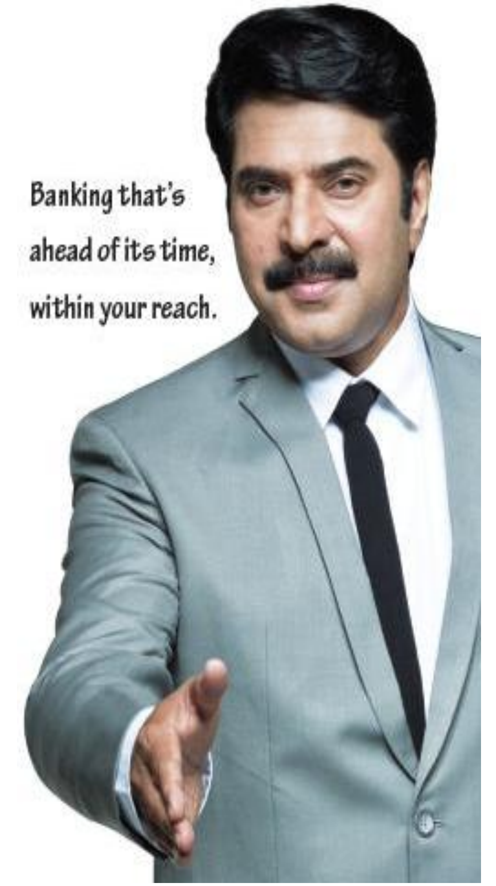
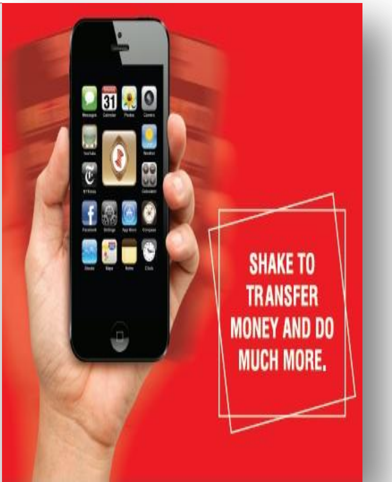
SOUTH INDIAN Bank

Experience Next Generation Banking





Investor Presentation
May - 2016

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Performance in FY 16

Performance in FY 16

Rs in Crores	FY 15	FY 16	Growth
Business	89,890	97,506	**8.47%**
Deposits	51,912	55,721	**7.34%**
Advances	37,978	41,785	**10.02%**
NIM	2.70%	2.73%	**3bps**
PAT	307	333	**8.47%**

Moving Towards Vision 2020…

Appointed International Finance Corporation

- Provides advisory support to bank on the medium and long term strategy for significant growth in retail, agriculture and SME sectors

Entered Memorandum of Understanding with NSIC

- Facilitates loans to MSE and promotes the MSME credit portfolio of the Bank

Opened Centralized Marketing & Processing Centre

- Houses the Bank's Marketing Dept, Retail Loan Hub and Transaction Banking Dept

….to become Retail Banking Power House

Recent Awards

SIB wins ‘Social Banking Excellence Award instituted by ASSOCHAM”

SIB wins prize in IDRBT Banking Application Contest

SIB wins Master Card Innovation Award

An Introduction

Milestones

FIRST among the private sector banks in Kerala to become a scheduled bank in 1946 under the RBI Act

FIRST bank in the private sector in India to open a Currency Chest on behalf of the RBI in April 1992

FIRST private sector bank to open a NRI branch in November 1992

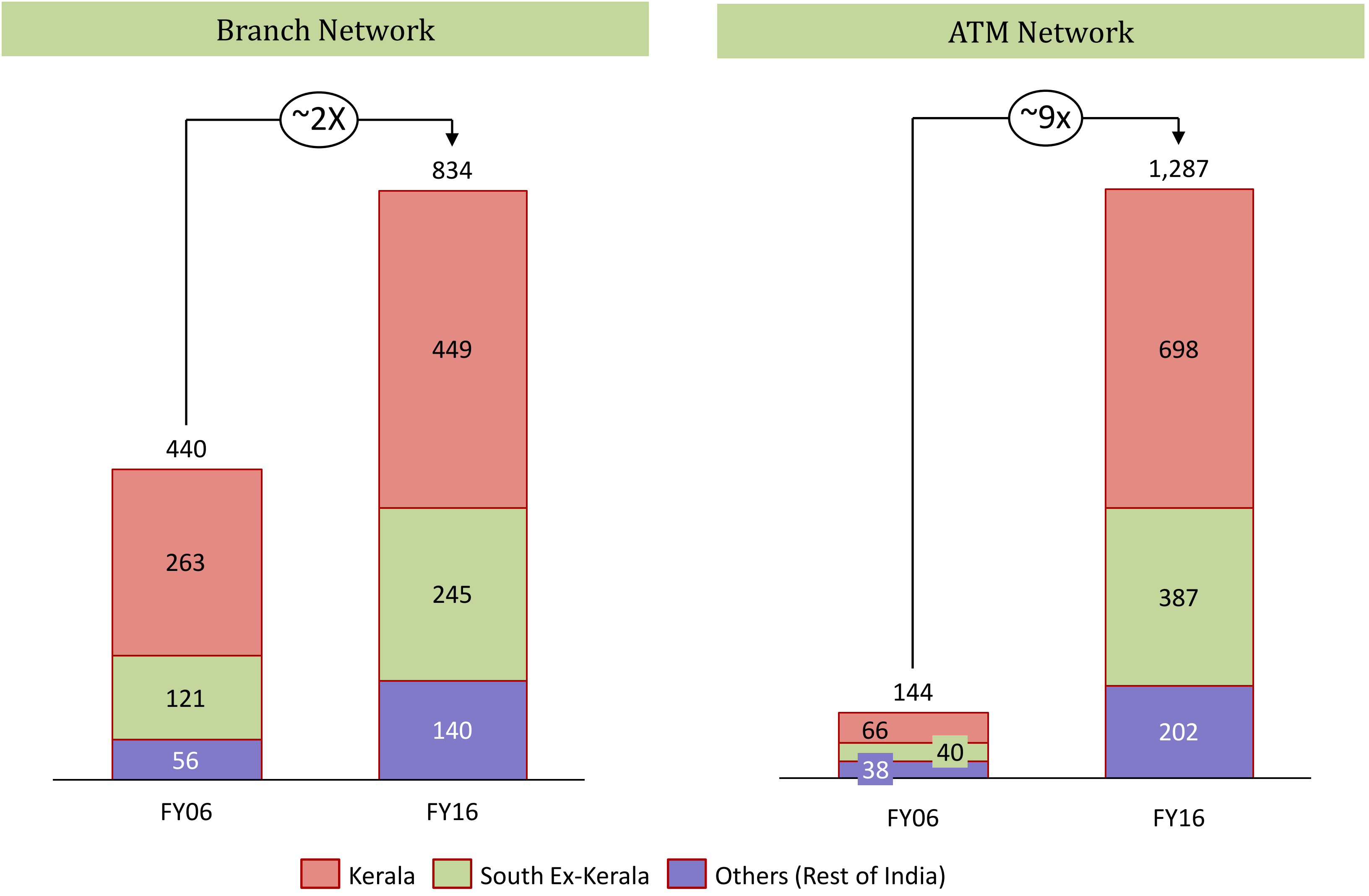
FIRST bank in the private sector to start Industrial Finance Branch in March 1993

FIRST among the private sector banks in Kerala to open an "Overseas Branch" to cater exclusively to the export and import business in June 1993

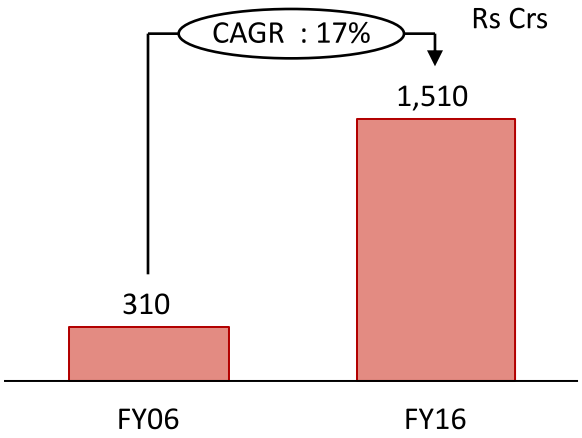
FIRST bank in Kerala to develop an in-house, a fully integrated branch automation software in addition to the in-house partial automation solution operational since 1992

The FIRST Kerala based bank to implement Core Banking System

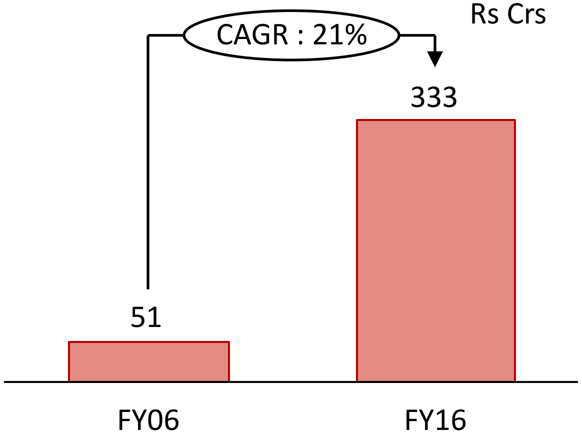
Expansion over a Decade



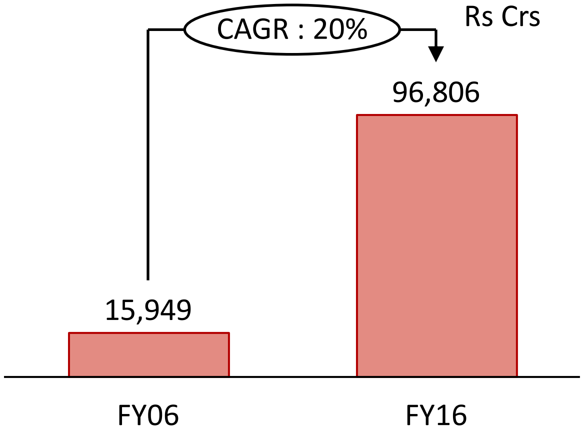
Performance over a Decade



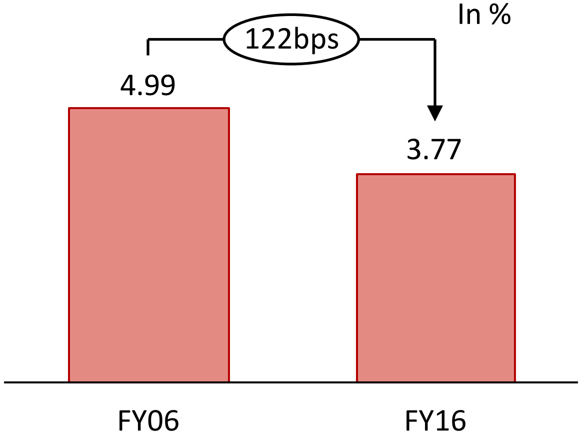
Net Interest Income



Profit After Tax



Business (Advances + Deposits)



Gross NPA

Leadership Team

Mr. V. G Mathew , MD & CEO

- Post Graduate in Physics and CAIIB with over 37 years of experience
- Joined SIB in January, 2014 as Executive Vice President and **appointed as MD & CEO in October, 2014**
- Significant experience in Retail & Corporate Credit, Technology and Risk Management
- Joined SBI as a probationary officer in the Ahmadabad Circle in 1978 and was Chief General Manager before joining SIB
- The major assignments handled by Mr. Mathew in SBI are
  - Dy. General Manager (IT Networking Project)
  - Dy. General Manager and Branch Head, (Overseas Branch, Bangalore)
  - General Manager, (Corporate Accounts Group-Mumbai Branch)
  - Chief General Manager (Risk Management)
  - Chief General Manager (Corporate Accounts Group)
- He has served on various committees at Corporate Center of SBI such as Wholesale Banking Credit Committee, Investment Committee, Corporate Centre Credit Committee and was a Director on the Board of SBI Macquarie Infrastructure Trustee (P) Limited

Leadership Team

Mr. Thomas Joseph K, EVP (Administration)

- Bachelors Degree in Engineering and Diploma in Management & CAIIB
- He is associated with SIB since 1984 and heads Departments such as Risk Management, Technology, Marketing, Corporate Financial Management, Human Resource and Inspection & Vigilance
- He was Head of Credit handling a portfolio of Rs.40,000 crores and was instrumental in the execution of the Retail Strategy of the Bank which saw significant growth in the MSME & Agriculture Sectors

Mr. G Sivakumar, EVP (Credit)

- Postgraduate in Chemistry and holds Masters Degree in Business Administration & CAIIB
- He heads Credit and Legal Departments
- He has over 35 Years of Experience in Domestic and International Banking in India and Abroad
- Before joining SIB, he was the General Manager and Head of Private Equity Vertical in State Bank of India where he was responsible for Private Equity and Venture Capital Investments made by the Bank
- He was also a nominee director on the Board of Directors of four companies and Investment Committee of more than ten Alternative Investment Funds

Mr. K N Reghunathan, EVP (Treasury)

- Commerce Graduate & CAIIB
- He is responsible for Treasury Operations of the Bank along with International Banking Division
- Before joining SIB, he was associated with Union Bank of India and was General Manager of Treasury and International Banking Division.
- He was the Bank’s nominee on the Board of FIMMDA and SBI Global Factors and Member of the Advisory Committee of Metropolitan Stock Exchange of India, IDFC Investment Fund, TATA Growth Fund, TATA Innovative Fund, India Advantage Fund I & II

Management Team

Mr. John Thomas, General Manager
(Business Development Department)

- Bachelors Degree in Science, MBA and CAIIB

Mr. Benoy Varghese, General Manager
(Credit Department)

- Bachelors Degree in Arts & Masters Degree in Business Administration and CAIIB

Mr. Raphael T.J., General Manager
(Marketing & Information Technology)

- Bachelors Degree in Commerce, Masters in EXIM, Diploma in Financial Management and CAIIB

Mr. Murali N A., General Manager
(Mumbai Regional Office)

- Masters Degree in Commerce and JAIIB

Mr. Paul V.L., General Manager
(Personnel & Planning & Development Department)

- Masters Degree in Arts and Post Graduate Diploma in Personnel Management & JAIIB

Mr. Anto George T., General Manager
(Delhi Regional Office)

- Bachelors Degree in Arts & Post Graduate Diploma in Computer Application, Certification in RDBMS & Oracle 8i and JAIIB

Mr. Bobby James , General Manager
(Inspection & Vigilance)

- Bachelors Degree in Commerce, C.A. (Inter) and JAIIB

Management Team

Mr. C.P. Gireesh, Chief Financial Officer

- Bachelors Degree in Mathematics
- Fellow member of the Institute of Chartered Accountants of India and Certified Associate of the Indian Institute of Banking & Finance

Mr. Jacob EA, Chief Compliance Officer

- Bachelors Degree in Science & CAIIB - I

Mr. Jimmy Mathew, Company Secretary

- Bachelors Degree in Commerce, Associate Member of Institute of Company Secretary of India and Institute of Cost & Management Accountants of India. Also a Certified Associate of the Indian Institute of Banking & Finance

Business Strategy

Focus is back on Core Strengths...

