

**INVESTOR PRESENTATION
MARCH 2011**

- **Overview**
 - Key Strengths
 - Business Performance
 - Future Strategy
 - History & Background
- 

OVERVIEW

Healthy Fundamentals

- Adequately capitalised; 14.01% CRAR, 11.27% Tier 1 ratio
- Asset quality; 1.11% GNPA's, 0.29% NNPA's
- 15.86% ROE, 1.05% ROA
- Over 89% secured loan book

Significant Turnaround

- Core income main contributor to profit
- Forward looking employee profile – average age down to 39 years; 43% of employees under age 30.

Key Strengths

Strong Growth

- One of the fastest growing banks in India at 25% CAGR in business and 42% CRAR in net profit in the last 5 years

Key Competitive Advantage

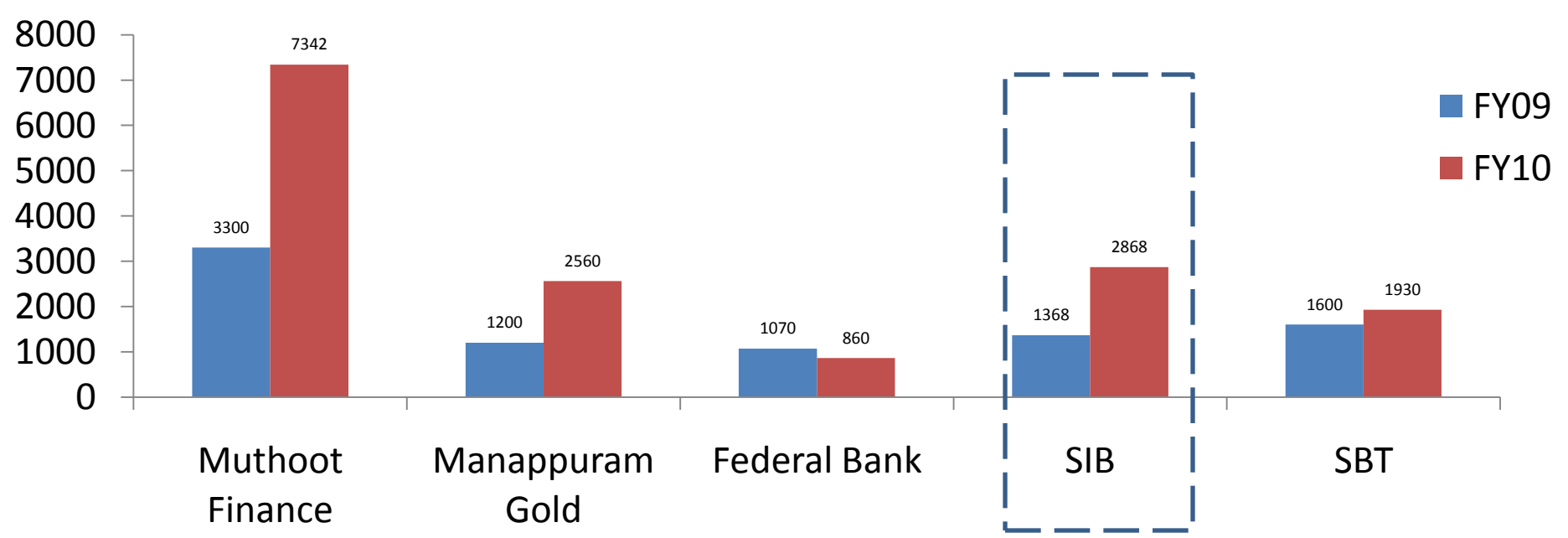
- Fast expanding branch network
- High Asset Quality with well diversified Loan portfolio
- Gold loans form ~22% of the loan book

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SIGNIFICANT PLAYER IN GOLD LOANS

Amount in Rs crore

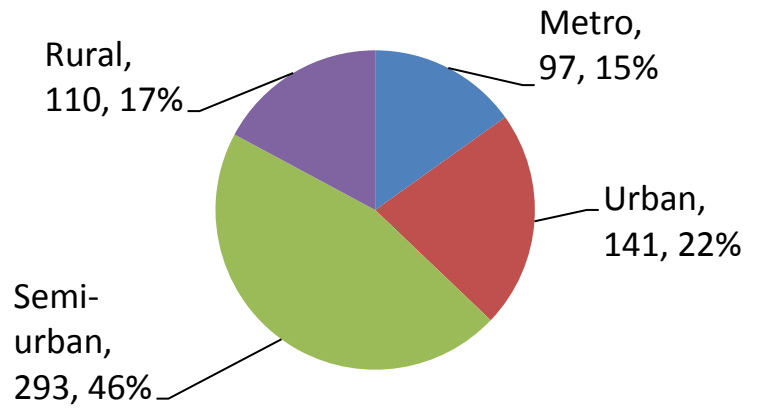
Gold Loan Portfolio of Key Players



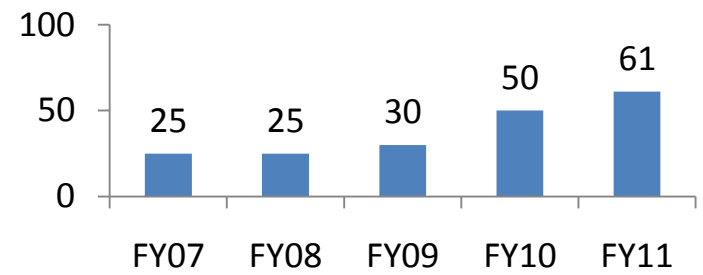
Gold Loan portfolio of the bank grew by 62% to reach Rs 4633 crore in 2011. CAGR 84% for two years.

VAST AND RAPIDLY GROWING BRANCH NETWORK

Spread of Branches

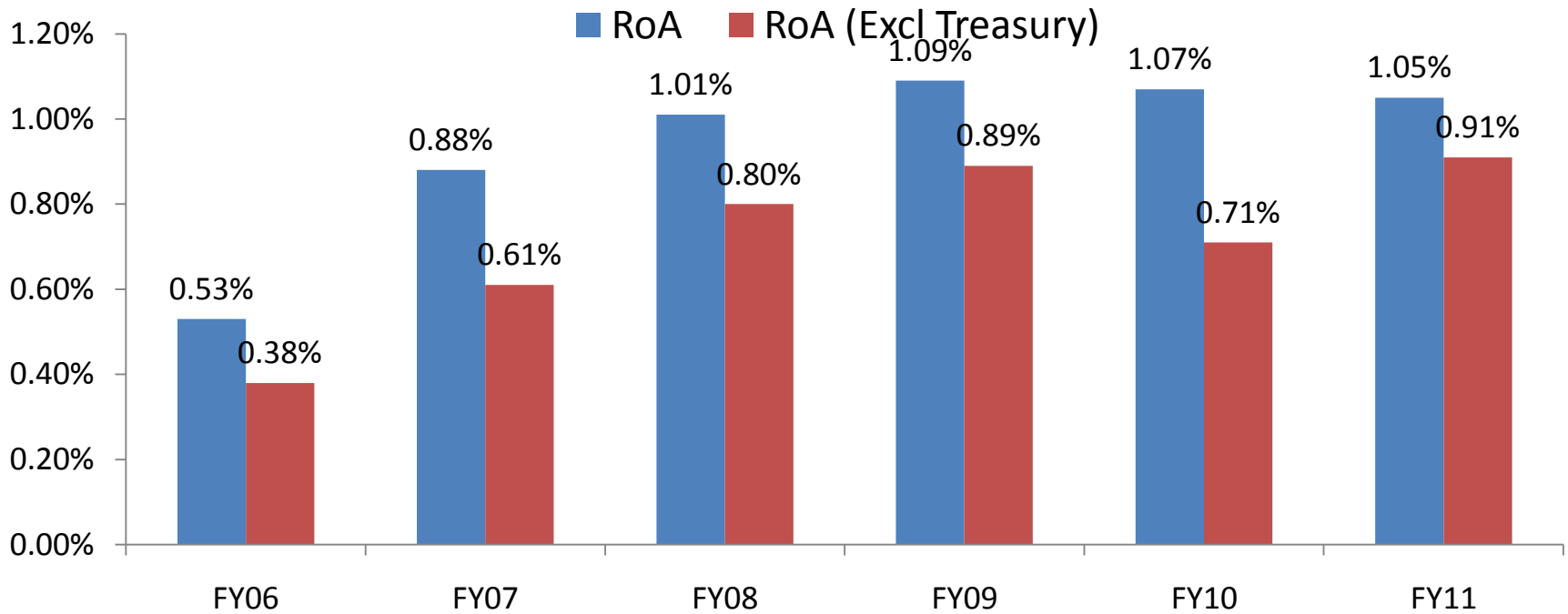


New Branches Added



Plan to reach 750 branches by 2013

IMPROVED QUALITY OF EARNINGS



RoA coming mainly from Core Income

EVOLUTION INTO A MODERN BRAND IDENTITY

From old generation private bank to new generation private bank



1929



1975



1980



2006

Old Branch



New Branch





NEW AGE BANKING



TECHNOLOGY INITIATIVES

- Successfully implemented 100% Core Banking Solution (CBS) through *FINACLE, a product of Infosys Technologies.*
- A centralized data centre has been set up in Ernakulam
- ATMs set up in 489 centers
- Internet banking and Mobile Banking implemented
- Member of INFINET
- Successfully implemented Real Time Gross Settlement System(RTGS) for settlement of inter-bank and customer based transactions through all our on-line branches
- A disaster-recovery site has been established at Bangalore for CBS

