SOUTH INDIAN Bank

Investor Presentation

SEPTEMBER 2012

South Indian Bank… At A Glance

83 Years	• Number of years in banking business
730	• Number of branches
743	• Number of ATM’s
₹ 67110Cr	• Business as on Sept 2012
19%	• Business Growth (Y – to – Y)
26%	• Last 5 years business CAGR
₹ 220.18Cr	• Net Profit for the Half Year ending Sept 2012
3.09 %	• Net Interest Margin (Sept 12)
14.43%	• Capital Adequacy Ratio (Basel II –Sept 12)
0.86%	• Net Non-Performing Assets (Sept 12)


CONTENTS

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.

First private sector bank to open a NRI branch in Nov,1992 & an IFB branch in March 1993.

First bank among the Private sector banks in Kerala to open an "Overseas Branch", June '93.

Listed in NSE, BSE & CSE- IPO in 1998. FPO In 2006. Successful QIP in Sept 2007 & 2012

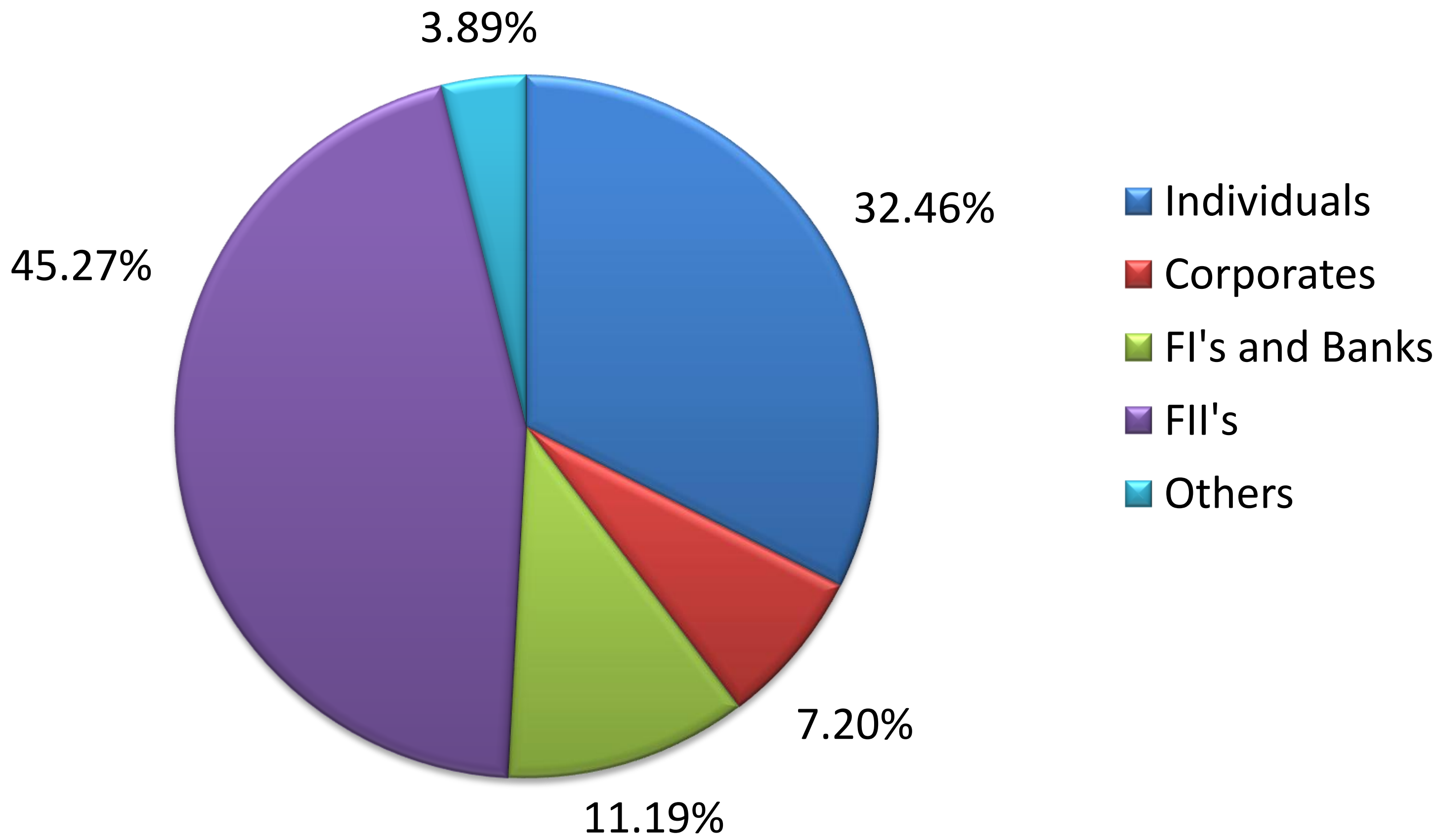
The THIRD largest branch network among Private Sector banks, in India, with all its branches under Core banking System.

Management

Eminent personalities with rich and varied experience, guide the Bank in its progress & achievements in all Spheres

- Shri. Amitabha Guha (Chairman)
- Dr. V.A.Joseph (MD & C.E.O)
- Sri Jose Alapatt
- Sri Paul Chalissery
- Sri Mathew L Chakola
- Dr. N J Kurian
- Sri Mohan E Alapatt
- Sri K. Thomas Jacob
- Sri H. Suresh Prabhu
- Dr. John Joseph

Shareholding Pattern – as on Sept-2012



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.

OVERVIEW

Key Strengh

SIB

Healthy Fundamentals

Adequately Capitalised;

•14.43% CRAR & 12.32% Tier 1 ratio

Asset Quality;

•1.74% GNPAs & 0.86% NNPAs

•51.21% NPA Coverage ratio

•15.52% ROE, 1.06% ROAA

SIB

Significant Turnaround

•Benchmarked HR Practices & Introduced Performance Linked Incentive schemes, ESOS, Annual Performance contest- Awards.

•Forward looking Human Capital Management Strategy

•Highly skilled human capital- 50% of human capital under age 30 with professional qualification

SIB

Strong Growth

• One of the fastest growing banks in India.

• 26% CAGR in business in last 5 years

•Constant growth in Business & Profitability

▪Most advanced technology in all spheres of banking operations & delivery channels.

SIB

Key Competitive Advantage

• Fast expanding branch network

• High Asset Quality with well diversified Loan portfolio

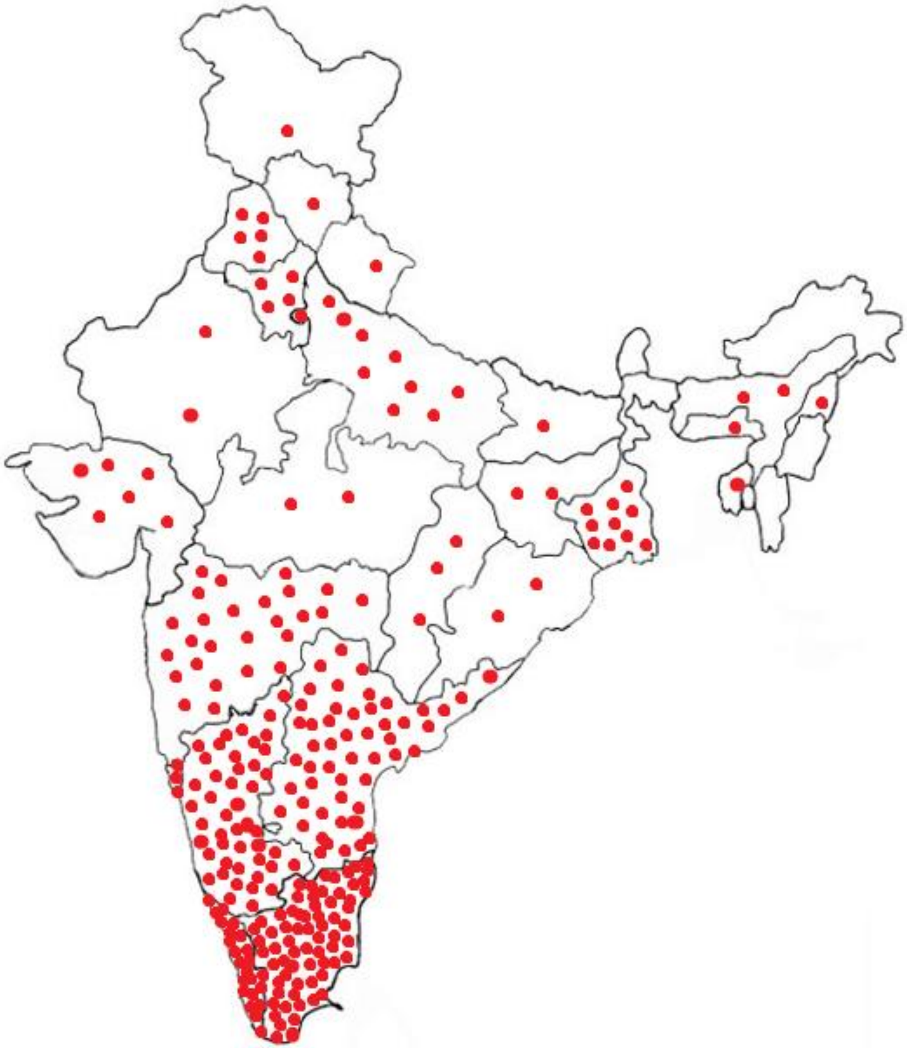
• 8.87 % market share in Kerala's NRI deposit base.

•Strong boost to Income from high yielding gold loans forming 22.11% of the loan book.

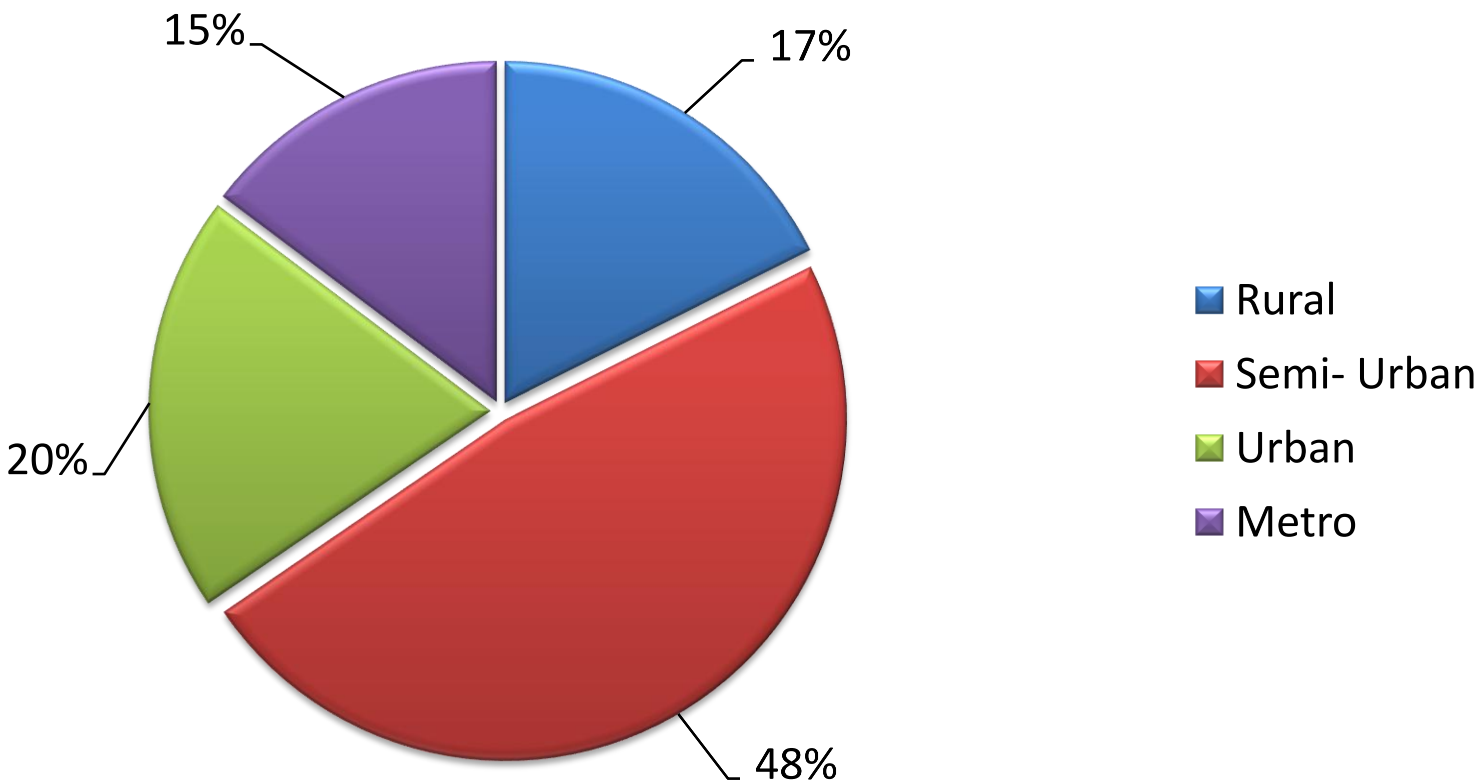
Vast and Rapidly Growing Branch Network

Spread of Branches

Average Branch & ATM network growth @ 20% (for last & current FY)



