



# INVESTOR PRESENTATION

SEP 2011

# South Indian Bank... At A Glance

83 Years

- Number of years in banking business

644

- Number of branches

568

- Number of ATM's

₹56386 Cr

- Business as on Sep 2011-2012

31%

- Business Growth (Y – to – Y)

25%

- Last 5 years business CAGR

₹177 Cr

- Net Profit for the half year ended Sep 2011-2012

₹95 Cr

- Net Profit for the Q2 (2011-2012)

3%

- Net Interest Margin (Sep 11)

13.48%

- Capital Adequacy Ratio (Basel II –Sep 11)

0.25%

- Net Non-Performing Assets (Sep 11)

History &  
Background

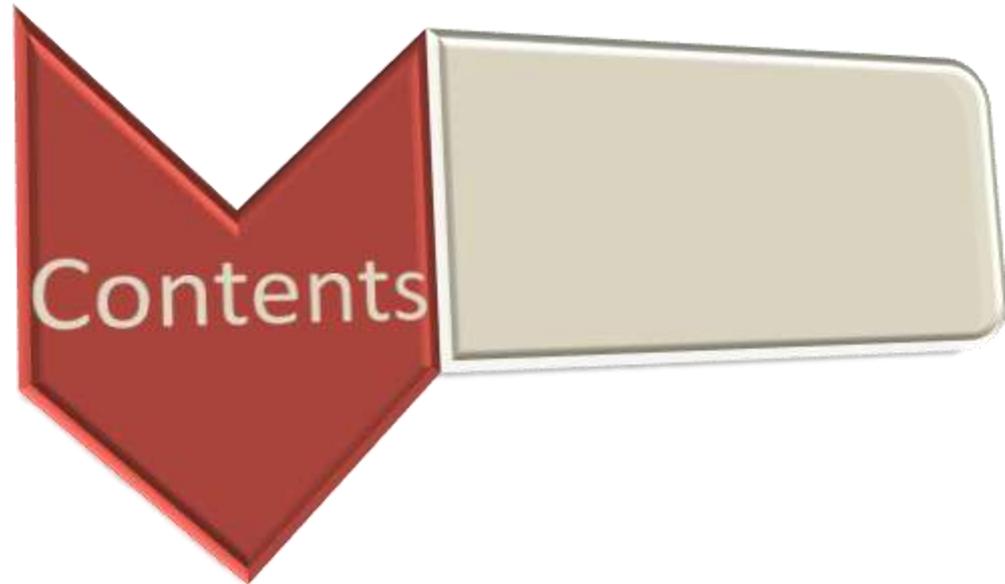
Overview

QAGLAIGM

Key Strength

Business  
Performance

Future Strategy





# History & Pioneering Initiatives

**One of the oldest Banks in South India.**

**Incorporated on January 25, 1929. Head Office: Thrissur, Kerala**

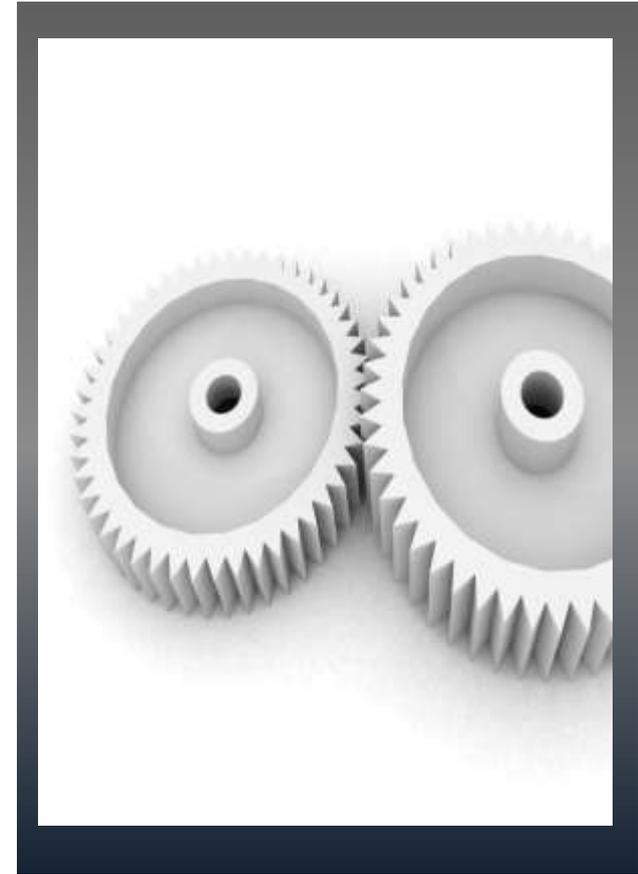
**First among private sector Banks in Kerala to become a SCB in 1946.**

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

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

**Listed in NSE, BSE & CSE- IPO in 1998. successful FPO In 2006**

**Successful QIP in Sept 2007**



## 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

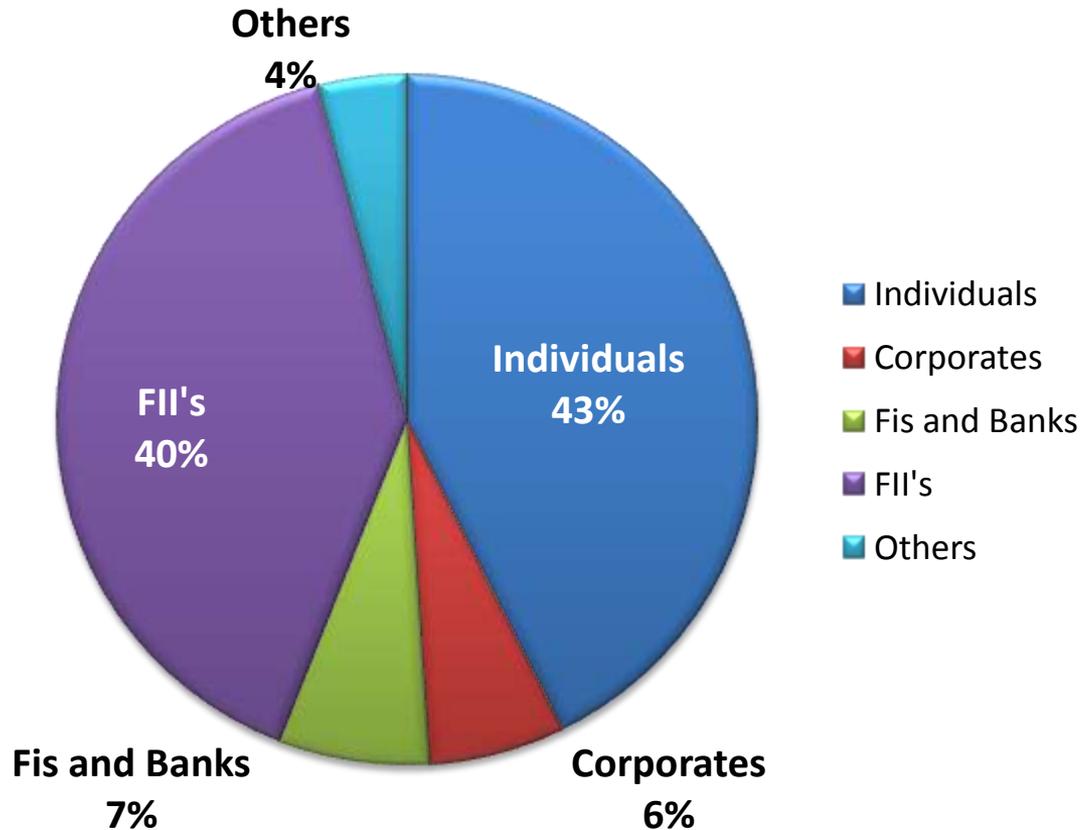
Dr. N J Kurian

Sri Mohan E Alapatt

Sri K. Thomas Jacob

Sri H. Suresh Prabhu

# Shareholding Pattern – as on 30.09.2011



Diversified shareholding & tradition of good corporate governance practices

# Vision & Mission

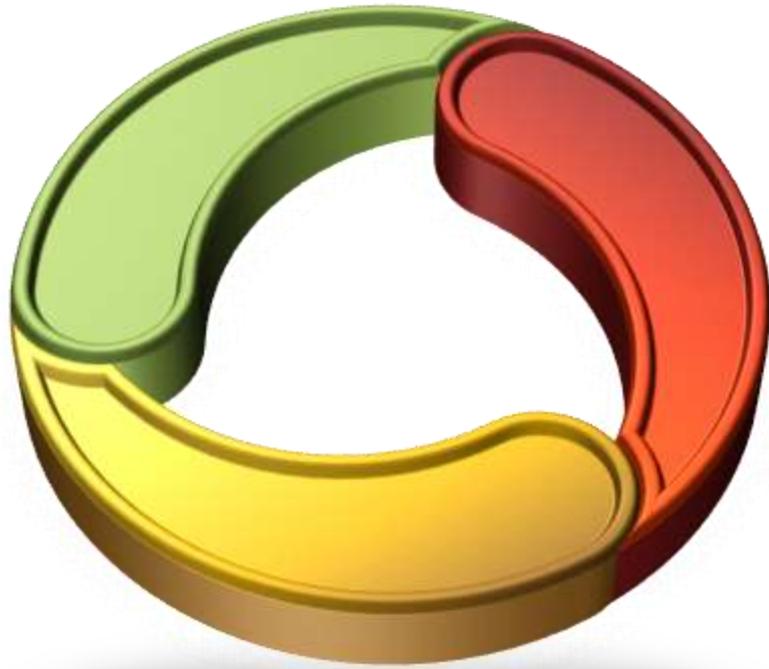


## CORPORATE VISION

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 Strength

**SIB**

## Healthy Fundamentals

- Adequately Capitalised;
- 13.48% CRAR & 10.80% Tier 1 ratio
- Asset Quality;
- 0.99% GNPA's & 0.25% NNPA's
  - 74.70% NPA Coverage ratio
  - 17.53% ROE, 1.05% ROAA
  - Over 85% secured loan book

**SIB**

## Significant Turnaround

- Benchmarked HR Practices & Introduced Performance Linked Incentive schemes, ESOP, Annual Performance contest-Awards.
- Forward looking Human Capital Management Strategy
- Highly skilled human capital- 46% of human capital under age 30 with professional qualification

**SIB**

## Strong Growth

- One of the fastest growing banks in India.
- 25% CAGR in business in last 5 years
- Constant growth in Business & Profitability
- Most advanced technology in all spheres of banking operations & delivery channels.

