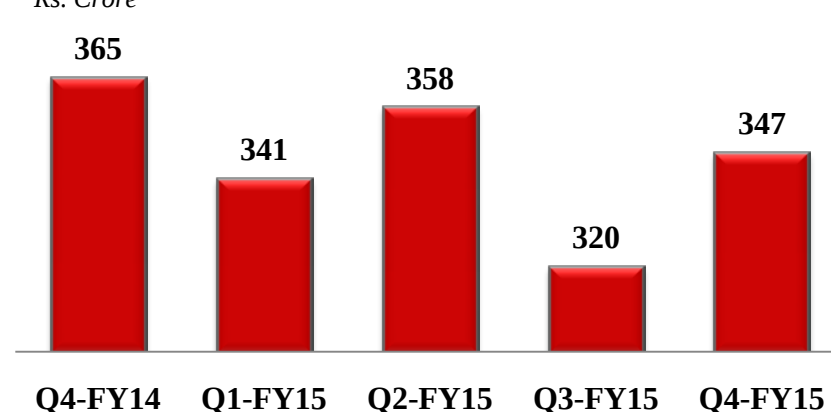
Net Total Income

Rs. Crore



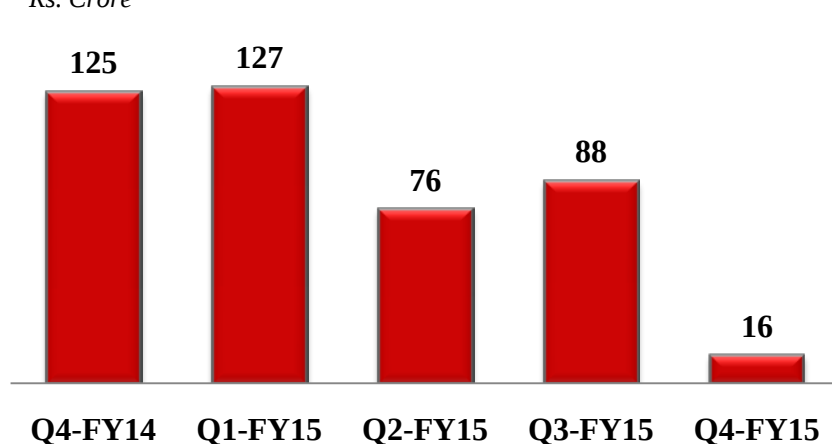
Net Interest Income

Rs. Crore



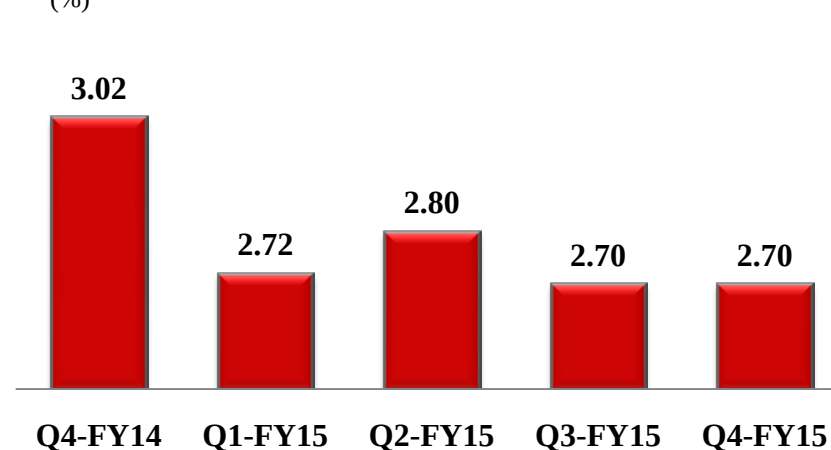
Net Profit

Rs. Crore



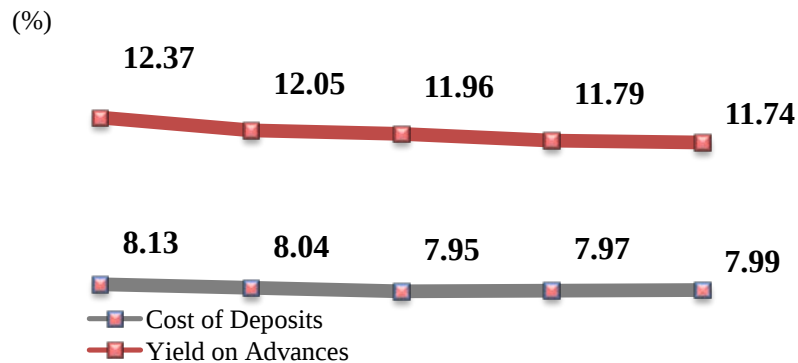
Net Interest Margin

(%)