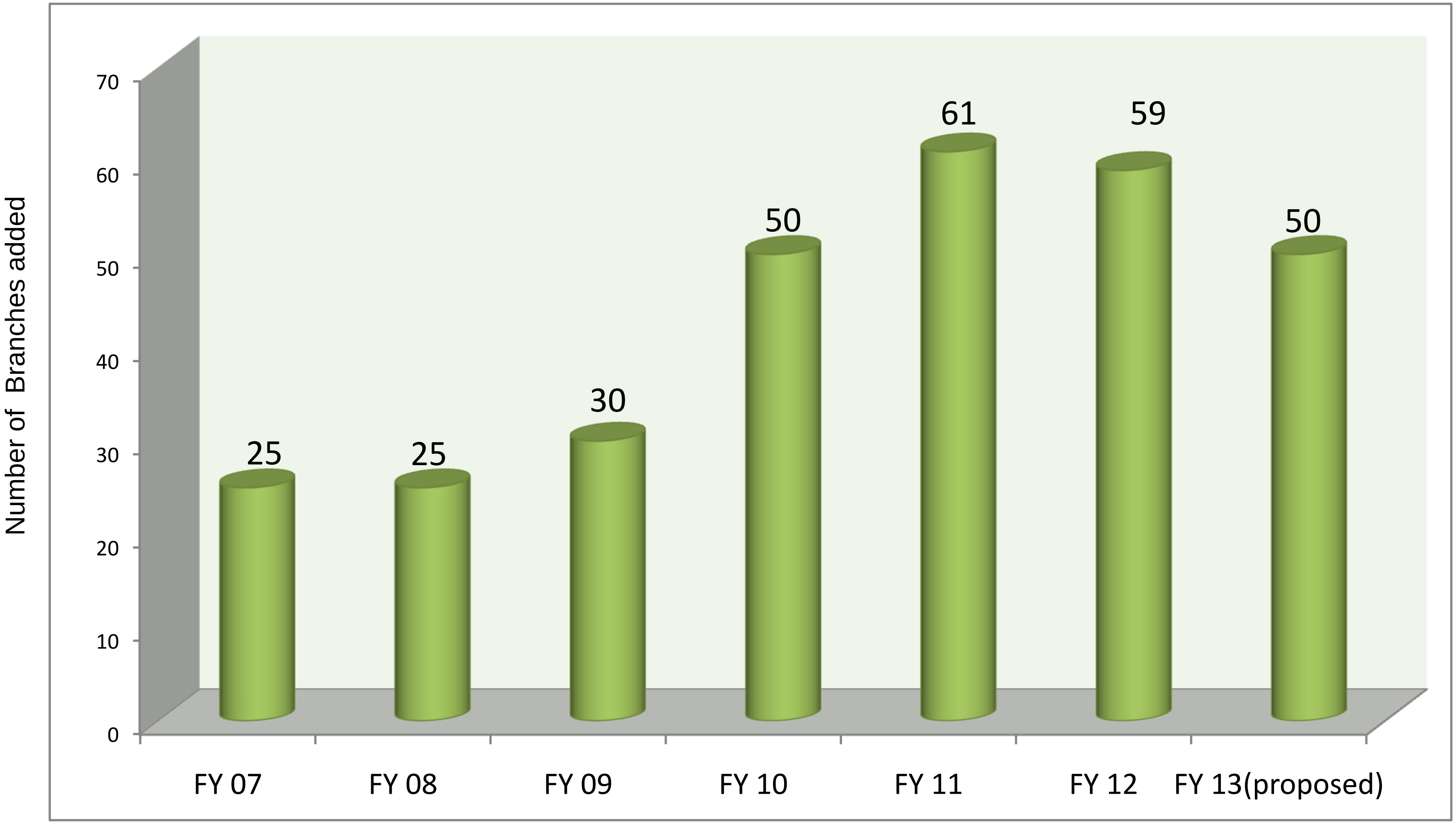
Branch Network
Category wise as on Sept 2012



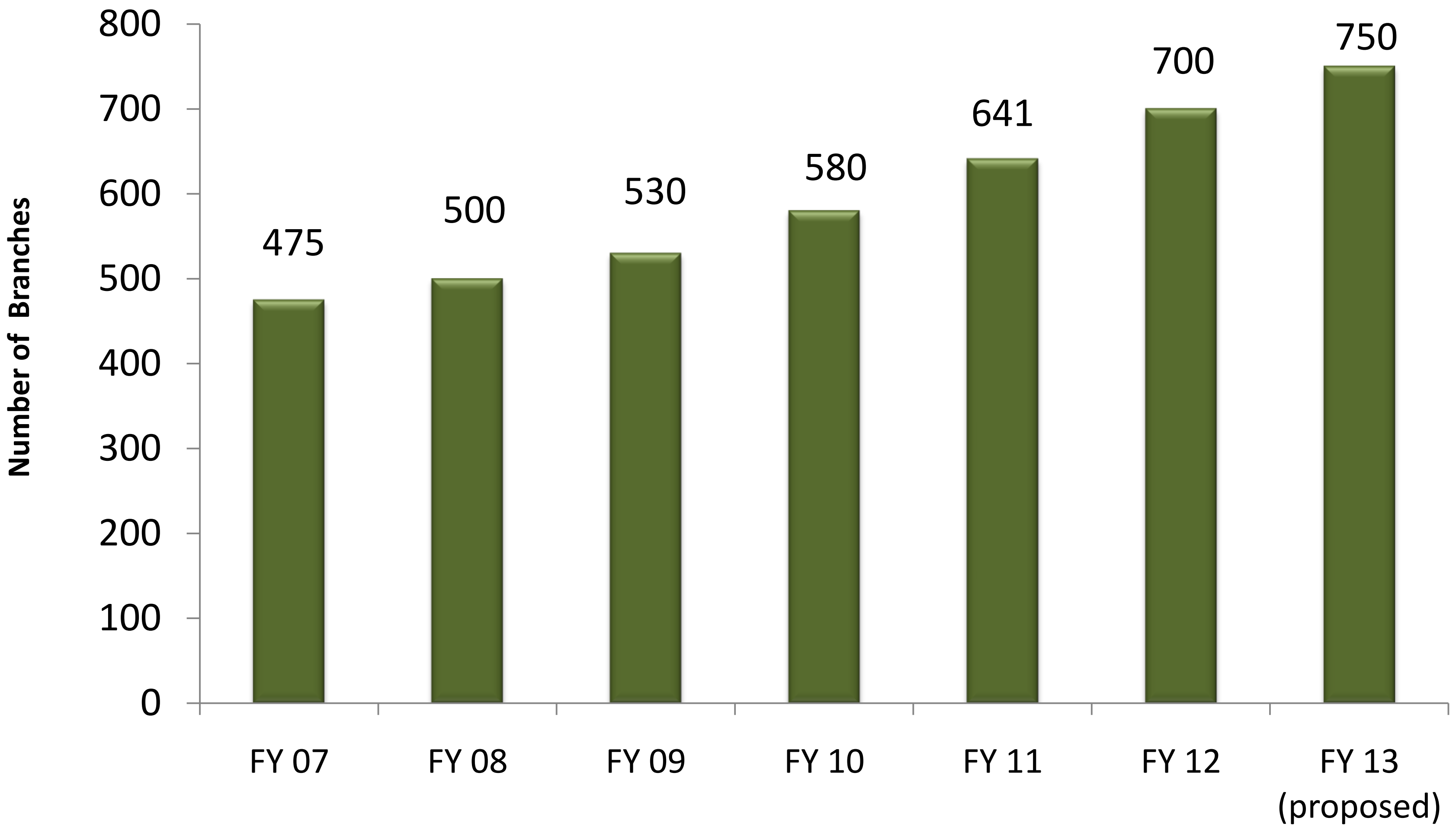
State wise distribution of Branches Category wise as on Sept 2012

STATES	No: of Branches	STATES	No: of Branches	STATES	No: of Branches
Kerala	401	Chhattisgarh	3	Himachal Pradesh	1
Tamil Nadu	130	Orissa	2	Meghalaya	1
Karnataka	40	Madhya Pradesh	2	Nagaland	1
Andhra Pradesh	46	Rajasthan	2		
Maharashtra	25	Pondicherry	2		
Delhi	24	Assam	2		
West Bengal	10	Jharkhand	2		
Uttar Pradesh	9	Bihar	1		
Gujarat	9	Uttaranchal	1		
Punjab	4	Chandigarh	1		
Haryana	4	Jammu & Kashmir	1		
Goa	5	Tripura	1	**Total**	**730**

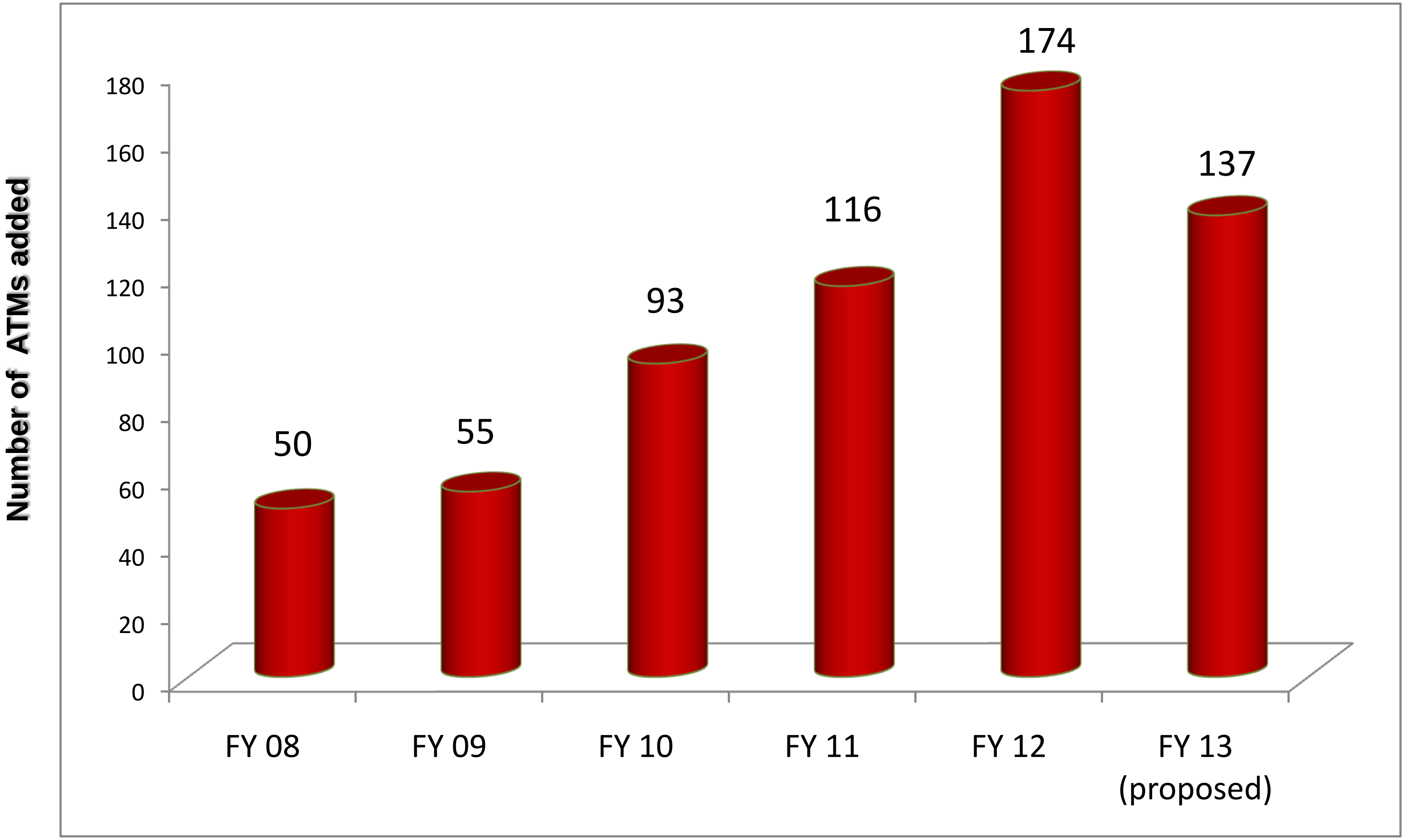
Network Expansion (Number of branches added)



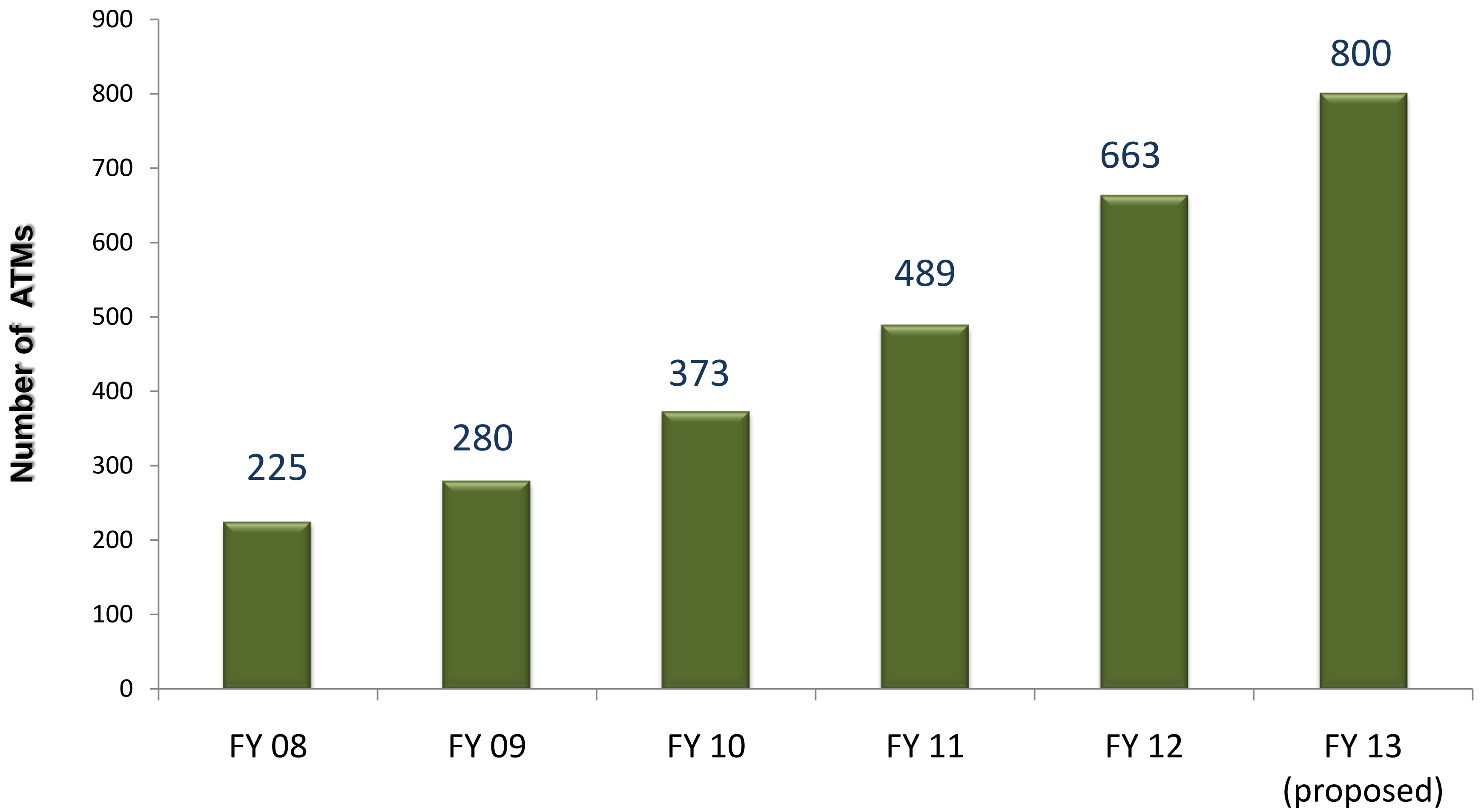
Branch Network



Network Expansion (Number of ATMs added)



ATM Network



Number of ATMs
900
800
700
600
500
400
300
200
100
0
225
280
373
489
663
800
FY 08
FY 09
FY 10
FY 11
FY 12
FY 13
(proposed)

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 & 743 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	▪Retail Business Loans ▪Housing Loans/ Mortgages ▪Auto Loans ▪Personal Loans ▪Education Loans ▪Employee Group Loans ▪SME 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 Scheme •Gold Coins/ingots
	Commercial Banking		
Wholesale Banking	•Working Capital Loans •Term Loans •Letters of Credit •Banks Guarantees • Bill Finance	•Wholesale Deposits	

FINANCIAL INCLUSION

Particulars	March 11	March 12	June 12	Sept 12
Number of Business Correspondents (BCs) appointed	7	40	40	45
Number of villages with population above 2000 provided with banking facility (Rural branches & BCs)	117	169	170	175
Number of 'No-frills' accounts (including Students A/c)	10.26 Lakh	11.99 Lakh	12.38 Lakh	15.83 Lakh
No-frills accounts - amount	102.72 crore	130.47 crore	135.55 crore	141.62 crore

Way Forward

We have been empanelled by UIDAI for opening 'No-Frills account' based on AADHAAR enrollment in 26 districts & 42 villages already allotted for Financial Inclusion.