**SIB**

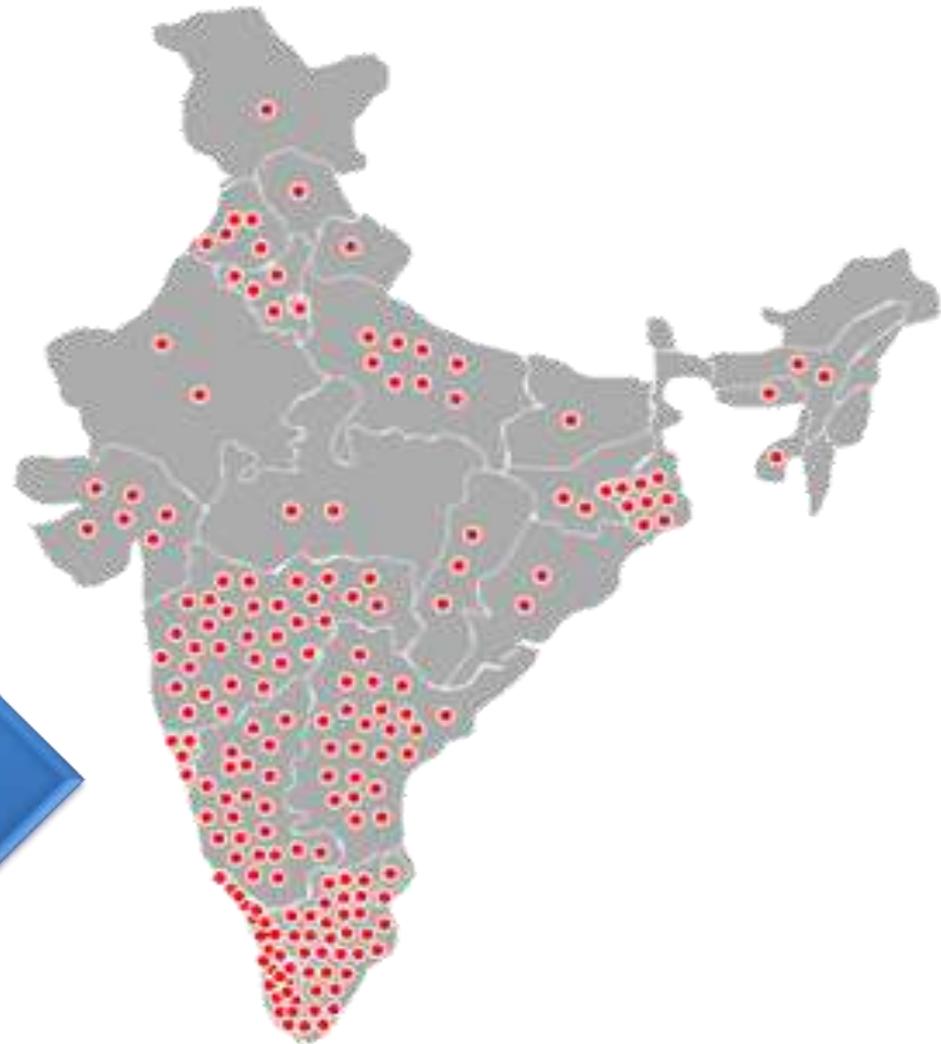
## Key Competitive Advantage

- Fast expanding branch network
- High Asset Quality with well diversified Loan portfolio
- 9% market share in Kerala's NRI deposit base.
- Strong boost to Income from high yielding gold loans forming 20% of the loan book.

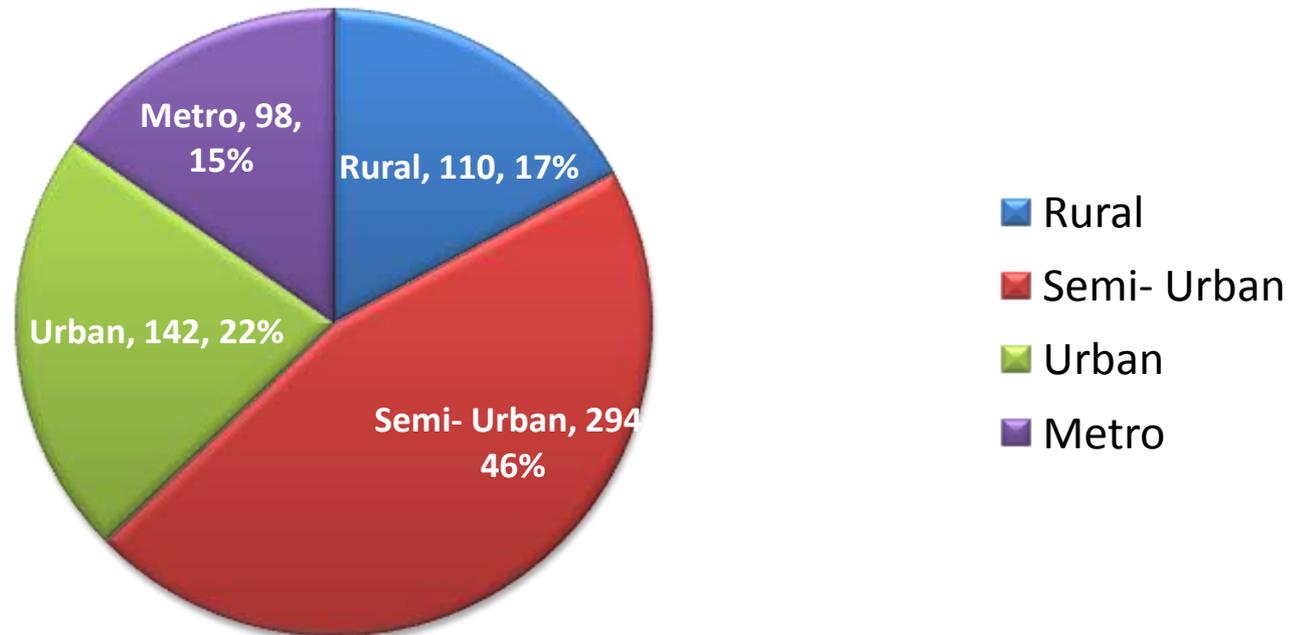
# Vast and Rapidly Growing Branch Network

Spread of  
Branches

Average Branch &  
ATM network  
growth @ 10% (for  
last & current FY)



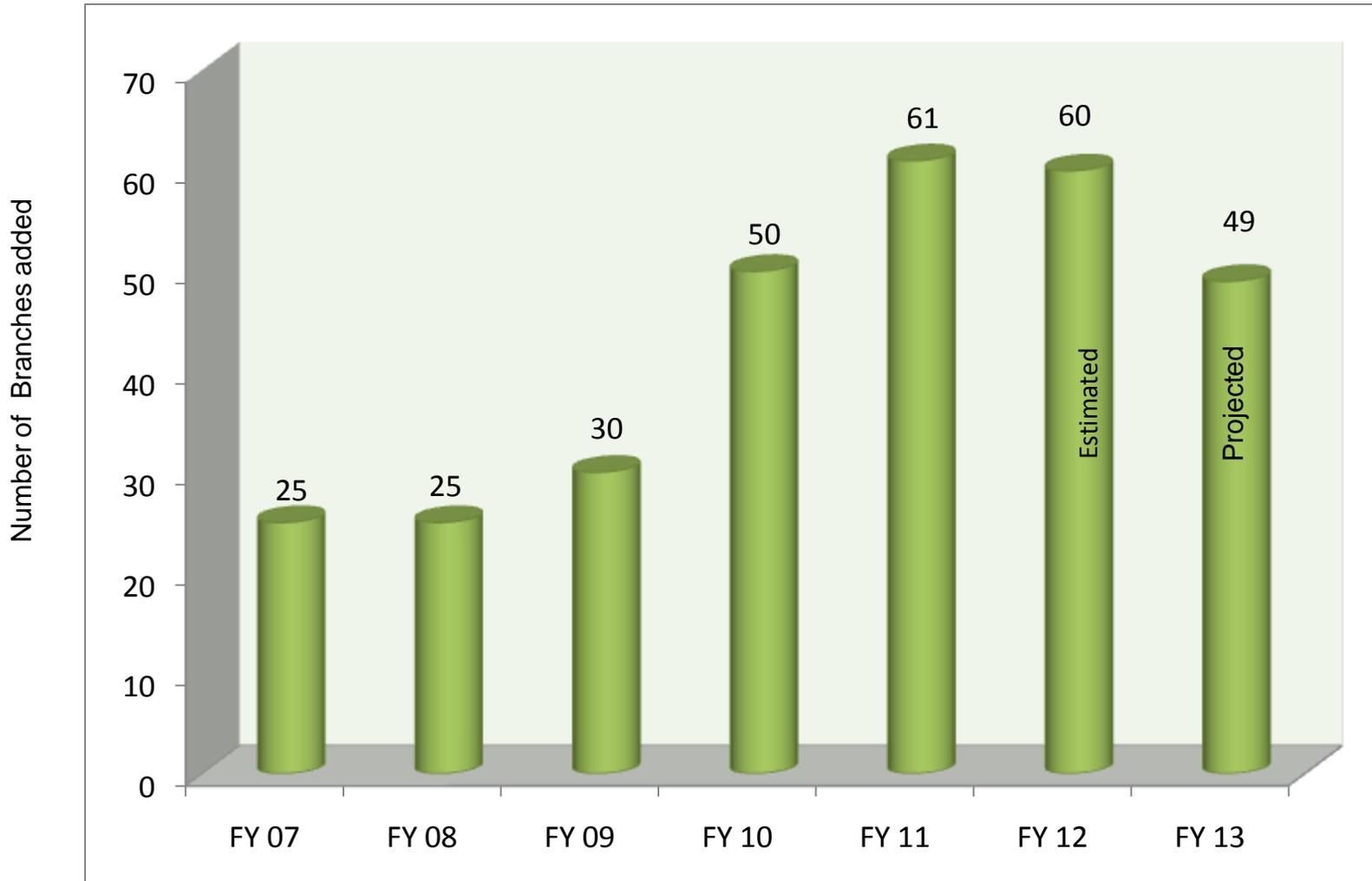
## Branch Network – Category wise as on Sep 11