RANGE OF PRODUCTS

	Loan Products	Deposit products	Other Products
 <p>Retail Banking</p>	Gold Loans Retail Business Loans Housing Loans/ Mortgages Auto Loans Personal Loans Education Loans Employee Group 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 Foreign Inward Cash Remittance m-Commerce New Pension System
	Commercial Banking		
 <p>Wholesale Banking</p>	Working Capital Loans Term Loans Wholesale Deposits Letters of Credit Banks Guarantees		

FINANCIAL INCLUSION

	March 10	Sep 10	Mar 11
Number of Business Correspondents (BCs) appointed	0	2	7
Number of villages with population above 2000 provided with banking facility (including BCs)	107	109	117
Number of rural households covered	2.46 lakh	2.47 lakh	2.47 lakh
No-frills accounts – number	6.83 lakh	8.49 lakh	10.26 lakh
No-frills accounts - amount	64.06 crore	80.71 crore	102.72 crore

Way forward

BCs with smartcard based model with Hand Held Terminals as per the open standards as recommended by IBA/IDRBT implemented.

SOUTH INDIAN BANK... AT A GLANCE

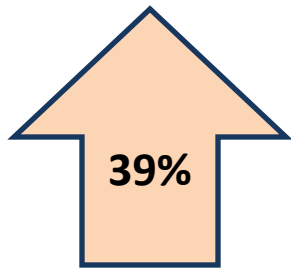
Particulars

No. of years in banking business	82 years
No of branches	641
Business FY11	Rs 50520 Crore
Last 5 years business CAGR	~25%
Net Interest Margin (Mar 11)	3.06%
Capital Adequacy Ratio (Basel II -Mar 11)	14.01%
Non-Performing Assets (Mar 11)	0.29%

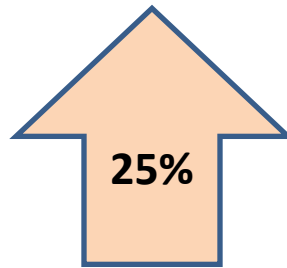
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FINANCIAL HIGHLIGHTS - FY11