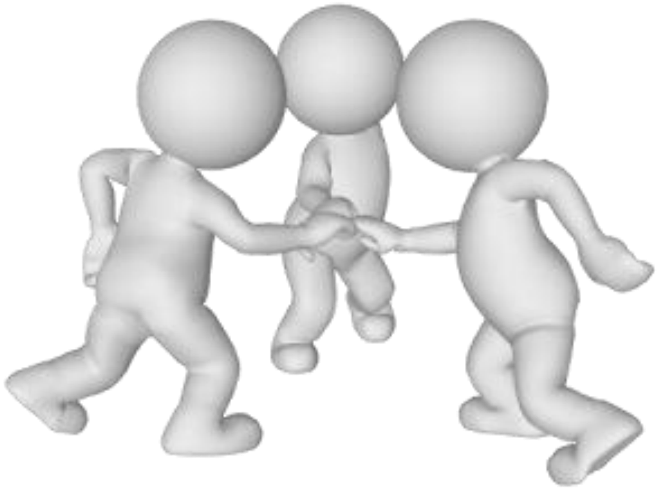
We have implemented the Smart Card model for FI as per the open standards and as recommended by IBA /IDRBT Technical Committee. Also implemented the Smart Card model for Urban FI.

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

Technology Excellence Award 2011-12 from IDRBT

Best Bank in Asset Quality (Pvt Sect or Bank) Award - Dun & Bradstreet 2011

Best Bank in Priority Sector Lending (Pvt Sect or Bank) Award - Dun & Bradstreet 2011

Technology Excellence Award in 2010 from IRDBT

India's Best Bank 2010 Award – "Business world – Price Water House Coopers Best Banks Survey 2010"

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

Business Performance

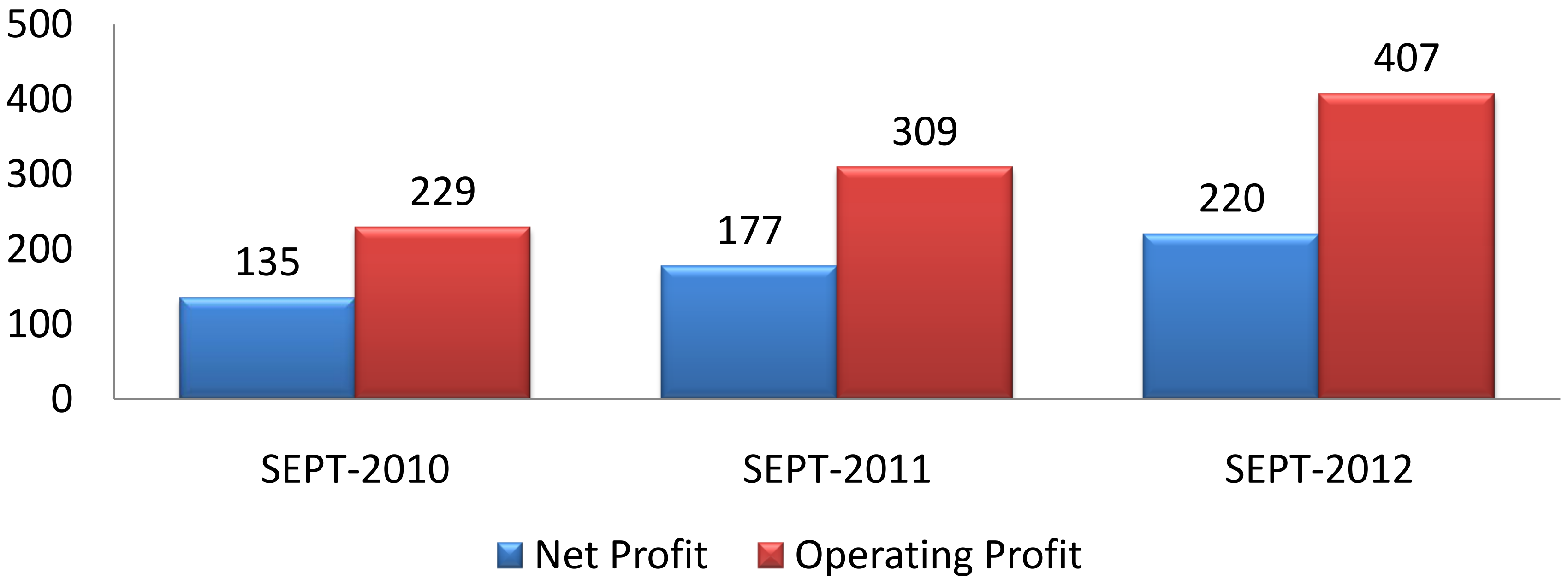
Financial Highlights – As on Sept 2012

(₹ in Crores)

	Net Profit	Business	Advance	Deposit	Net NPA	Gross NPA
Growth	24%	19%	23%	17%		
Sept 2012	220.18	67110	28620	38490	0.86%	1.74%
Sept 2011	177.44	56386	23348	33038	0.25%	0.99%

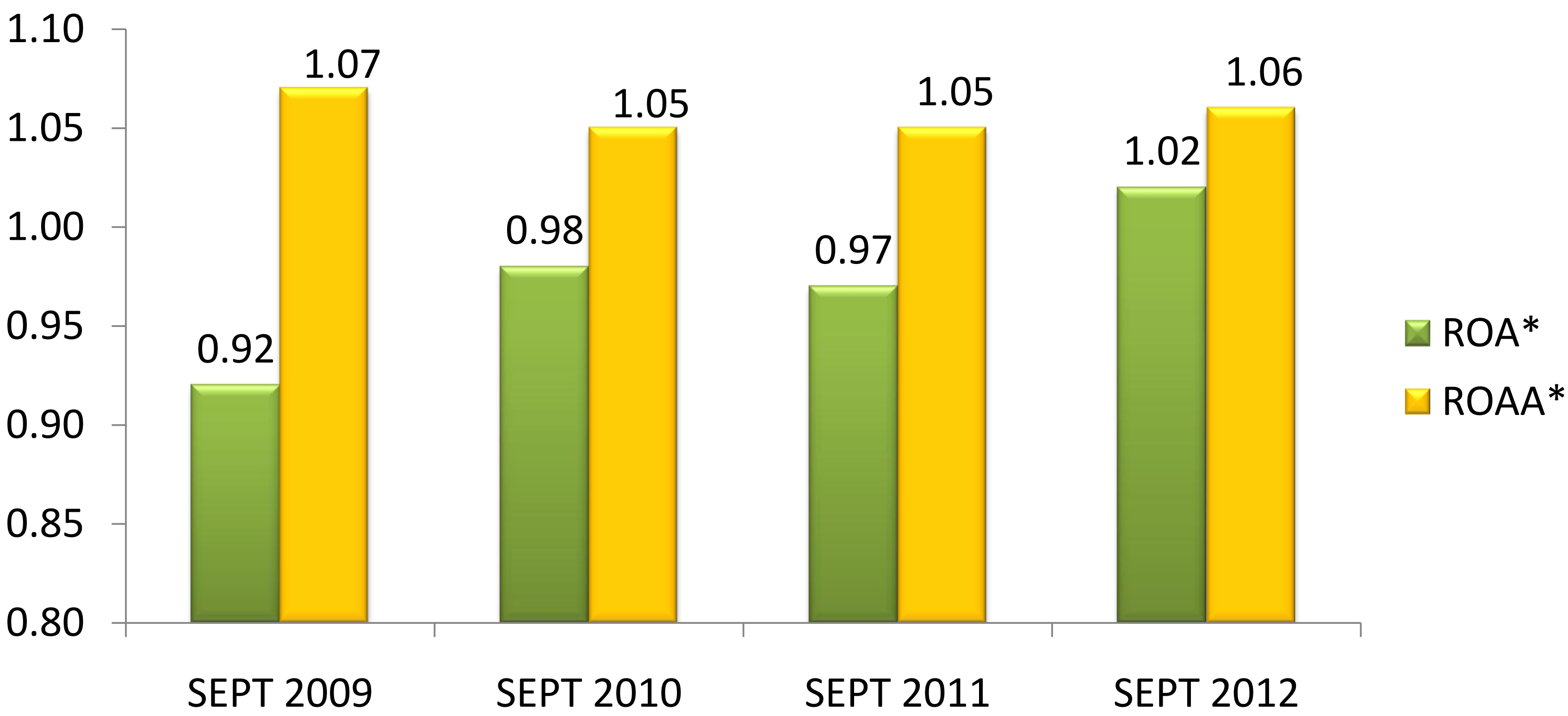
Profitability (Half Year)

(₹ in Crores)