## State wise distribution of Branches – Category wise as on Sep 11

STATES	No: of Branches	STATES	No: of Branches
KERALA	361	JHARKHAND	2
TAMIL NADU	115	MADHYA PRADESH	2
KARNATAKA	37	ORISSA	2
ANDHRA PRADESH	29	PONDICHERY	2
MAHARASHTRA	24	RAJASTHAN	2
DELHI	21	ASSAM	2
WEST BENGAL	9	BIHAR	1
UTTAR PRADESH	8	CHANDIGARH	1
GUJARAT	6	JAMMU & KASHMIR	1
HARYANA	4	UTTARANCHAL	1
PUNJAB	4	TRIPURA	1
GOA	4	HIMACHAL PRADESH	1
CHATTISGARH	3	MEGHALAYA	1

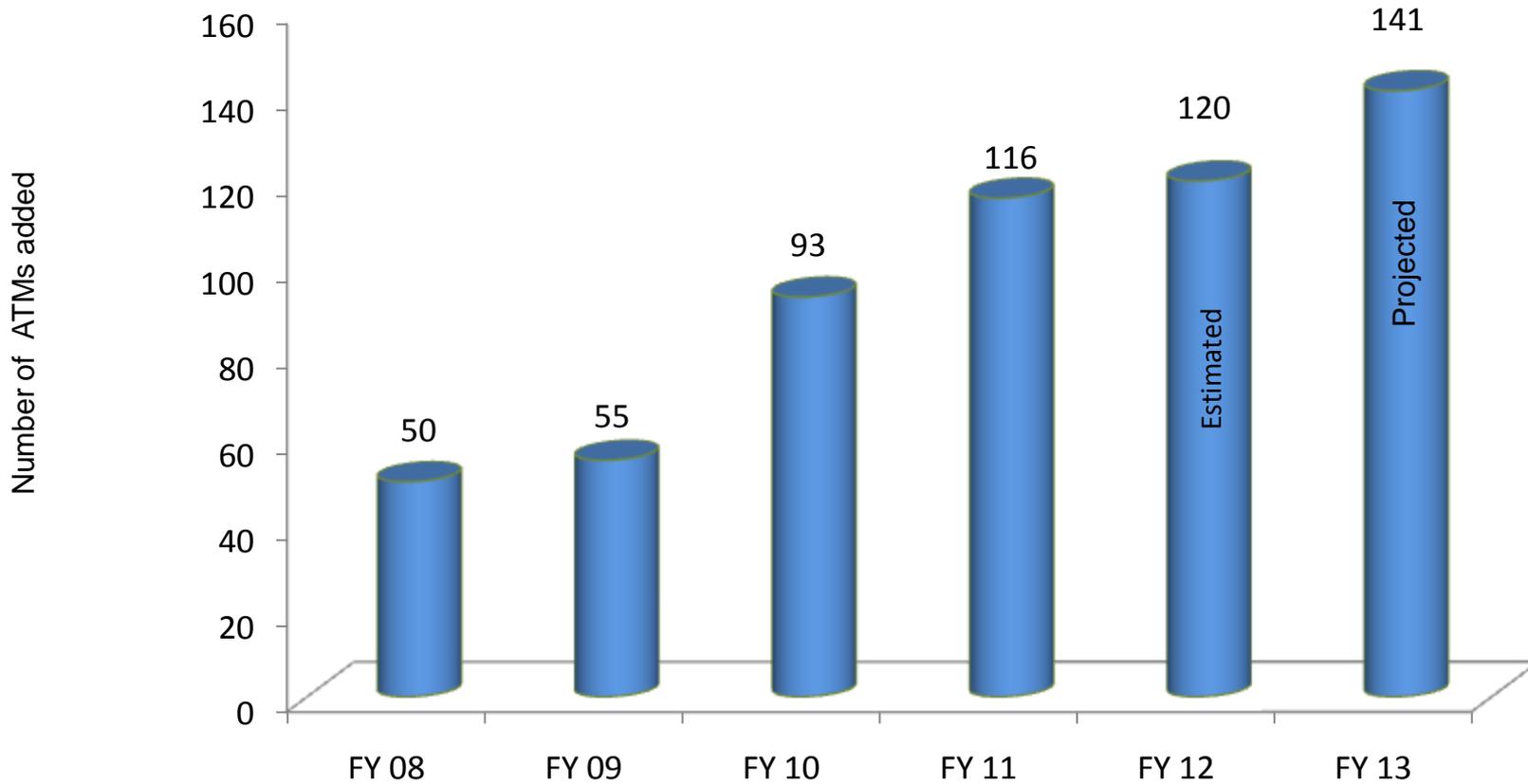
# Network Expansion( Number of branches added)



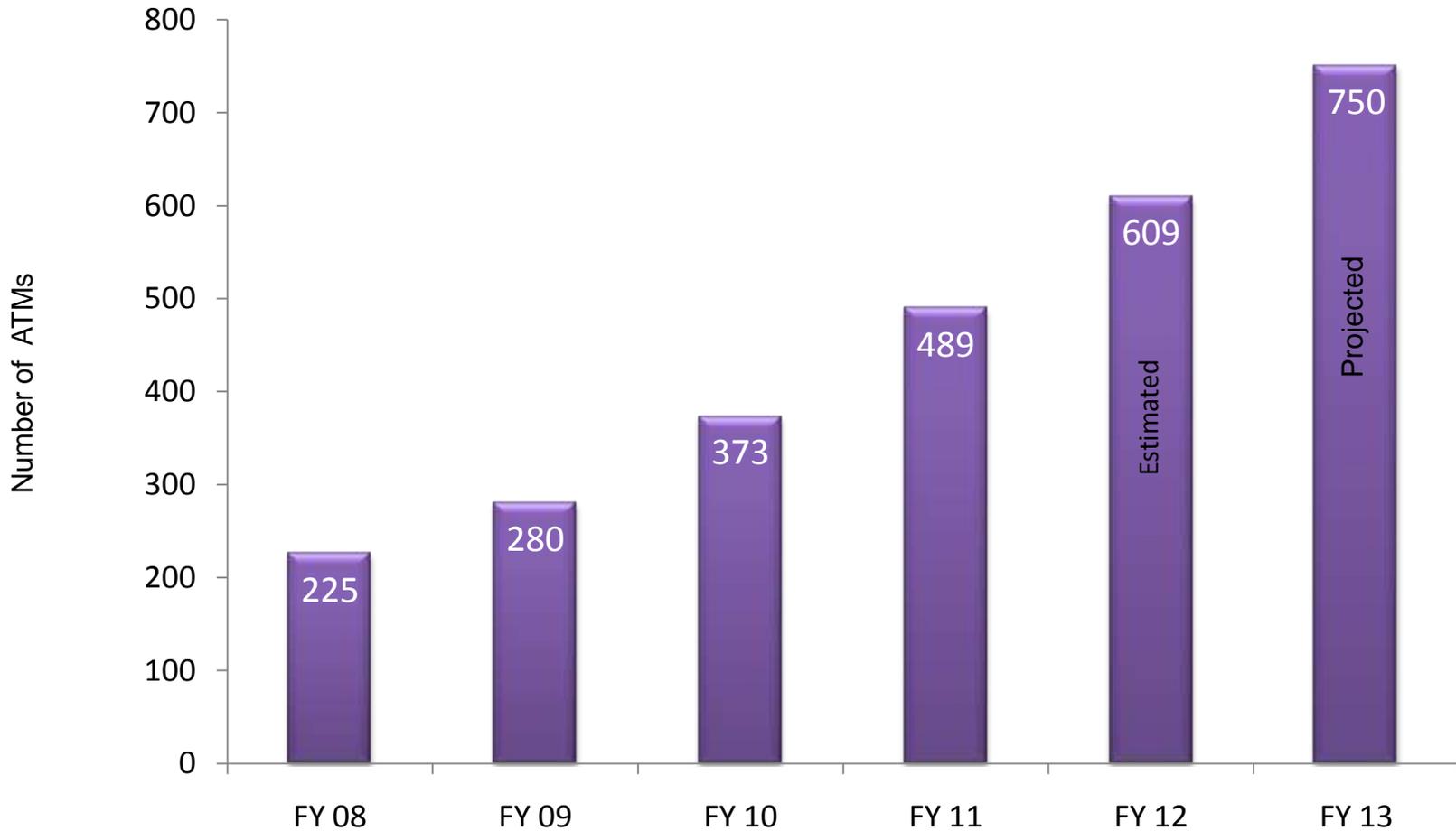
## Branch Network – as on Sep 11



# Network Expansion( Number of ATMs added)



## ATM Network – as on Sep 11



# 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 & 568 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
 <p><b>Retail Banking</b></p>	<ul style="list-style-type: none"> <li>▪ Gold Loans</li> <li>▪ Retail Business Loans</li> <li>▪ Housing Loans/ Mortgages</li> <li>▪ Auto Loans</li> <li>▪ Personal Loans</li> <li>▪ Education Loans</li> <li>▪ Employee Group Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Savings Bank Accounts</li> <li>• Current Accounts</li> <li>• Fixed/ Recurring Deposits</li> </ul>	<ul style="list-style-type: none"> <li>• Depository Account</li> <li>• Mutual Funds sales</li> <li>• Life Insurance sales</li> <li>• General Insurance sales</li> <li>• Group Insurance sales</li> <li>• E-payment</li> <li>• Cash Management Services</li> <li>• Online Foreign Inward Remittance</li> <li>• m-Commerce</li> <li>• New Pension System</li> <li>• Gold Coins/ingots</li> </ul>
	Commercial Banking		
 <p><b>Wholesale Banking</b></p>	<ul style="list-style-type: none"> <li>• Working Capital Loans</li> <li>• Term Loans</li> <li>• Wholesale Deposits</li> <li>• Letters of Credit</li> <li>• Banks Guarantees</li> <li>• Bill Finance</li> </ul>		