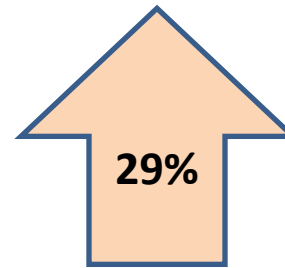
Net Interest Income



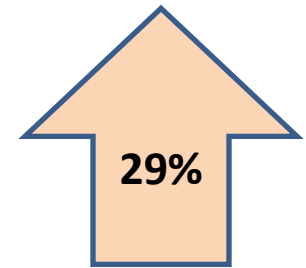
Net Profit



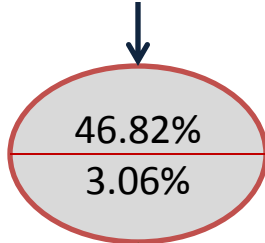
Advances



Deposits

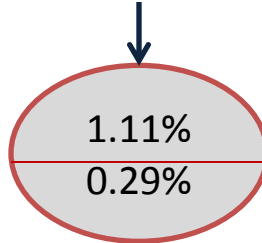


Cost/ Income Ratio



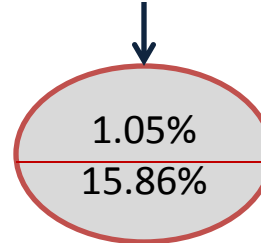
Net Interest Margin

Gross NPA



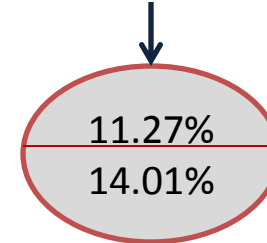
Net NPA

ROA



ROE

Tier 1



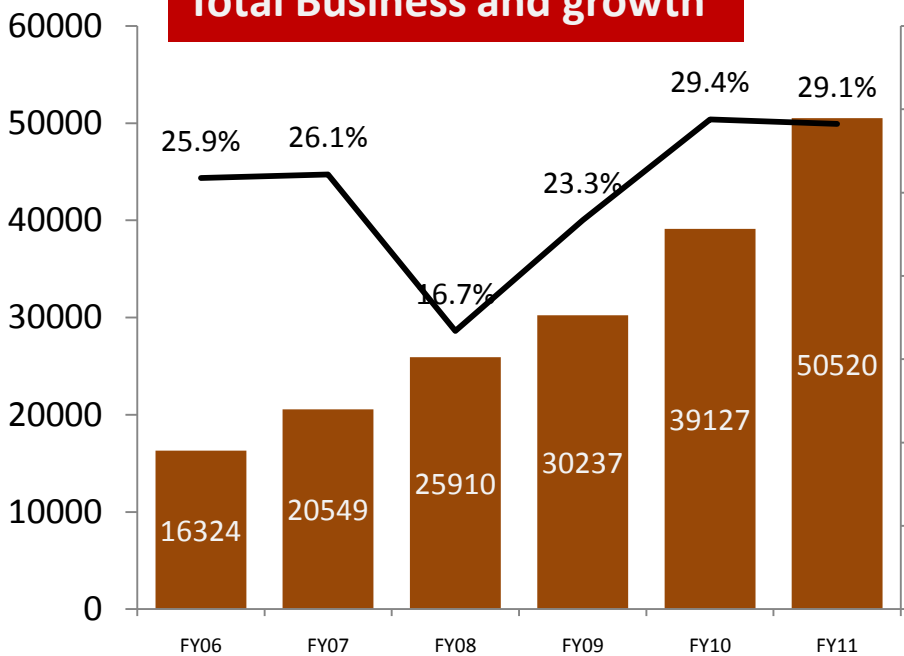
CRAR

Advance, Deposits grew 29%: Net profit grew >25%

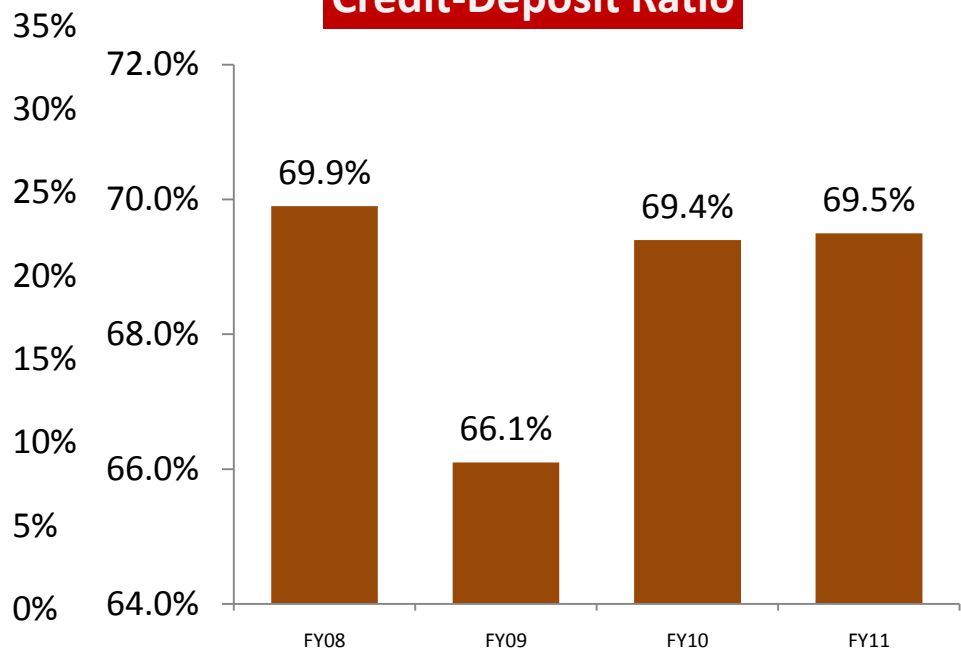
BUSINESS TREND

Amount in Rs crore

Total Business and growth



Credit-Deposit Ratio

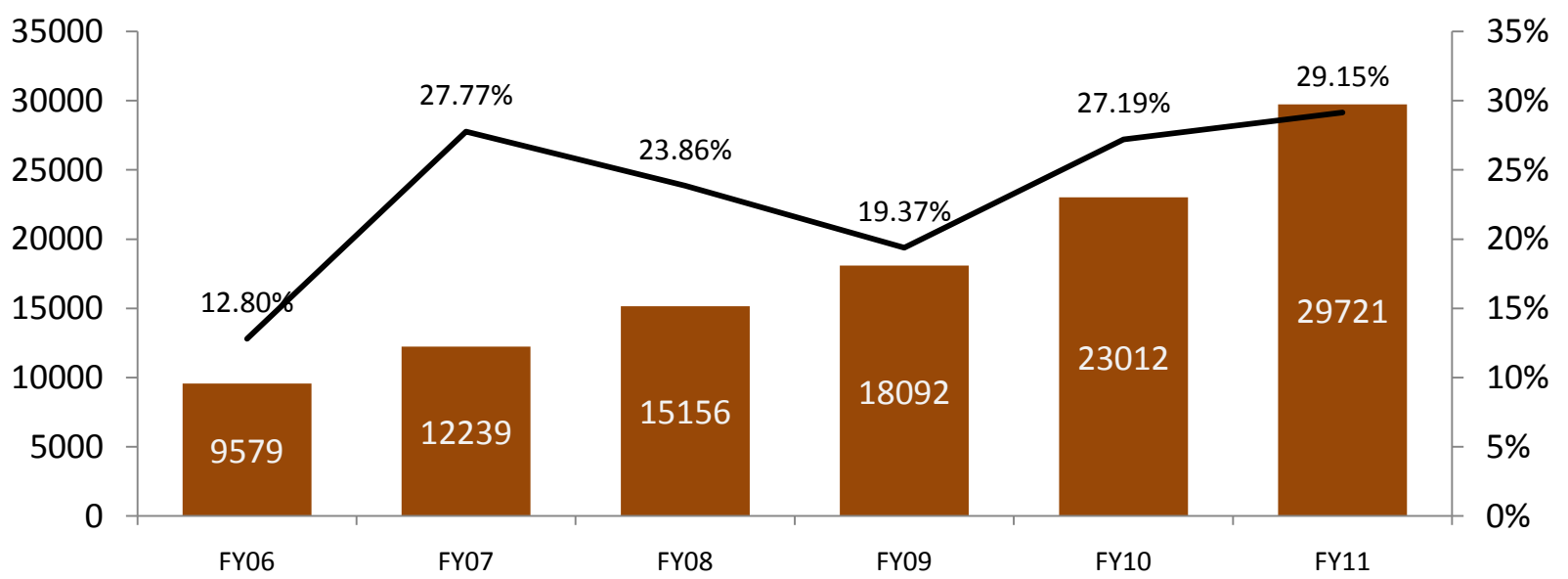


**Business grew over 3 times at CAGR of 25% in 5 years
Increasing trend for CD ratio for last 2 year**

DEPOSITS

Amount in Rs crore

Growth in Deposits

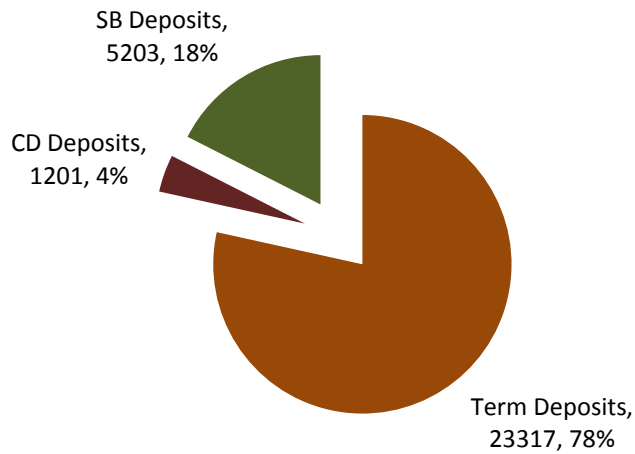


Deposits grew over 3 times at CAGR of 25% in 5 years

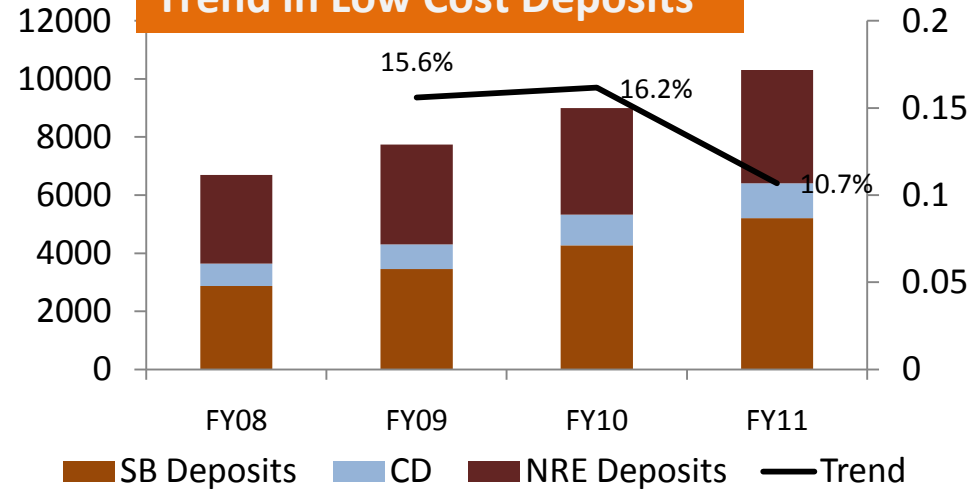
DEPOSITS – COMPOSITION AND TREND

Amount in Rs crore

Composition of Deposits Mar '11



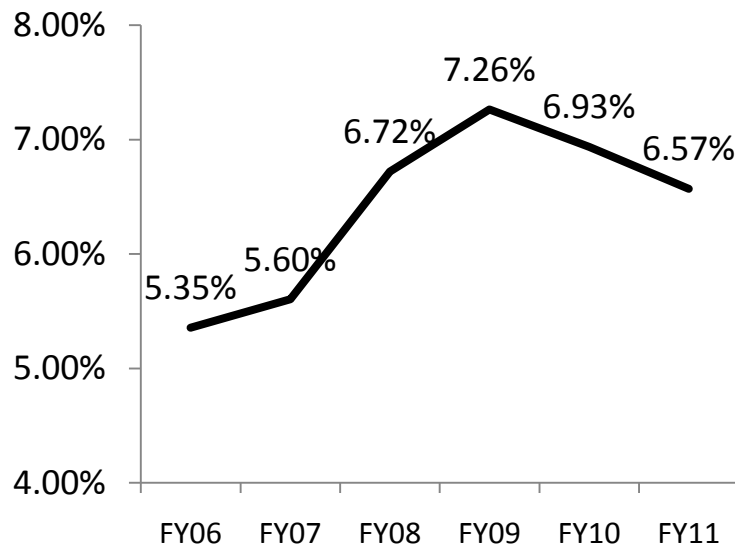
Trend in Low Cost Deposits



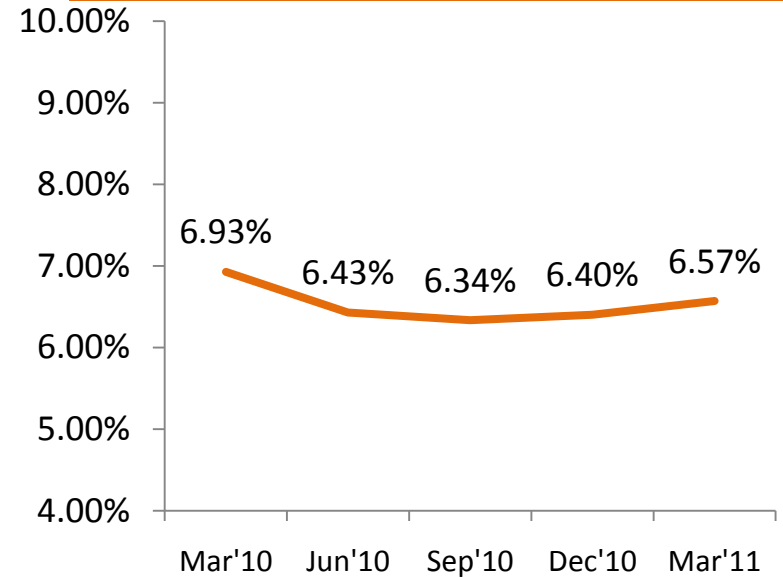
SB, CD and NRE deposits form 34% of total deposits.

