

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2018

[₹ in Lakhs]

Particulars	Quarter ended			Year Ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
	Audited #	Unaudited	Audited #	Audited	Audited
1. Interest earned (a) + (b) + (c) + (d)	1,58,898	1,57,696	1,47,071	6,19,281	5,84,708
(a) Interest/discount on advances/bills	1,22,453	1,22,726	1,09,583	4,76,918	4,44,742
(b) Income on investments	32,188	31,108	33,393	1,26,950	1,23,348
(c) Interest on balances with Reserve Bank of India and other inter-bank funds	479	392	947	1,907	2,404
(d) Others	3,778	3,470	3,148	13,506	14,214
2. Other Income	17,867	15,881	13,771	83,725	71,556
3. Total income (1+2)	1,76,765	1,73,577	1,60,842	7,03,006	6,56,264
4. Interest expended	1,09,678	1,06,757	1,03,161	4,22,729	4,17,165
5. Operating Expenses (i) + (ii)	35,999	33,805	29,601	1,32,198	1,17,640
(i) Employees cost	19,331	18,489	16,620	71,322	67,652
(ii) Other operating expenses	16,668	15,316	12,981	60,876	49,988
6. Total expenditure (4)+(5) excluding provisions and contingencies	1,45,677	1,40,562	1,32,762	5,54,927	5,34,805
7. Operating Profit before provisions and contingencies (3) - (6)	31,088	33,015	28,080	1,48,079	1,21,459
8. Provisions (other than tax) and contingencies	14,863	15,428	16,530	98,090	61,437
9. Exceptional Items	-	-	-	-	-
10. Profit from Ordinary activities before tax (7)-(8)-(9)	16,225	17,587	11,550	49,989	60,022
11. Tax expense	4,815	6,087	3,996	16,500	20,772
12. Net Profit from Ordinary activities after tax (10)-(11)	11,410	11,500	7,554	33,489	39,250
13. Extra ordinary items (Net of Tax Expense)	-	-	-	-	-
14. Net Profit for the period (12+13)	11,410	11,500	7,554	33,489	39,250
15. Paid up Equity Share Capital (Face Value ₹ 1)	18,088	18,058	18,028	18,088	18,028
16. Reserves excluding revaluation reserves	-	-	-	4,82,002	4,42,134
17. Analytical Ratios					
i) Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil
ii) Capital Adequacy Ratio (%) - BASEL III	12.70	12.51	12.37	12.70	12.37
iii) Earnings Per Share (EPS)					
(a) Basic EPS - before and after Extraordinary items (₹)	0.63 *	0.64 *	0.50 *	1.86	2.61
(b) Diluted EPS - before and after Extraordinary items (₹)	0.63 *	0.64 *	0.50 *	1.85	2.61
iv) NPA Ratios					
(a) Gross NPA	1,98,030	1,77,459	1,14,901	1,98,030	1,14,901
Net NPA	1,41,580	1,21,083	67,456	1,41,580	67,456
(b) % of Gross NPA	3.59	3.40	2.45	3.59	2.45
% of Net NPA	2.60	2.35	1.45	2.60	1.45
v) Return on Assets (Annualised)	0.56	0.58	0.42	0.43	0.57

* Not annualised

Refer Note 3



Segment wise Results

[₹ in Lakhs]

	Quarter ended			Year Ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
	Audited #	Unaudited	Audited #	Audited	Audited
1. Segment Revenue					
a) Treasury	33,178	33,402	35,706	1,48,389	1,53,922
b) Corporate/ Wholesale Banking	85,481	75,008	74,429	3,01,842	2,84,972
c) Retail Banking	51,126	60,758	44,716	2,28,881	1,99,036
d) Other Banking Operations	6,980	4,409	5,991	23,894	18,334
Total	1,76,765	1,73,577	1,60,842	7,03,006	6,56,264
Less : Inter – segment Revenue	-	-	-	-	-
Net Income from Operations	1,76,765	1,73,577	1,60,842	7,03,006	6,56,264
2. Segment Results (net of provisions)					
a) Treasury	4,763	646	(7,643)	(11,771)	3,223
b) Corporate/ Wholesale Banking	(3,981)	4,276	3,833	(4,083)	(7,209)
c) Retail Banking	9,859	9,144	10,463	46,357	48,960
d) Other Banking Operations	5,584	3,521	4,897	19,486	15,048
Total	16,225	17,587	11,550	49,989	60,022
Less: unallocated expenditure	-	-	-	-	-
Profit Before Tax	16,225	17,587	11,550	49,989	60,022
3. Segment Assets					
a) Treasury	19,38,043	19,51,282	20,53,767	19,38,043	20,53,767
b) Corporate/ Wholesale Banking	36,24,695	33,96,750	31,80,104	36,24,695	31,80,104
c) Retail Banking	24,78,248	23,29,770	19,72,338	24,78,248	19,72,338
d) Other Banking Operations	-	-	-	-	-
e) Un allocated	2,27,601	2,53,642	2,25,006	2,27,601	2,25,006
Total	82,68,587	79,31,444	74,31,215	82,68,587	74,31,215
4. Segment Liabilities					
a) Treasury	18,33,515	18,49,865	19,40,142	18,33,515	19,40,142
b) Corporate/ Wholesale Banking	34,53,080	32,47,214	30,28,289	34,53,080	30,28,289
c) Retail Banking	23,60,913	22,27,206	18,78,181	23,60,913	18,78,181
d) Other Banking Operations	-	-	-	-	-
e) Un allocated	96,957	95,097	1,00,056	96,957	1,00,056
Total	77,44,465	74,19,382	69,46,668	77,44,465	69,46,668
5. Capital Employed (Segment Assets-Segment Liabilities)					
a) Treasury	1,04,528	1,01,417	1,13,625	1,04,528	1,13,625
b) Corporate/ Wholesale Banking	1,71,615	1,49,536	1,51,815	1,71,615	1,51,815
c) Retail Banking	1,17,335	1,02,564	94,157	1,17,335	94,157
d) Other Banking Operations	-	-	-	-	-
e) Unallocated	1,30,644	1,58,545	1,24,950	1,30,644	1,24,950
Total	5,24,122	5,12,062	4,84,547	5,24,122	4,84,547