# FINANCIAL INCLUSION

Particulars	March 10	March 11	Sep 11
Number of Business Correspondents (BCs) appointed	0	7	25
Number of villages with population above 2000 provided with banking facility (Rural branches & BCs)	107	117	135
Number of rural households covered	2.46 Lakh	2.47 Lakh	2.65 Lakh
Number of 'No-frills' accounts (including Students A/c)	6.83 Lakh	10.26 Lakh	11.39 Lakh
No-frills accounts - amount	64.06 crore	102.72 crore	134.44 crore

## Way Forward

We have been empanelled by UIDAI for opening 'No-Frills account' based on AADHAAR enrollment . in 26 districts & 39 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 planning for implementing 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

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

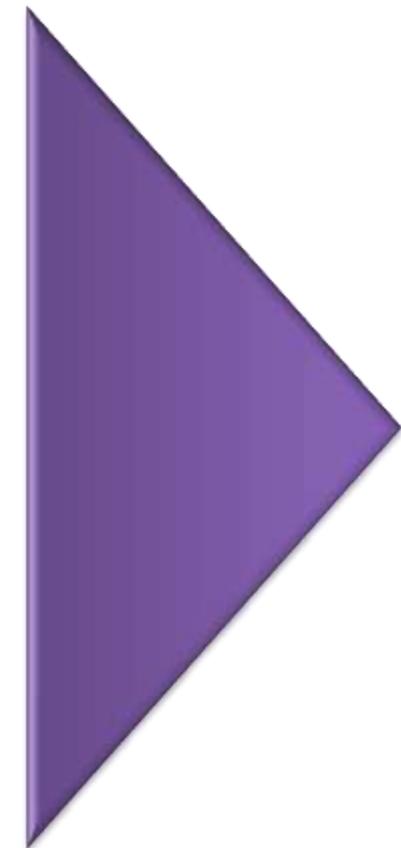
India's Best Bank 2010 Award – “Business world – Price Water House Coopers . Best Banks Survey 2010”

Best Asian Banking Website - Asian Banking & Finance Magazine, Singapore.

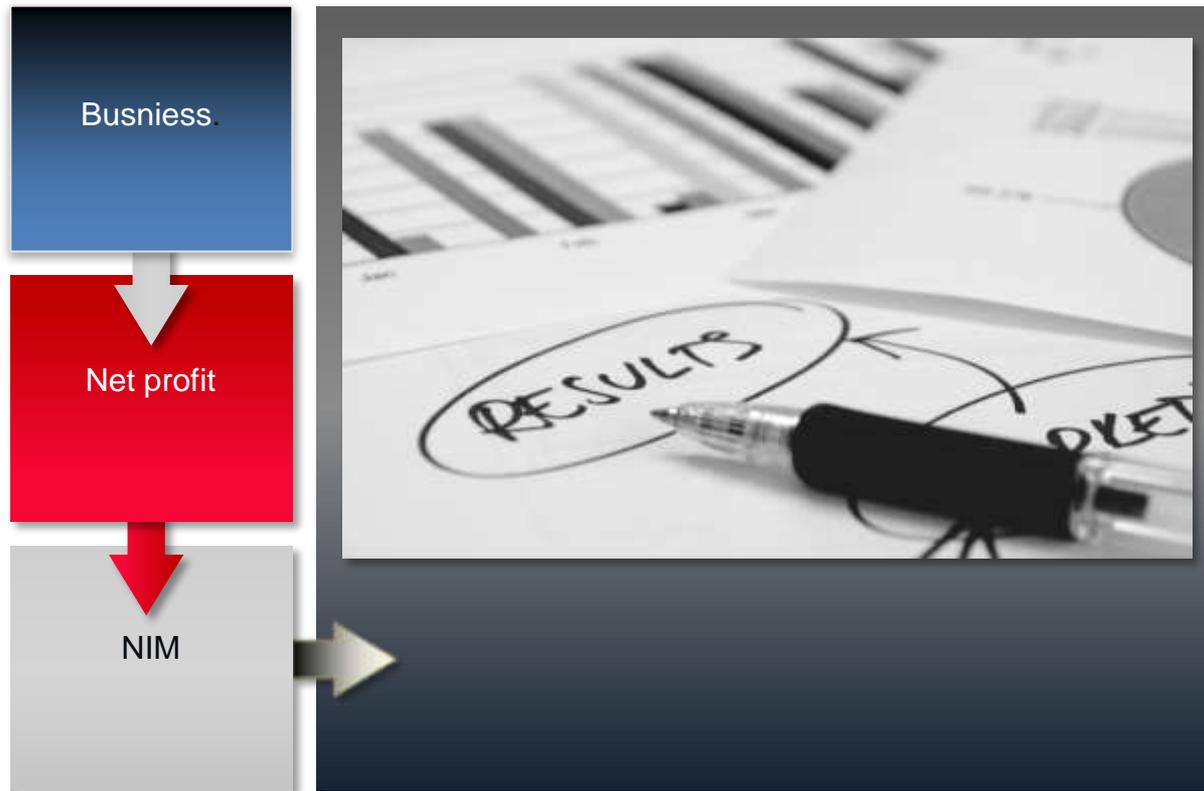
Best Old Pvt Sector Bank - Financial Express India's Best Banks 2008-2009.

Best Pvt Sector bank in the Service quality segment Outlook Money - CFore Survey.