TREND IN COST OF DEPOSITS

Trend in Cost of Deposits - Yearly



Trend in Cost of Deposits - Qtrly

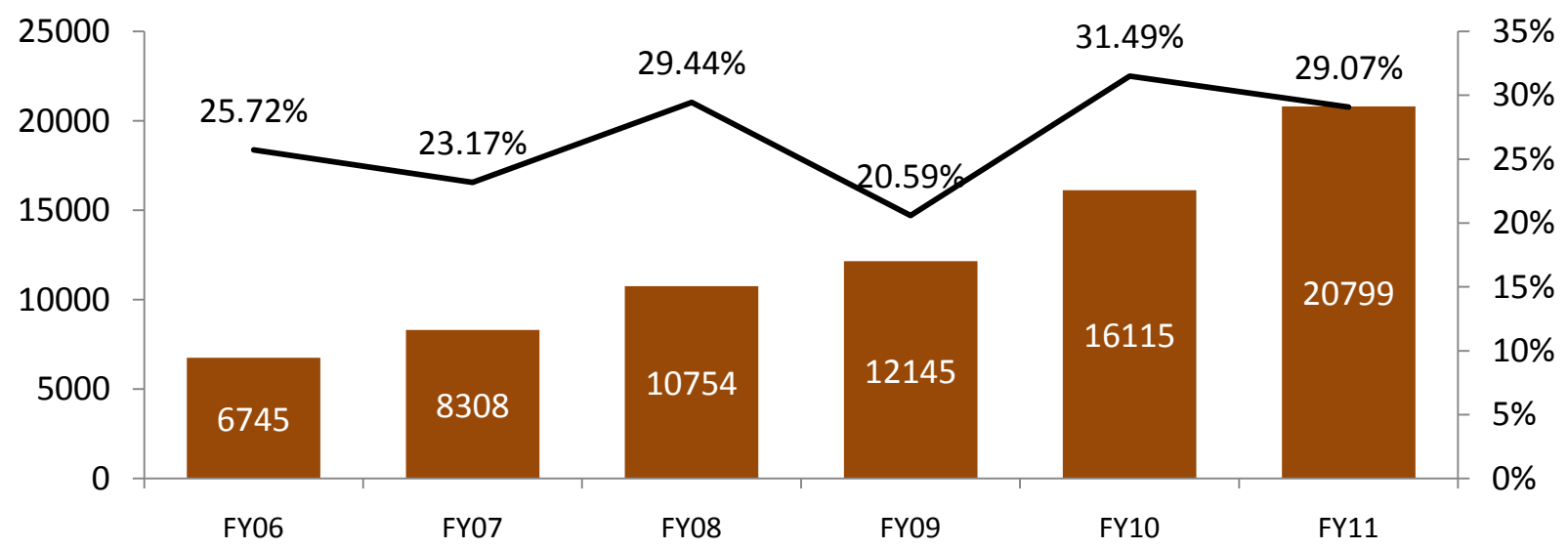


**Cost of Deposits trends downwards in last two years.
Cost is under control in a rising interest rate environment.**

ADVANCES

Amount in Rs crore

Growth in Advances



Advances grew over 3 times at CAGR of 25% in 5 years

ADVANCES – COMPOSITION AND TREND

Amount in Rs crore

Composition of Advances Mar '11

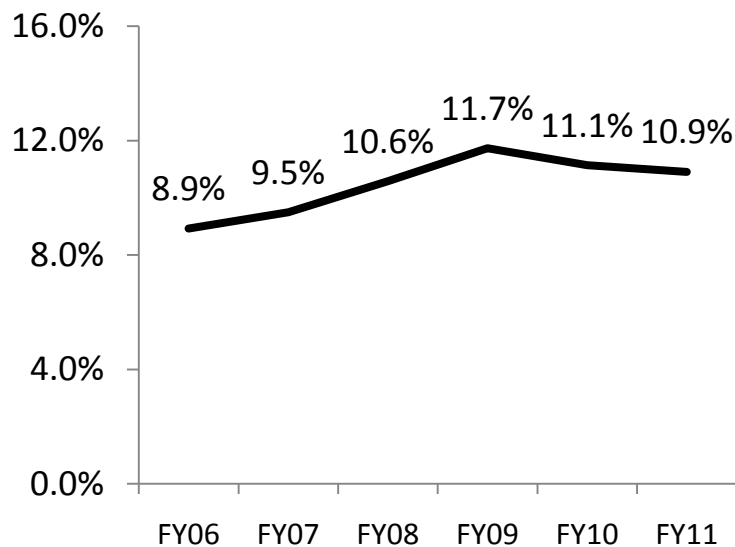
Sector	5 crore & above	Less than 5 crore	Total	Percentage to total
Agriculture	301	3387	3688	17.73%
MSME	738	1496	2234	10.74%
Large Scale Industries	2719	541	3260	15.67%
Housing	458	1125	1583	7.61%
Commercial Real Estate	63	76	139	0.67%
NBFC	942	67	1009	4.85%
Food Credit	362	--	362	1.74%
LC Bills	3117	--	3117	14.99%
Other	1697	3710	5749	27.64%
Total	10397	10402	20799	100.00%

Diversified Loan Portfolio.

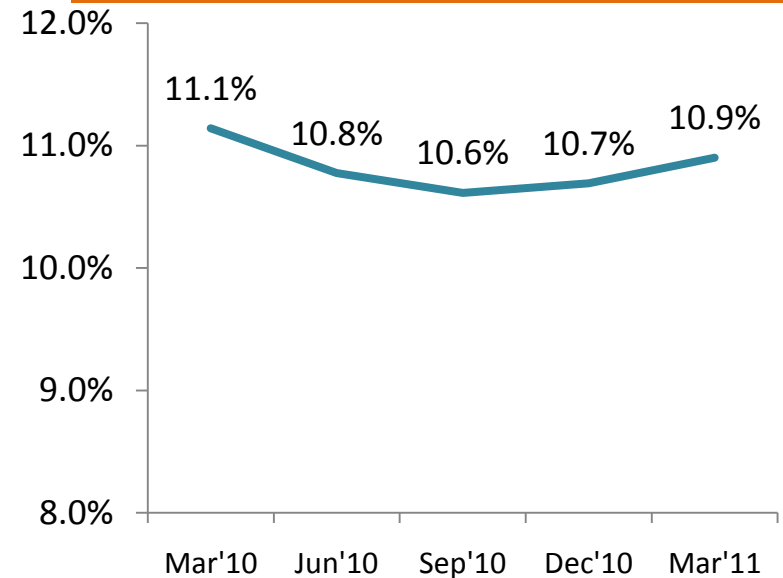
Priority Sector at 39.4% and agricultural advances at 23% of Net Bank Credit.