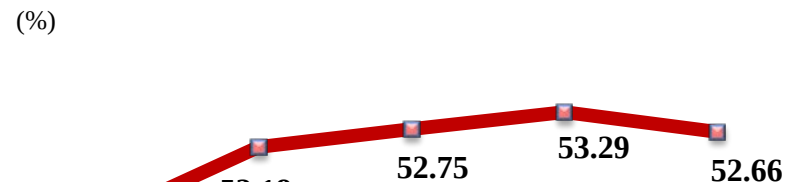


Operating Efficiency

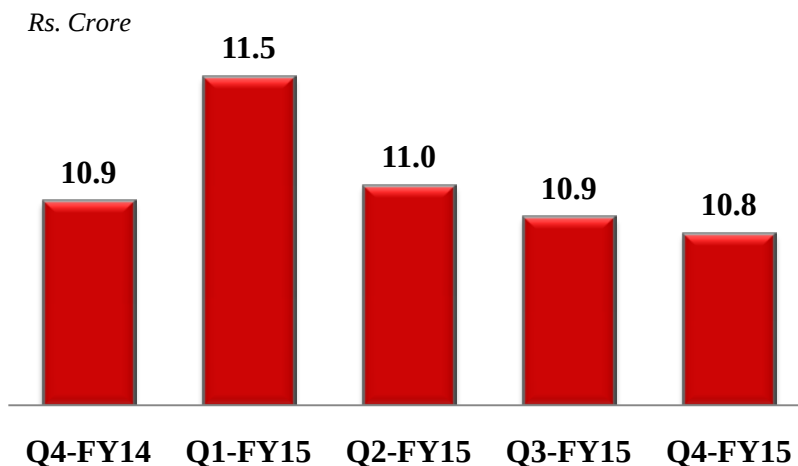
Yields on Advances & Deposits



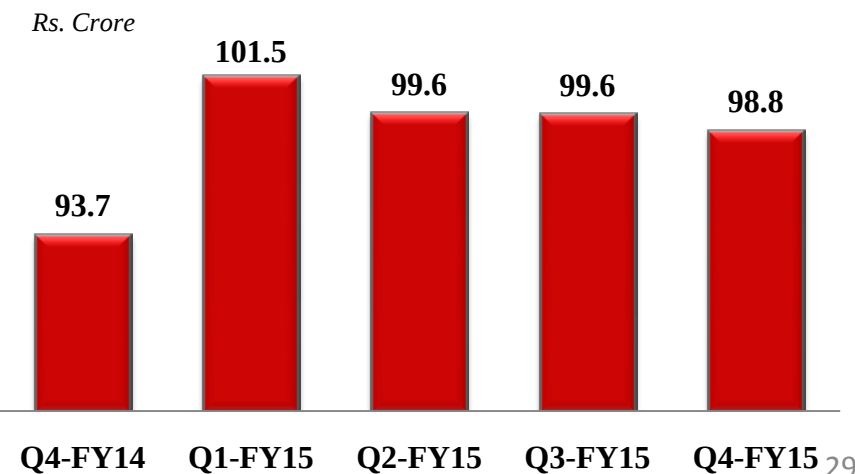
C/I Ratio



Business per Employee

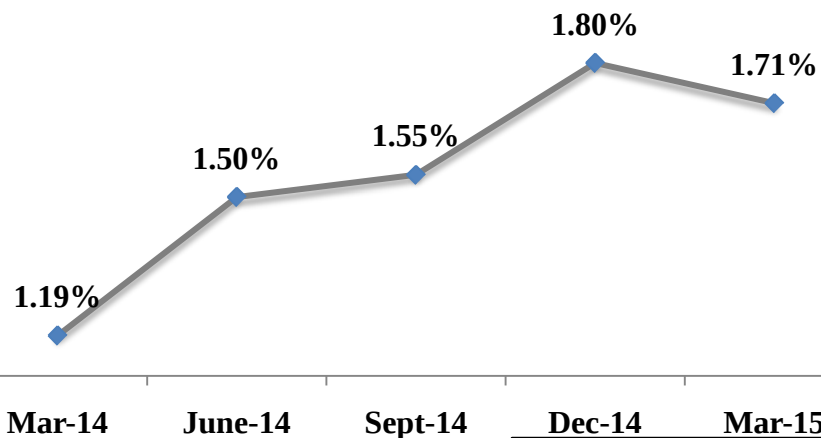


Business per Branch

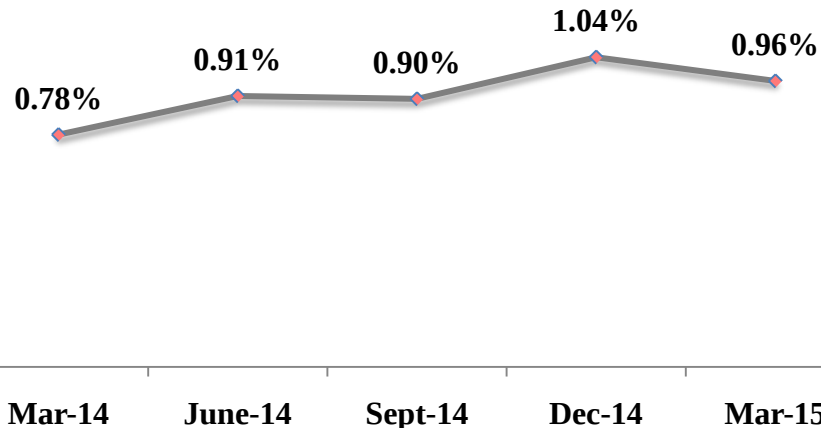


Non Performing Assets

Gross NPA

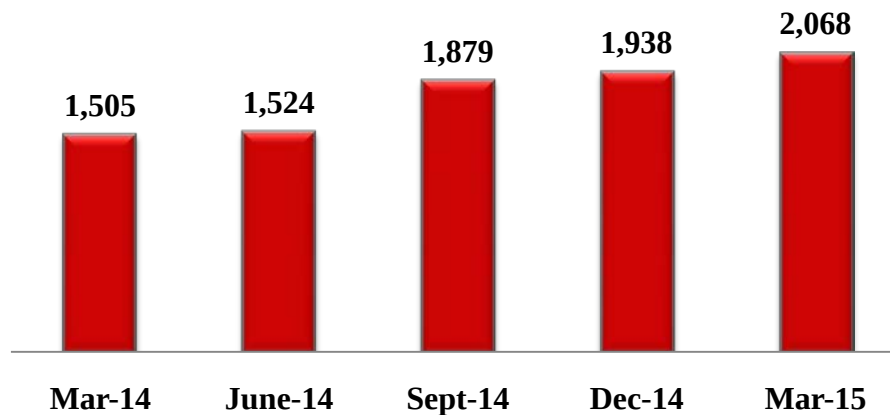


Net NPA



Restructured Assets

Rs. Crore



Management Profiles

Board of Directors

- Mr. Amitabha Guha – Chairman
- Mr. V.G. Mathew – Managing Director & CEO
- Mr. Mohan E. Alapatt – Independent Director
- Mr. K. Thomas Jacob – Independent Director
- Dr. John Joseph Alapatt – Independent Director
- Mr. Francis Alapatt – Independent Director
- Mr. Salim Gangadharan – Independent Director
- Mr. Cheryan Varkey – Non executive Director
- Mrs. Ranjana Salgaocar - Independent Director
- Mr. Parayil George John Tharakan – Independent Director