Best Website Award from Kerala Management Association

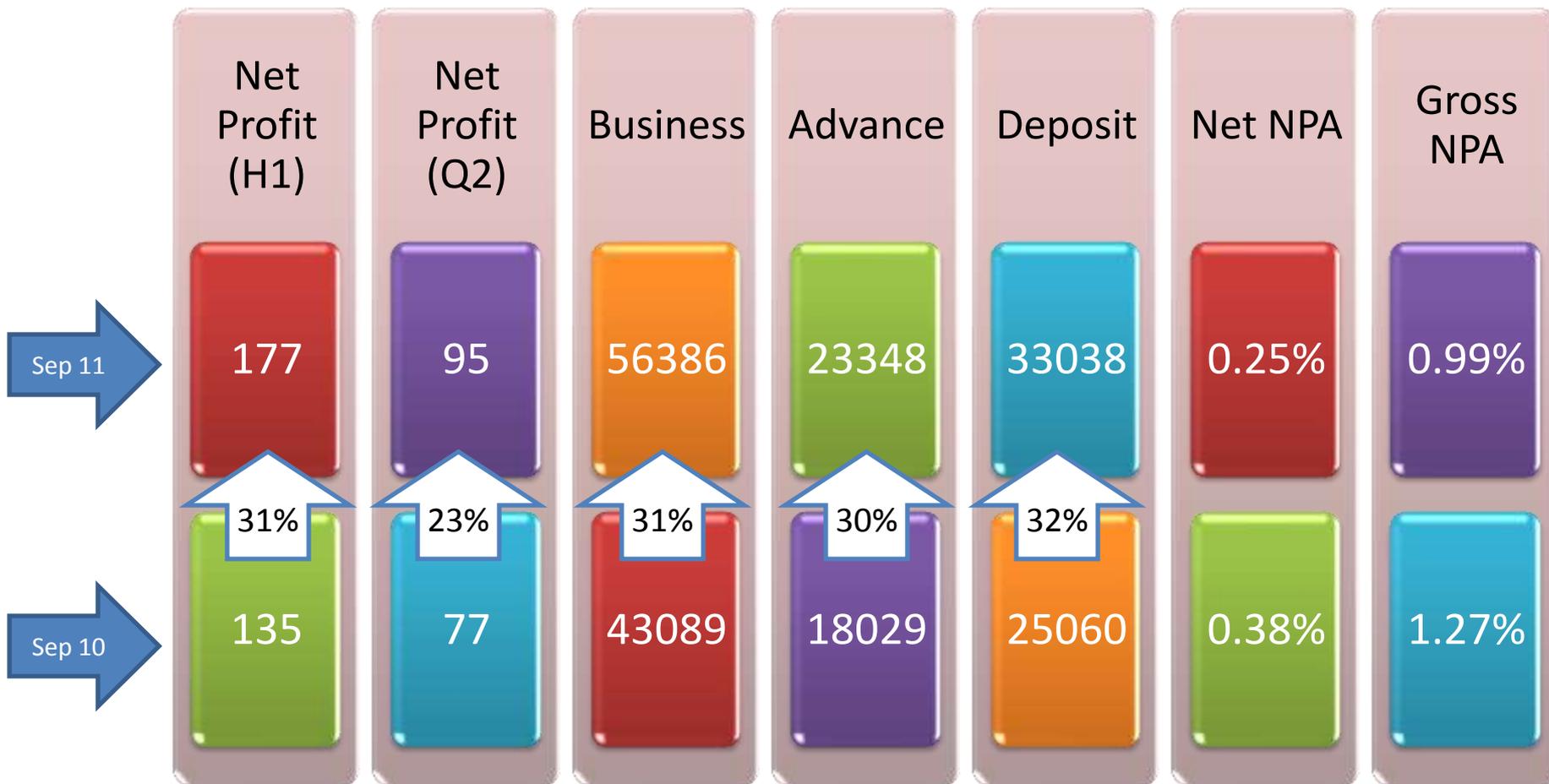


# Business Performance

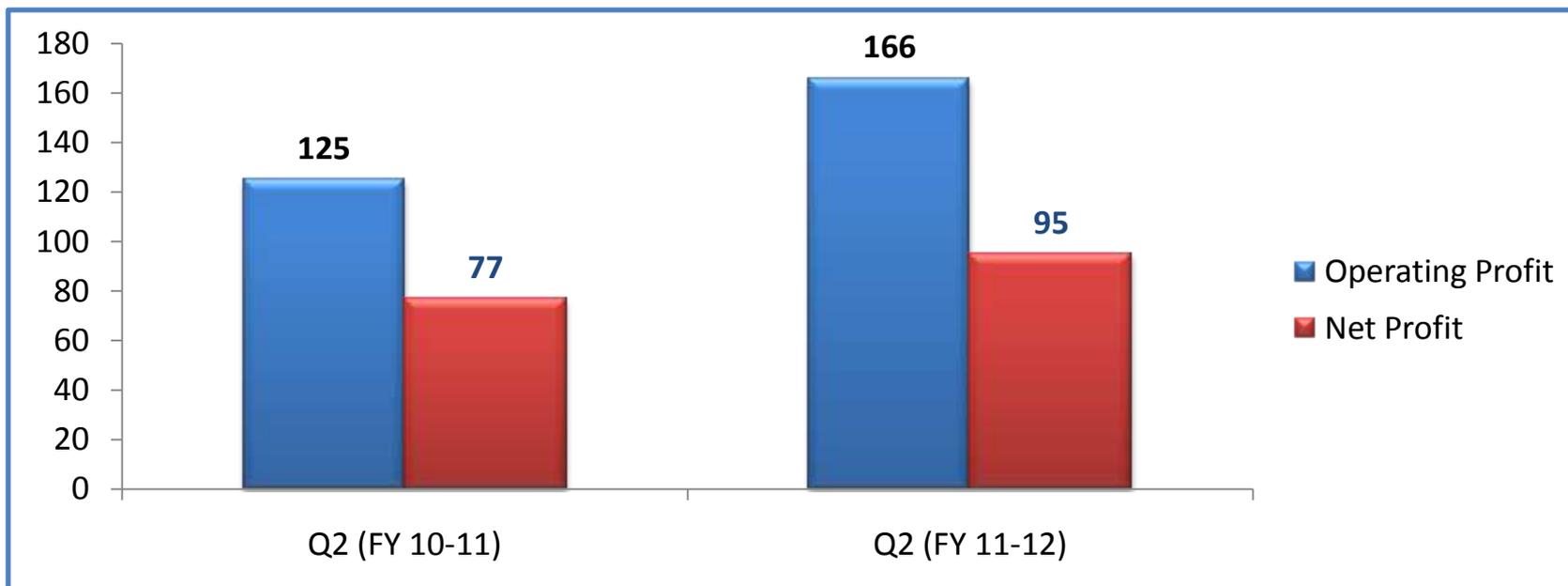


# Financial Highlights – FY12 (1<sup>st</sup> Half)

(₹ in Crores)



# Profitability– FY12 (Q2)



Year to Year Growth (Q2)

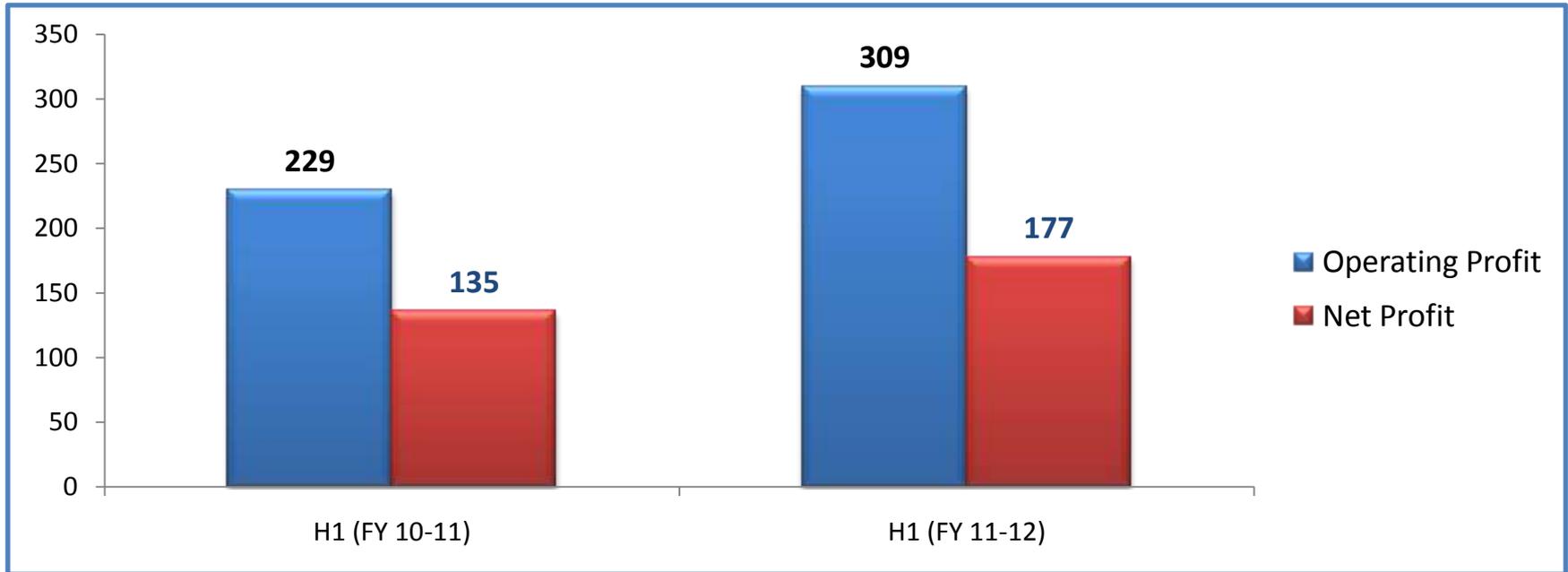
Operating Profit

↑ 33%

Net Profit

↑ 23%

# Profitability– FY12(1<sup>st</sup> Half)



Year to Year Growth (1<sup>st</sup> half)