01 Increase ...

CASA

02 Retail Business ...

More Products

03 SME Business ...

Sole Banker

Retail Relationships

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SME Relationships

04 Improve

NIM

05 Increase...

Fee Income

06 Sustainable...

Asset Quality

…Increase Retail & SME Business

01

Centralize Marketing & Processing Centre (Kochi)

Loan Processing

- Enhanced risk management
- KYC compliance and fraud prevention tools

02

Retail Hub

- Home Loan
- Auto Loan
- MSME Loan
- LAP

Retail Business

- Penetrate further in the existing set of Customers
- Faster Sanctions

03

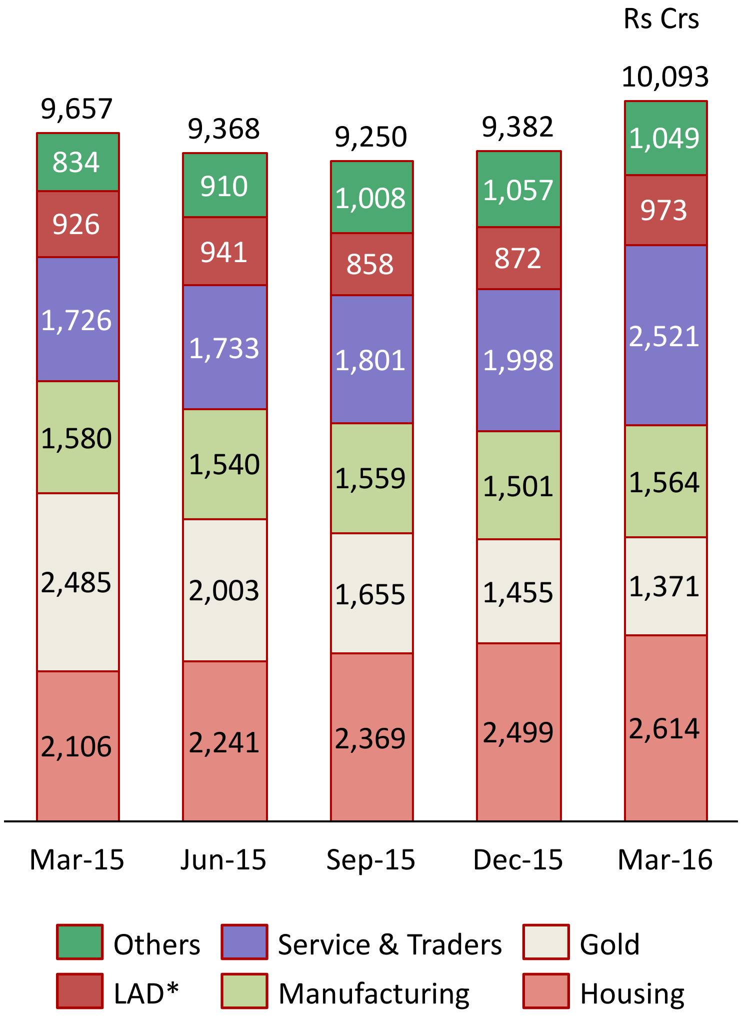
Cluster Branches

Branch Profitability

- Focus on particular geographies and open additional branches
- Improve Branch Profitability

...by focus on Housing Loans in Retail

Retail Breakup



*LAD = Loan against deposits

Housing: Key Initiatives

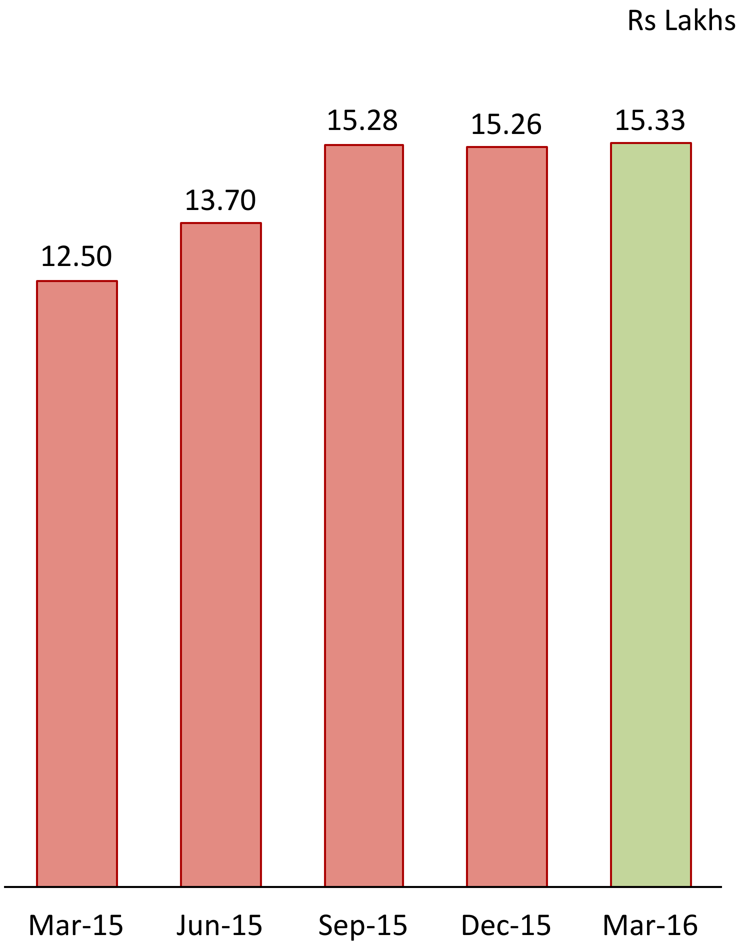
- Retail hub in Cochin to increase focus on housing finance
- Two more hubs to be set up – one in South India and one in North India
- Branch staff being given specific training to market mortgage loans
- Marketing initiative through TVCs
- Tailor made products for different segments

Jan to Mar 2016

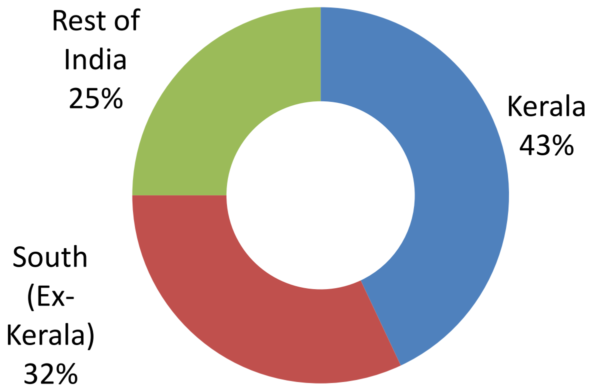
- Housing Loans Sanctioned : 1,157 Nos.
- Amount of Housing Loans Sanctioned – Rs. 233 cr

…becoming a Banker of Choice to SMEs

Average SME Loan / Account



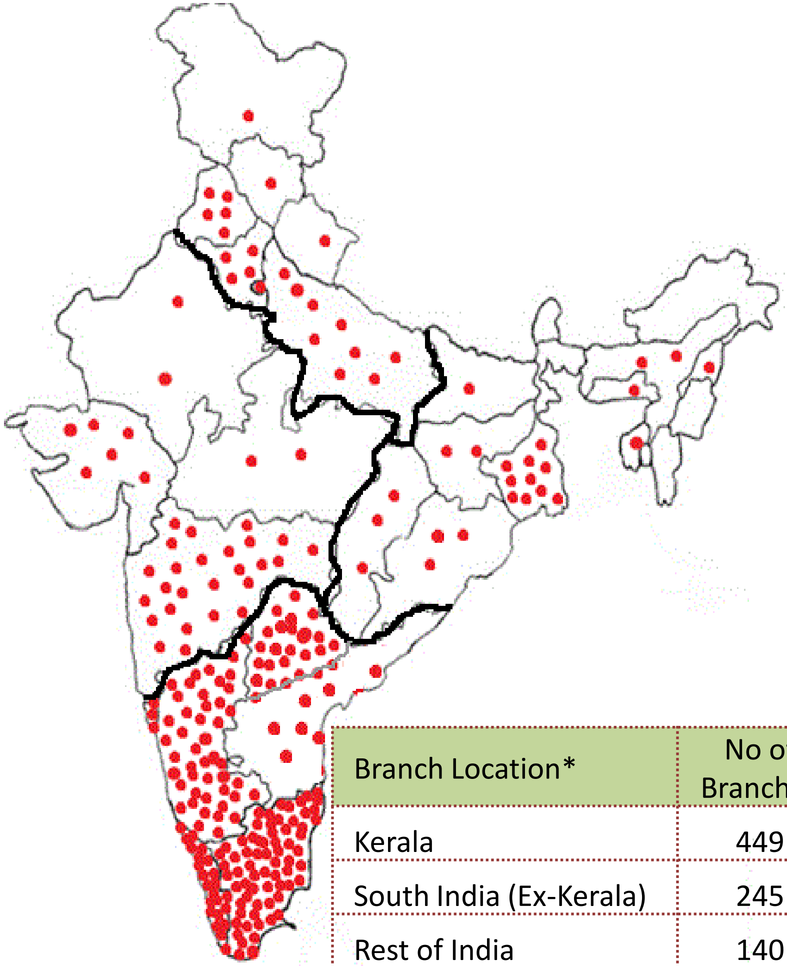
Loan Book by Geography – FY16



SME Highlights

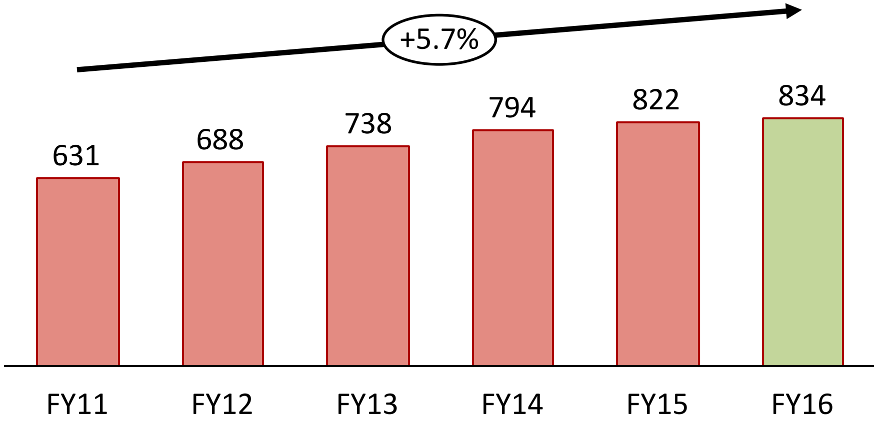
- Dedicated DGM appointed to ensure focus and better coordination with regions
- Focused ‘Green Channel’ branches to drive faster loan growth to SMEs
- Target to become banker of choice to SMEs thereby getting other business as well – liabilities, vehicle finance, etc.
- Ongoing training (in-house as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

…with the help of our Branch Network

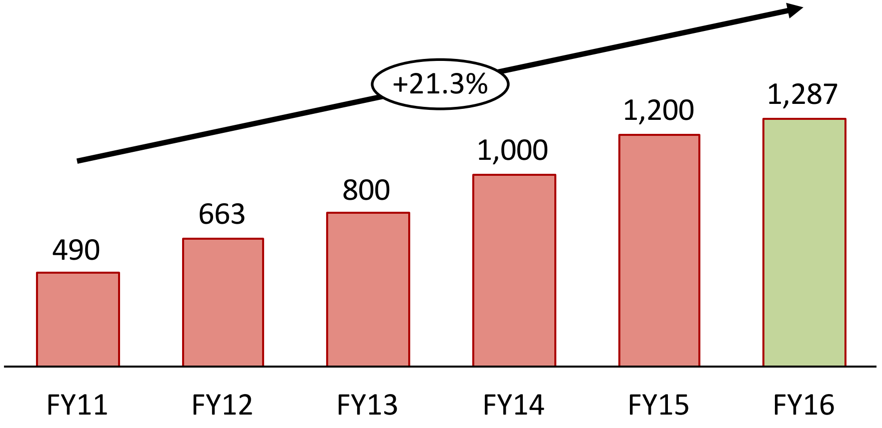


Branch Location*	No of Branches
Kerala	449
South India (Ex-Kerala)	245
Rest of India	140
Total	**834**