TREND IN YIELD ON ADVANCES

Trend in Yield on Advances- Yearly



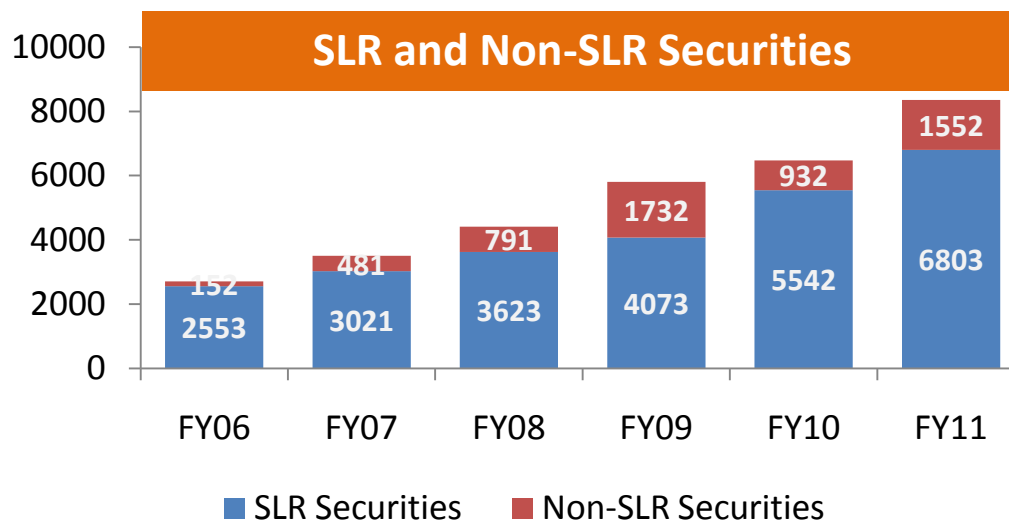
Trend in Yield on Advances - Qtrly



**Yield on Advance trends downwards in last two years.
Improvement in last 2 quarters.**

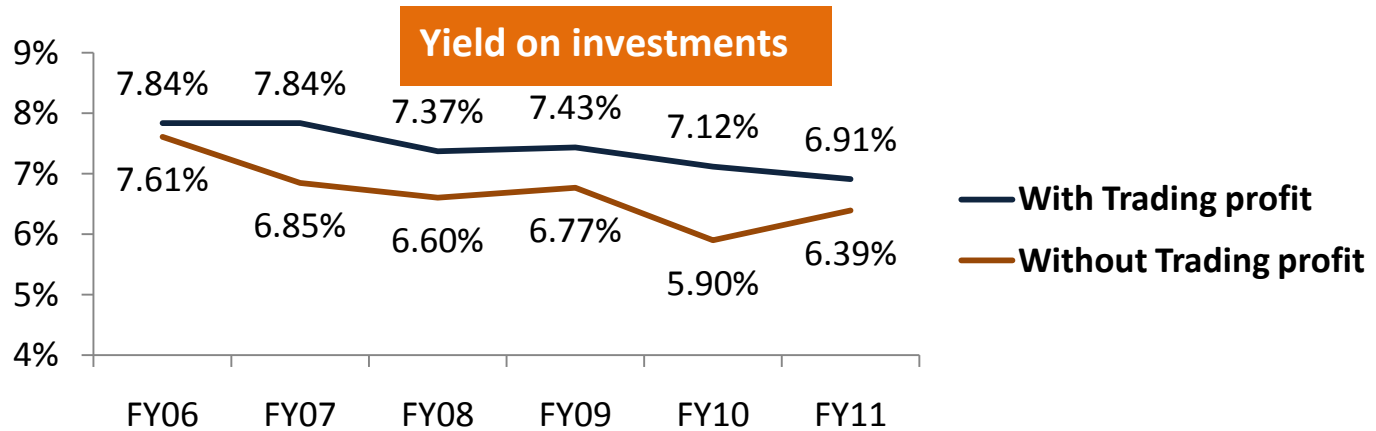
INVESTMENT PORTFOLIO

Amount in Rs crore



Composition of Investment Book (Mar11)

Category	Amount	Percentage
Held to Maturity	6081	73%
Held for Trading	516	6%
Available for Sale	1759	21%
Total	8356	100%

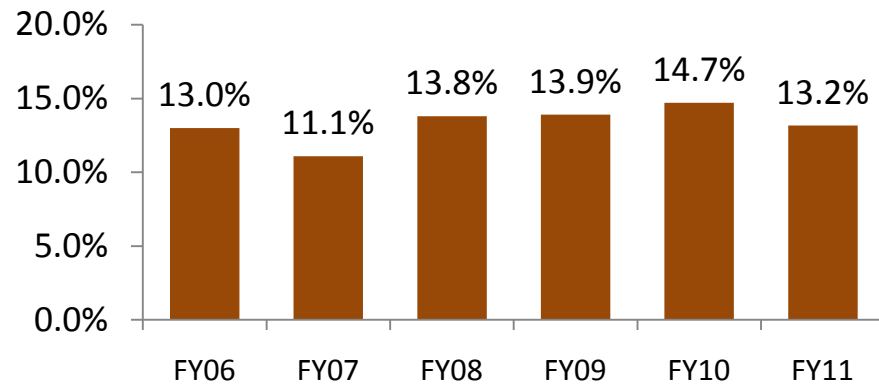


DURATION OF INVESTMENTS

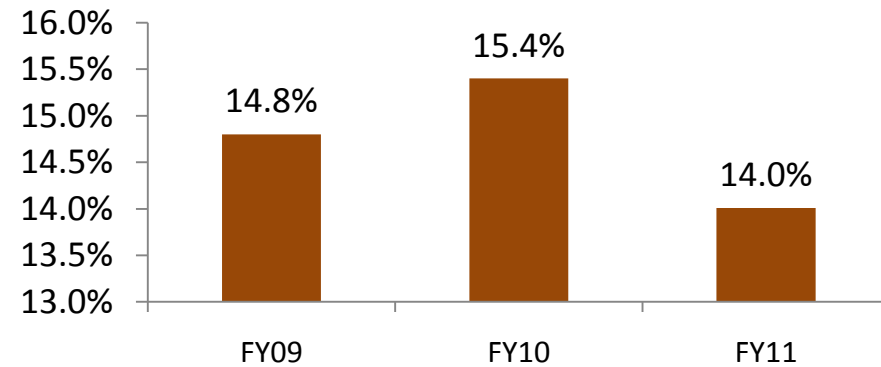
Particulars	March 2008	Sep 2008	March 2009	Sep 2009	March 2010	Sep 2010	March 2011
Total Investment Portfolio	3.48	3.30	3.34	3.70	3.89	4.45	3.67
Total HM Investment Portfolio	5.11	4.92	5.04	5.27	5.21	5.03	4.81
Total HFT and AFS together Investment Portfolio	0.85	0.48	0.77	0.46	0.35	1.12	0.42

ADEQUATELY CAPITALIZED

CRAR - Basel 1



CRAR - Basel 2

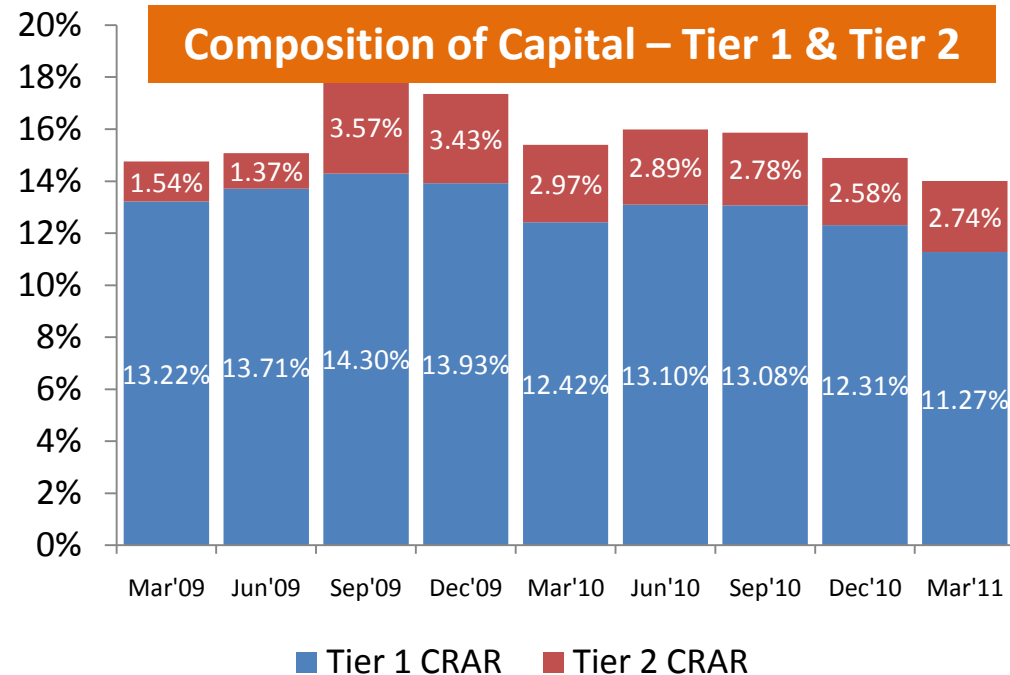


The bank has CRAR in excess of the required minimum of 9% stipulated by RBI.