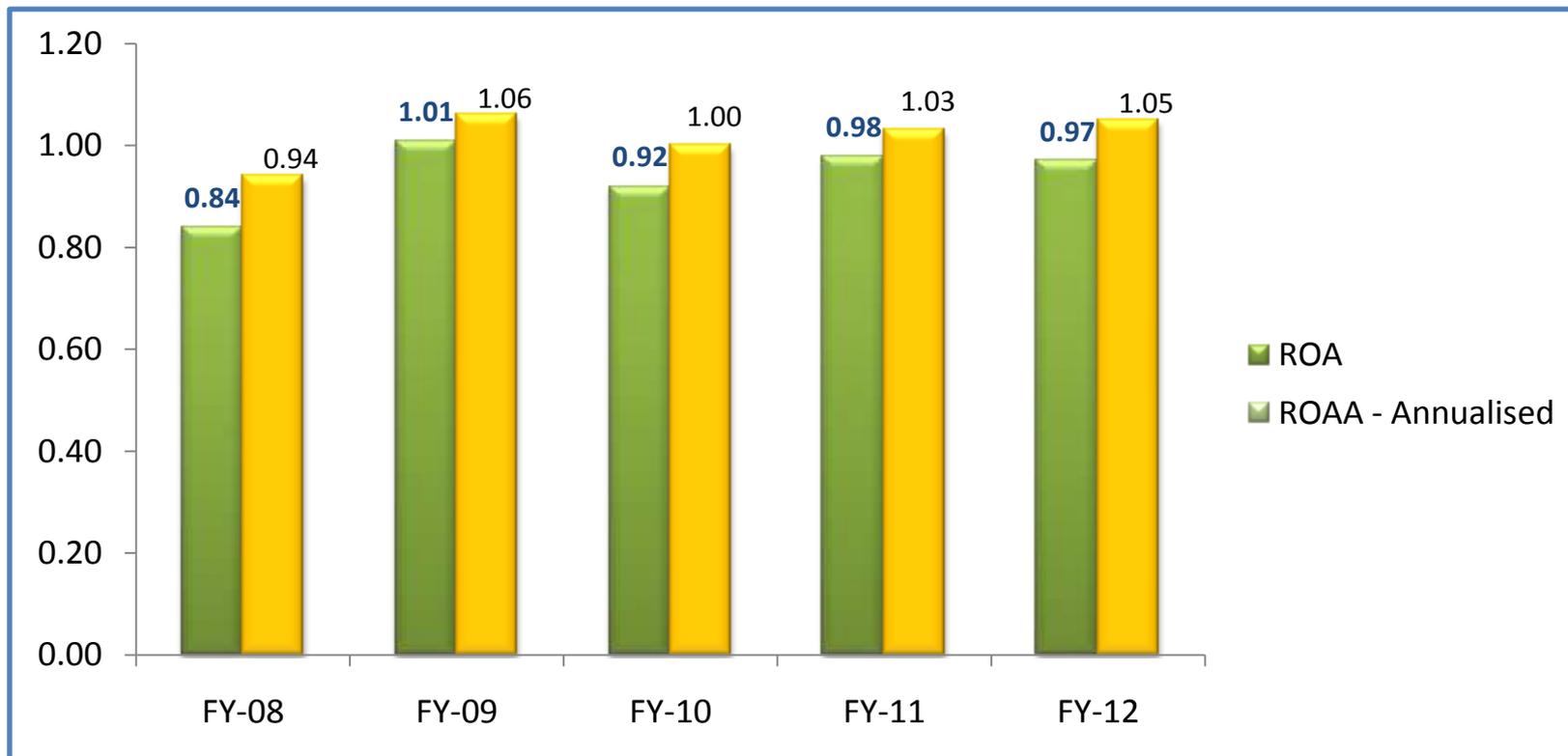
Operating Profit

↑ 35%

Net Profit

↑ 31%

# Improved Quality of Earnings



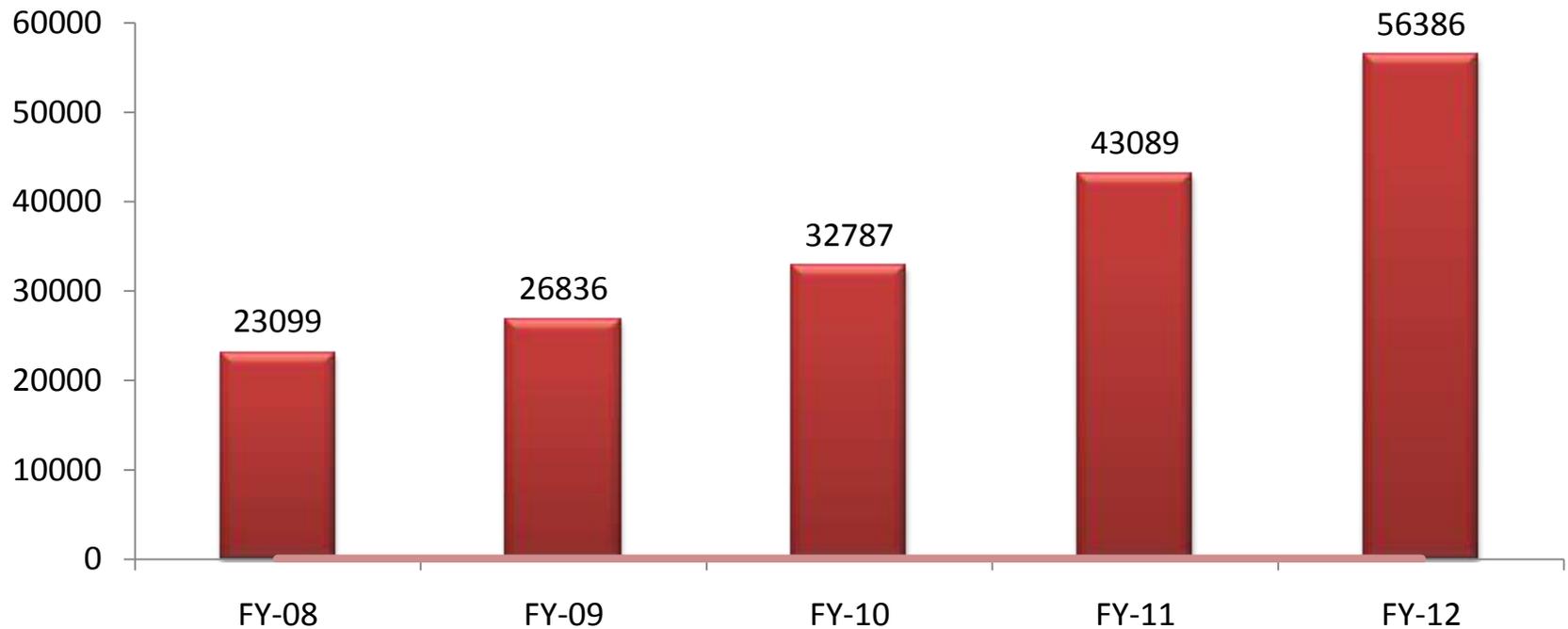
\*ROA is annualised for the period

**RoA coming mainly from Core Income**

# Business Trend as at 30<sup>th</sup> Sep

## Total Business and Growth

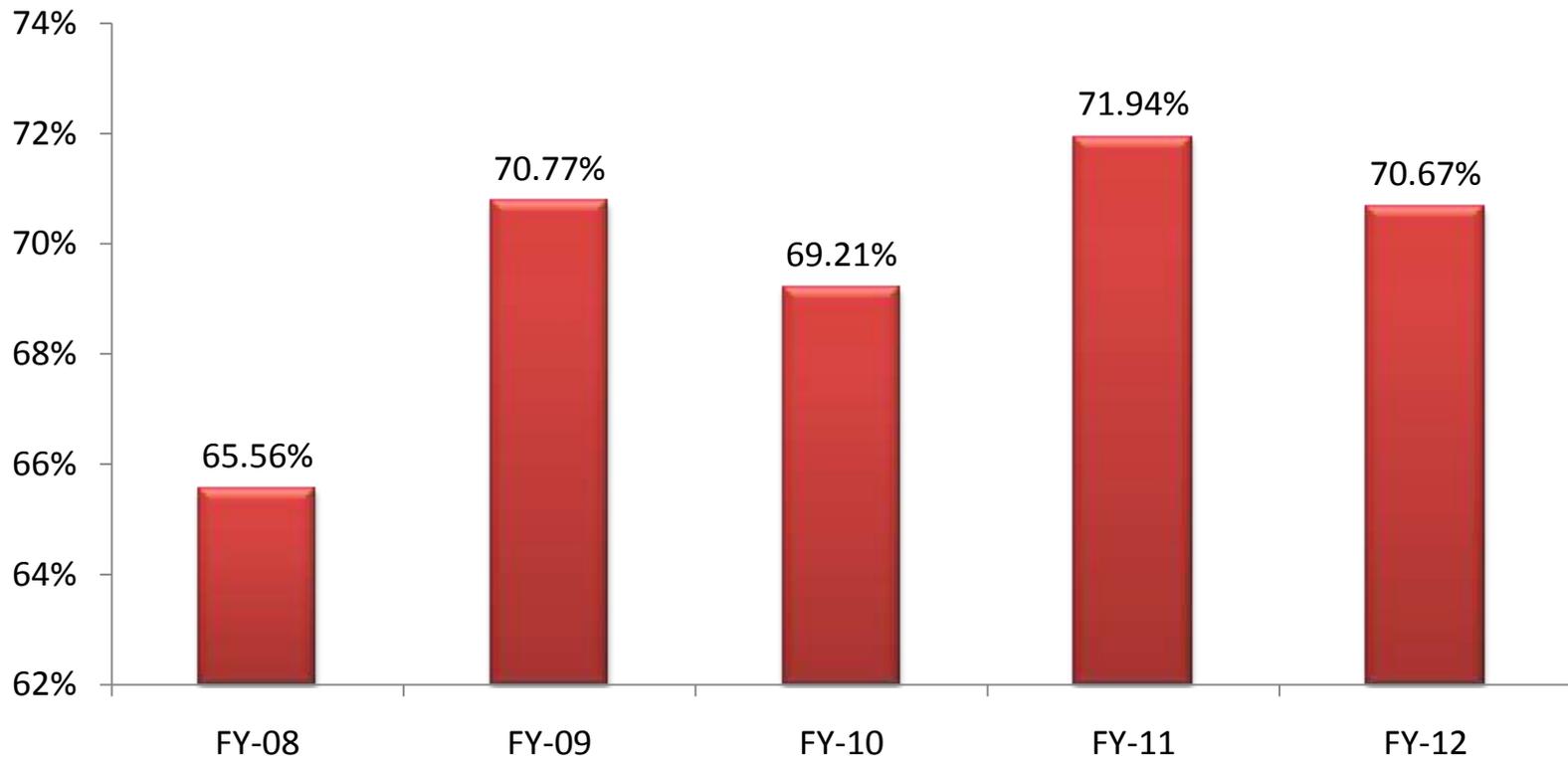
(₹ in Crores)



Business grew over 2.4 times at CAGR of 25% in 5 years

# Business Trend as at 30<sup>th</sup> Sep

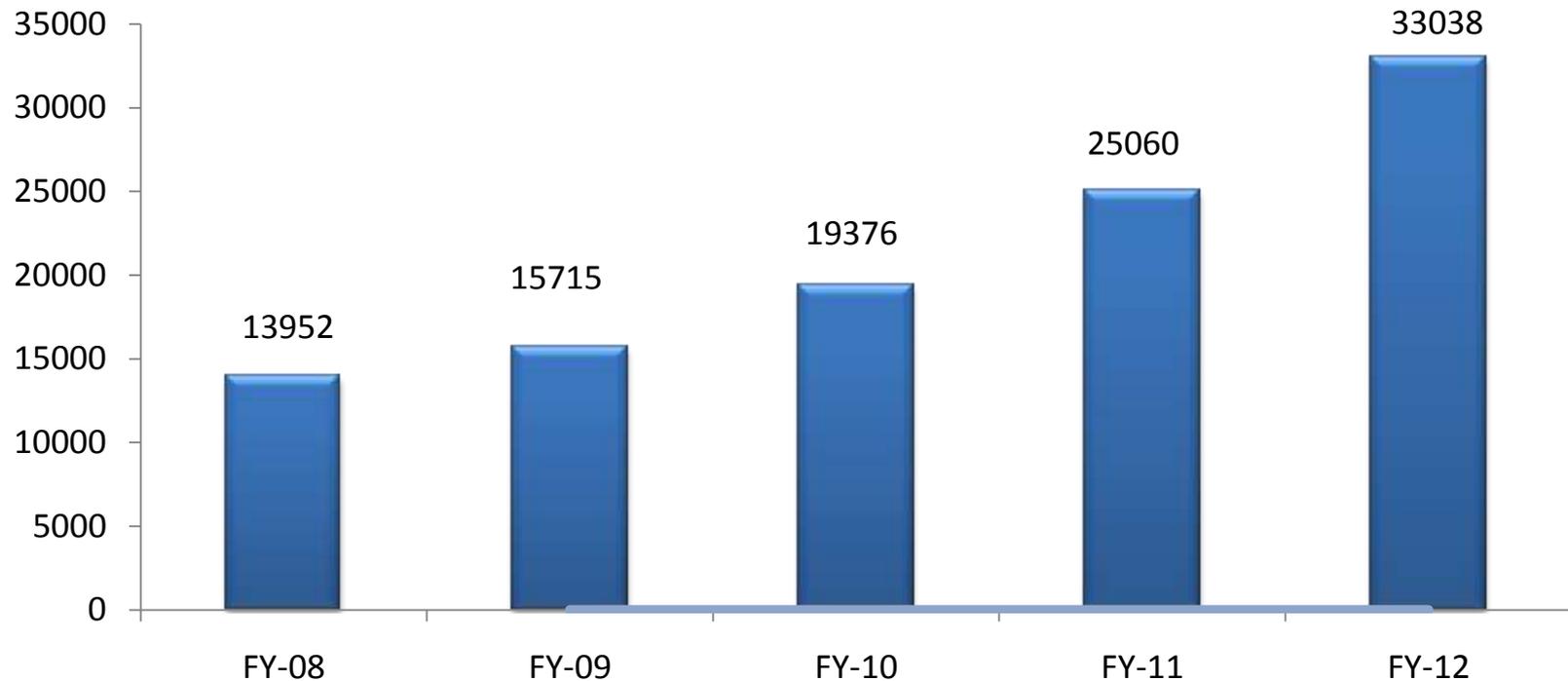
## Gross Credit Deposit Ratio



# Deposits as at 30<sup>th</sup> Sep

## Growth in Deposits

(₹ in Crores)