Total Branch Network



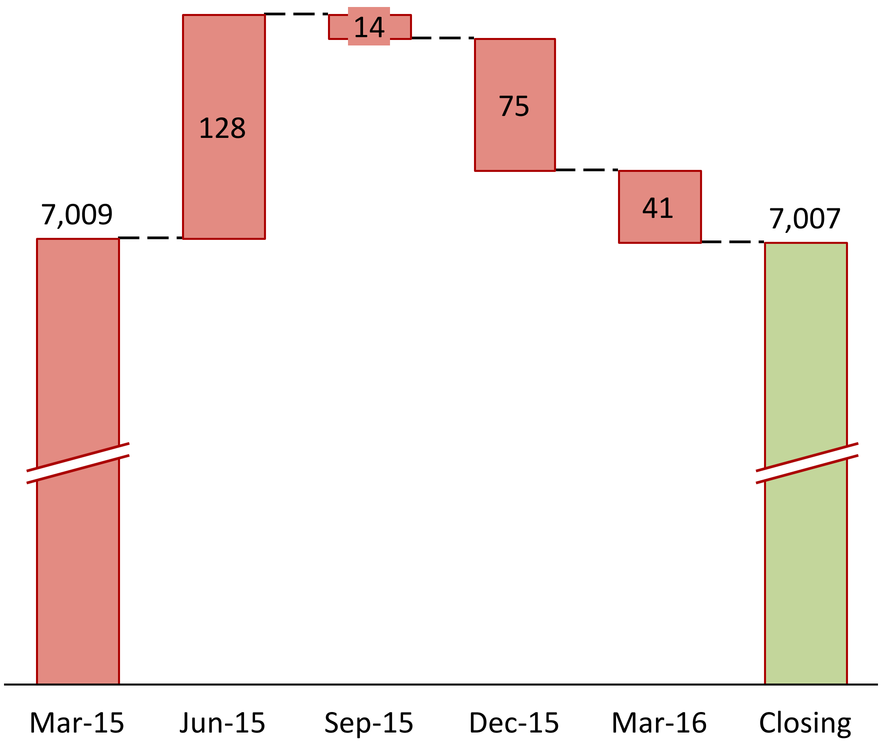
Total ATM Network



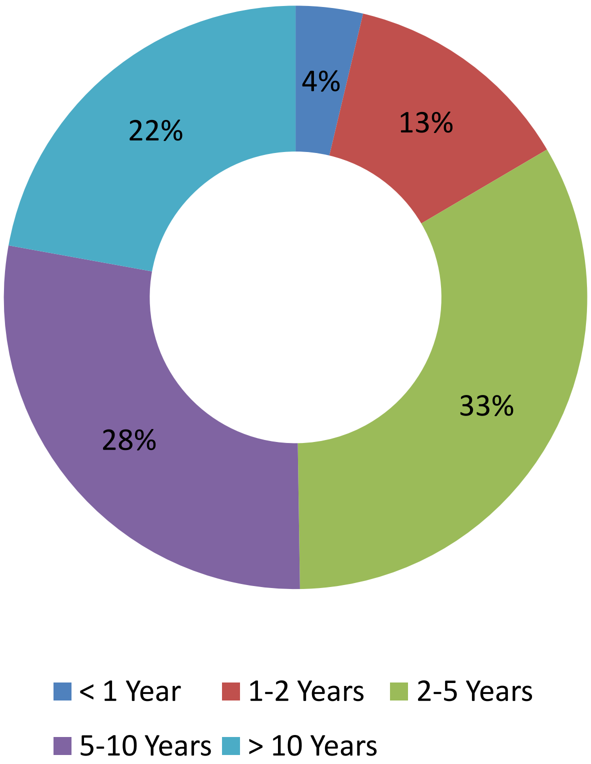
*Map for illustration purpose only

… and our Experienced Employees

Employee Addition



Total Employees: 7,007*



*Employees include full-time officers and clerks.

Performance Matrix

Strong Deposit Franchise

Core & Non-Core Deposits

Rs Crs

Mar-16
46,487
14%
40,694
Mar-15
Core Deposit

Mar-16
9,234
18%
11,219
Mar-15
Non-Core Deposit

Mar-16
55,721
7%
51,912
Mar-15
Total Deposit

CASA Deposits

Rs Crs

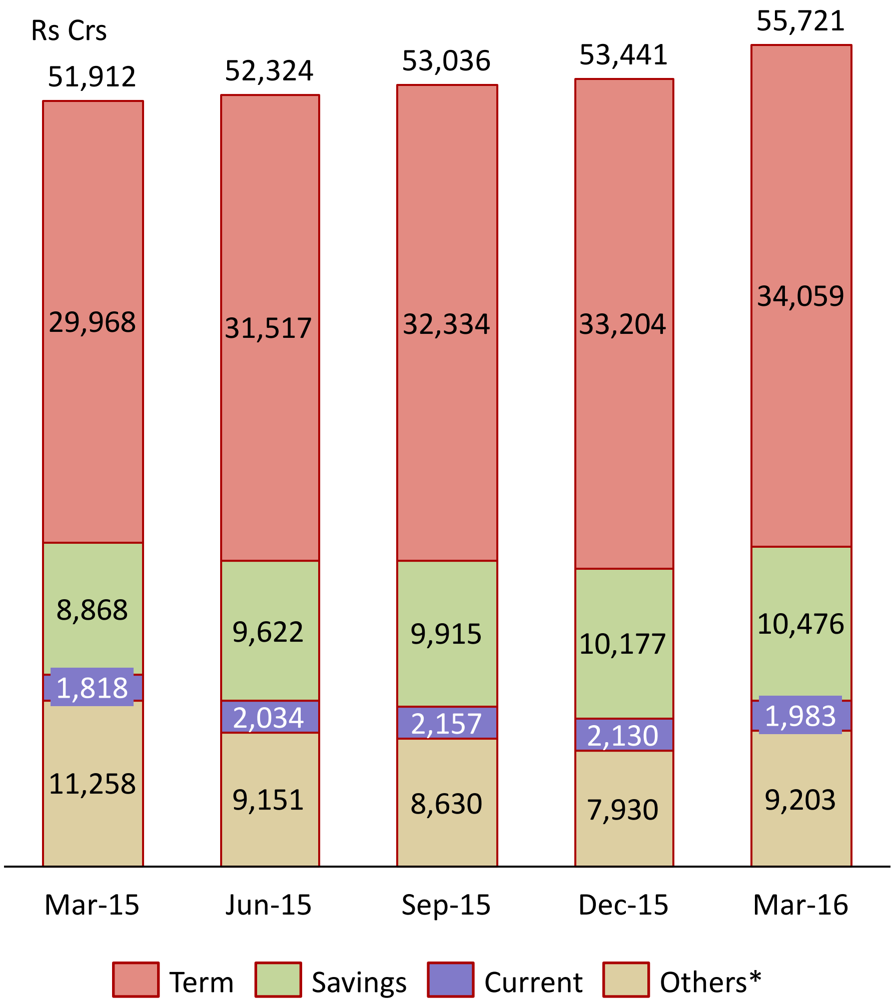
Mar-16
1,983
9%
1,818
Mar-15
Current Deposit

Mar-16
10,476
18%
8,868
Mar-15
Savings Deposit

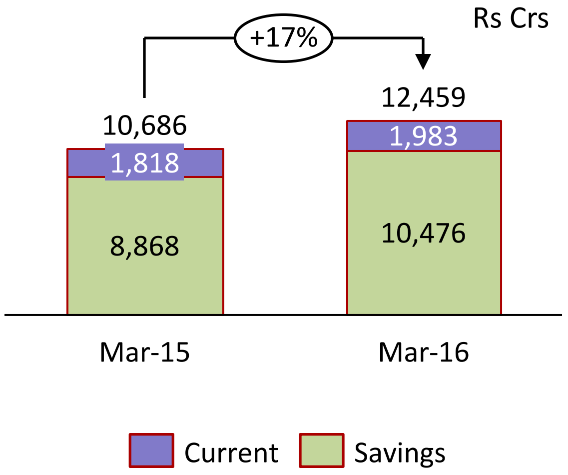
Mar-16
12,459
17%
10,686
Mar-15
Total CASA

Core Deposits Growing...

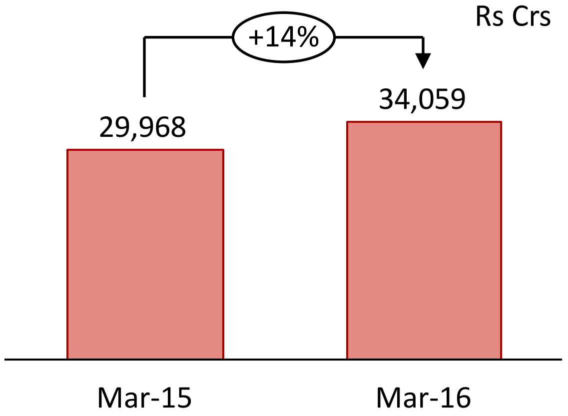
Breakup of Deposits



CASA Deposit



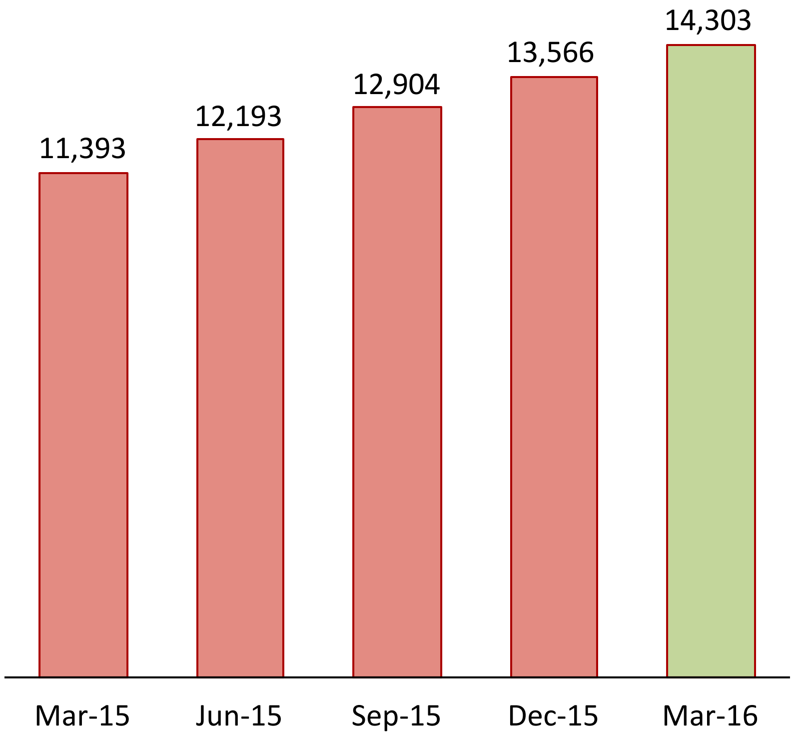
Term Deposits



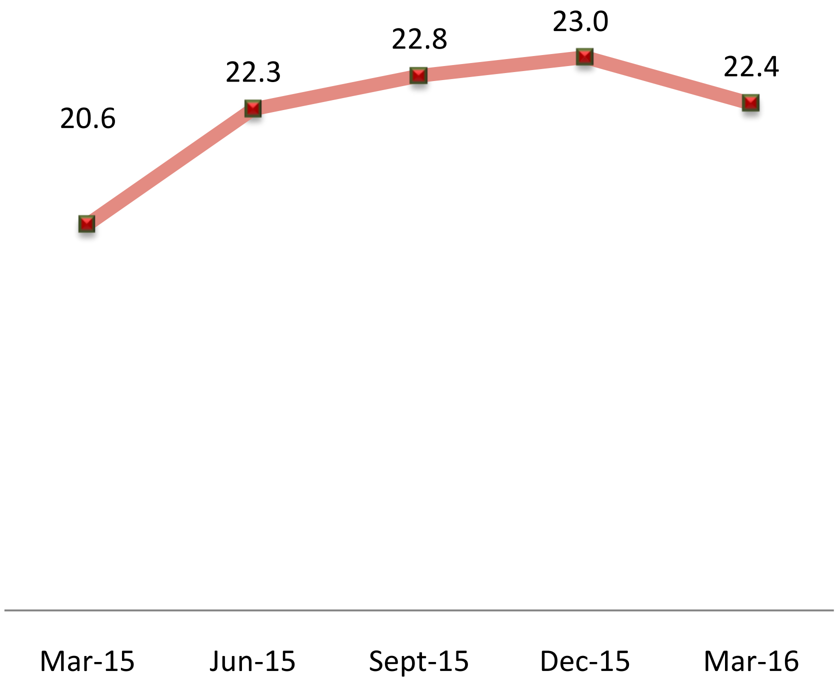
*Others includes: Bulk, Certificates of Deposits