STRONG CORE CAPITAL

Amount in Rs crore

	RWA	Tier 1 Capital	Tier 2 Capital	Total Capital
Mar 09	9525	1259	147	1406
Mar 10	11377	1412	337	1749
Jun 10	11270	1476	326	1802
Sep 10	11861	1551	330	1881
Dec 10	13174	1622	340	1962
Mar 11	14647	1650	401	2051

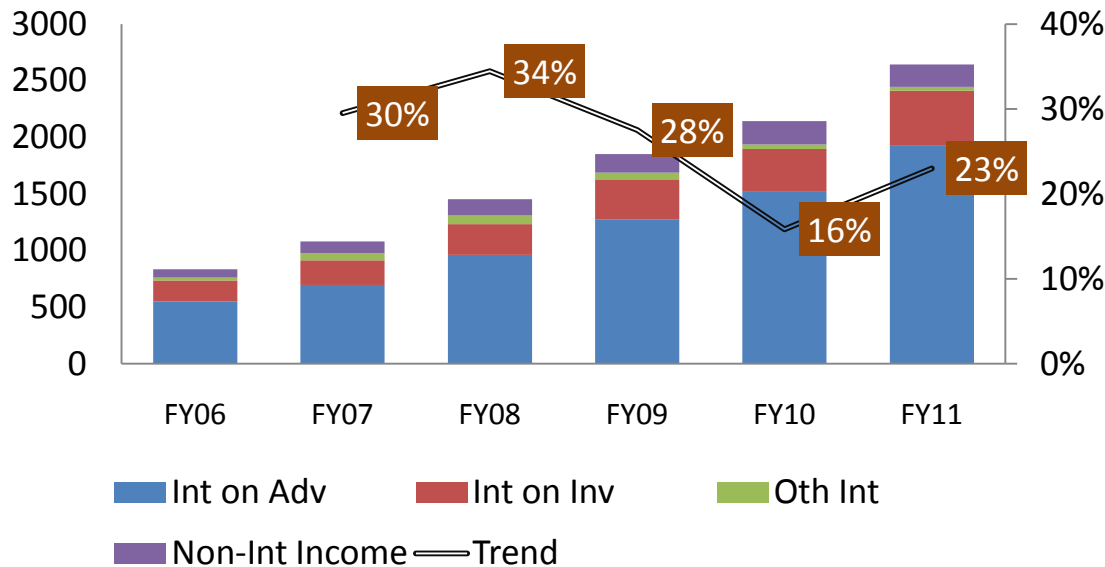


Strong Core Capital. Dependence on Capital Instruments low.

TREND IN INCOME

Amount in Rs crore

Growth in Overall Income with composition

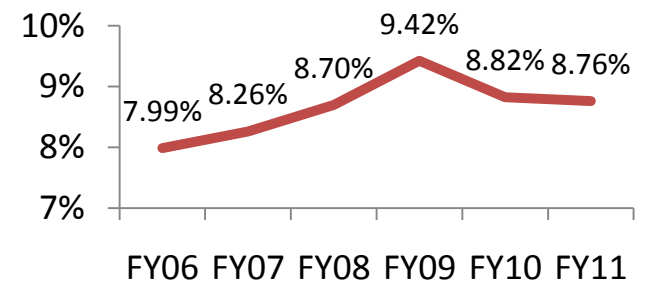


Total income

FY06	834
FY07	1080
FY08	1452
FY09	1852
FY10	2144
FY11	2643

Gross income grew over 3.1 times in 5 years at CAGR 25%

Yield on funds



COMPOSITION OF NON-INTEREST INCOME

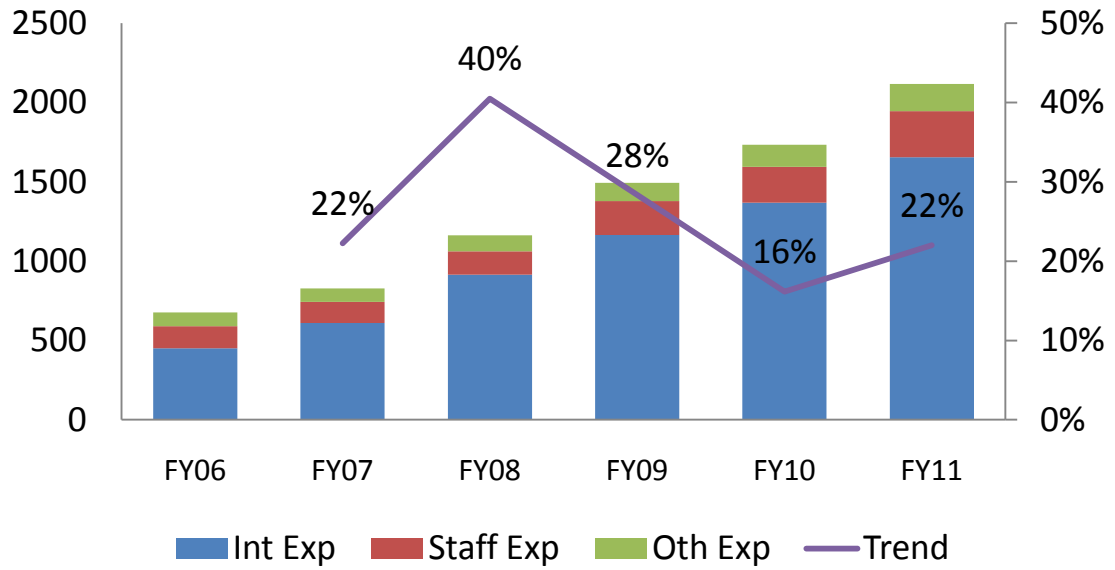
Amount in Rs crore

	Year ended 31/03/2010	Year ended 31/03/2011
Commission, Exchange & Brokerage	30	36
Profit on sale of investment (NET)	78	39
Profit on sale of Land, Building & Other assets (net)	--	-1
Profit on Exchange Transactions (Net)	20	19
Miscellaneous Income		
1. Processing Fees	13	15
2. Rent Received	--	--
3. Others (Folio charges, Locker Rent)	67	89
Total	208	197

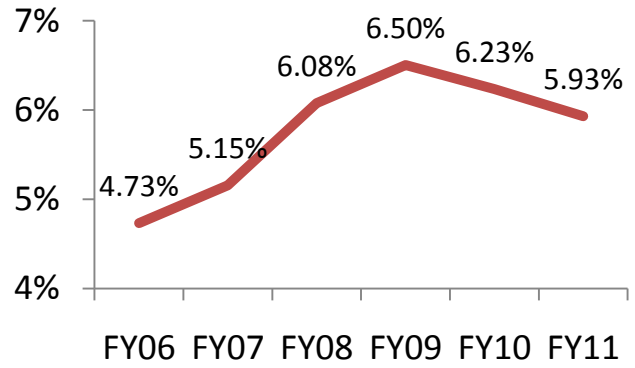
TREND IN EXPENSES

Amount in Rs crore

Trend in Expenses



Cost on funds



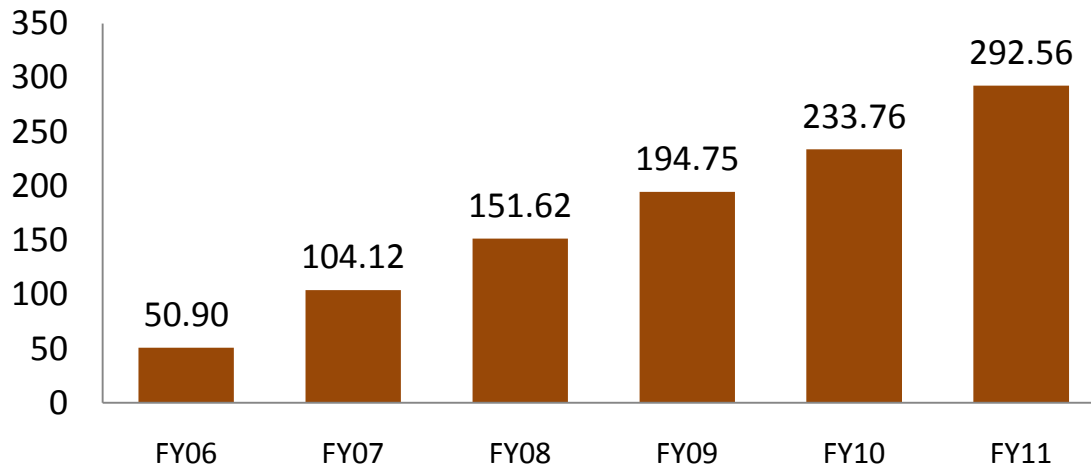
Cost of Funds on gradual fall since FY '09