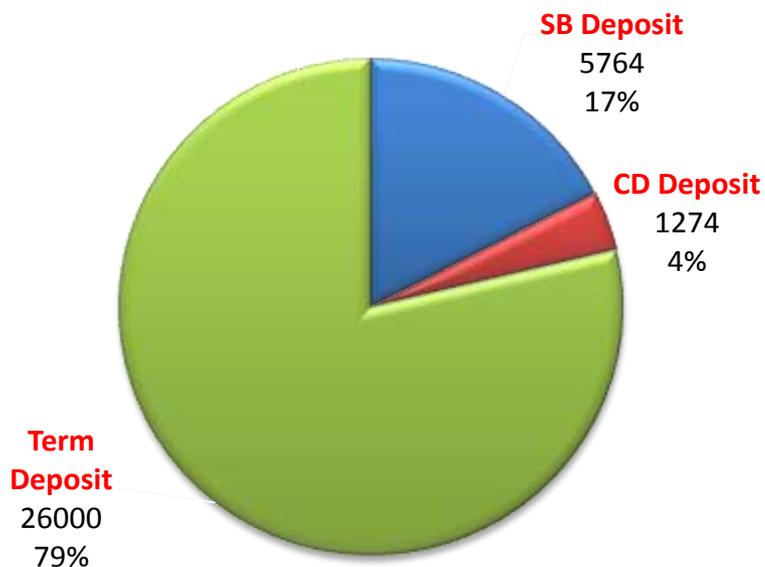


**Deposits increased @ 32% growth rate**

# Deposits – Composition and Trend

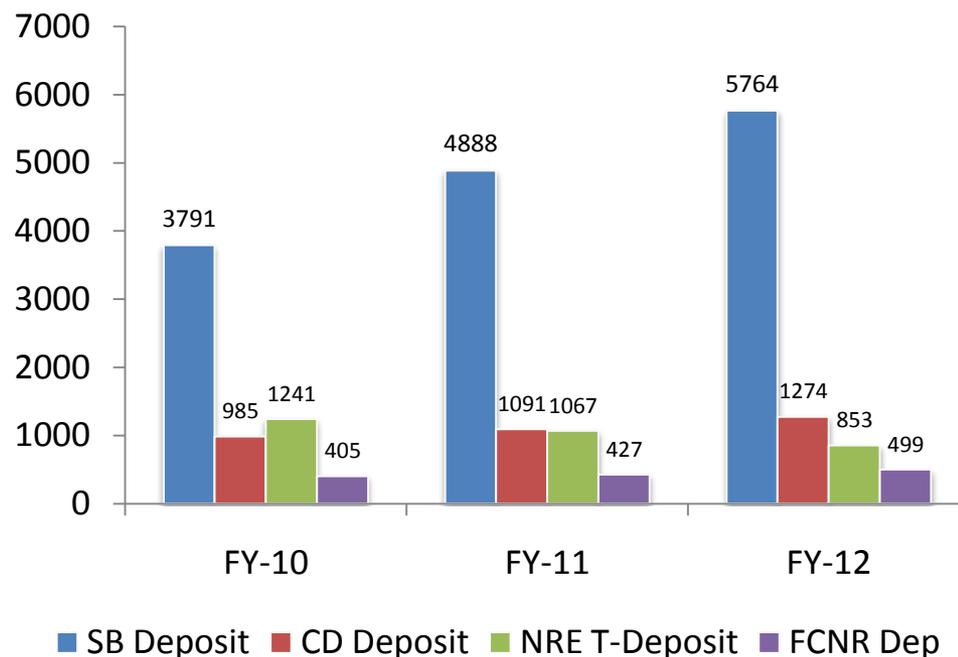
## Composition of Deposits

(₹ in Crores)



## Annual Trend in Low cost deposits

(₹ in Crores)

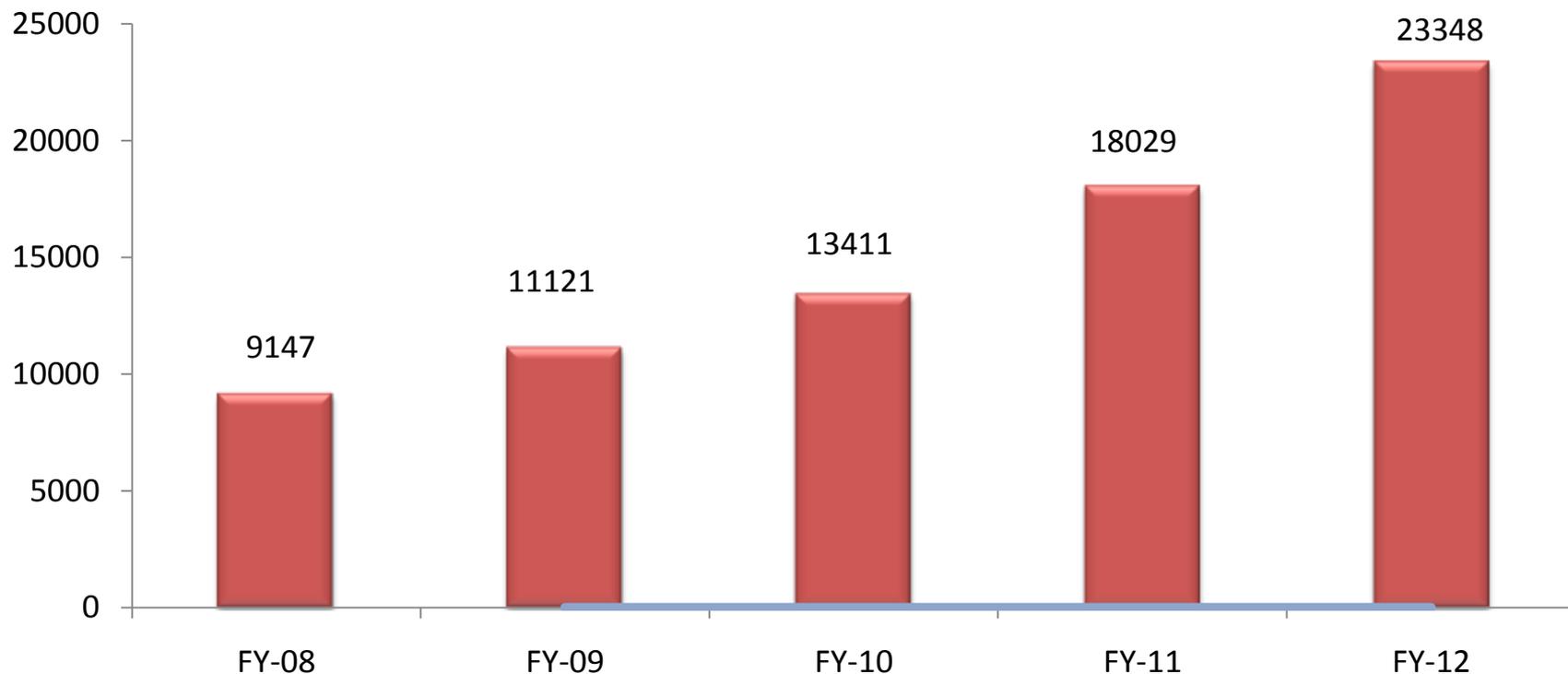


**Low Cost deposits form 26% of total deposits.**

# Advances as at 30<sup>th</sup> Sep

## Growth in Advances

(₹ in Crores)



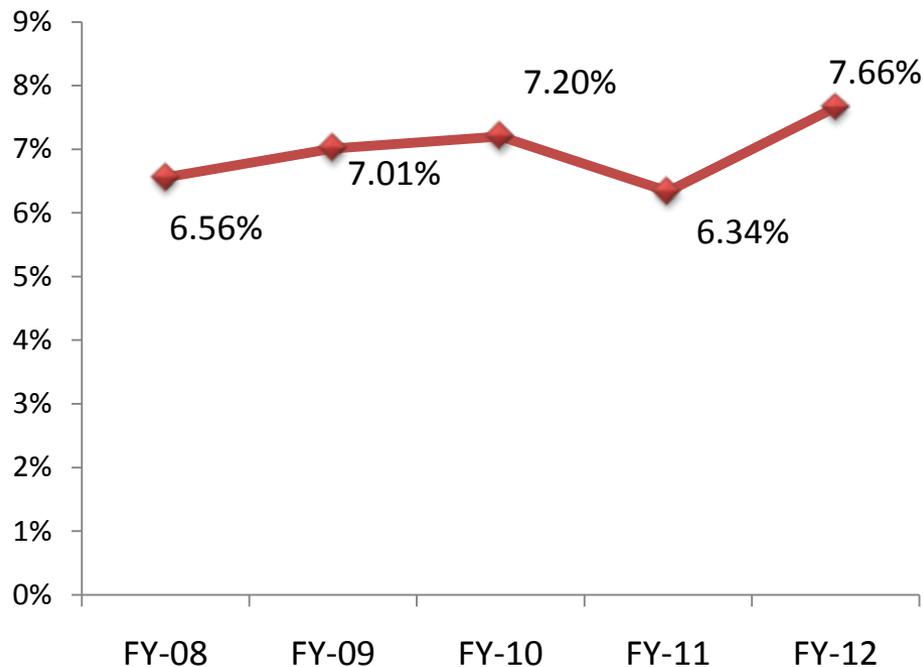
**Advances increased by 30% (Y-to- Y)**

# Advances – Composition (Sep 2011)

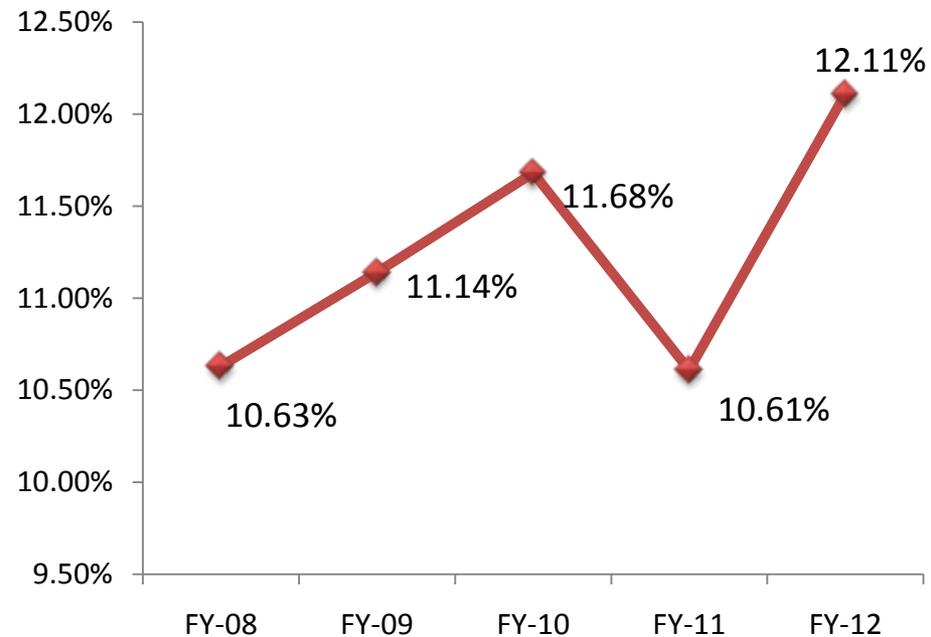
Sector	Upto 5 Crores	Above 5 Crores	Total	% to total
Agriculture	2931.13	302.74	3233.87	13.85%
MSME	1570.26	737.74	2308.00	9.89%
Large Scale Industries	503.36	2951.94	3455.30	14.80%
Housing	1159.22	416.04	1575.26	6.75%
Commercial Real Estate	72.99	35.27	108.26	0.46%
NBFC	62.05	1032.31	1094.36	4.69%
Food Credit	0.00	362.60	362.60	1.55%
LC Bills	0.00	2815.63	2815.63	12.06%
Other	7535.09	859.40	8394.49	35.95%
<b>Total</b>	<b>13834.10</b>	<b>9513.67</b>	<b>23347.77</b>	<b>100.00%</b>