NRI Deposits Growing…

NRI Deposits



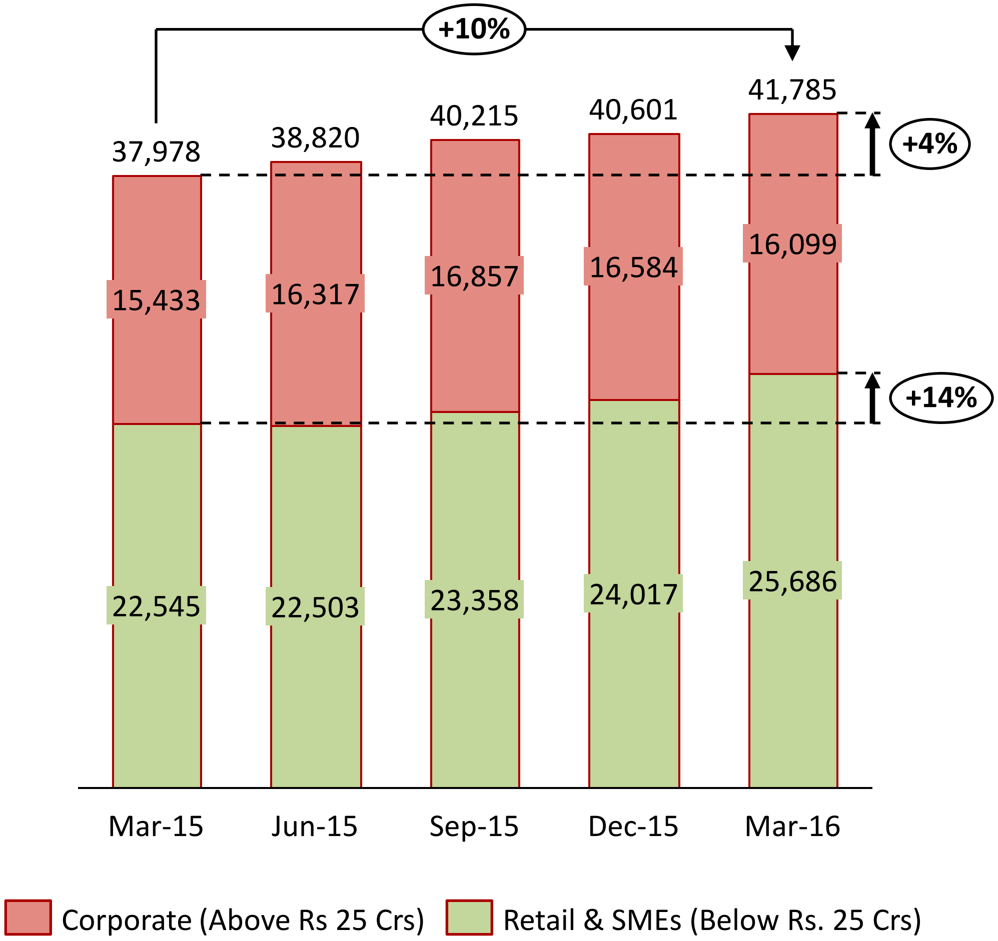
CASA



Composition of Loan Book

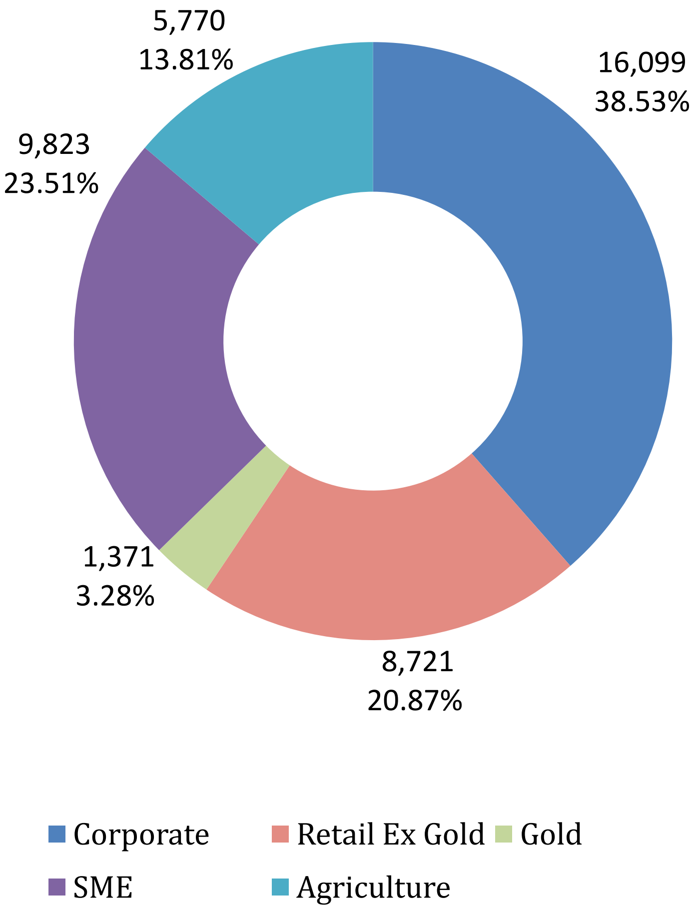
Total Advances

Rs Crs



Segment wise Break Up

Rs Crs



Key Focus : Retail, SME & Agriculture

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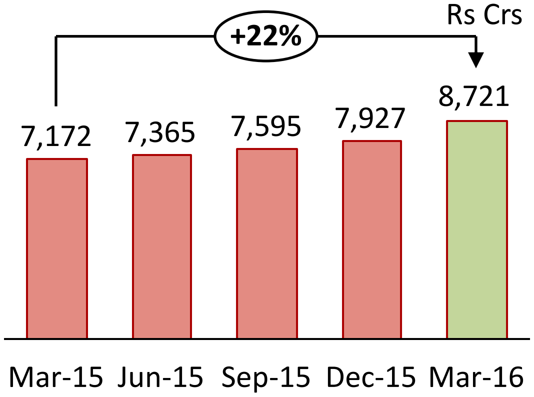
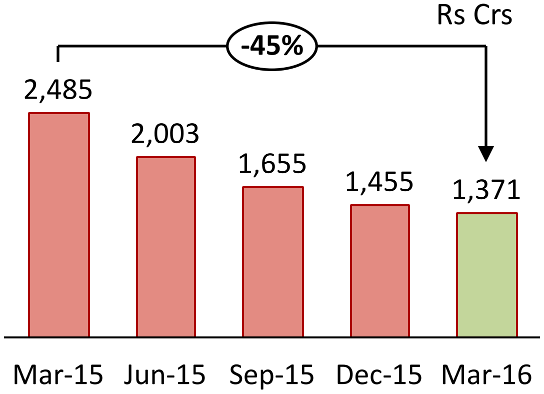
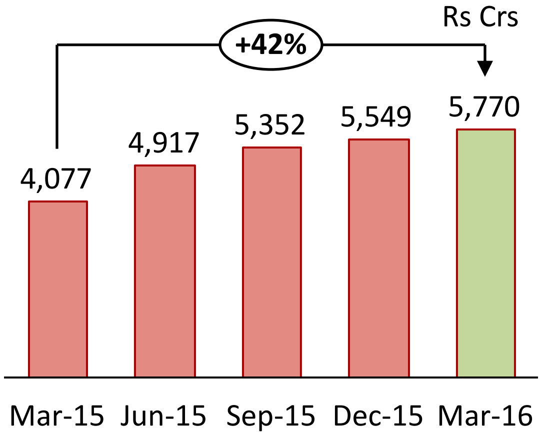
Retail excluding Gold



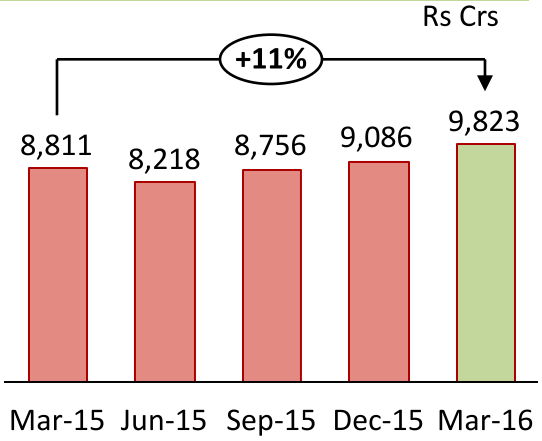
Gold (Average LTV – 65%)



Agriculture



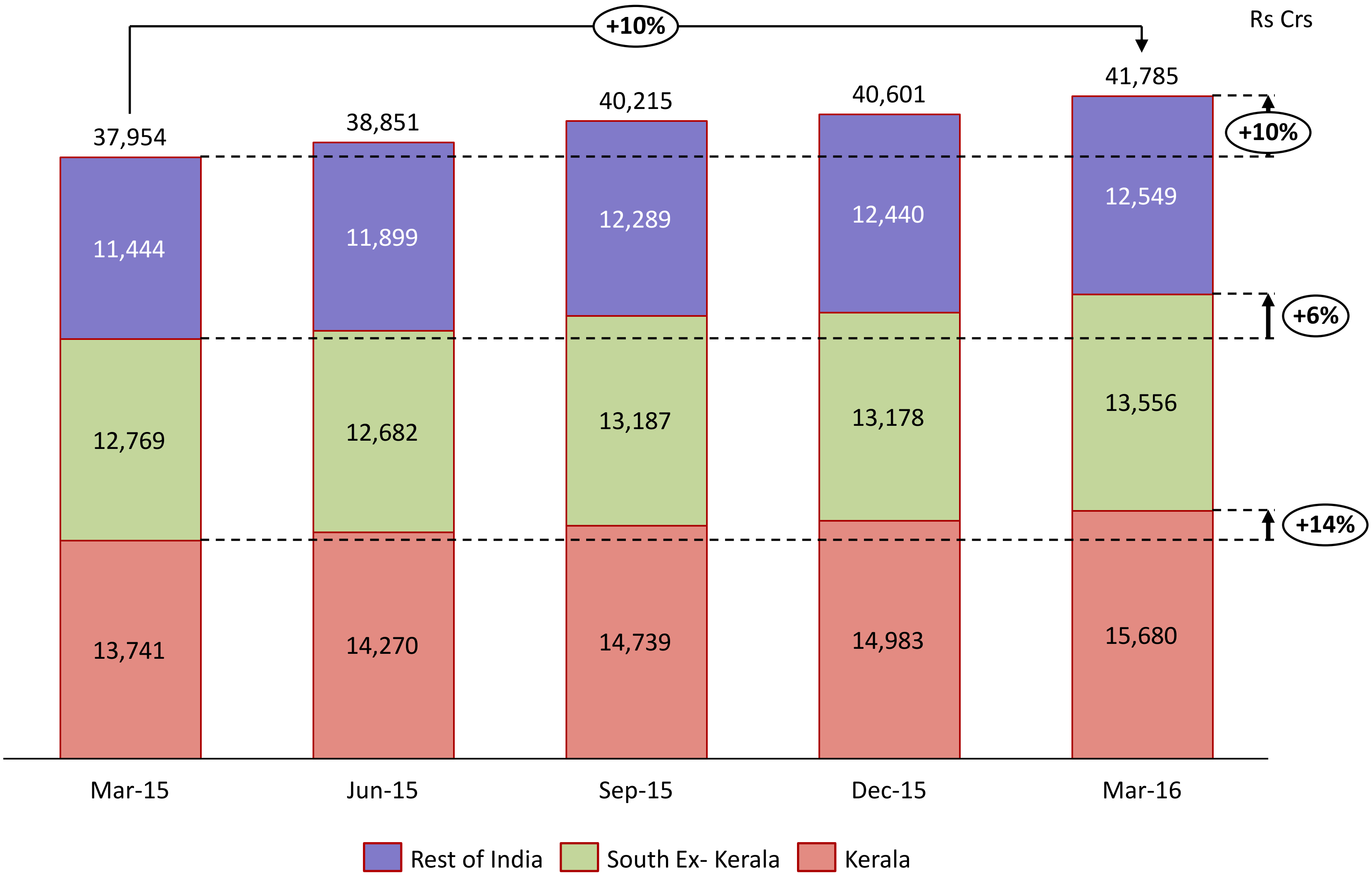
SME



Retail Loans (Excl. Gold), Agriculture & SME has grown by 21%

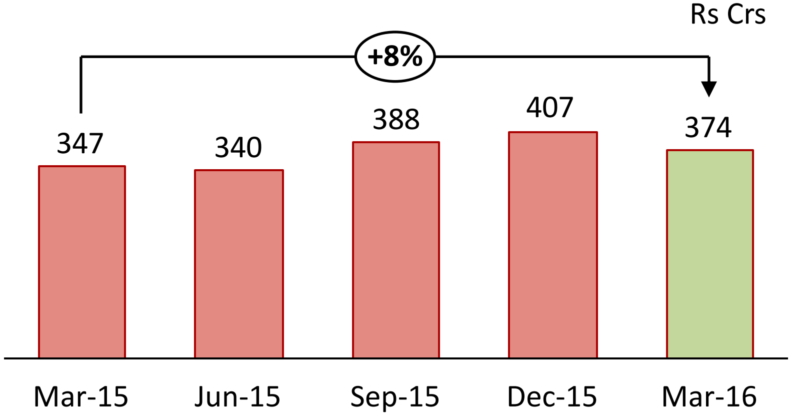
~15% of the Agriculture & SME Loans are backed by Additional Security by way of GOLD

Advances growing across Regions

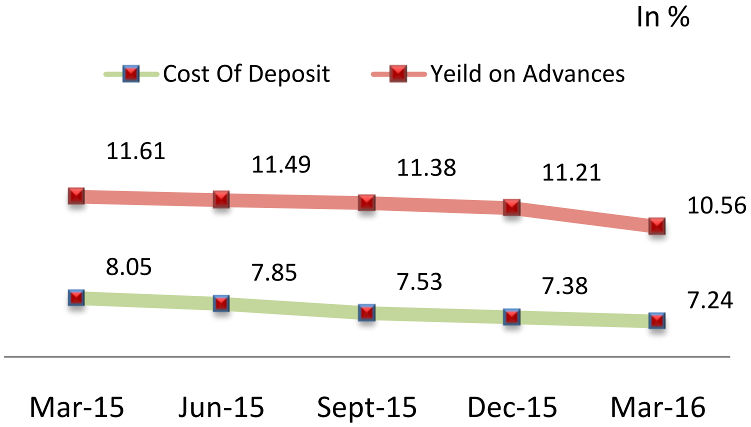


Net Interest Income - Quarter

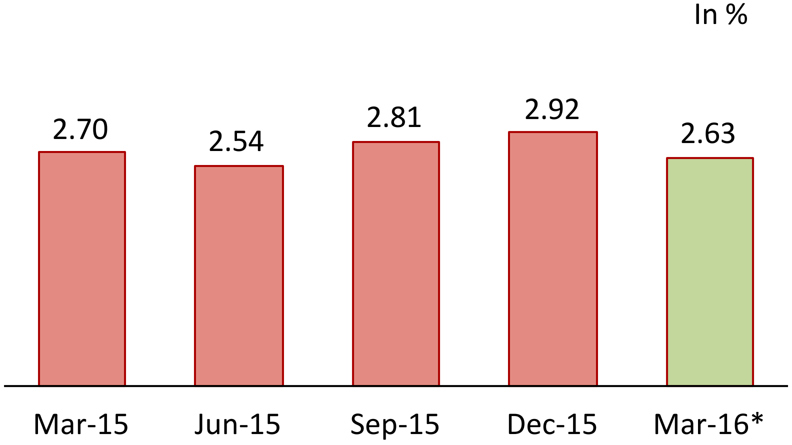
Net Interest Income



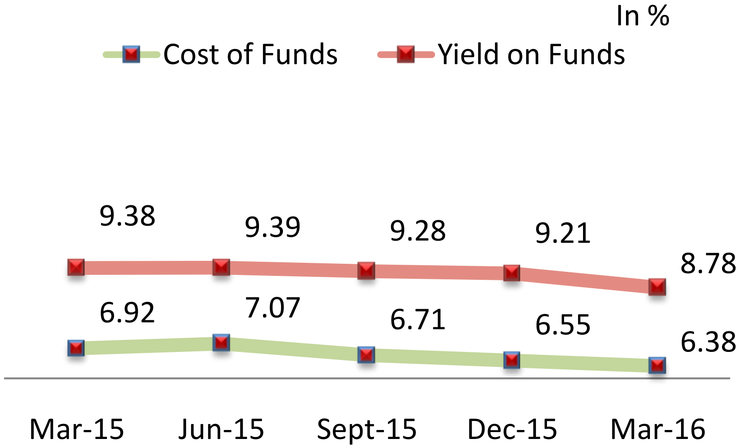
Cost of Deposits & Yield on Advances



Net Interest Margin



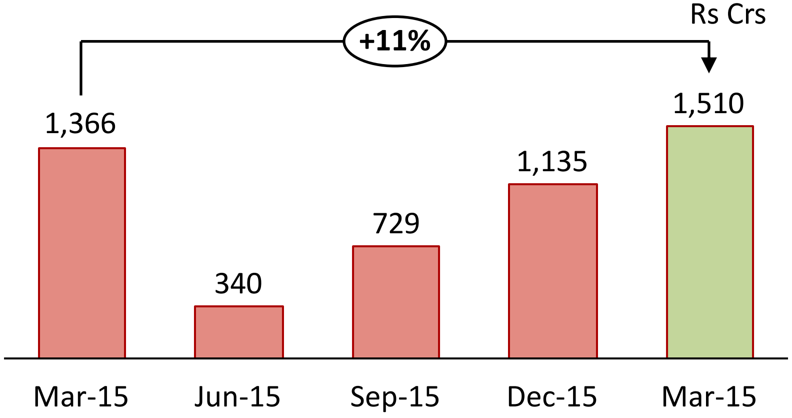
Cost of Funds & Yield on Funds



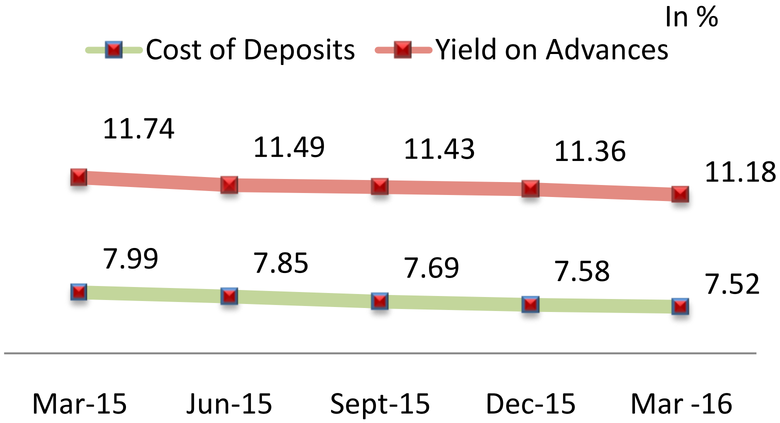
* 13 bps adverse impact on interest reversal