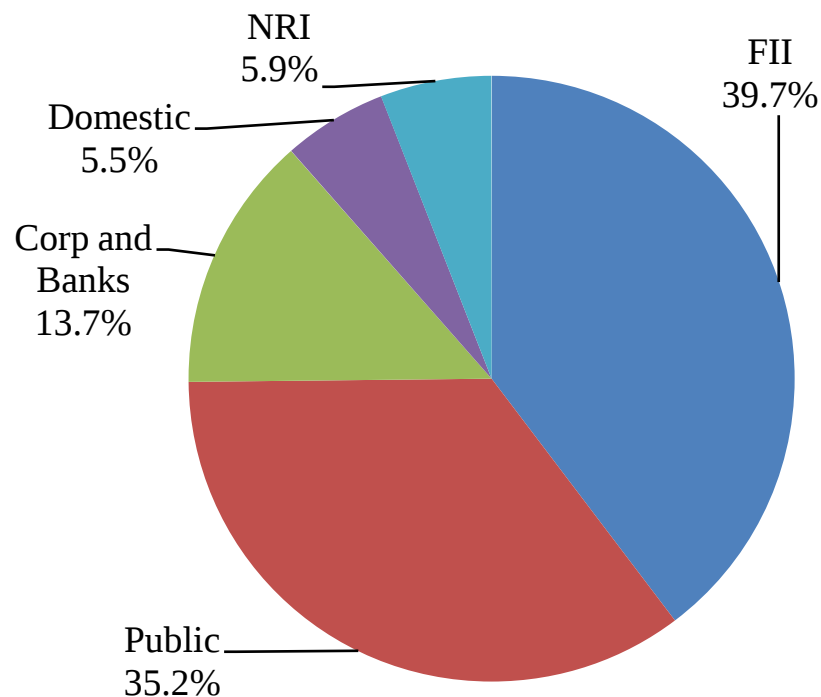
Key Management

- Mr. V.G. Mathew – Managing Director & CEO
- Mr. Joseph George Kavalam – Senior Vice President (Administration)
- Mr. Varughese A.G. – Senior Vice President (Operations)
- Mr. Thomas Joseph K – Chief General Manager
- Mr. Gireesh C.P. – Chief Financial Officer

Ownership Profile

Shareholding Breakup

Ownership Profile



Major Institutional Shareholders

SL	Name of the Shareholder/BO	%
1	First Carlyle Ventures Mauritius	4.93
2	Life Insurance Corporation of India	4.42
3	Yusuffali Musaliam Veetil Abdul Kader	3.70
4	CX Securities Limited	3.32
5	GKFF Ventures	3.21
6	Deutsche Securities Mauritius Limited	2.59
7	IVA International Fund	2.20
8	Kotak Mahindra (International) Ltd	2.11
9	The Pabrai Investment Fund IV, LP	2.04
10	Acacia Partners LP	1.85

Strong Institutional Ownership

Key Strategic Initiatives

<u>Strategic Initiative</u>	<u>Description</u>
Expand retail business	• Specific focus on retail loan products like housing loans, vehicle loans • Specialized green channel branches for faster processing of retail loans • Dedicated retail loan hub at Cochin; to be replicated across the country • Significant focus on continuous training of work force • Focus on technology initiatives such as mobile and internet banking • Investment in brand building – Mammooty as Brand Ambassador
Strengthen SME relationships	• Cluster based approach targeting SMEs in industry hubs • Be the banker of choice for SME clients across advances, liabilities, services • Dedicated GM to coordinate SME banking initiatives across regions
Enhance asset quality	• Special recovery cell for monitoring non performing and restructured assets • Cautious approach on large corporate lending; Granularize loan portfolio to spread out risk
CASA improvement	• Central processing unit for liability booking to ease load on branches • Specific targets and initiatives for CASA
Enhance operating efficiency	• Optimize business per branch through centralized support services in account opening, retail loan processing, etc.
Improve share of other income	• Focus on treasury, exchange and other services for SME, retail and NRI clients • Enhance treasury capabilities and increase bench strength • Expand POS/ATM network