For the above segment reporting, the reportable segments are identified into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations in compliance with the revised RBI Guidelines. The Bank's operations are confined within one geography (India).

Refer Note 3



Notes:

1. Statement of Assets and Liabilities as at March 31, 2018 is given below:

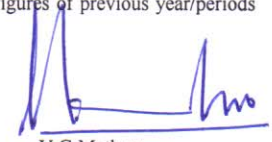
	[₹ in Lakhs]	
	As at	
	31.03.2018	31.03.2017
	Audited	Audited
CAPITAL AND LIABILITIES		
Capital	18,088	18,028
Employees Stock Option Outstanding	195	302
Reserves and Surplus	5,06,034	4,66,519
Deposits	72,02,959	66,11,749
Borrowings	4,04,338	1,95,776
Other Liabilities and Provisions	1,36,973	1,38,841
Total	82,68,587	74,31,215
ASSETS		
Cash and Balances with Reserve Bank of India	3,25,824	3,07,798
Balances with Banks and money at call & short notice	96,281	80,974
Investments	18,36,308	19,42,967
Advances	54,56,289	46,38,947
Fixed Assets	68,078	65,610
Other Assets	4,85,807	3,94,919
Total	82,68,587	74,31,215

- 2 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 14, 2018. The results for the quarter and year ended March 31, 2018 are subjected to audit by the Statutory Central Auditor of the Bank and there are no qualifications in the auditor's report.
- 3 The figures for the Quarters ended March 31, 2018 and March 31, 2017 are the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures upto the end of the third quarter of the respective financial years, which was subject to limited review.
- 4 During the quarter / year ended March 31, 2018, the Bank allotted 30,39,031 / 59,95,121 shares, pursuant to the exercise of stock option by certain eligible employees.
- 5 Ministry of Labour and Employment, Government of India on March 29, 2018 enhanced the gratuity ceiling payable to an employee under Payment of Gratuity Act, 1972 to ₹ 20 lakhs from earlier limit of ₹ 10 Lakhs. This change has resulted to an incremental gratuity liability amounting to ₹ 2726 Lakhs. As per RBI circular DBR. BP.9730/21.04.018/2017-18 dated April 27, 2018, the bank has an option to spread the incremental gratuity expenditure over four quarters beginning with the quarter ended March 31, 2018. The bank has availed the option to spread the incremental gratuity expenditure over four quarters, beginning with the quarter ended March 31, 2018. Accordingly, during the quarter and year ended March 31, 2018 the bank has charged to the profit and loss account an amount of ₹ 681 Lakhs and the unamortised gratuity expenditure as at March 31, 2018 is ₹ 2045 Lakhs. Had the above circular been not issued by the RBI, Net Profit of the Bank for the year would have been lower by Rs.1337 Lakhs (net of taxes) pursuant to the application of AS 15.
- 6 The mark to market depreciation on AFS/HFT investment category was ₹ 451 Lakhs for the quarter ended December 31, 2017 and ₹ 4283 Lakhs for the quarter ended March 31, 2018. RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 permitted banks an option to spread provisioning for mark to market losses on investments held in AFS and HFT for the quarters ended December 31, 2017 and March 31, 2018 equally over up to four quarters, commencing with the quarter in which the loss was incurred. The bank has availed the option to spread the provisioning over four quarters, and accordingly charged ₹ 1296 Lakhs to the profit and loss account and the unamortised depreciation as at March 31, 2018 is ₹ 3438 Lakhs.
- 7 RBI circular DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018 permitted banks to continue the exposures to MSME borrowers registered under Goods and Services Tax (GST) to be classified as standard assets where the dues between September 1, 2017 and January 31, 2018 are paid not later than 180 days from their respective original due dates. In accordance with the provisions of the circular, the bank had not recognised interest income of ₹ 463 Lakhs and created a standard asset provision of ₹ 546 Lakhs in respect of such accounts.
- 8 The Board of Directors, in their meeting held on May 14, 2018 have proposed dividend of ₹ 0.40 per equity share (40%) for the year ended March 31, 2018 (Previous year ₹ 0.40 per share (40%)) amounting to ₹ 8725.79 Lakhs (Previous year ₹ 8682.21 Lakhs), inclusive of dividend distribution tax. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, proposed dividend including dividend distribution tax is not recognised as a liability as on March 31, 2018.