Net Interest Income - Cumulative

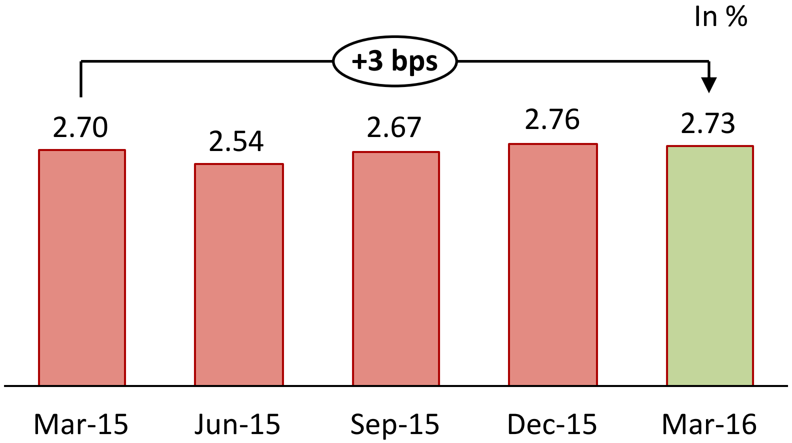
Net Interest Income



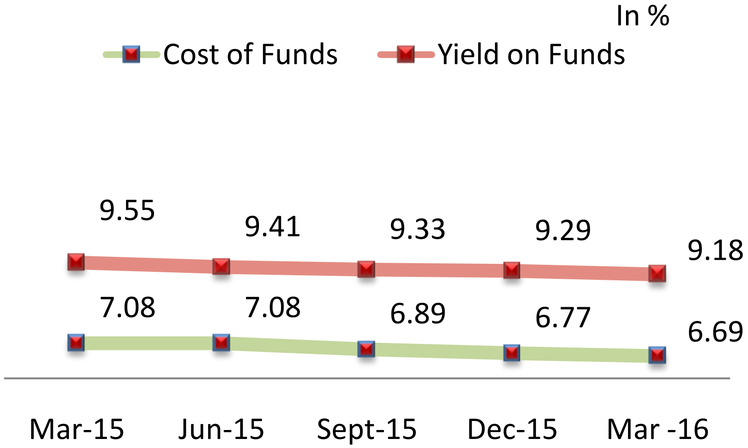
Cost of Deposits & Yield on Advances



Net Interest Margin



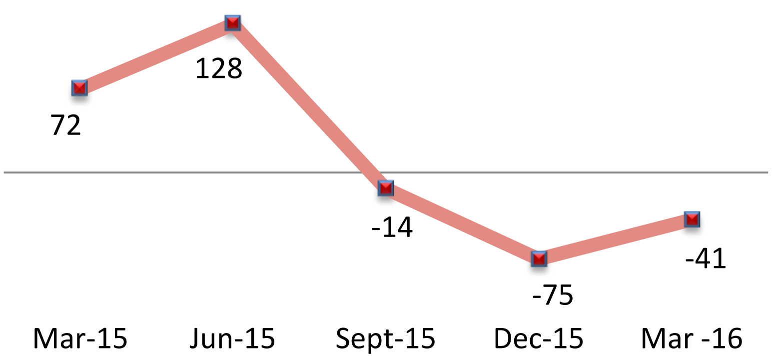
Cost of Funds & Yield on Funds



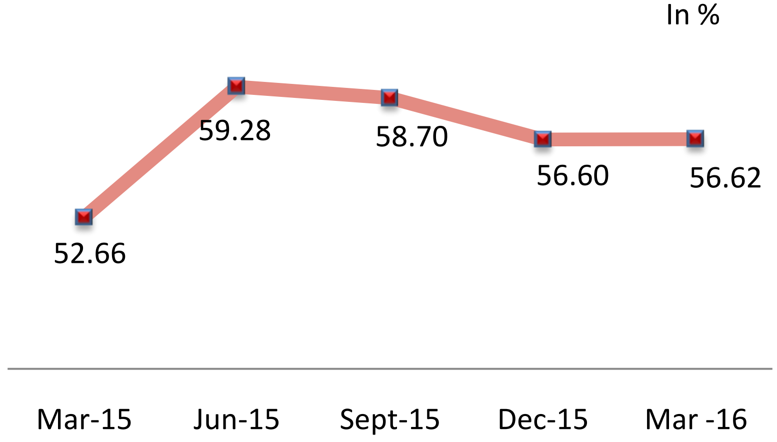
Operating Efficiency

SOUTH INDIAN Bank

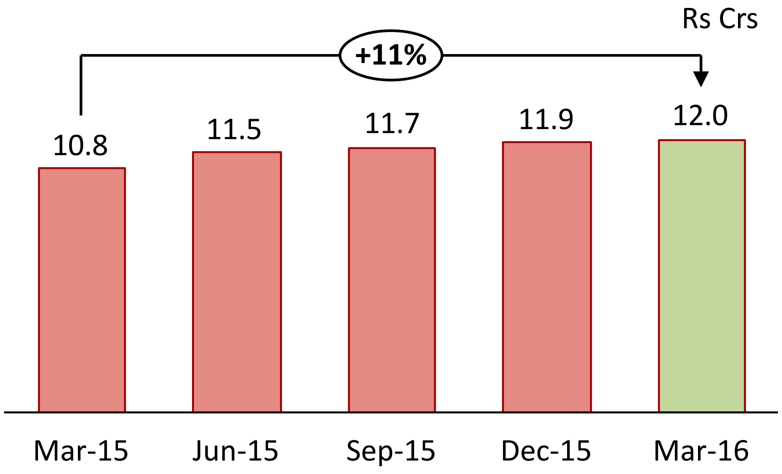
Employee Additions



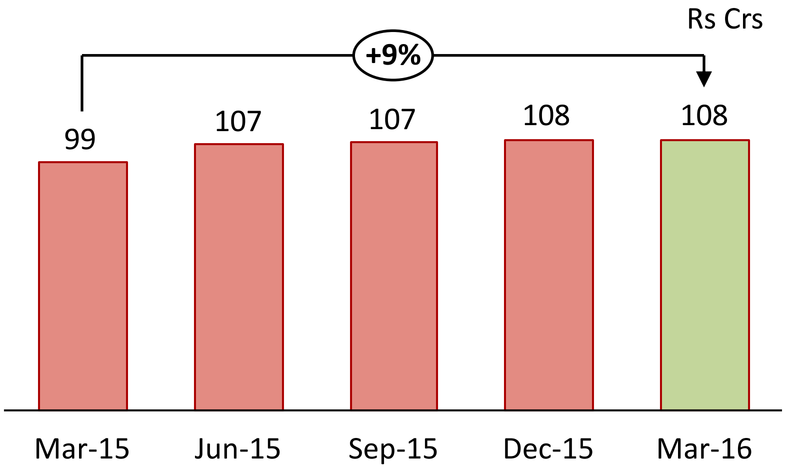
C/I Ratio



Business per Employee

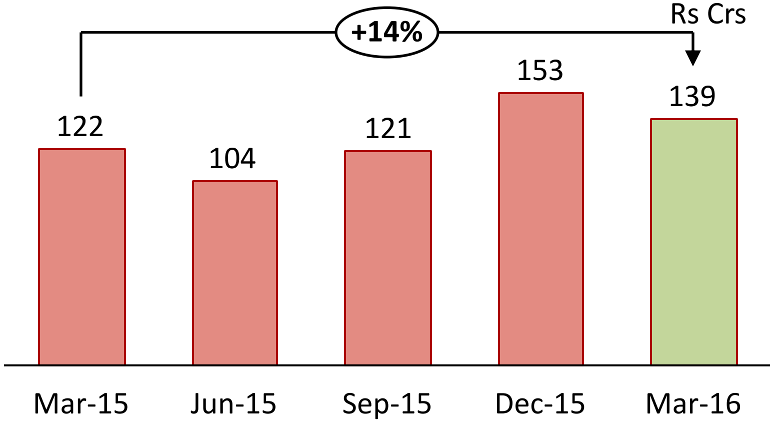


Business per Branch

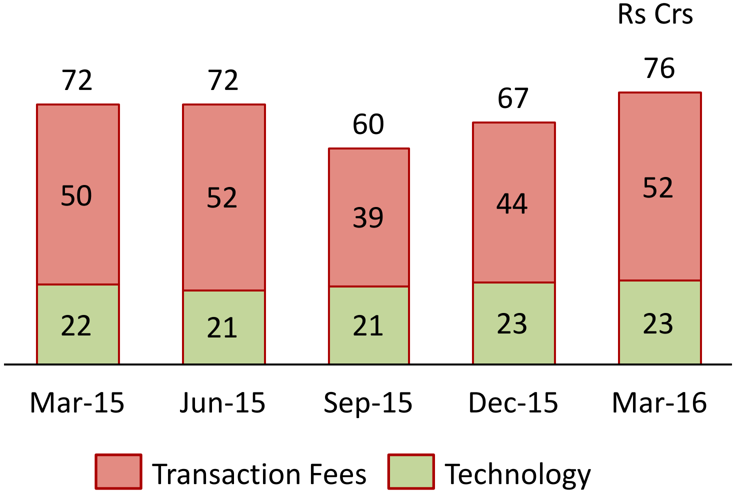


Sustainable Other Income

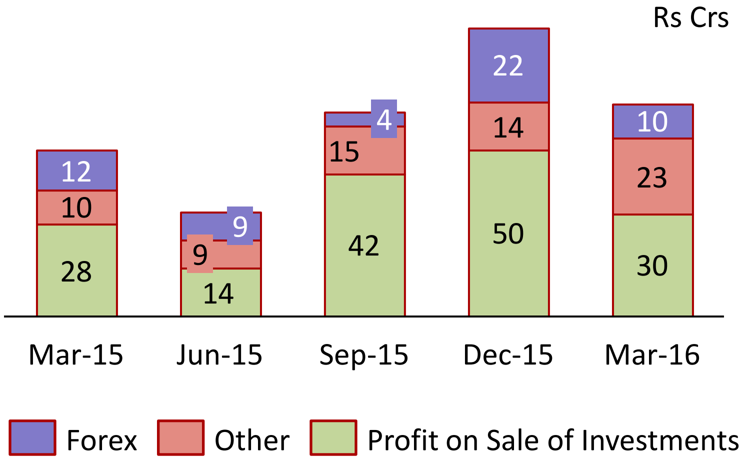
Total Other Income led by ….