PROFITABILITY

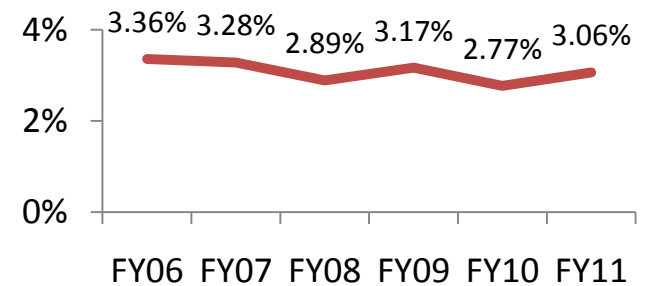
Amount in Rs crore

Growth in Net Profit

Net Profit



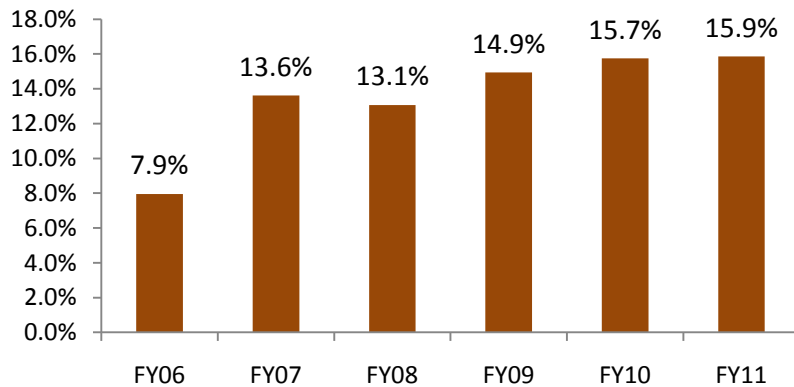
NIM



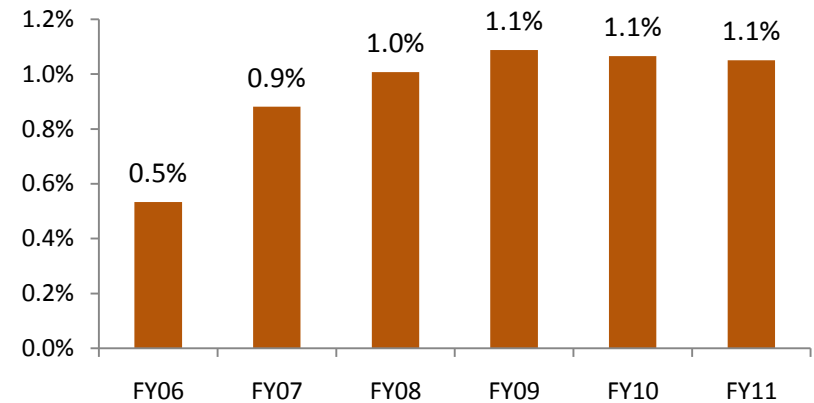
**Net profit grew over 5.75 times in 5 years at CAGR 42%.
Net Interest margin (NIM) remains at satisfactory range.**

EFFICIENCY

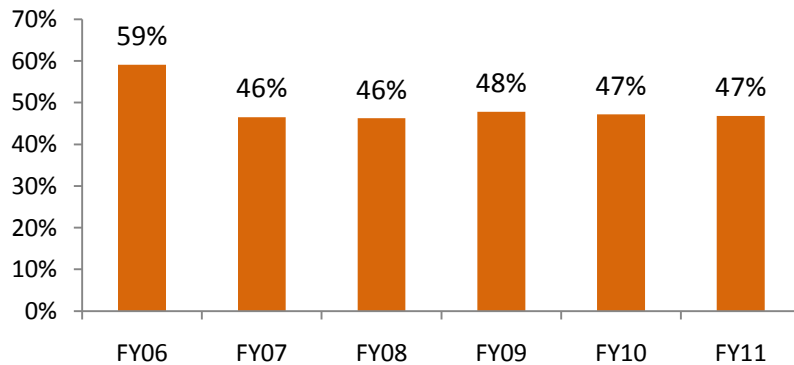
Return on Equity



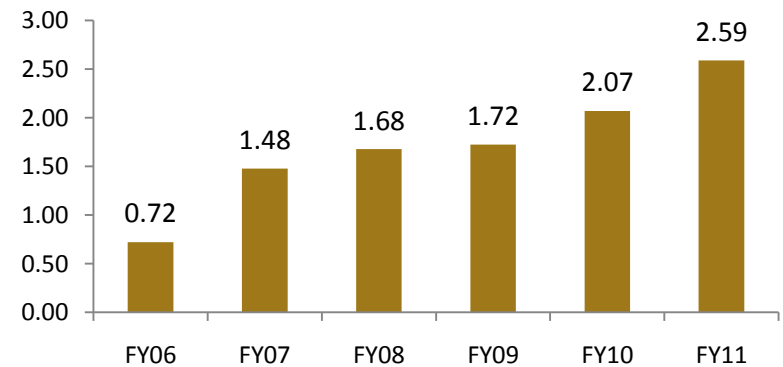
Return on Average Assets



Cost/ Income Ratio



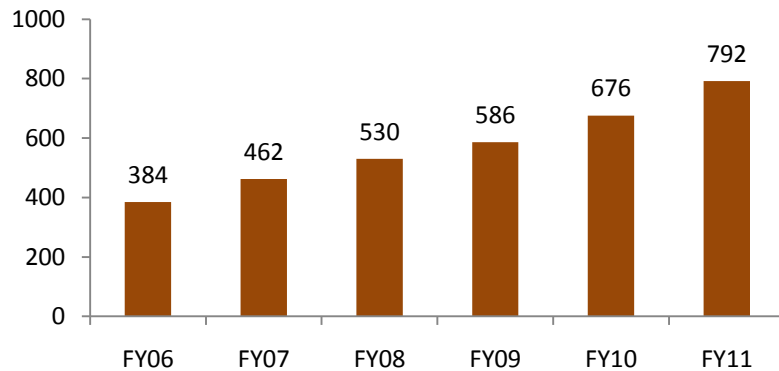
Earnings per Share (EPS)