10-Year Financial Performance



10-Year Balance Sheet

Rs. Crore

												CAGR '05-'15 (%)
Balance Sheet	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07	FY06	FY05	
Capital & Liabilities												
Capital	135	134	134	113	113	113	113	90	70	70	48	10.89
Reserves and Surplus	3454	3,234	2,870	2,054	1,732	1,372	1,191	1,071	654	570	408	23.81
Deposits	51,912	47,491	44,262	36,501	29,721	23,012	18,092	15,156	12,239	9,579	8,492	19.85
Borrowings	2,232	2,731	1,285	588	290	331	257	28	33	1	4	88.22
Other Liabs. & Provisions	1,383	1,396	1,245	1,114	964	707	730	745	657	607	526	10.15
Total	59,116	54,986	49,795	40,370	32,820	25,534	20,384	17,090	13,653	10,827	9,478	20.09
Assets												
Cash & Balances with RBI	2,442	2,201	1,697	1,572	1,828	1,391	998	974	700	546	433	18.88
Balances with Banks	1,154	1,017	2,639	1,069	638	597	1,038	729	1,246	797	268	15.72
Investments	16,717	14,352	12,523	9,400	8,924	7,156	6,075	4,572	3,430	2,739	3,133	18.23
Advances	37,392	36,230	31,816	27,281	20,489	15,823	11,852	10,454	7,919	6,370	5,365	21.43
Fixed Assets	479	412	396	378	357	153	136	113	90	90	78	19.90
Other Assets	932	774	724	671	585	415	284	249	268	285	200	16.64
Total	59,116	54,986	49,795	40,370	32,820	25,534	20,384	17,090	13,653	10,827	9,478	20.09
Business (Advances + Deposits)	89,304	83,721	76,078	63,781	50,210	38,834	29,944	25,610	20,158	15,949	13,858	20.48

10-Year P&L

Rs. Crore

	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07	FY06	FY05	CAGR '05-'15 (%)
Net Interest Income	1,366	1,399	1,281	1,022	791	568	523	376	368	310	257	21.42%
Other Income	497	368	335	247	197	208	164	143	103	72	102	4.62%
Total Income	1,863	1,767	1,616	1,269	988	777	687	519	471	382	359	15.04%
Operating Expenses	1,047	883	767	617	463	366	328	245	219	226	187	16.40%
Operating Profit	816	884	849	652	525	411	359	273	252	156	172	13.84%
Provisions & Contingencies	414	155	161	79	80	43	57	39	105	87	158	3.52%
Profit Before Tax	402	729	688	572	446	367	301	234	146	69	14	18.64%
Provision for Tax	138	221	154	171	153	134	107	80	42	18	5	16.61%
Exceptional Items	-43	-	31.72	-	-	-	-	2.70	-	-	-	-
Profit After Tax	307	508	502	402	293	234	195	152	104	51	9	19.66%

10-Year Business and Financial Metrics

Key Performance Highlights	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08	FY07	FY06	FY05
Net Interest Margin (%)	2.70	3.02	3.21	3.10	3.06	2.77	3.17	2.89	3.28	3.25	2.74
CRAR Basel II (%)**	12.06	12.53	13.91	14.00	14.01	15.39	14.76	13.80	11.08	13.02	9.89
RoAA (Annualized) (%)	0.56	1.00	1.17	1.12	1.05	1.07	1.09	1.01	0.88	0.53	0.09
Provision Coverage (%)	60.63	62.71	60.33	71.36	73.94	70.82	48.45	81.98	75.77	63.94	44.22
CASA (%)	20.59	20.69	18.60	19.67	21.55	23.13	23.80	24.08	23.94	26.41	24.79
Gross NPA (%)	1.71	1.19	1.36	0.97	1.11	1.32	2.18	1.78	3.94	4.99	6.64
Net NPA (%)	0.96	0.78	0.78	0.28	0.29	0.39	1.13	0.33	0.98	1.86	3.81
Book Value per Share (Rs.)	26.59	25.06	22.44	19.12	16.33	13.14	11.54	12.84	10.86	9.10	9.54
Earnings per Share (Rs.)	2.28	3.78	4.03	3.55	2.59	2.07	1.72	1.68	1.48	0.72	0.18
Dividend per Share (Rs.)	0.60	0.80	0.70	0.60	0.50	0.40	0.30	0.30	0.25	0.18	NIL
Branches											
- Kerala	444	436	409	383	358	316	301	286	277	263	251
- South Ex-Kerala	236	227	213	200	173	161	146	133	122	119	117
- Others (Rest of India)	142	131	116	105	100	93	73	71	66	58	51
ATMs											
- Kerala	651	552	461	382	280	190	144	115	84	66	58
- South Ex-Kerala	362	293	221	184	124	100	71	50	39	38	33
- Others (Rest of India)	187	155	118	97	86	81	63	58	51	40	30

* PCR without considering technical/prudential write-off.

** Values from FY05-FY08 pertain to CRAR as per Basel I

Awards and Recognitions

**SIB wins 'Best IT Team Award'
Banking Technology Excellence Award**



**SIB wins Banking Frontiers Inspiring
Work Places Award**