…Sustainable : Transaction Fees + Technology



Profit on Sale of Investments, Forex & Others



Investment Book as on Dec-15

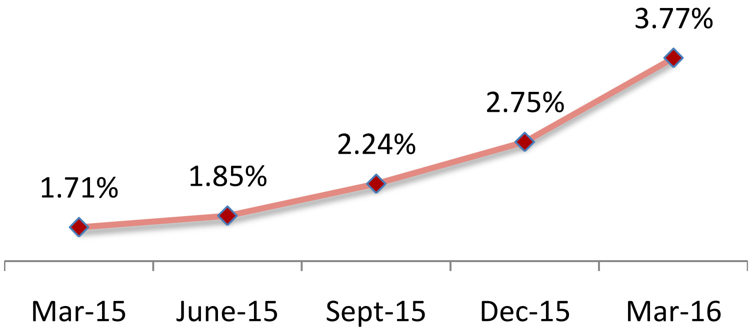
Details	Rs. Crs	M Duration
HTM	12,036	5.31
AFS	2,676	4.37
HFT	106	6.69
Total	**14,818**	**5.46**

Break Up of Provisions

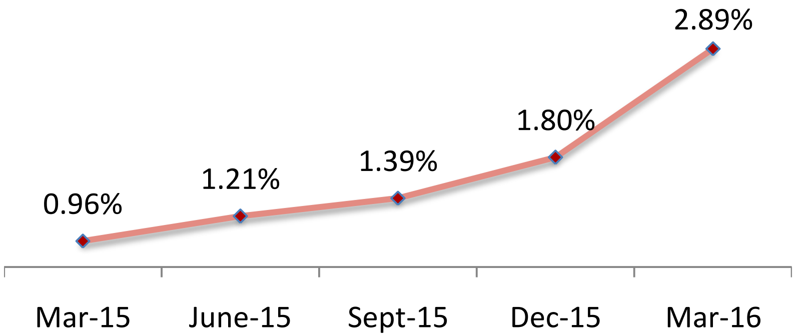
Rs Crs	Q4-FY 16	Q4-FY 15	Q3-FY16
For NPA & NPI	191.10	59.65	83.85
For Depreciation on Investments	0.50	6.88	12.21
For Standard Assets	-37.37	10.64	10.85
For Restructured Advances/Sacrifices & FITL	-29.45	46.67	-1.69
For Unhedged Forex Exposure	-0.69	3.11	-1.23
Others	-7.84	10.79	2.39
Taxes	33.08	10.91	55.04
Total Provisions	149.33	148.65	161.43

Non Performing Assets

Gross NPA

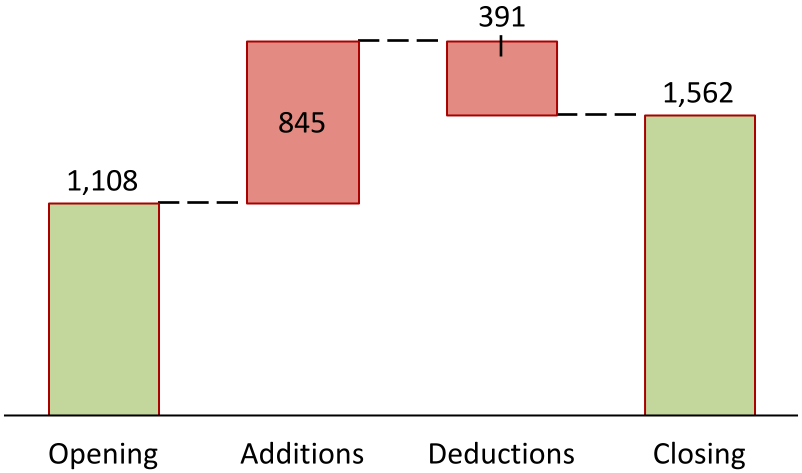


Net NPA



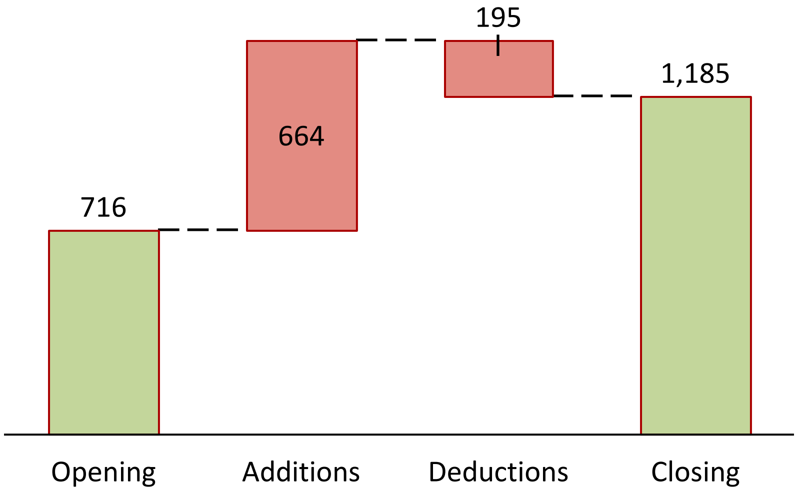
Gross NPA movement in Q4FY16

Rs Crs



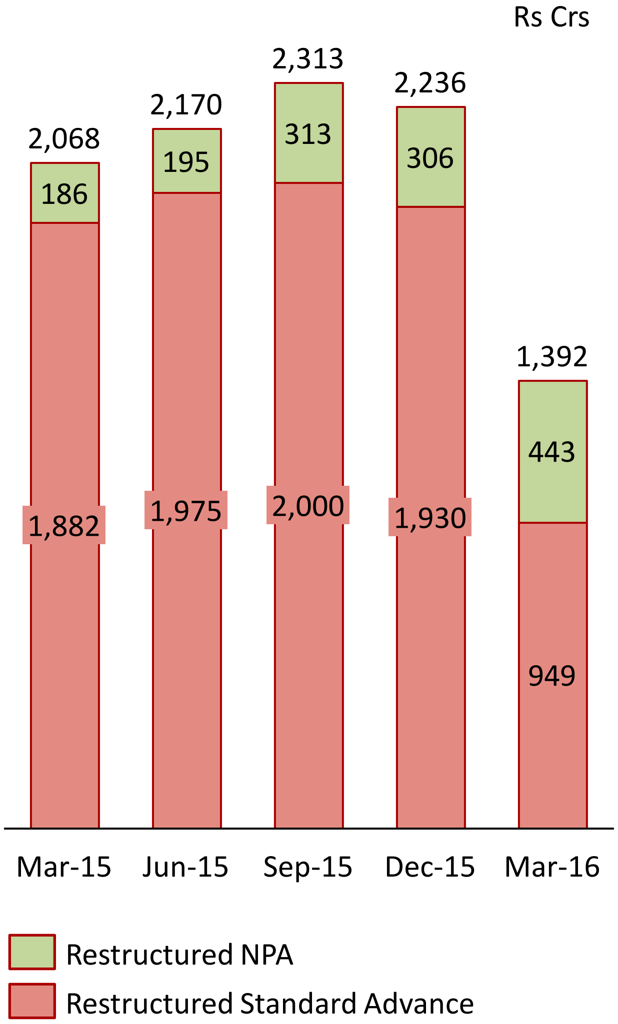
Net NPA movement in Q4FY16

Rs Crs

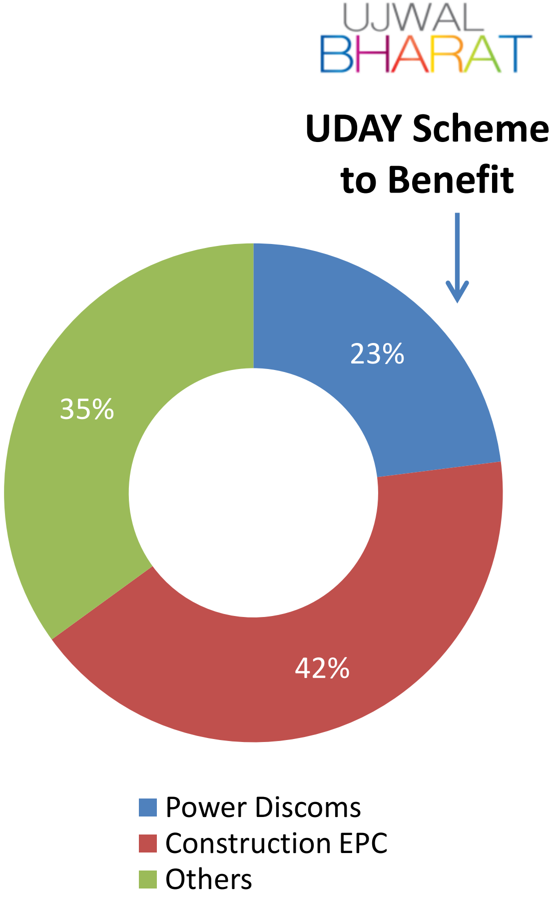


Restructured Advances Breakup

Restructured Assets Break-up



Sector Standard Restructure – Q4FY16



Government's Uday Scheme targeted towards power Discoms will immensely benefit SIB

Benefits of Uday getting reflected in Restructured Book

*Other includes IT, Bullion, etc.

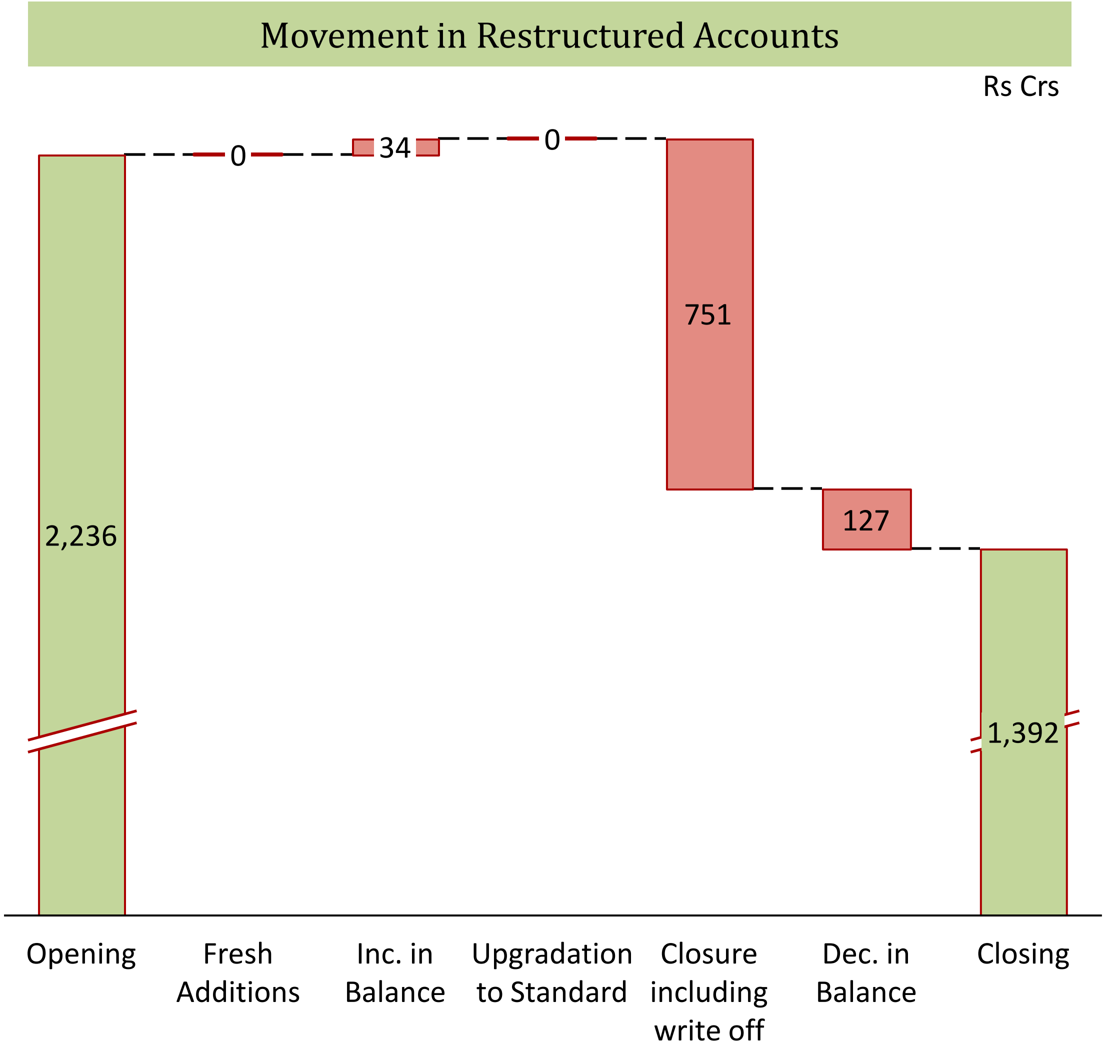
Restructured Standard Asset Book

Rs Crs

	Restructured Standard Advance				
	Opening	**Increase in Existing Balance**	**Uday – SDL Investments**	**Slippages to NPA**	**Closing Balance**
DISCOMS	+884	0	-670	0	+214
Construction EPC	+644	+6	-	-249	+401
Others	+402	+16	-	-84	+334
Total	+1,930	+22	-670	-333	+949

