

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

[₹ in Lakhs]

Particulars	Quarter ended			Year Ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	Audited #	Unaudited	Audited #	Audited	Audited
1. Interest earned (a) + (b) + (c) + (d)	194,767	196,731	179,094	776,380	687,652
(a) Interest/discount on advances/bills	154,507	155,682	141,281	615,917	539,644
(b) Income on investments	34,767	35,033	32,811	139,106	128,614
(c) Interest on balances with Reserve Bank of India and other inter-bank funds	702	1,511	1,109	3,997	3,552
(d) Others	4,791	4,505	3,893	17,360	15,842
2. Other Income	39,421	22,042	23,565	104,575	72,621
3. Total income (1+2)	234,188	218,773	202,659	880,955	760,273
4. Interest expended	135,191	136,553	129,158	544,630	485,682
5. Operating Expenses (i) + (ii)	45,655	43,906	40,746	171,761	150,693
(i) Employees cost	24,501	23,956	21,191	94,135	82,143
(ii) Other operating expenses	21,154	19,950	19,555	77,626	68,550
6. Total expenditure (4)+(5) excluding provisions and contingencies	180,846	180,459	169,904	716,391	636,375
7. Operating Profit before provisions and contingencies (3) - (6)	53,342	38,314	32,755	164,564	123,898
8. Provisions (other than tax) and contingencies	72,380	26,094	21,915	149,609	85,848
9. Exceptional Items	-	-	-	-	-
10. Profit/(Loss) from Ordinary activities before tax (7)-(8)-(9)	(19,038)	12,220	10,840	14,955	38,050
11. Tax expense	(4,669)	3,166	3,789	4,496	13,297
12. Net Profit/(Loss) from Ordinary activities after tax (10)-(11)	(14,369)	9,054	7,051	10,459	24,753
13. Extra ordinary items (Net of Tax Expense)	-	-	-	-	-
14. Net Profit/(Loss) for the period (12+13)	(14,369)	9,054	7,051	10,459	24,753
15. Paid up Equity Share Capital (Face Value ₹ 1)	18,097	18,097	18,097	18,097	18,097
16. Reserves excluding revaluation reserves				497,273	491,577
17. Analytical Ratios					
i) Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil
ii) Capital Adequacy Ratio (%) - BASEL III	13.41	12.02	12.61	13.41	12.61
iii) Earnings Per Share (EPS)					
(a) Basic EPS - before and after Extraordinary items (₹)	(0.79) *	0.50 *	0.39 *	0.58	1.37
(b) Diluted EPS - before and after Extraordinary items (₹)	(0.79) *	0.50 *	0.39 *	0.58	1.37
iv) NPA Ratios (a) Gross NPA	326,177	324,369	313,167	326,177	313,167
Net NPA	215,078	221,188	216,362	215,078	216,362
(b) % of Gross NPA	4.98	4.96	4.92	4.98	4.92
% of Net NPA	3.34	3.44	3.45	3.34	3.45
v) Return on Assets (Annualised)	(0.59)	0.37	0.31	0.11	0.29

* Not annualised

Refer Note 4



The South Indian Bank Ltd., Regd. Office: Thrissur, Kerala

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www.southindianbank.com

Segmentwise Results

[₹ in Lakhs]