Net Profit 24%

Improved Quality of Earnings



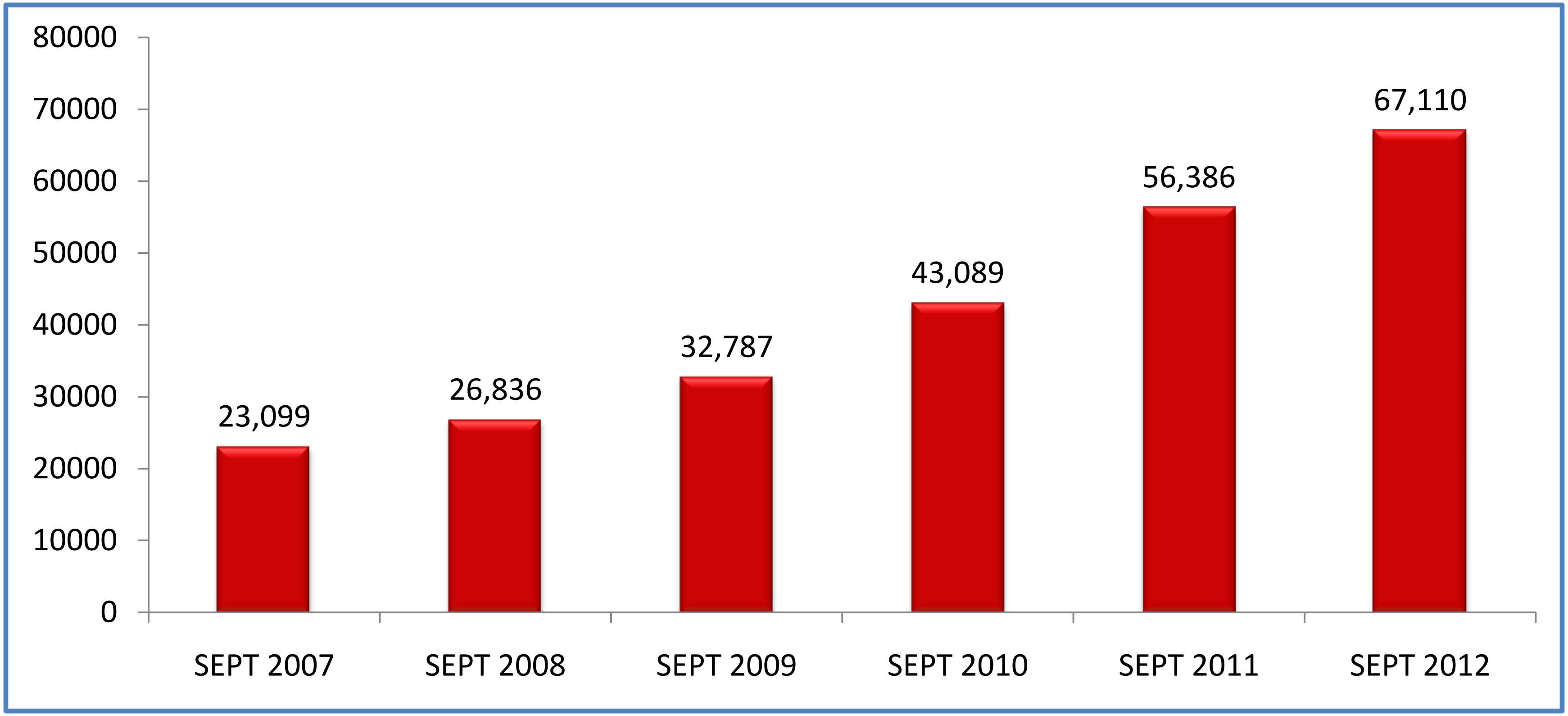
Annualized

ROA coming mainly from Core Income

Business Trend

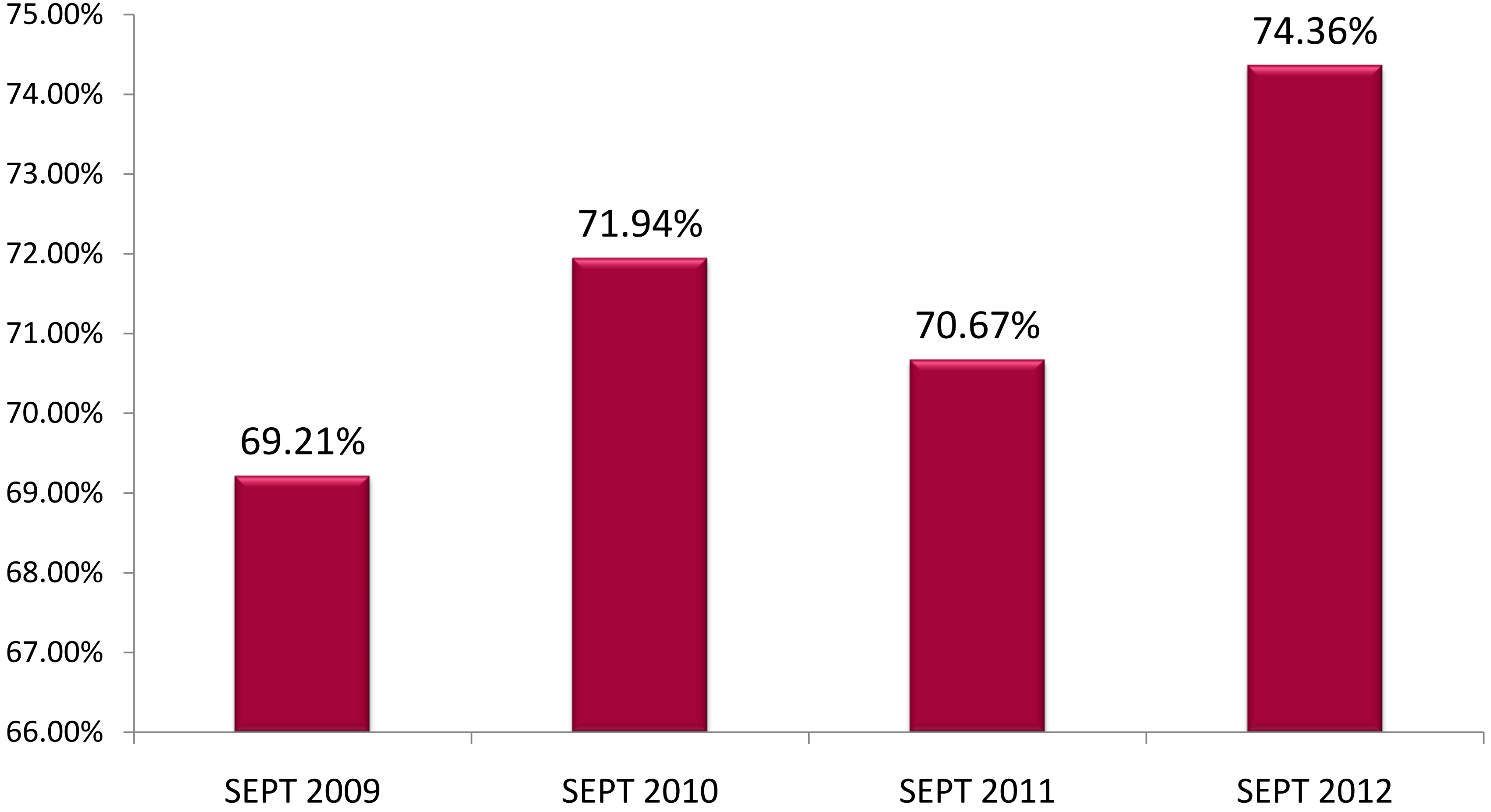
Total Business and Growth

(₹ in Crores)



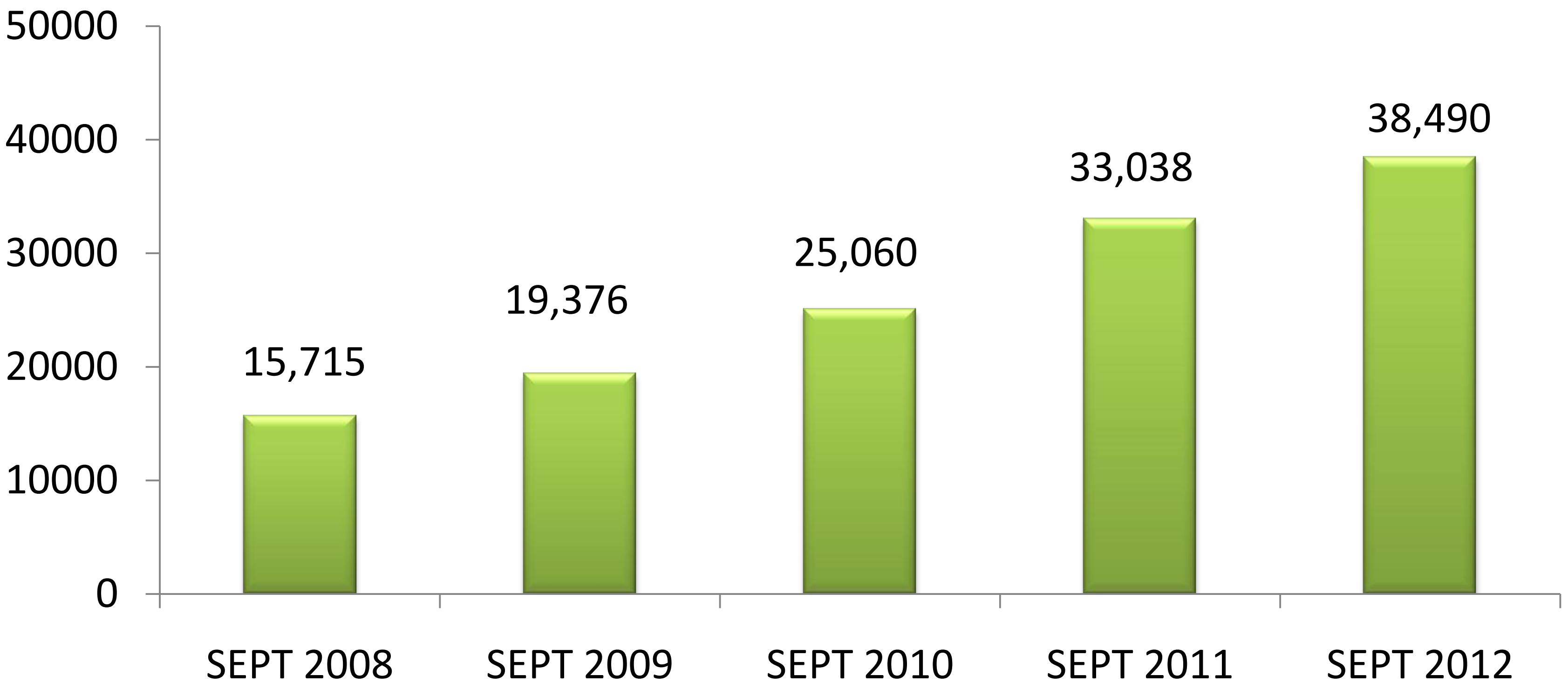
Business grew at CAGR of 26% in 5 years

Credit Deposit Ratio



Deposits Growth

(₹ in Crores)

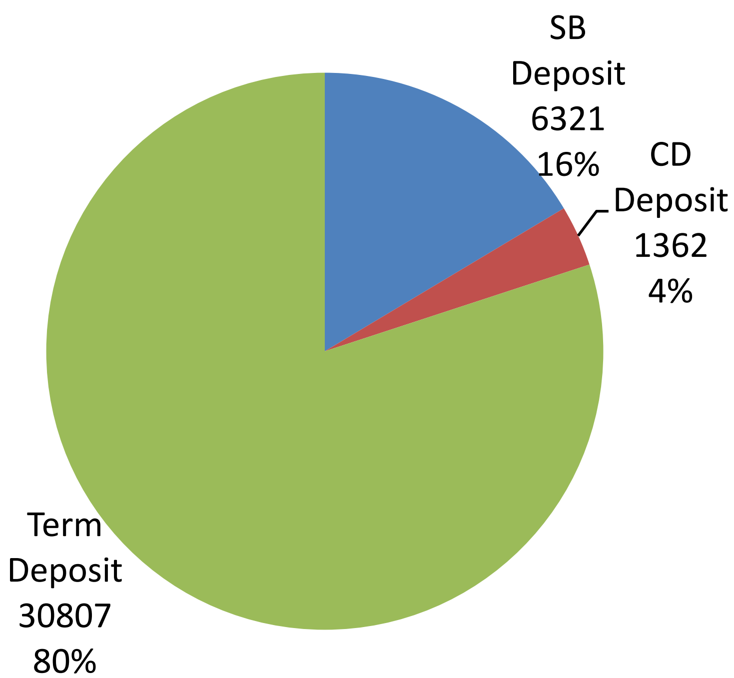


Deposits increased @ 25% CAGR

Deposits – Composition and Trend

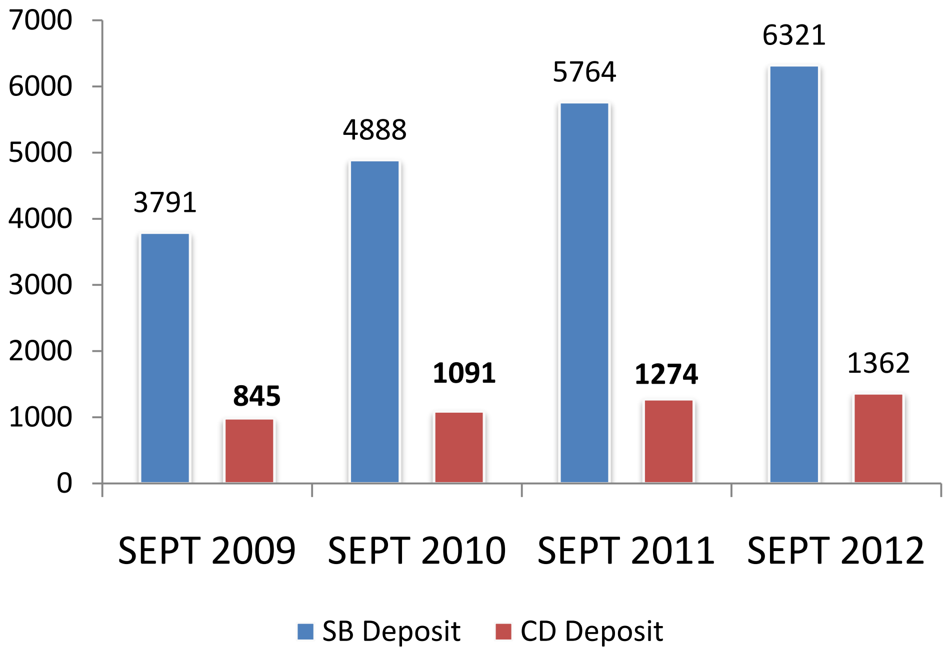
Composition of Deposits

(₹ in Crores)



Annual Trend in Low cost deposits

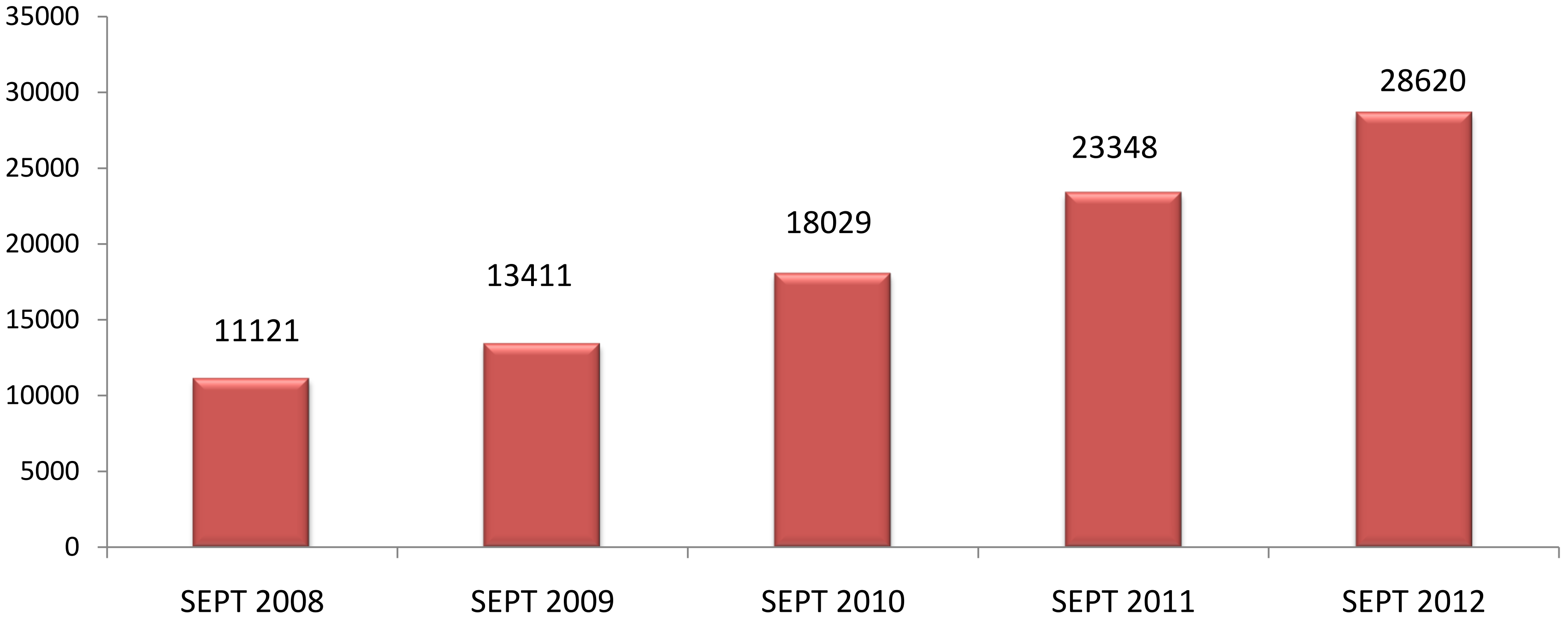
(₹ in Crores)



Low Cost deposits form 19.96% of total deposits.