Rs. 214 Crs of DISCOM Exposure may be restructured under Uday Scheme

Movement in Restructured Accounts



Shift of focus from
Large Corporate
to
SMEs

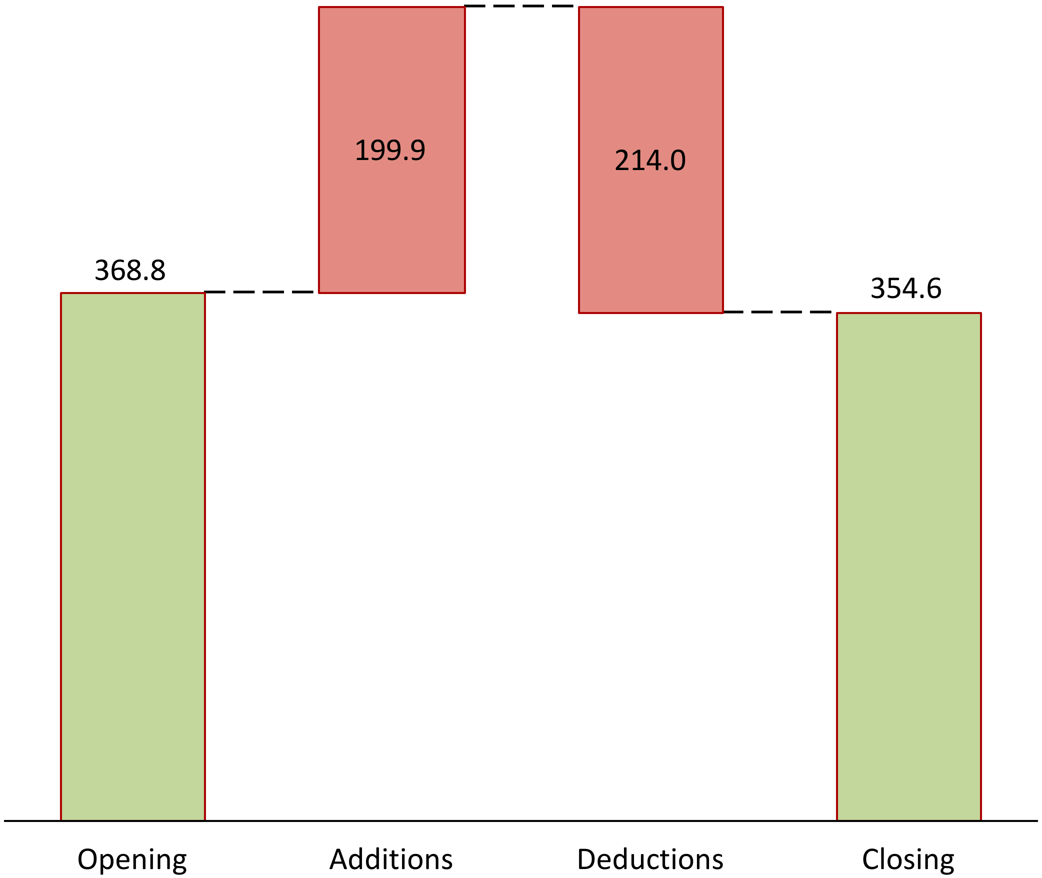
Defocusing from
Power & Infra Sectors

Special Recovery Cell
&
Asset Monitoring Cell

Adequate Provisioning

NPA Provisioning

Rs Crs



Provisioning

Coverage Ratio

40.34%

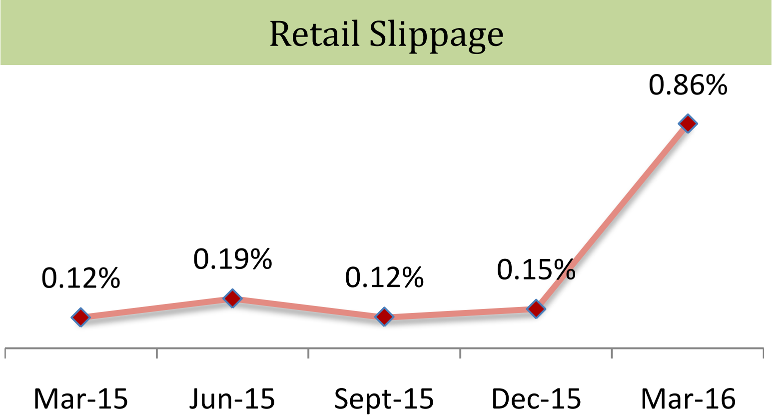
Advances in the Initial

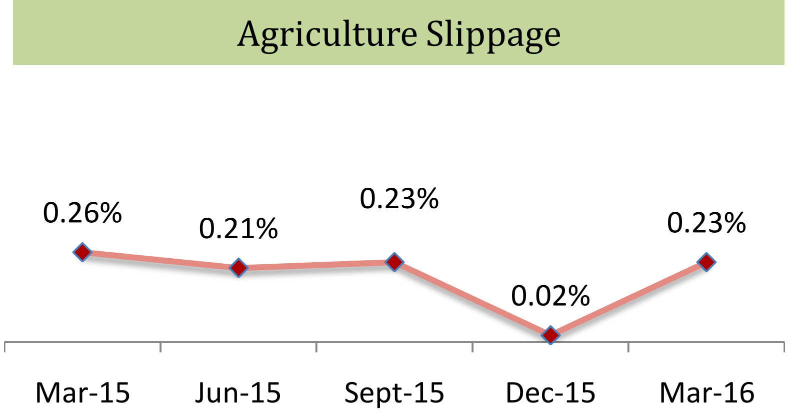
quarters as NPAs :

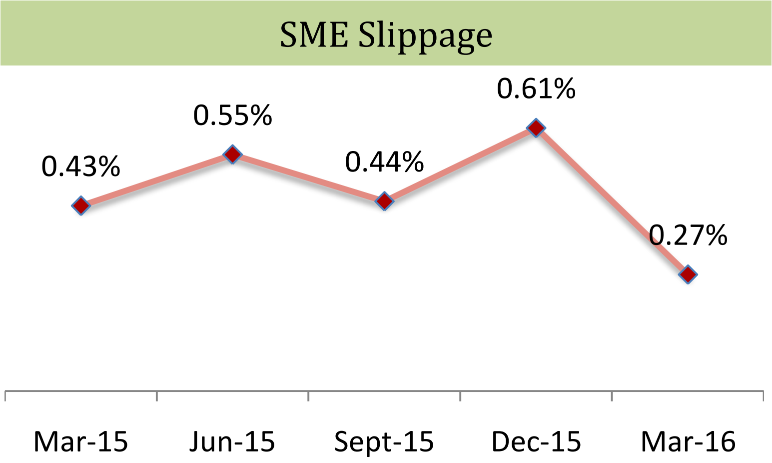
Requiring

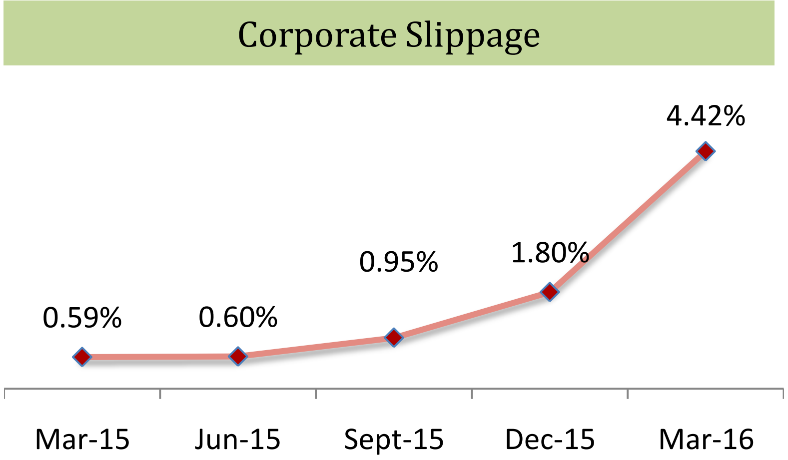
Less Provisioning

Fresh Slippages/Advance Ratios


Retail Slippage


Agriculture Slippage

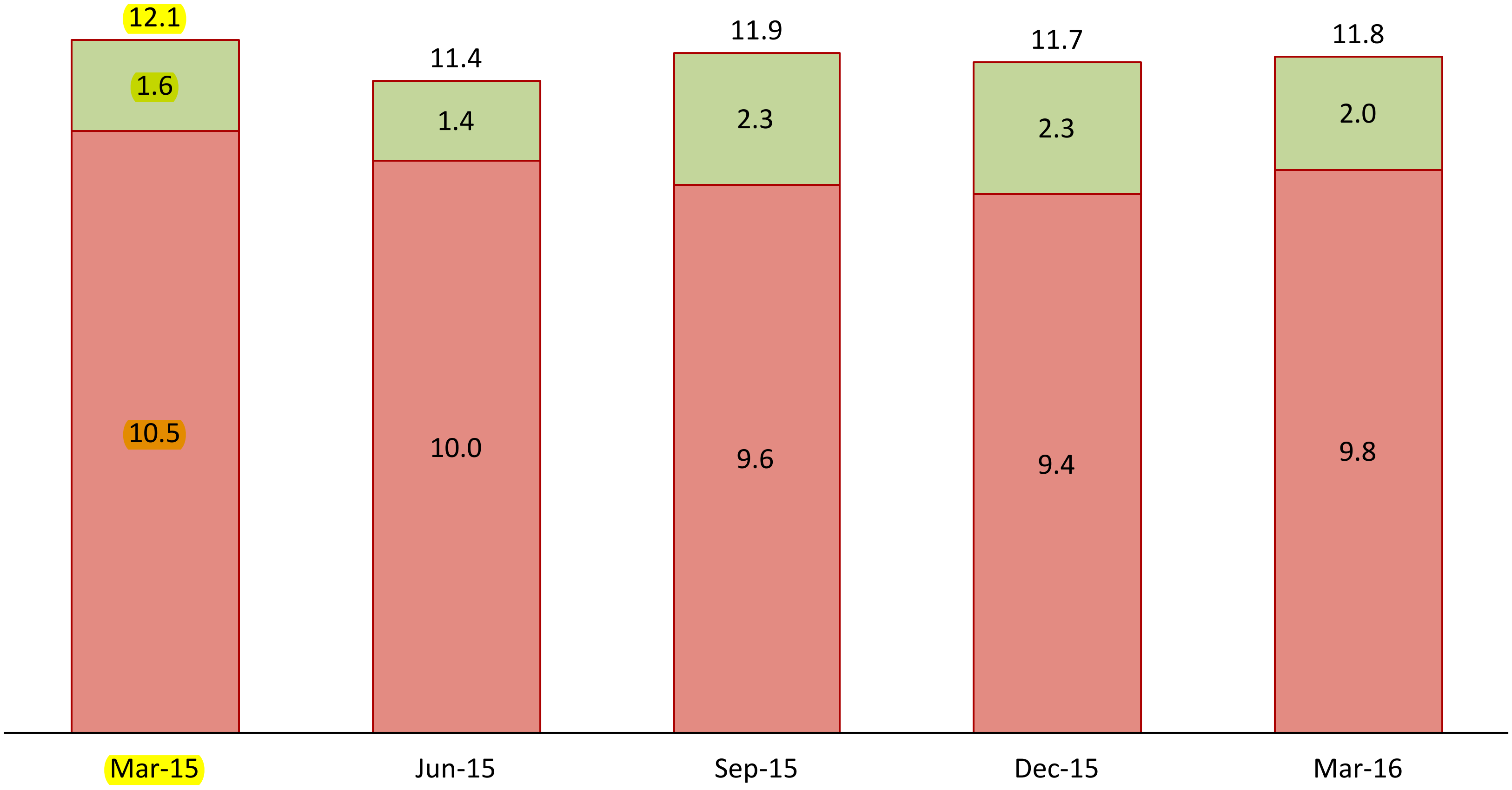

SME Slippage


Corporate Slippage

Well Capitalized to support Growth

BASEL III

In %



Key Performance Highlights- Q4 FY16

Rs Crs	Q4 - FY 16	Q4 - FY 15	YOY
Net Interest Income	374.29	347.09	7.84%
Other Income	139.06	121.94	14.04%
Profit After Tax	72.97	16.32	347.12%
Advances	41,785	37,978	10.02%
Deposits	55,721	51,912	7.34%
GNPA	3.77	1.71	120.31%
NNPA	2.89	0.96	200.67%
NIM	2.73	2.70	3bps
CASA	22.36%	20.59%	177bps

Balance Sheet Overview- Q4 FY16

Rs Crs	Q4-FY 16	Q4-FY 15	Y-o-Y (%)	Q3-FY 16	Q-o-Q (%)
Capital & Liabilities	**63,175**	**59,116**	**6.95%**	**60,269**	**4.91%**
Capital	135	135	0.01%	135	0.01%
Reserves and Surplus	3,707	3,454	7.30%	3,715	-0.22%
Deposits	55,721	51,912	7.34%	53,441	4.27%
Borrowings	2,315	2,232	5.99%	1,665	42.10%
Other Liabilities & Provisions	1,297	1,382	-6.10%	1,312	-1.12%
Assets	**63,175**	**59,116**	**6.95%**	**60,269**	**4.91%**
Cash & Balances with RBI	2,476	2,442	1.42%	2,367	4.61%
Balances with Banks	623	1,154	-41.53%	249	171.29%
Investments	14,619	14,086	3.78%	13,259	10.26%
Advances	41,086	37,392	9.88%	39,909	2.95%
Fixed Assets	487	479	1.66%	485	0.32%
Other Assets	3,884	3,564	8.96%	4,000	-2.90%
Business (Advances + Deposits)	**96,806**	**89,304**	**8.40%**	**93,350**	**3.70%**
Current Accounts	1,983	1,818	9.09%	2,130	-6.90%
Savings Accounts	10,476	8,868	18.12%	10,177	2.94%
CASA Ratio	22.36%	20.59%	177 bps	23.03%	(67 bps)

Profit & Loss Overview- Q4 FY16

Rs Crs	Q4-FY 16	Q4-FY 15	Y-o-Y (%)	Q3-FY16	Q-o-Q (%)
Net Interest Income	374.29	347.09	7.84%	406.72	-7.97%
Other Income	139.06	121.94	14.04%	153.32	-9.30%
Total Income	513.35	469.03	9.45%	560.04	-8.34%
Operating Expenses	291.05	304.05	-4.27%	296.97	-1.99%
Operating Profit	222.30	164.98	34.74%	263.07	-15.50%
Provisions (Ex-Tax) & Contingencies	116.25	137.74	-15.60%	106.39	9.27%
Profit Before Tax	106.05	27.24	289.35%	156.68	-32.32%
Provision for Tax	33.08	10.91	203.21%	55.05	-39.91%
Exceptional Items	-	-	-	-	-
Profit After Tax	72.97	16.33	346.92%	101.63	-28.21%