- 9 During the year ended March 31, 2018, bank had identified certain irregularities in the nature of fraud at one of the branches and the loss is determined at ₹ 2502 lakhs (earlier ₹ 2850 lakhs) (net of recoveries). The bank has charged ₹ 1003 Lakhs and ₹ 2502 Lakhs for the quarter and year ended March 31, 2018 respectively.
- 10 In accordance with the RBI Circular DBR.No.BP.BC.1/21.06.201/2015-16 on Basel III capital regulations dated July 1, 2015, as amended and RBI circular DBR.NO.BP.BC.80/21.06.201/2014-15 dated March 31, 2015 on prudential guidelines on Capital Adequacy and Liquidity Standards amendments, Banks are required to make Pillar III disclosures including leverage ratio and liquidity coverage ratio under Basel III framework. The Bank has made these disclosures which are available on its website at the following link.
<http://www.southindianbank.com/content/viewContentLv11.aspx?linkIdLv12=854&LinkIdLv13=880&linkId=880>
These disclosures have not been subjected to audit/review by the Statutory Central Auditor.
- 11 In computing the Segment information certain estimates and assumptions have been made by the management, which have been relied upon by the Statutory Central Auditor.
- 12 The disclosure in respect of divergence in Asset Classification and Provisioning by Banks as per SEBI circular No CIR/CDF/CMD/80/2017 dated July 18, 2017 is given in annexure 1.
- 13 Previous period's / year's figures have been regrouped, wherever necessary to conform to the current period's classification. The figures of previous year/periods were audited/reviewed by a firm of Chartered Accountants other than S.R Batliboi & Co. LLP.

Kochi
May 14, 2018



V.G Mathew
(Managing Director & C E O)
(DIN : 05332797)



Divergence in Asset Classification and Provisioning for NPAs

- The Bank classifies advances into performing and non performing advances (NPAs) as per the RBI guidelines. NPAs are identified and provided for based on RBI's prudential norms on income recognition, asset classification and provisioning.
- Based on application of RBI's prudential norms as stated above, the bank classified and made the prescribed provisions against NPAs as at the end of March 31, 2017.
- As part of risk based supervision exercise for FY 2016-17, the RBI pointed out certain divergences possibly due to availability of data subsequent to the date of finalisation of the financial statements, data of other banks in the consortium available to the RBI, certain interpretations of the regulations and decisions taken by the JLF etc., in the bank's asset classification and provisioning as detailed below:

		(₹ in Lakhs)
No.	Particulars	Amount
1	Gross NPAs as reported by the Bank as on March 31, 2017	1,14,901
2	Gross NPAs assessed by RBI as on March 31, 2017	1,15,740
3	Divergence in GNPA	839
4	Net NPAs as reported by the Bank as on March 31, 2017	67,456
5	Net NPAs assessed by RBI as on March 31, 2017	65,943
6	Divergence in NNPA	(1513)
7	Provision on NPAs as reported by the Bank as on March 31, 2017	45,100
8	Provision on NPAs as assessed by RBI as on March 31, 2017	58,898
9	Divergence in Provision	13,798
10	Reported PAT for the year ended March 31, 2017	39,250
11	Adjusted Notional PAT after considering divergence in provision	29,391

Note:-

- The Gross and Net NPA figures disclosed above exclude Non Funded exposure to one borrower of ₹ 15392 Lakhs. However divergence in provision include ₹ 11445 lakhs in respect of the said Non Funded Exposure.
- The "adjusted Notional PAT after considering divergence in provision by RBI" is after considering provision divergence of ₹ 836 Lakhs (net of taxes) in respect of an item other than NPA.
- The Bank has duly considered the impact of the above divergences in the financial statements / results for the year ended March 31, 2018. One account classified as NPA by the regulator stands upgraded to standard category upon regularisation of irregularity in that account.