Advances Growth

(₹ in Crores)



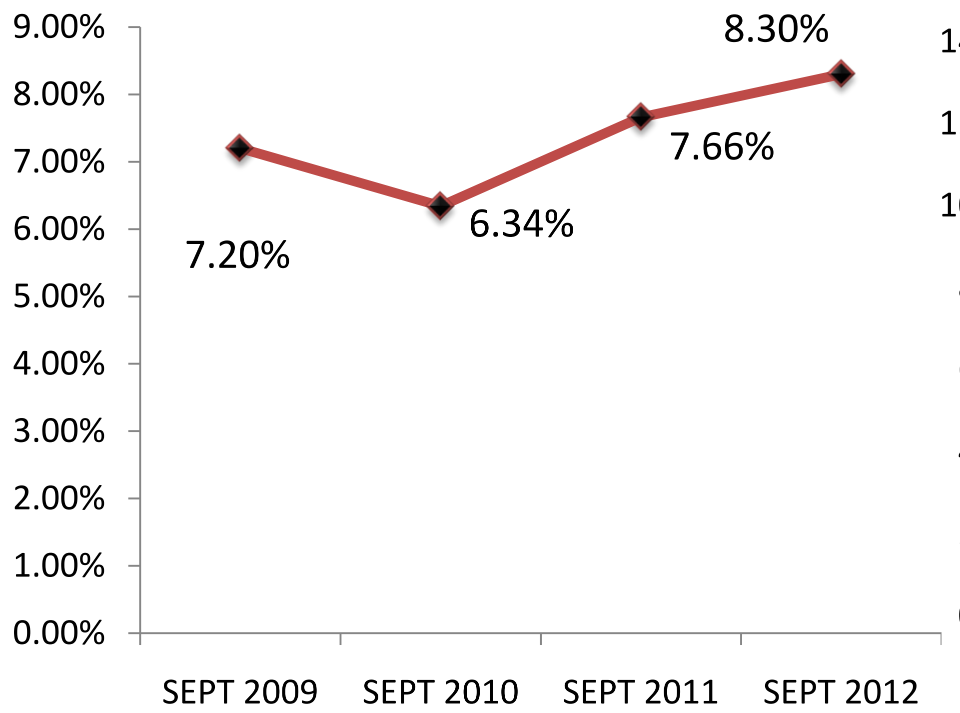
Advances increased by 27% (CAGR)

Advances – Composition (Sept 2012)

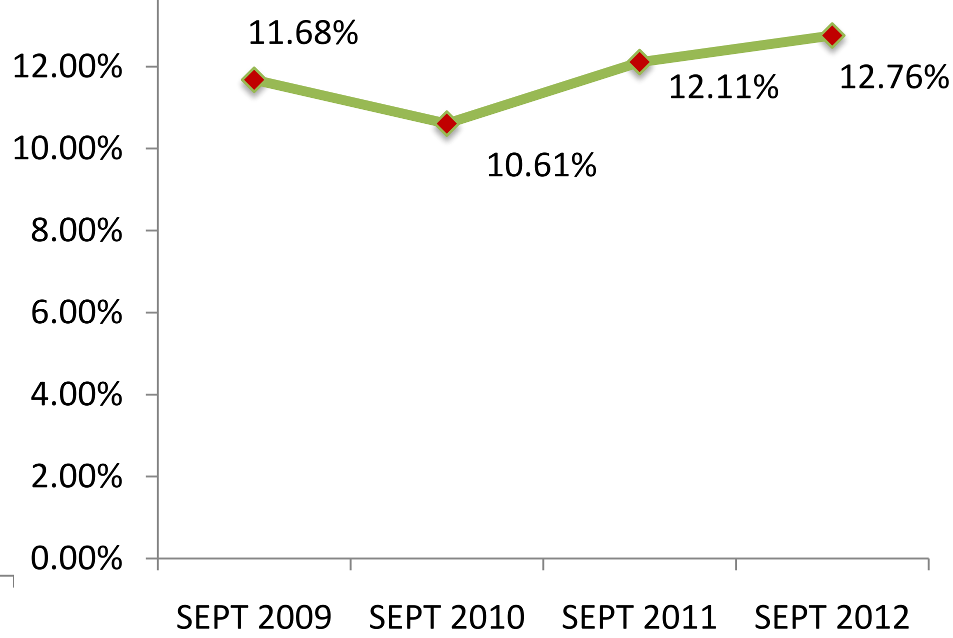
Sector	Upto 5 Crores	Above 5 Crores	Total	% to total
Agriculture	1165.48	415.98	1581.46	5.54%
MSME	2032.56	353.39	2385.94	8.34%
Large Scale Industries	407.66	4978.13	5385.79	18.82%
Housing	1137.83	429.25	1567.08	5.48%
Commercial Real Estate	40.40	72.55	112.95	0.39%
NBFC	60.87	1986.75	2047.62	7.15%
Food Credit	0.00	524.49	524.49	1.83%
Infrastructure	0.00	4808.18	4808.18	16.80%
Gold Loan (Non Priority)	5354.44	0.00	5354.44	18.71%
FSLD	832.75	0.00	832.75	2.91%
LC Bills	0.00	2650.07	2650.07	9.26%
Miscellaneous	1246.24	123.17	1369.42	4.78%
Total	**12278.23**	**16341.96**	**28620.19**	**100%**

Trend in Cost & Yield (Annualized)

Trend in Cost of Deposits

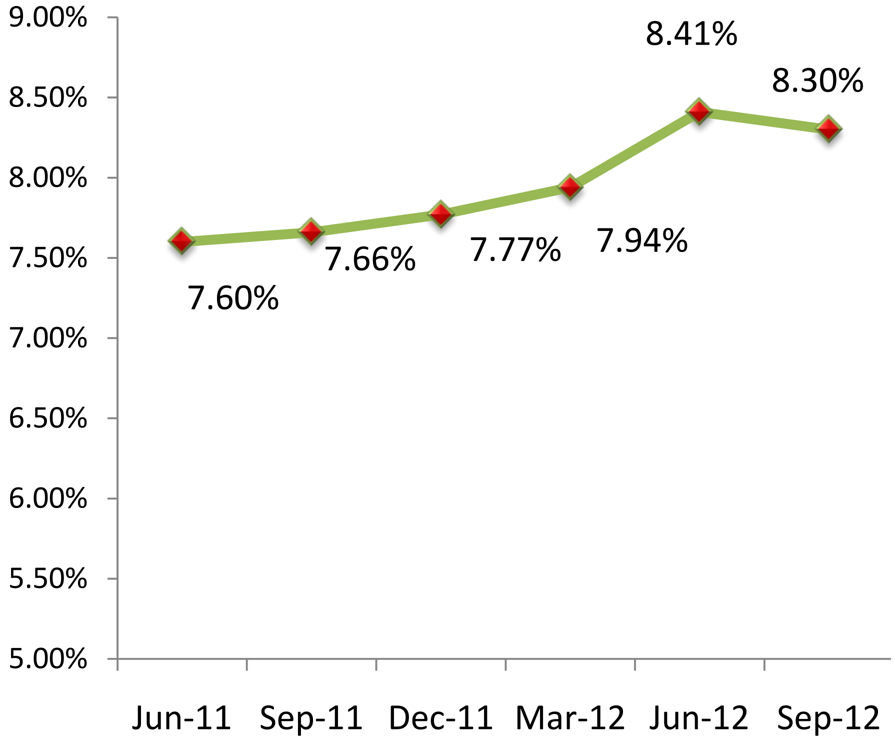


Trend in Yield on Advances

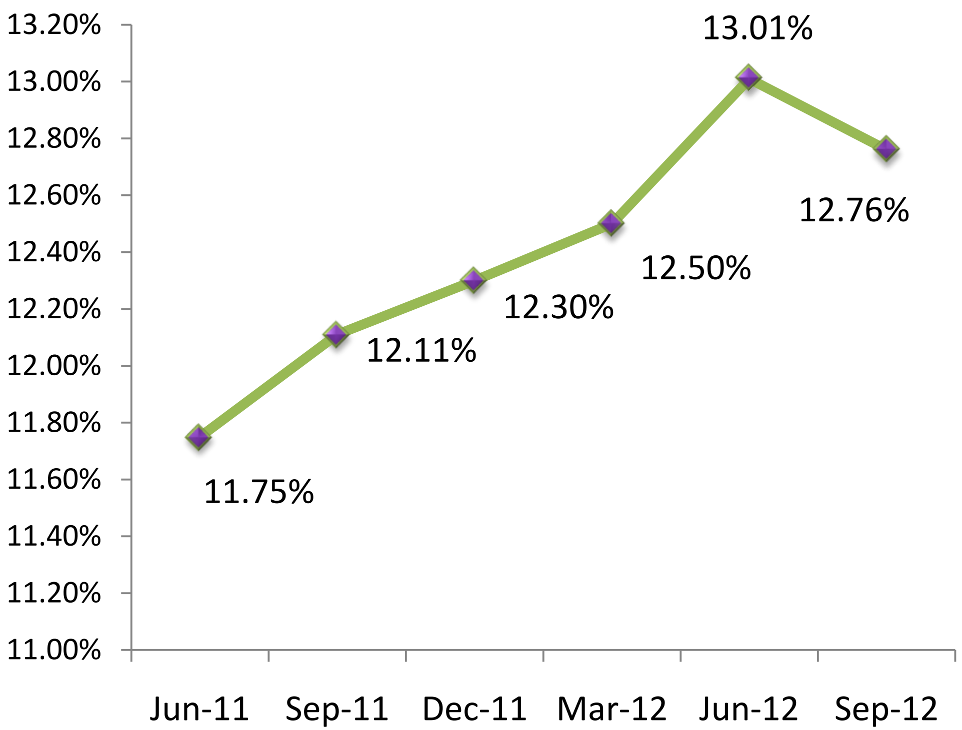


Trend in Cost & Yield (Quarterly)

Trend in Cost of Deposits(cumulative)



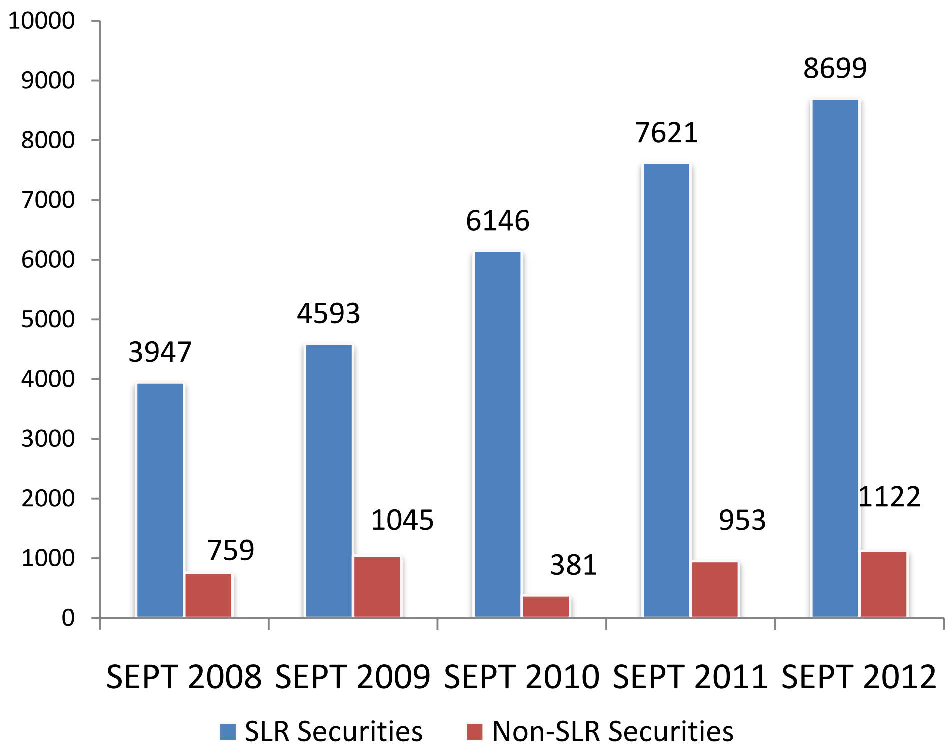
Trend in Yield on Advances(cumulative)



Investment Portfolio

SLR & Non SLR Securities

₹ in Crores



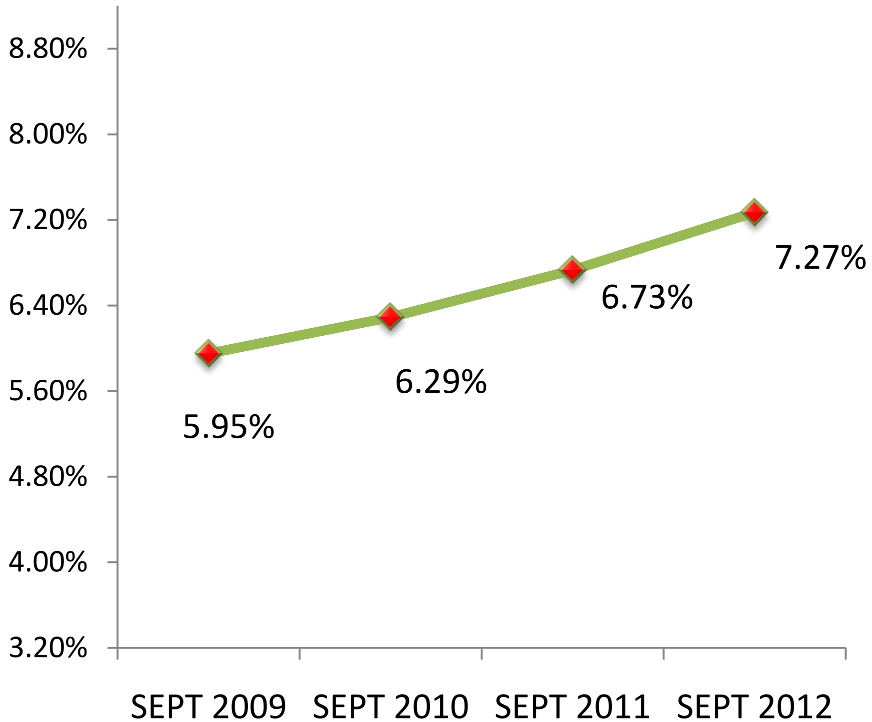
Composition of Investment Book as on 30- Sept 2012

(₹ in Crores)

Category	Amount	Percentage
Held to Maturity	8913.83	90.76%
Held for Trading	9.61	0.10%
Available for Sale	897.45	9.14%
Total	9820.89	100%

Investment Portfolio

Yield on Investments



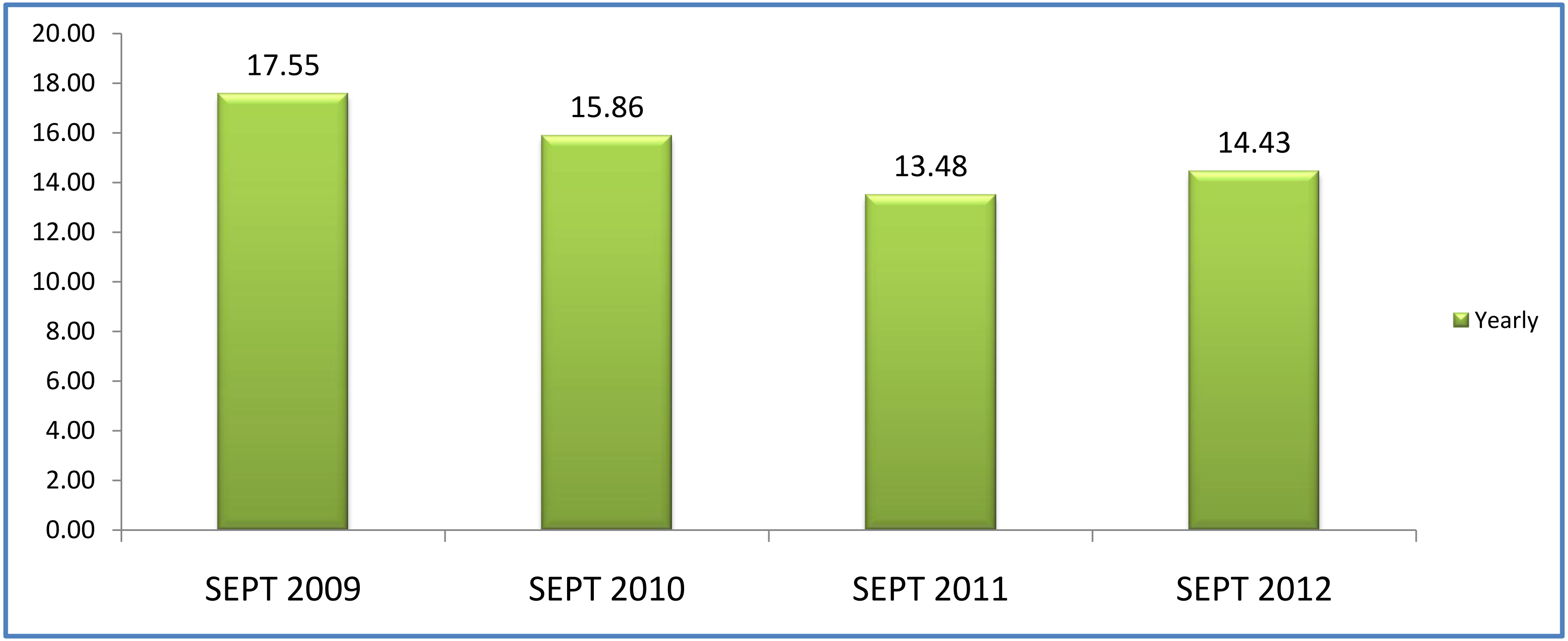
Duration of Investments

	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
Total Investment Portfolio	3.69	4.07	4.08	4.08	4.43
Total HM Investment Portfolio	4.61	4.55	4.51	4.57	4.68
Total HFT and AFS together Investment Portfolio	0.39	0.64	0.90	1.39	1.67