	Quarter ended			Year Ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	Audited #	Unaudited	Audited #	Audited	Audited
1. Segment Revenue					
a) Treasury	57,248	40,761	41,928	184,600	148,482
b) Corporate/ Wholesale Banking	87,042	85,050	82,582	338,069	330,228
c) Retail Banking	80,807	83,671	71,330	327,314	256,470
d) Other Banking Operations	9,091	9,291	6,819	30,972	25,093
Total	234,188	218,773	202,659	880,955	760,273
Less: Inter – segment Revenue	-	-	-	-	-
Net Income from Operations	234,188	218,773	202,659	880,955	760,273
2. Segment Results (net of provisions)					
a) Treasury	(12,822)	(1,300)	2,037	(8,166)	(4,197)
b) Corporate/ Wholesale Banking	(13,564)	(4,876)	(3,916)	(42,751)	(12,664)
c) Retail Banking	30	10,953	7,271	40,939	34,792
d) Other Banking Operations	7,318	7,443	5,448	24,933	20,119
Total	(19,038)	12,220	10,840	14,955	38,050
Less: unallocated expenditure	-	-	-	-	-
Profit/(Loss) Before Tax	(19,038)	12,220	10,840	14,955	38,050
3. Segment Assets					
a) Treasury	2,158,660	2,159,744	2,016,258	2,158,660	2,016,258
b) Corporate/ Wholesale Banking	3,826,223	3,890,465	4,032,712	3,826,223	4,032,712
c) Retail Banking	3,423,268	3,316,278	2,944,695	3,423,268	2,944,695
d) Other Banking Operations	1,086	1,324	1,396	1,086	1,396
e) Un allocated	294,053	285,204	232,861	294,053	232,861
Total	9,703,290	9,653,015	9,227,922	9,703,290	9,227,922
4. Segment Liabilities					
a) Treasury	2,063,339	2,056,447	1,912,833	2,063,339	1,912,833
b) Corporate/ Wholesale Banking	3,689,877	3,733,790	3,857,688	3,689,877	3,857,688
c) Retail Banking	3,301,282	3,182,727	2,816,893	3,301,282	2,816,893
d) Other Banking Operations	-	-	-	-	-
e) Un allocated	101,312	115,174	106,975	101,312	106,975
Total	9,155,810	9,088,138	8,694,389	9,155,810	8,694,389
5. Capital Employed (Segment Assets-Segment Liabilities)					
a) Treasury	95,321	103,297	103,425	95,321	103,425
b) Corporate/ Wholesale Banking	136,346	156,675	175,024	136,346	175,024
c) Retail Banking	121,986	133,551	127,802	121,986	127,802
d) Other Banking Operations	1,086	1,324	1,396	1,086	1,396
e) Unallocated	192,741	170,030	125,886	192,741	125,886
Total	547,480	564,877	533,533	547,480	533,533

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 operates in India.

Refer Note 4

Notes:

1 Statement of Assets and Liabilities as at March 31, 2020 is given below:

[₹ in Lakhs]

	As at	
	31.03.2020	31.03.2019
	Audited	Audited
CAPITAL AND LIABILITIES		
Capital	18,097	18,097
Employees Stock Option Outstanding	255	175
Reserves and Surplus	529,383	515,436
Deposits	8,303,389	8,042,012
Borrowings	689,323	490,320
Other Liabilities and Provisions	162,843	161,882
Total	9,703,290	9,227,922
ASSETS		
Cash and Balances with Reserve Bank of India	280,598	366,182
Balances with Banks and money at call & short notice	138,378	116,094
Investments	2,062,528	1,908,138
Advances	6,443,947	6,269,374
Fixed Assets	80,004	70,866
Other Assets	697,835	497,268
Total	9,703,290	9,227,922

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2 Statement of Cashflow as at March 31, 2020 is given below:

	[₹ in Lakhs]	
	As at	
	31.03.2020	31.03.2019
	Audited	Audited
Cash flow from operating activities		
Net Profit as per Profit and Loss Account	10,459	24,753
Adjustments for:		
Provision for taxes (Net)	4,496	13,297
Depreciation	7,770	6,964
Amortisation of Premium on HTM Investments	5,904	4,644
Provision for Depreciation / Non Performing Investments	31,811	14,365
General Provisions against Standard Assets	11,436	2,736
Provision/write off for Non Performing Assets	99,597	68,430
Other Provisions	6,765	318
Employee Stock Options expense	98	99
Interest on Subordinated bonds	13,921	9,728
(Profit)/Loss on sale of land, buildings and other assets	(42)	(2)
Deferred Employee Benefits	-	2,045
Operating profit before working capital changes	(A)	192,215
192,215		147,377
Changes in working capital:		
Increase / (Decrease) in Deposits	261,377	839,053
Increase / (Decrease) in Borrowings	149,003	60,982
Increase / (Decrease) in Other liabilities	(11,988)	16,423
(Increase) / Decrease in Investments	(42,453)	20,301
(Increase) / Decrease in Advances	(277,216)	(881,394)
(Increase) / Decrease in Other Assets	(192,488)	(21,236)
	(B)	(113,765)
		34,129
Cash flow from operating activities before taxes	(A+B)	78,450
Direct Taxes paid	(12,851)	(13,713)
Net cash flow from operating activities	(C)	65,599
		167,793
Cash flow from investing activities:		
Purchase of Fixed Assets/Capital Work-in-Progress	(8,361)	(9,783)
Sale of Fixed/Non Banking Assets	263	32
(Purchase)/Sale of Investments (Held To Maturity)	(149,651)	(107,702)
Net cash flow from/(used in) investing activities	(D)	(157,749)
		(117,453)
Cash flow from financing activities:		
Proceeds from issue of share capital (Including Share Premium)	8	162
Dividend paid including Corporate Dividend Tax	(5,454)	(8,726)
Interest on Subordinated bonds	(15,704)	(6,605)
Issue/(Repayment) of Subordinate bonds	50,000	25,000
Net cash flow from financing activities	(E)	28,850
		9,831
Net increase/(decrease) in cash and cash equivalents	(C+D+E)	(63,300)
		60,171
Cash and cash equivalents as at beginning of the year		482,276
<i>(Refer note below)</i>		422,105
Cash and cash equivalents as at the end of the year		418,976
<i>(Refer note below)</i>		482,276

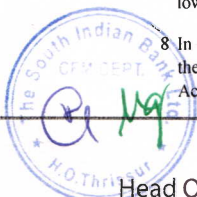
Note: Cash and cash equivalents comprise of cash on hand (including foreign currency notes), Balances with Reserve Bank of India, Balance with Banks and money at call and short notice.

- The above financial results for the quarter and year ended March 31, 2020 were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on June 26, 2020. These results are subjected to audit by the Statutory Central Auditor of the Bank.
- The figures for the Quarters ended March 31, 2020 and March 31, 2019 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 were subject to limited review.
- During the year ended March 31, 2020 stock options aggregating 40,000 were exercised by eligible employees and 25,97,030 stock options were outstanding as at March 31, 2020.
- The bank has exercised the option to make provision in respect of three Non - Performing Advances identified as fraud during the quarter over a period of four quarters as permitted by the Reserve Bank of India (RBI) in circular DBR No. BP. BC 92/21.04.048/2015-16 dated April 18, 2016. Accordingly, the Bank has debited ₹3,046 lakhs to Profit and Loss Account, being 50% of the outstanding net book value of the said advances and the remaining unprovided amount of ₹ 3,044 lakhs has now been debited against other reserves and will be debited to the Profit and Loss account by proportionately reversing the debit to other reserves in the next two quarters in equal instalments.
- During the year ended March 31, 2020, the aggregate book value of sales and transfer of securities to/from HTM category exceeded 5% of the book value of investments held in HTM category at the beginning of the year. The 5% threshold limit referred to above is excluding the one time transfers of securities to/from HTM category with the approval of Board of Directors, permitted to be undertaken by banks at the beginning of the accounting year, additional shifting of securities explicitly permitted by the Reserve bank of India from time to time and direct sales from HTM for bringing down SLR holdings in HTM category, sales to Reserve Bank of India under pre-announced open market auctions and repurchase of Government Securities by Government of India from banks. The market value of investments held in HTM category was ₹ 17,43,334 Lakhs whereas book value is ₹ 16,88,996 Lakhs as on March 31, 2020. The book value of investments being lower than market value, no provision is required to be made.
- In accordance with the Taxation Laws (Amendment) Ordinance 2019 promulgated on September 20, 2019, the bank has opted to pay tax at the lower rate prescribed therein with effect from the current financial year. Consequently, tax expenses for the quarter / year ended March 31, 2020 comprising current and deferred tax as per Accounting Standard-22 (Accounting for Taxes on income) have been recognised using the reduced tax rates applicable.