PRODUCTIVITY

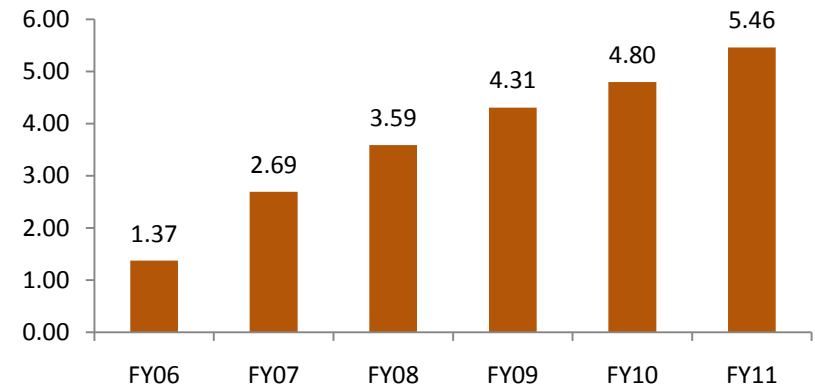
Business per Employee

Rs Lakh



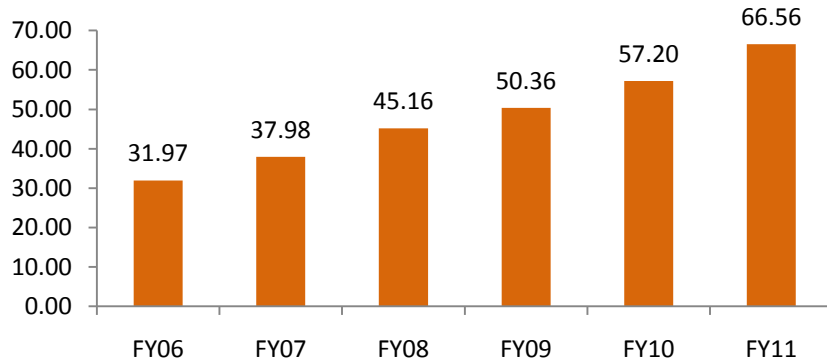
Profit per Employee

Rs Lakh



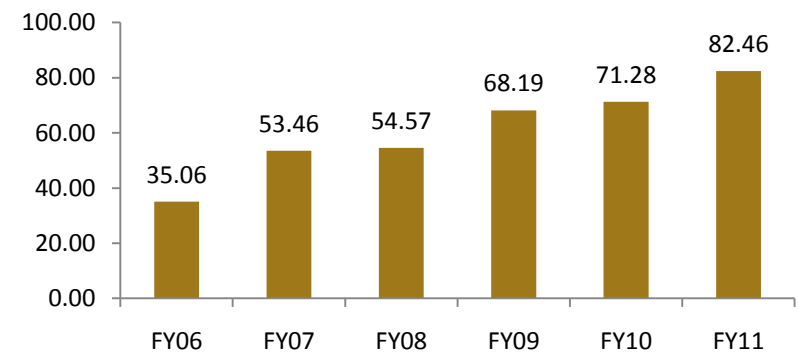
Business per Branch

Rs Crore



Operating Profit per Branch

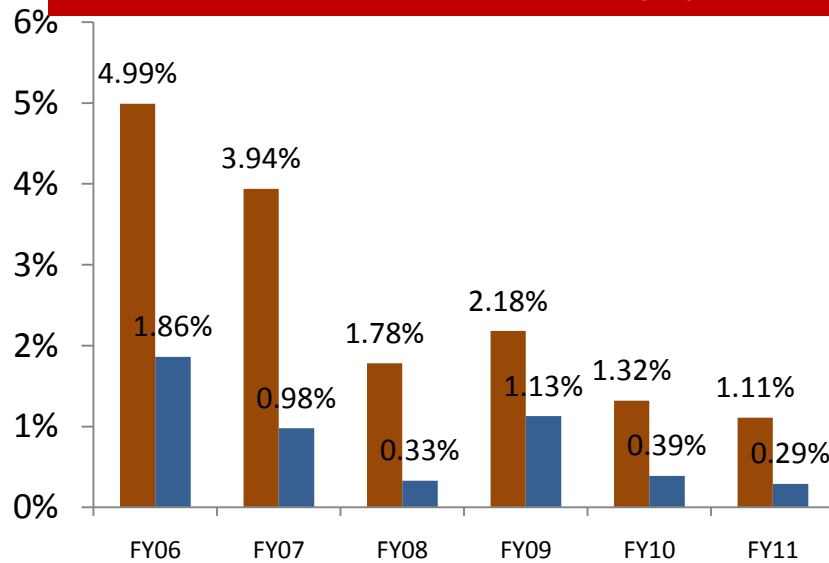
Rs Lakh



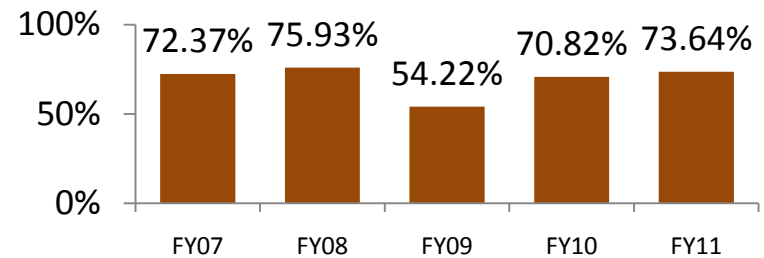
ASSET QUALITY

Amount in Rs crore

Gross NPA & Net NPA (%)



Provision Coverage



Change in Gross NPA & Net NPA	Qtr ended 31/03/2010	Qtr ended 31/03/2011	Year ended 31/03/2010	Year ended 31/03/2011
Gross NPA	211	230	211	230
Gross NPA (%)	1.32%	1.11%	1.32%	1.11%
Net NPA	62	61	62	61
Net NPA (%)	0.39%	0.29%	0.39%	0.29%

**Asset Quality maintained at high level.
Provision coverage comfortable**

BREAK-UP OF PROVISION

	Qtr ended 31/03/2010	Qtr ended 31/03/2011	Year ended 31/03/2010	Year ended 31/03/2011
For NPA advance	-5.62	-4.01	34.98	27.74
For Depreciation on Investments	-2.25	9.00	-40.94	9.37
For NPA investment	0.00	0.00	2.14	0.26
For standard assets	4.71	5.95	6.43	21.60
For income tax	16.06	45.02	133.55	152.94
For Restructured advances	0.00	-0.02	7.58	-0.05
General Provision	--	15.00	33.00	20.00
Other impaired assets	0.07	0.50	0.07	0.84
Total Provisions and Contingencies	12.97	71.44	176.81	232.70

PERFORMANCE HIGHLIGHTS

Amount in Rs crore

Performance Highlights	9-Jun	9-Sep	9-Dec	10-Mar	10-Jun	10-Sep	10-Dec	Year ended Mar-11
CRAR Basel 2 (%)	15.08%	17.86%	17.35%	15.40%	15.99%	15.86%	14.89%	14.01%
Return on Assets (Annualised)	1.23%	1.30%	1.23%	1.07%	0.91%	1.03%	1.04%	1.05%
Net Interest margin (%)	3.27%	3.11%	3.29%	2.77%	2.83%	3.00%	3.03%	3.06%
Gross NPA's	230.9	212.9	213.9	211.0	223.1	227.7	253.6	230.3
Net NPA	83	56	57	61	65	67	74	60.02
Gross NPA (%)	1.85%	1.61%	1.46%	1.32%	1.33%	1.27%	1.33%	1.11%
Net NPA (%)	0.68%	0.43%	0.39%	0.39%	0.39%	0.38%	0.39%	0.29%
Provision Coverage	63.20%	73.30%	73.30%	70.50%	70.70%	70.10%	70.70%	73.64%
COF	6.10%	6.10%	6.00%	7.60%	6.10%	6.00%	6.20%	5.93%
CASA	4551	4784	4996	5316	5856	5989	6048	6404
CASA	24.40%	24.30%	24.20%	23.10%	25.10%	23.90%	22.40%	21.55%
Deposits	18650	19688	20643	23012	23331	25060	26998	29721
Advances	12320	13059	14508	16115	16728	17718	19188	20799
Yield on advances	11.85%	11.68%	11.39%	11.14%	10.77%	10.61%	10.69%	10.90%

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WAY FORWARD

- **Enhancing income from distribution of third party products**
- **Ramping up low cost as well as retail liabilities franchise**
- **Enhancing productivity per branch/per employee**
- **Focus on increasing share of low cost NRI deposit base**

TARGETS: MAR'13

Amount in Rs crore

Particulars	March – 11 Target	March – 11 Actual	Outperformance/ (Underperformance)	March – 2013 Target	Target growth
Deposits	28,000	29,721	6%		
Advances	20,000	20,799	4%		
Total business	48,000	50,520	5%	75,000	48%
Profits	280	293	5%		
Number of branches	640	641		750	
Net NPA %	0.30%	0.29%			

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ABOUT SOUTH INDIAN BANK

History

- ❖ Incorporated on January 25, 1929
- ❖ Became Scheduled Commercial Bank in 1946
- ❖ Head Office: Thrissur, Kerala
- ❖ IPO in 1998 & FPO In 2006
- ❖ QIP in Sept 2007

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

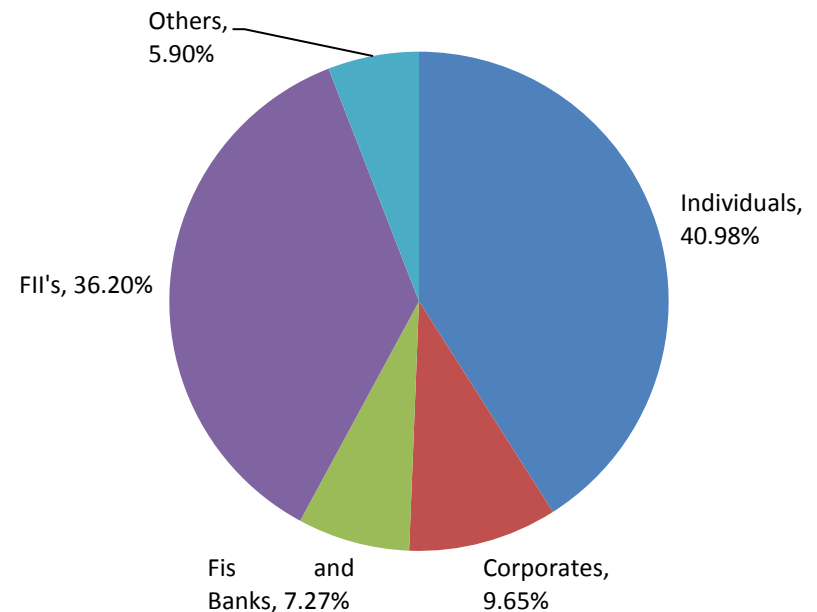
To provide a secure, agile, dynamic and conducive banking environment to customers with commitment to values and unshaken confidence, deploying the best technology, standards, processes and procedures where customer convenience is of significant importance and to increase the stakeholders' value.

MANAGEMENT

Board of Directors

Name	Qualification
Shri. Amitabh Guha (Chairman)	M Sc, former Dy MD of SBI and MD of SBH and SBT
Dr. V.A.Joseph (Managing Director & C.E.O)	M.Com, LL.B., CAIIB, Ph.D.(HRD), MPM
Sri Jose P Alapatt	BSc
Sri Paul Chalissery	B.Com., PGDM
Sri Mathew L Chakola	Graduation
Dr. N J Kurian	Ph.D(Eco.), M.A.(Eco.), M.Sc(Stat.), B.Sc(Math.).
Sri Mohan E Alapatt	BE (Mech)
Sri K. Thomas Jacob	B.SC./ F.C.A. / DISA (ICAI)
Sri H. Suresh Prabhu	M.B.A (Finance), M.A., C.A.I.I.B, PG Diploma in International Banking, Bank Management, Treasury Investment & Risk Management

Shareholding Pattern (Mar '11)



RECOGNITIONS



Adjudged Best Bank in Old Generation Private Bank category - July 2009 'FE India's Best Bank Awards'



Dun & Bradstreet awarded best bank in asset quality among all private sector banks in India - Feb 09



Special award for excellence in Banking Technology from IDRBT (Institute for Development and Research in Banking Technology) - the technical arm of the Reserve Bank of India



Businessworld India's Best Bank 2010 award to South Indian Bank

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