(In Years)

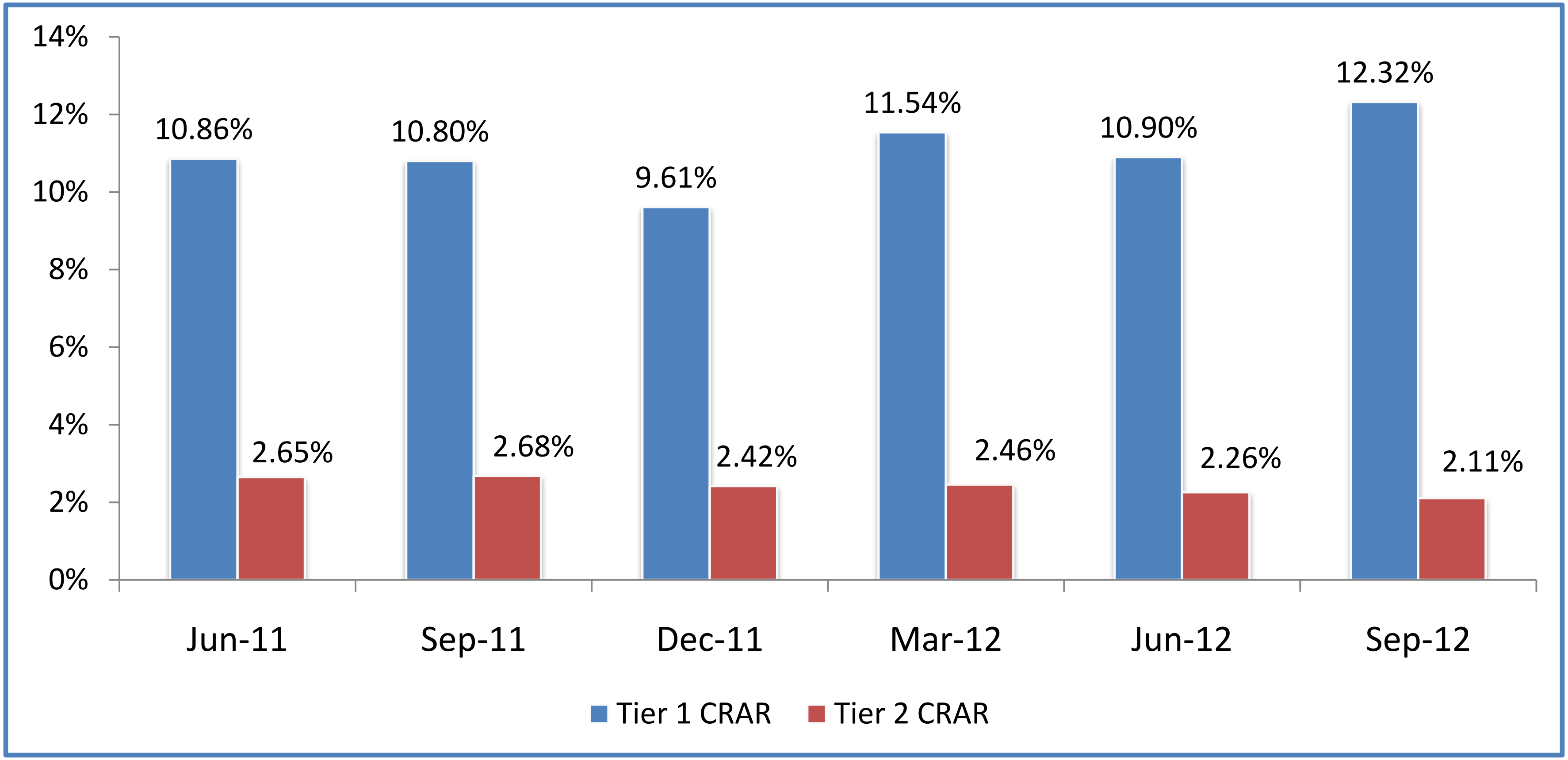
Adequately Capitalized

CRAR – Basel 2



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

Strong Core Capital (Tier 1 & Tier 2 CRAR)



Strong Core Capital. Dependence on Capital Instruments low.

Strong Core Capital (Trend)

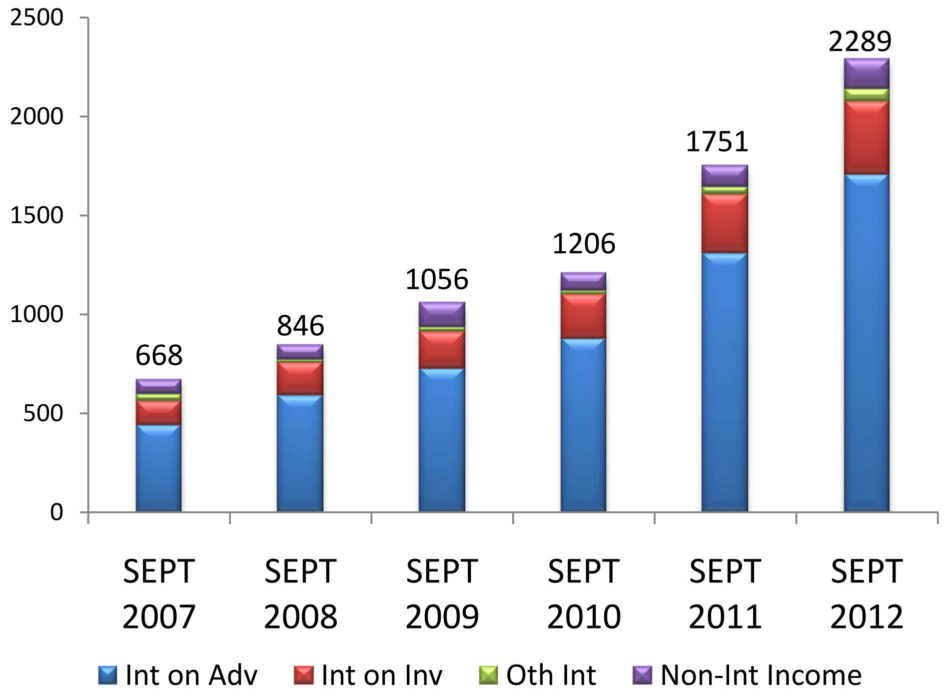
(₹ in crores)

	RWA	Tier 1 Capital	Tier 2 Capital	Total Capital
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
Sep 11	15173	1643	408	2051
Dec 11	17069	1640	414	2054
Mar 12	16987	1960	417	2377
June 12	17955	1957	406	2363
Sep 12	19423	2393	410	2803

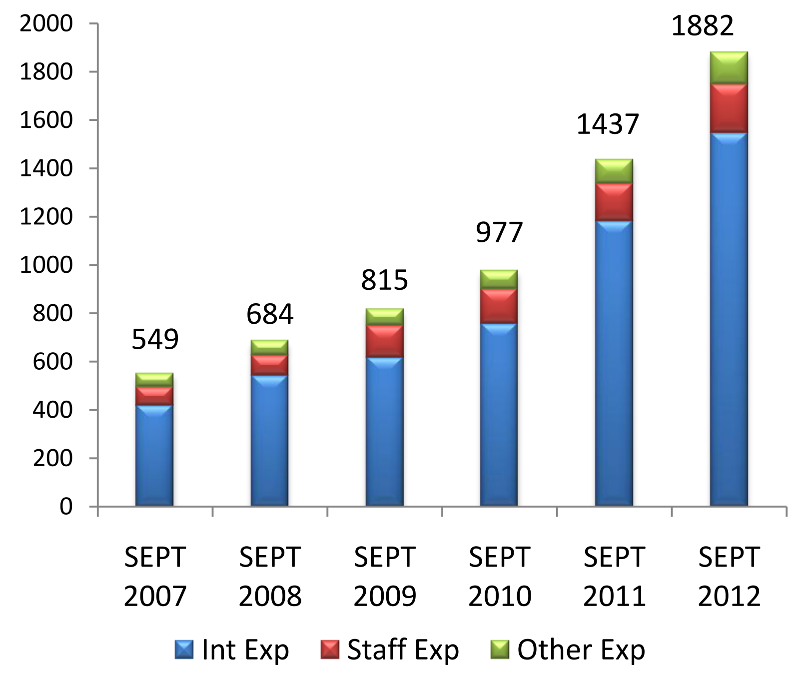
Trend in Income & Expenses

(₹ in crores)

Total Income



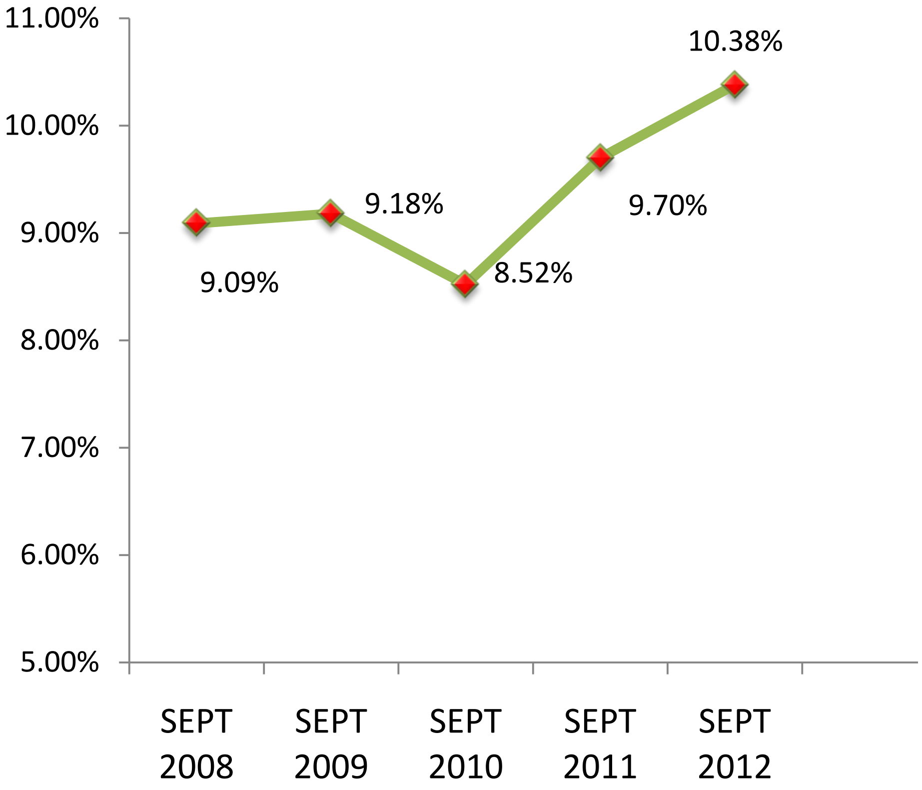
Trend in Expenses



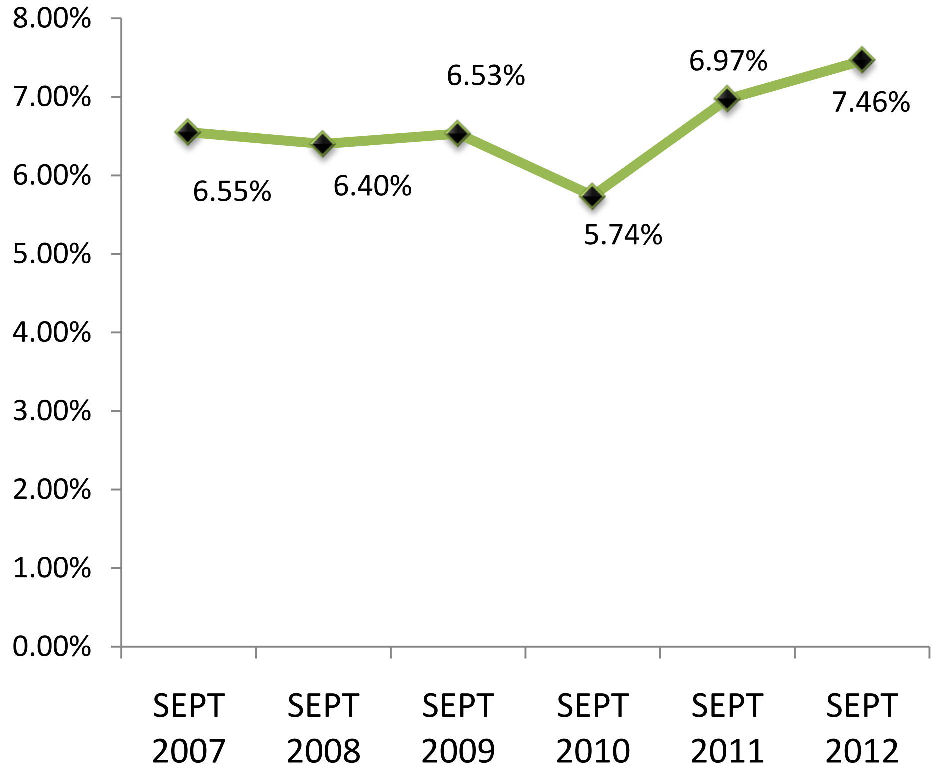
Gross Annual income grew in 5 years at CAGR 28.25%