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9 The outbreak of COVID – 19 pandemic has affected several countries across the world, including India; and the consequent lock-down restrictions imposed by the Governments have affected the financial operations of the Bank, more particularly for periods commencing from the last week of the financial year ended 31st March 2020. In view of continuing uncertainties, the extent of impact on the Bank's operations and financial position would depend on several factors including the steps taken by the Governments, Reserve Bank of India (RBI) and the bank to mitigate the same.

In accordance with the Covid-19 Regulatory Package announced by RBI vide Notifications dated 27th March 2020 and 17th April 2020, the bank has offered an optional moratorium on repayments falling due between March 1, 2020 and 31st August 2020 in respect of accounts classified as standard on February 29, 2020. As permitted by the RBI guidelines, the bank has considered these concessions for the purpose of asset classification, income recognition and provisioning as at 31st March 2020.

As per RBI guidelines, the bank is required to make an additional provision of 10% in respect of such accounts which would have been classified as non-performing as at 31st March 2020, but for the aforesaid concessions (other than accounts in which dues have been remitted on or before May, 31, 2020 as permitted by RBI vide letter dated 6th May 2020). Although the RBI guidelines permit banks to make the additional provision over the current quarter ended March 31, 2020 and subsequent quarter ended June, 30, 2020, as a prudent measure, the bank has recognised the entire additional provision at the rate of 10% as stated above, amounting to ₹2075 Lakhs in the accounts for the current quarter itself. As a matter of further prudence, the bank has also made an additional provision (over and above the 10% mandated by RBI as above) amounting to ₹5570 Lakhs as at March 31, 2020 to meet any future impact of the pandemic. The provisions as above, aggregating to ₹7645 Lakhs, has been carried under Other Liabilities and Provisions in the Balance Sheet.

10 In terms of RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019 banks are required to disclose the divergence in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statement if such divergence exceed the threshold prescribed by the RBI. The divergences identified by RBI for the Financial Year ended March 31, 2019 are less than the prescribed thresholds for the year ended March 31, 2019.

11 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.

<https://www.southindianbank.com/content/disclosure-under-basel-2-basel-3-guidelines/880>

These disclosures have not been subjected to audit/review by the Statutory Central Auditor.

12 The Bank had acquired certain land parcels under a partial Debt Asset Swap transactions ("DAS") in earlier years aggregating ₹ 11,000 Lakhs and classified them as "Non-Banking Assets acquired in satisfaction of claims" in the Balance Sheet up to March 31, 2018. The Reserve Bank of India vide their letter dated May 2, 2019 ref DBS (T) No/424/02.02.006/2018-19 to the bank prescribed provisioning requirement for DAS transactions in respect of assets acquired under DAS from a particular borrower pursuant to which the Bank has provided an amount of ₹ 1,100 Lakhs each for the quarter ended December 31, 2019, September 30, 2019, June 30, 2019 and March 31, 2019 and the unamortised balance carried forward as at March 31, 2020 is Nil. In accordance with the aforesaid RBI letter, ₹ 3,300 Lakhs being the amount drawn down from Revenue and other reserves during the year ended March 31, 2019 has been credited back to the said reserve.

13 The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19 pandemic. Accordingly, the Board of Directors of the Bank has not recommended any dividend for the year 2019-20 (Previous Year 25% i.e ₹0.25/- per Equity Share).

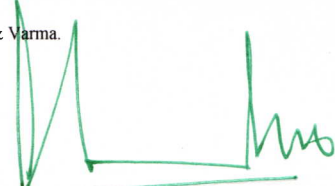
14 During the quarter and year ended March 31, 2020, the Bank has raised ₹ 500.00 Lakhs Tier I Capital by way of issuance of Basel III compliant Additional Tier I Bonds.

15 Other Income includes Profit on sale of investments (net), earnings from foreign exchange and derivative transactions, commission from non – fund based banking activities, income from sale of PSL Certificates, recoveries from advances written off etc.

16 The figures for the quarter/year ended March 31, 2019 were audited by a firm of Chartered Accountants other than M/s. Varma & Varma.

17 Previous period's / year's figures have been regrouped, wherever necessary to conform to the current period's classification.

Thrissur
June 26, 2020



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