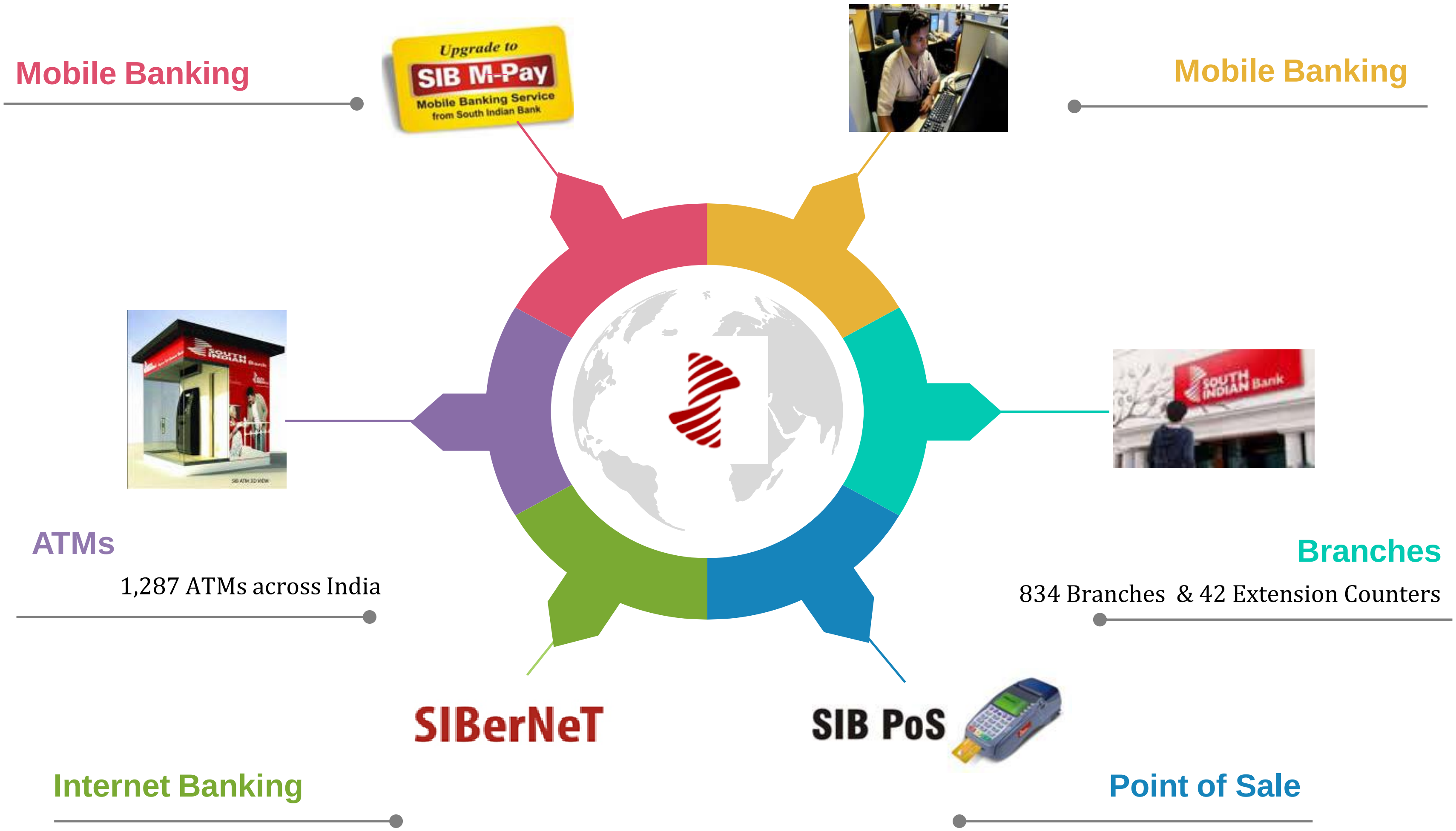
Key Metrics- Quarterly

Particulars	FY15				FY16			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net Interest Margin (NIM)	2.7%	2.9%	2.5%	2.7%	2.5%	2.8%	2.9%	2.6%
CRAR Basel III	12.2%	12.1%	11.4%	12.1%	11.4%	11.9%	11.7%	11.8%
RoAA (Annualized)	0.5%	0.6%	0.6%	0.1%	0.5%	0.6%	0.7%	0.5%
Provision Coverage	62.5%	62.9%	60.4%	61.0%	56.1%	55.3%	50.3%	40.3%
CASA	22.1%	22.1%	21.5%	20.6%	22.3%	22.8%	23.0%	22.4%
Gross NPA	1.5%	1.6%	1.8%	1.7%	1.9%	2.2%	2.8%	3.8%
Net NPA	0.9%	0.9%	1.0%	1.0%	1.2%	1.4%	1.8%	2.9%
Book Value per Share (Rs.)	25.88	26.47	27.10	26.59	27.07	27.76	28.51	28.45
Earnings per Share (Rs.) (Annualized)	3.78	3.01	2.87	2.28	1.93	2.34	2.56	2.47
Branches								
- Kerala	439	440	441	444	447	447	447	449
- South India (Ex-Kerala)	230	232	233	239	242	244	244	245
- Rest of India	132	133	136	139	139	140	140	140
Total Branches	**801**	**805**	**810**	**822**	**828**	**831**	**831**	**834**
ATMs								
- Kerala	565	587	607	651	670	682	688	698
- South India (Ex-Kerala)	297	313	325	365	378	380	384	387
- Rest of India	156	163	176	184	196	198	200	202
Total ATMs	**1,018**	**1,063**	**1,108**	**1,200**	**1,244**	**1,260**	**1,272**	**1,287**

Next Generation Bank

Present across Customer Touch Points

Traditional & Alternate Channels



Mobile Banking

Mobile Banking

ATMs

1,287 ATMs across India

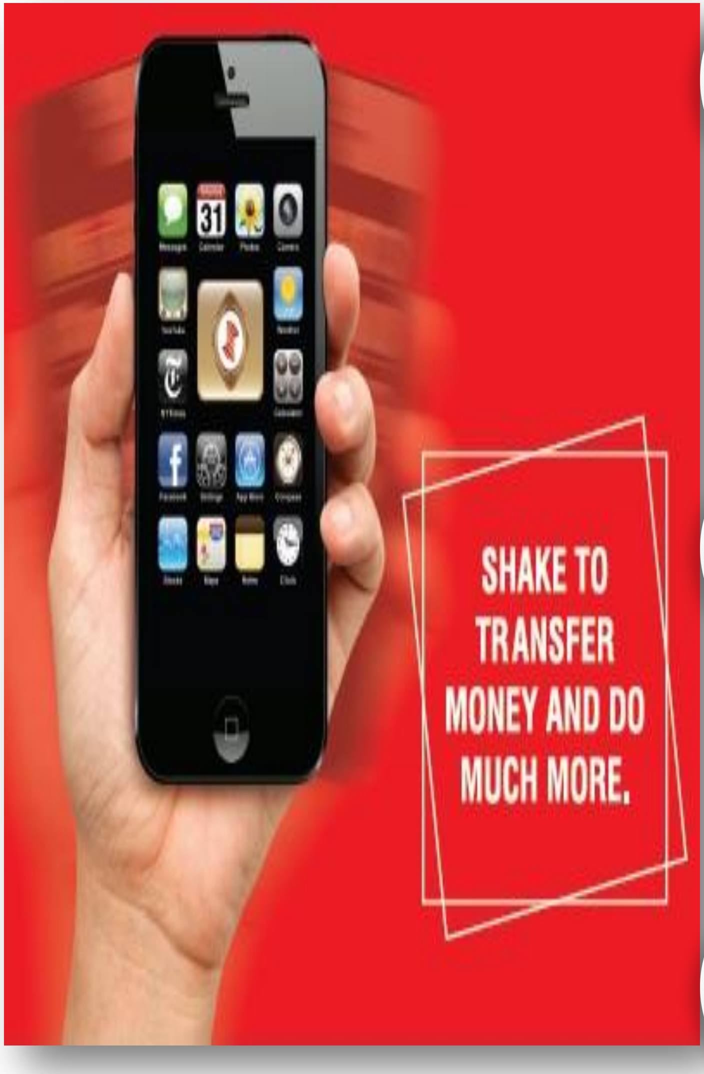
Branches

834 Branches & 42 Extension Counters

Internet Banking

Point of Sale

Technology Initiatives



SIB Mirror is a mobile-led platform with instant account access, balance retrieval, immediate fund transfers, all account intimations, and much more

SIB-er Net is a suite of comprehensive internet banking services positioning SIB as a technology-driven bank offering superior services to retail customers

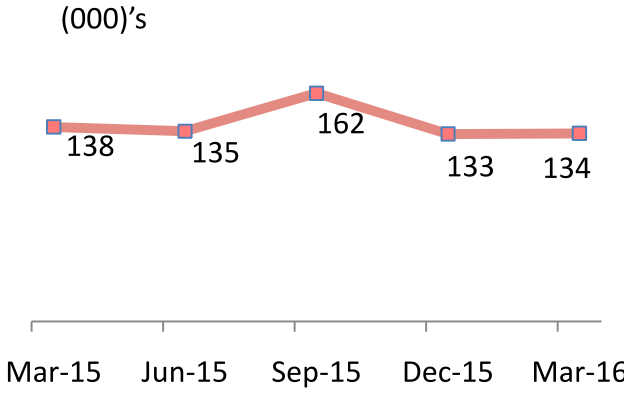
Retail branches now interconnected with single-window service and providing real-time online, real-time transactions to customers

SIB offers Visa, MasterCard, and RuPay debit cards with online access to users for secure domestic and international transactions

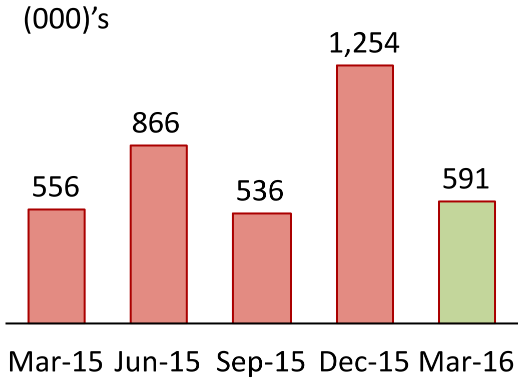
Centralized Processing Center allows enhanced risk management and customer creation with complete KYC compliance and fraud prevention tools

Personal Banking: Technology Banking

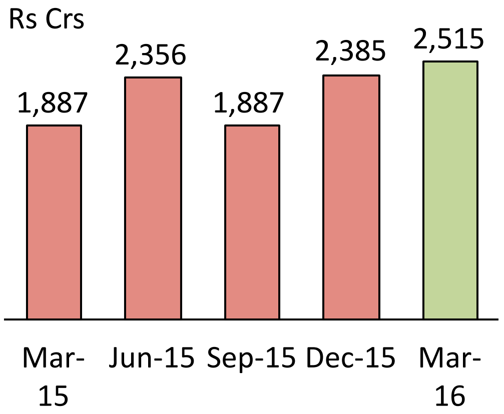
Active Internet Users



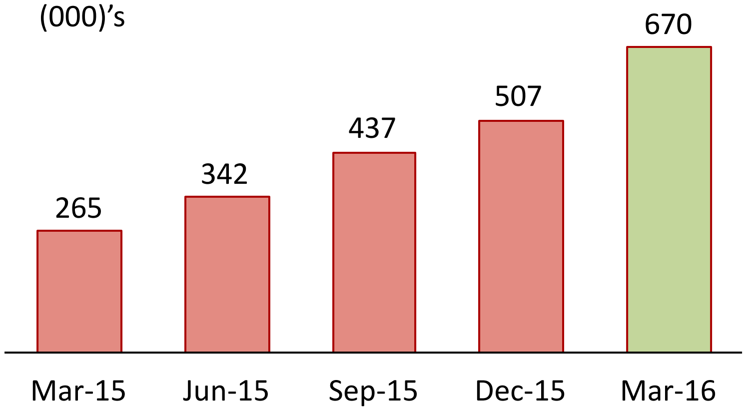
Internet Transaction Volume



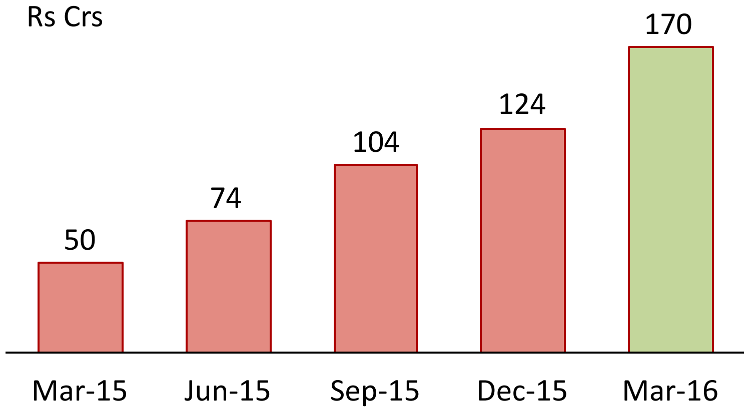
Internet Transaction Value



Mobile Transaction Volume

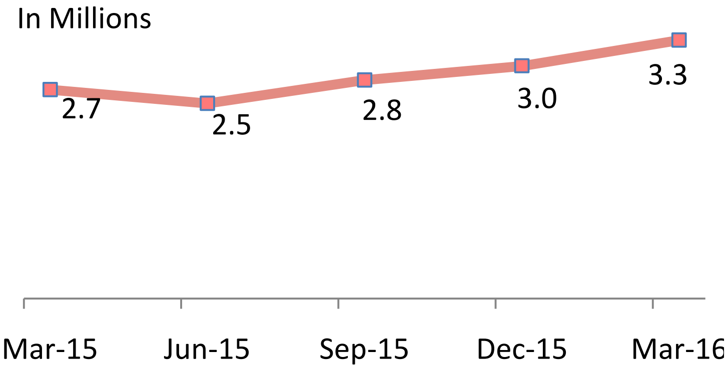


Mobile Transaction Value

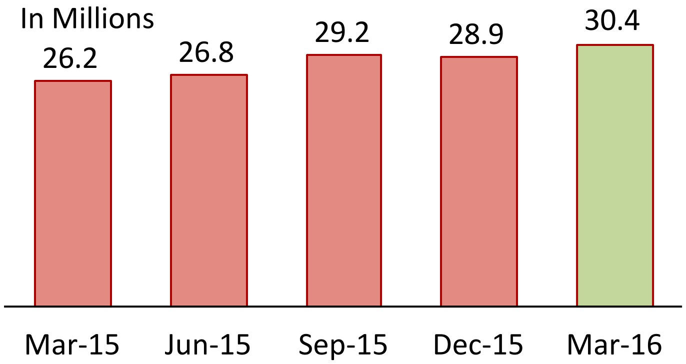


Personal Banking: Debit Cards

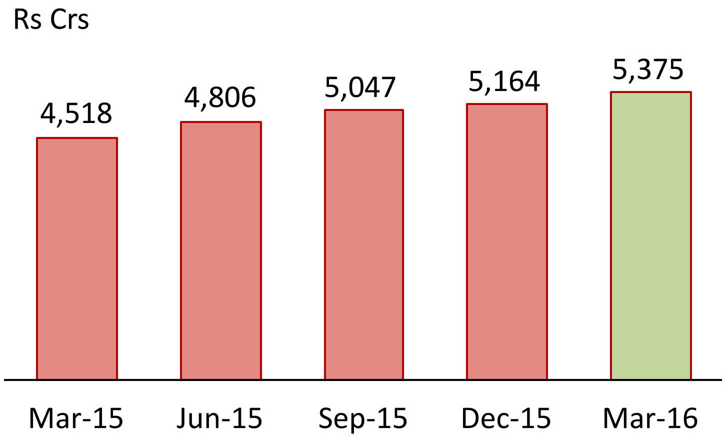
No. of Active Debit Cards



Debit Card Transaction Volumes



Debit Card Transaction Value



An Inflection Point

Way Forward

Expand Retail Business

- Focus on retail loan products
- Efficient branches for faster processing of loans
- Continuous training of work force
- Invest in Brand Building

Strengthen SME Base

- Cluster based approach in industry hubs
- Sole Banker to SMEs for all banking needs
- Dedicated vertical to penetrate SME banking

Improve CASA

- Strategy & Road map in place to increase CASA funds
- Centralized processes allowing branches to focus on garnering low cost funds

Enhance Asset Quality

- Granulize loan portfolio to spread out risk
- Cautious approach on large corporate lending
- Special recovery cell for monitoring non performing and restructured assets

Improve share of other Income

- Focus on increasing banking services for SME, Retail & NRI clients
- Enhance treasury capabilities & increase bench strength
- Expand PoS & ATM Network

Awards & Recognitions

Awards & Recognition

SIB wins 'Best Private Sector Bank' in the ABP News BFSI Awards 2015

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

SIB wins Banking Frontiers Inspiring Work Places Award

For further information, please contact:

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