Trend in Income

Yield on Funds



Cost of Funds



Composition of Other Income

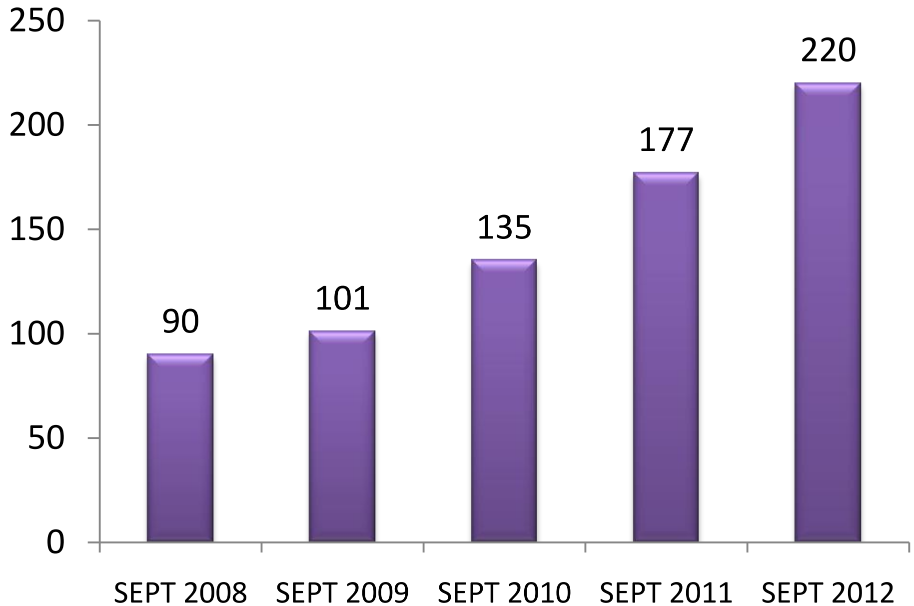
(₹ in crores)

Particulars	Half year ended Sept 2011	Half year ended Sept 2012
Commission, Exchange & Brokerage	15.94	21.11
Profit on sale of investment (Net)	26.24	30.80
Profit on sale of Land, Building & Other assets (Net)	0.02	-0.06
Profit on Exchange Transactions (Net)	11.72	11.62
Miscellaneous Income		
1. Processing Fees	6.84	8.25
2. Technology Related	17.96	23.79
3. Bullion	0.58	2.27
4. Transaction Related	23.14	33.32
5. Interest on IT refund	-	15.14
6. Others	2.26	1.57
Total	**104.70**	147.81

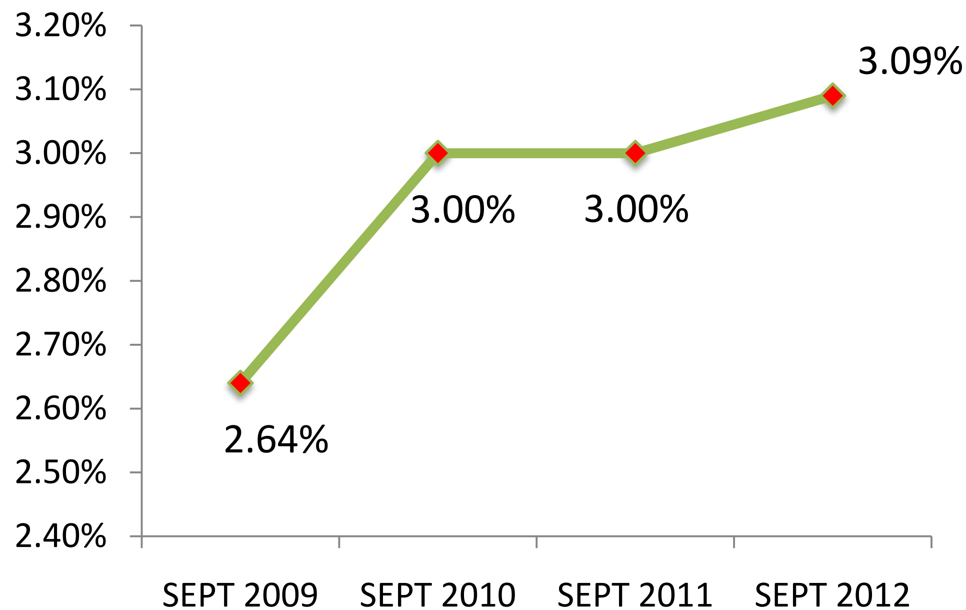
Profitability

Growth in Net Profit

(₹ in Crores)



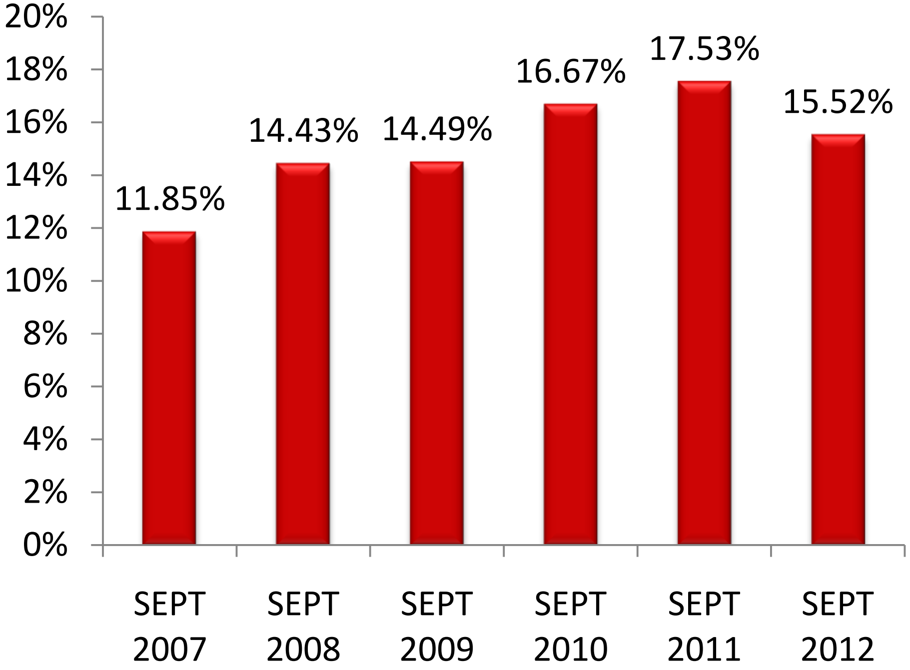
Net Interest Margin



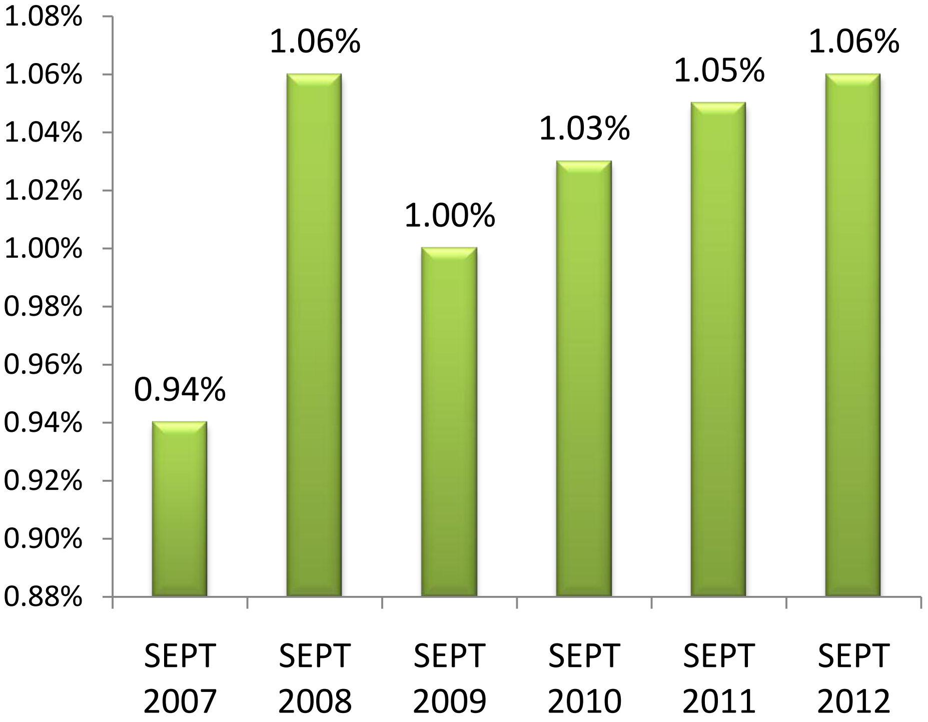
Net profit grew at CAGR of 25% (Y-Y) in last 5 years.
Net Interest margin (NIM) remains at moderate range.

Efficiency

Return on Equity

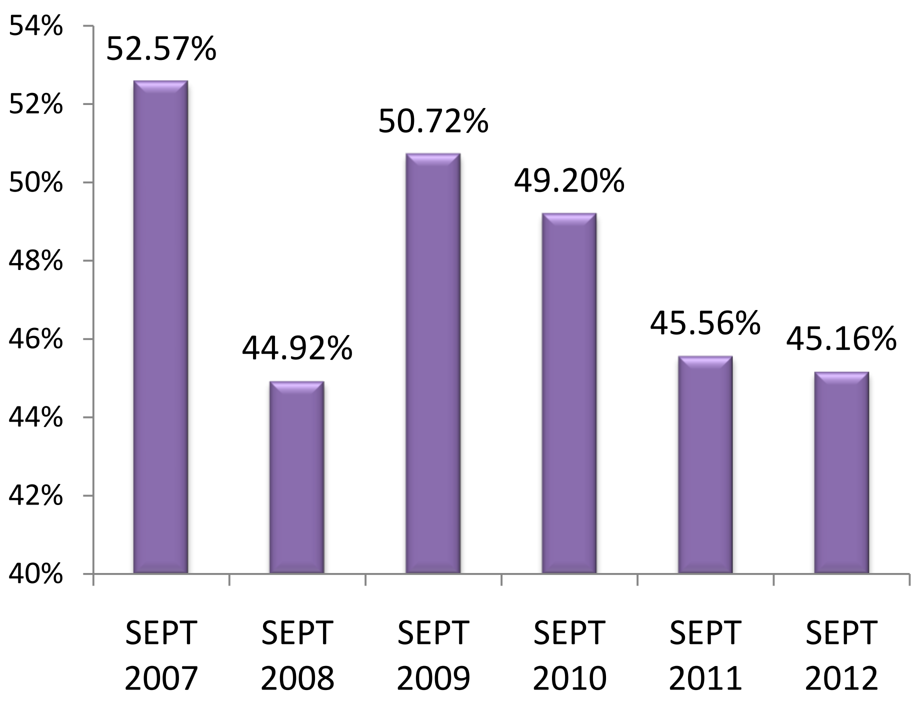


Return on Asset

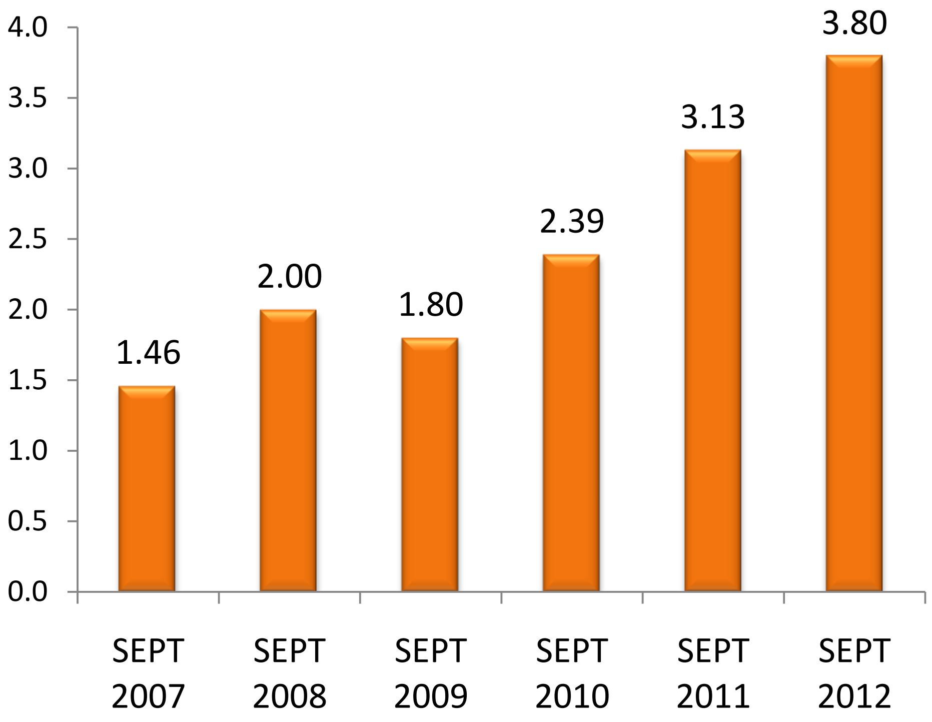


Efficiency

Cost / Income Ratio

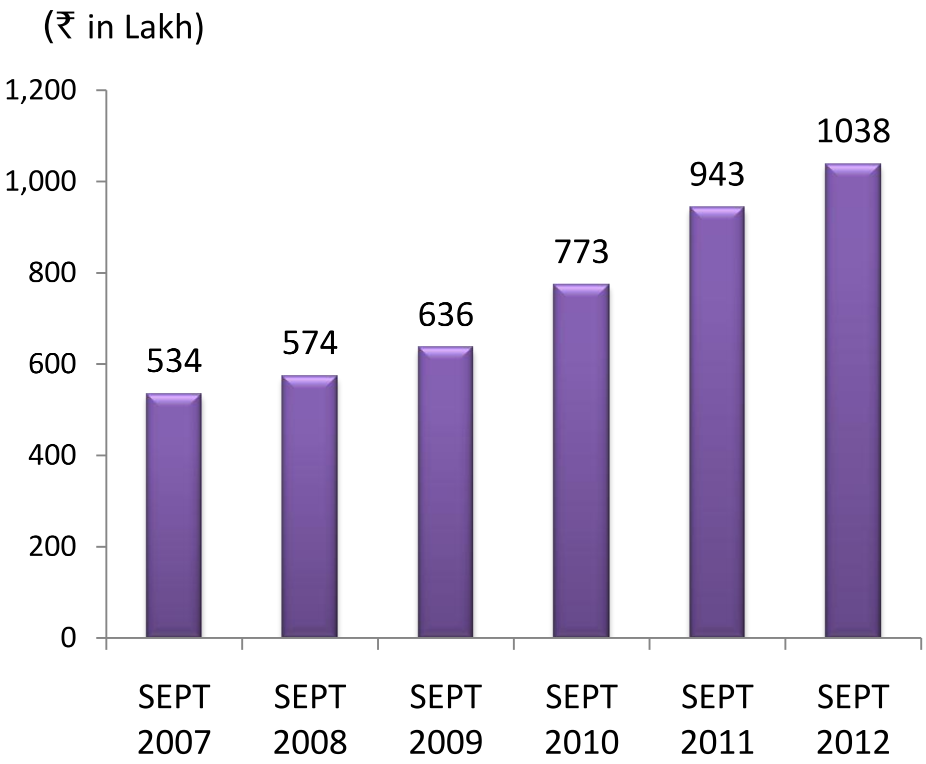


Earning Per Share (Annualized)

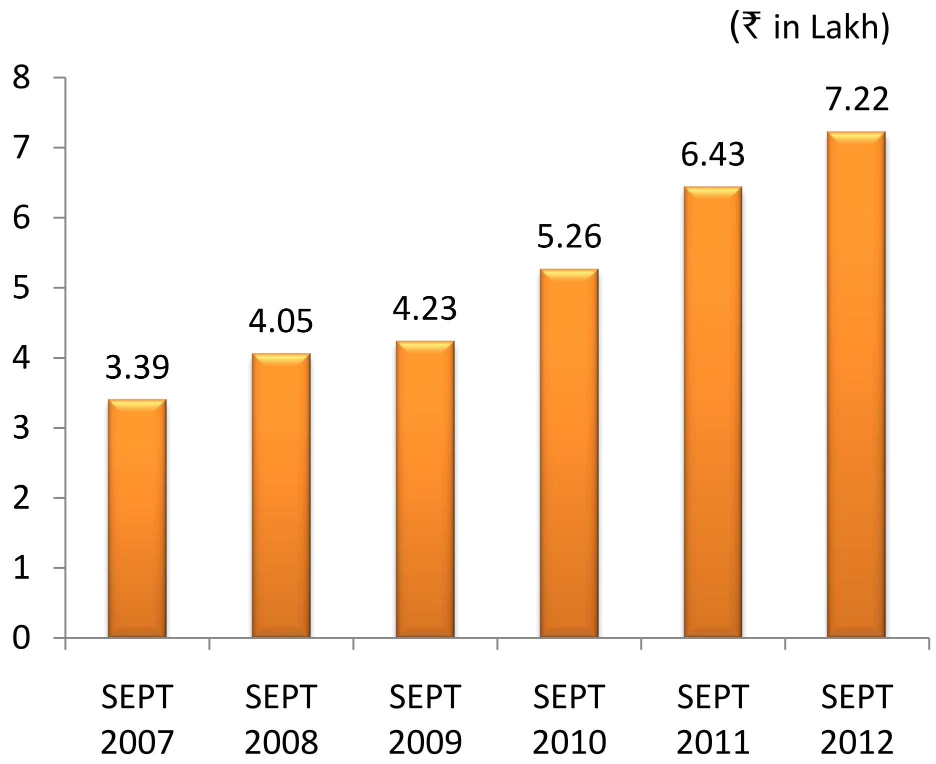


Productivity

Average Business Per Employee



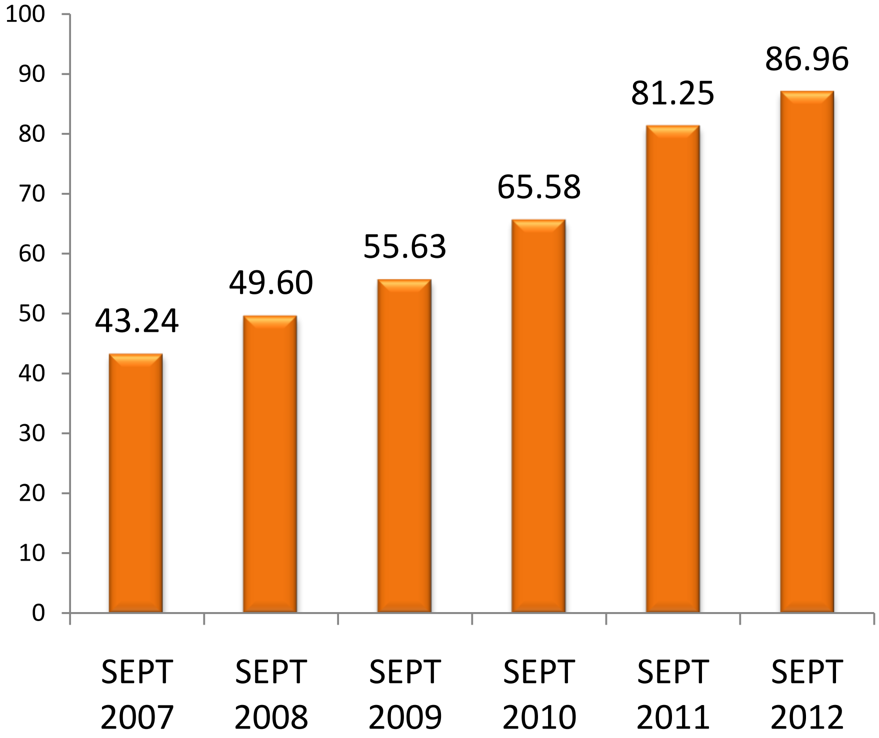
Profit Per Employee



Productivity

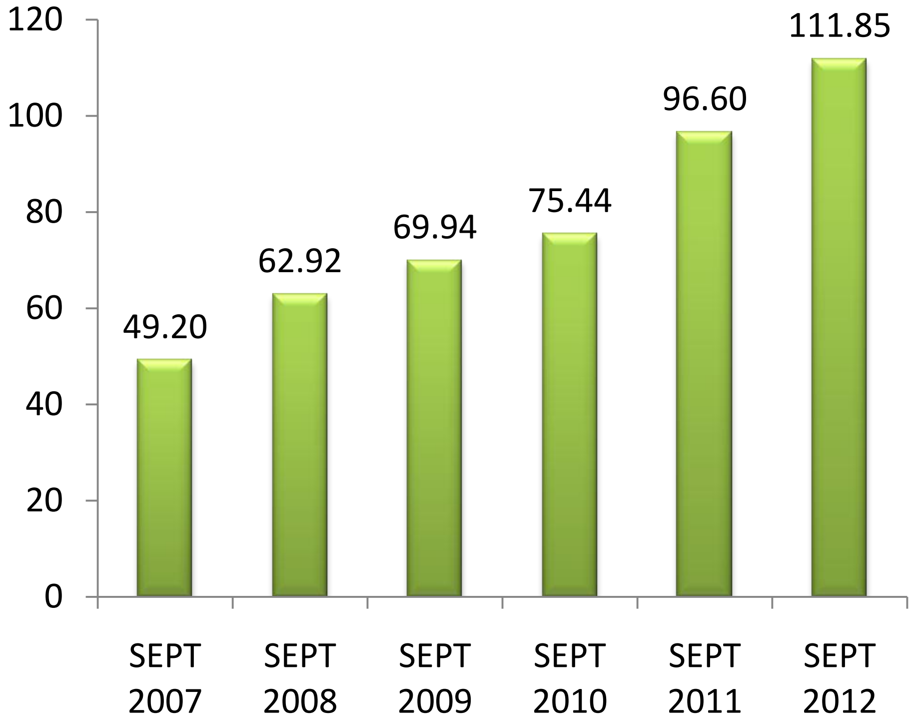
Average Business Per Branch

(₹ in crore)



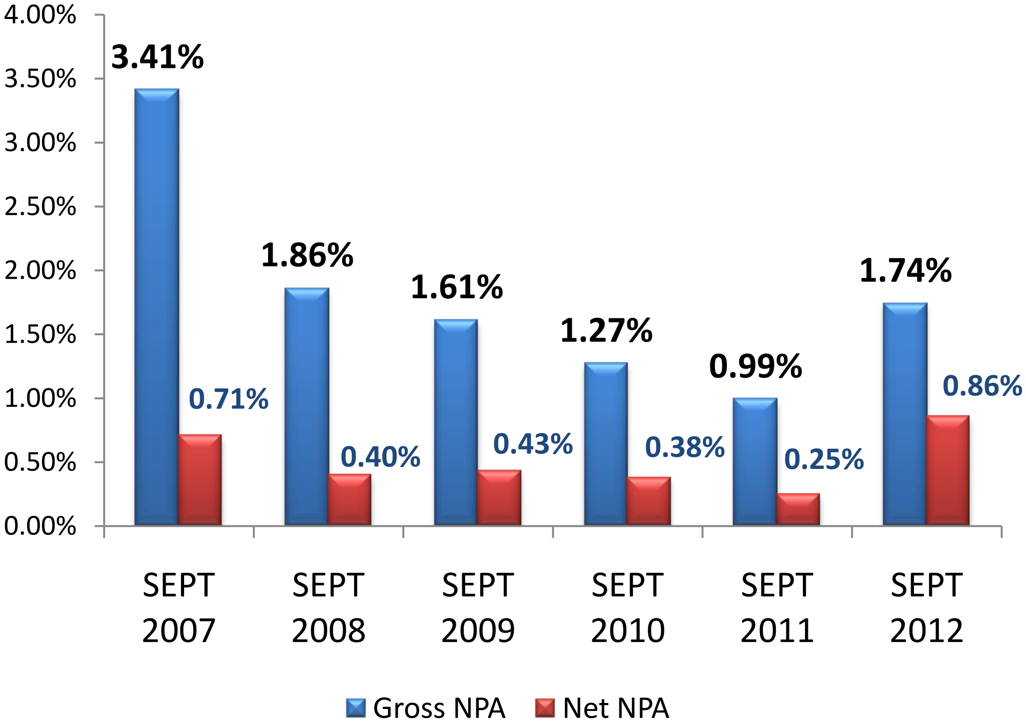
Operating Profit Per Branch

(₹ in Lakh)

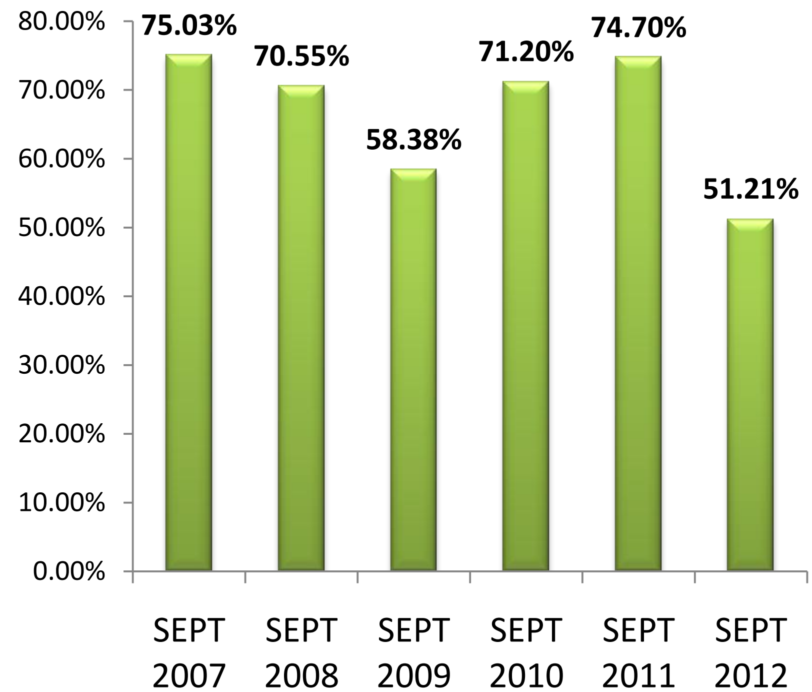


Asset Quality as on September 2012

Gross NPA & Net NPA(%)



Provision Coverage



Break-up of Provision

(₹ in Crore)

Particulars	Year ended 31/03/2011	Year ended 31/03/2012	Half Year ended 30/09/2011	Half Year ended 30/09/202
For NPA advance	27.74	21.04	2.54	63.86
For Depreciation on Investments	9.37	14.07	14.86	0
For NPA investment	0.26	-0.69	0	0
For standard assets	21.60	39.75	21.17	7.28
For income tax	152.94	170.69	87.37	105.41
For Restructured advances	-0.05	4.01	4.94	10.54
General Provision	20	0	0	0
Other impaired assets	0.84	2.79	1.16	-0.33
Others (ADWDRS)	0	-1.80	0	0
Total Provisions and Contingencies	**232.70**	**249.86**	**132.04**	**186.76**

Performance Highlights

(₹ in Crore)

Performance Highlights	Jun-11	Sep-11	Dec-11	Year ended Mar-12	June-12	Sep-12
CRAR Basel 2 (%)	13.51%	13.48%	12.03%	14.00%	13.16%	14.43%
Return on Average Assets (Annualised)	1.02%	1.05%	1.06%	1.12%	1.22%	1.06%
NIM (%)	2.80%	3.00%	3.05%	3.10%	3.15%	3.09%
Gross NPA's	236	230	234	267	295	496
Net NPA	63	58	58	76	95	242
Gross NPA (%)	1.07%	0.99%	0.94%	0.97%	1.08%	1.74%
Net NPA (%)	0.29%	0.25%	0.24%	0.28%	0.35%	0.86%
Provision Coverage	73.15%	74.70%	75.18%	71.36%	67.71%	51.21%
CASA	6790	7038	7280	7179	7835	7684
CASA %	21.47%	21.30%	21.51%	19.67%	21.09%	19.96%
Deposits	31622	33038	33834	36501	37153	38490
Advances	22151	23348	25050	27635	27349	28620
Yield on advances	11.75%	12.11%	12.30%	12.50%	13.01%	12.76%

FUTURE STRATEGY

Key Focus

Aims to increase total business mix to ₹ 1.25 lakh Crore by March 2015.

Enhancing income from Technology products, Treasury, Forex and gold coins

Ramping up low cost as well as retail liabilities.

Enhancing productivity per branch/per employee

Important Notice

No representation or warranty, express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or opinions contained herein. The information contained in this presentation is only current as of its date. Certain statements made in this presentation may not be based on historical information or facts and may be “forward looking statements”, including those relating to the Company’s general business plans and strategy, its future financial condition and growth prospects, and future developments in its industry and its competitive and regulatory environment. Actual results may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in the Company’s business, its competitive environment and political, economic, legal and social conditions in India. This communication is for general information purpose only, without regard to specific objectives, financial situations and needs of any particular person. This presentation does not constitute an offer or invitation to purchase or subscribe for any shares in the Company and neither any part of it shall form the basis of or be relied upon in connection with any contract or commitment Important Notice whatsoever. The Company may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revision or changes. This presentation can not be copied and/or disseminated in any manner.


Thank you