# Trend in Cost & Yield

## Trend in Cost of Deposits – Half Yearly

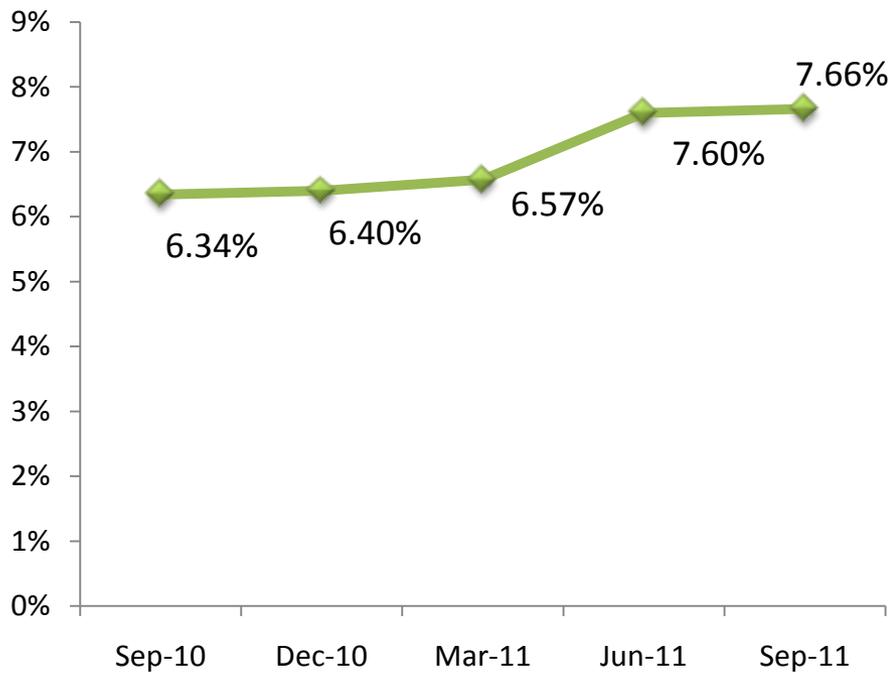


## Trend in Yield on Advances- Half Yearly

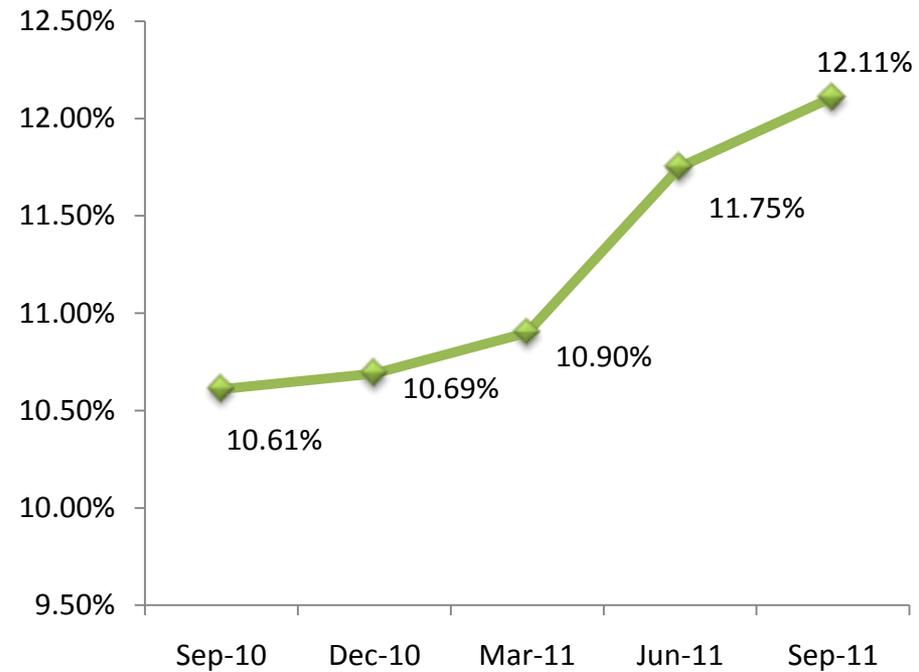


# Trend in Cost & Yield

## Trend in Cost of Deposits - Qtrly



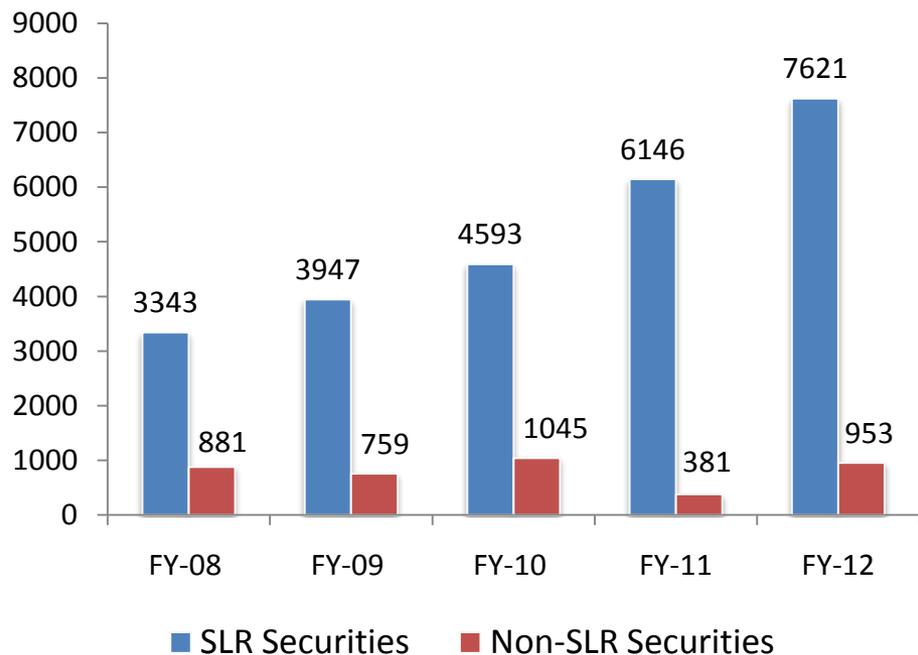
## Trend in Yield on Advances - Qtrly



# Investment Portfolio (Sep 2011)

## SLR & Non SLR Securities

₹ in Crores

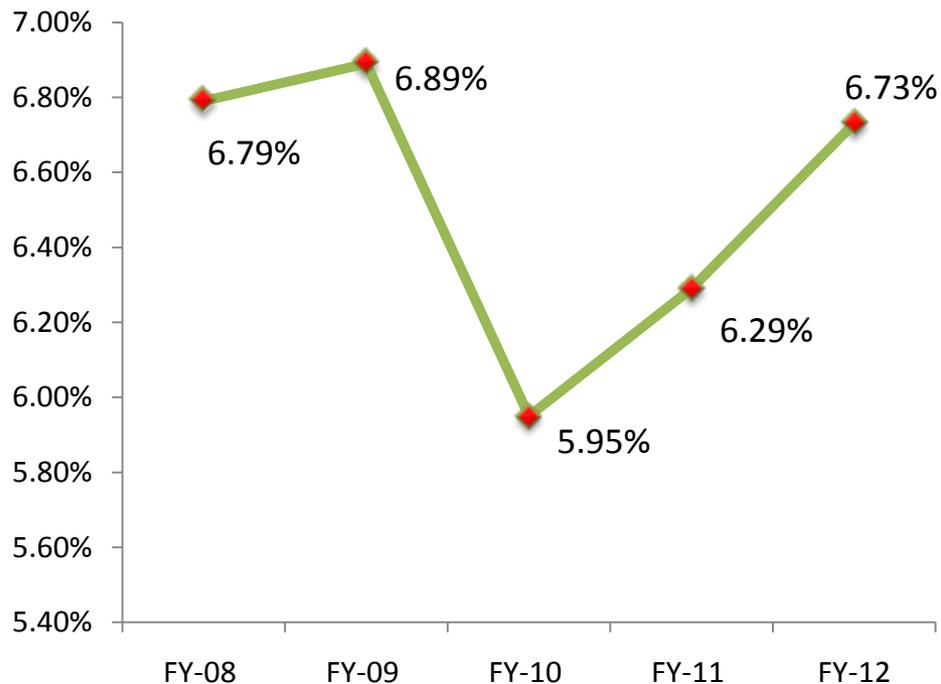


## Composition of Investment Book

Category	Amount	Percentage
Held to Maturity	6668.14	77.77%
Held for Trading	314.73	3.67%
Available for Sale	1591.11	18.56%
<b>Total</b>	<b>8573.98</b>	<b>100.00%</b>

# Investment Portfolio (Sep -2011)

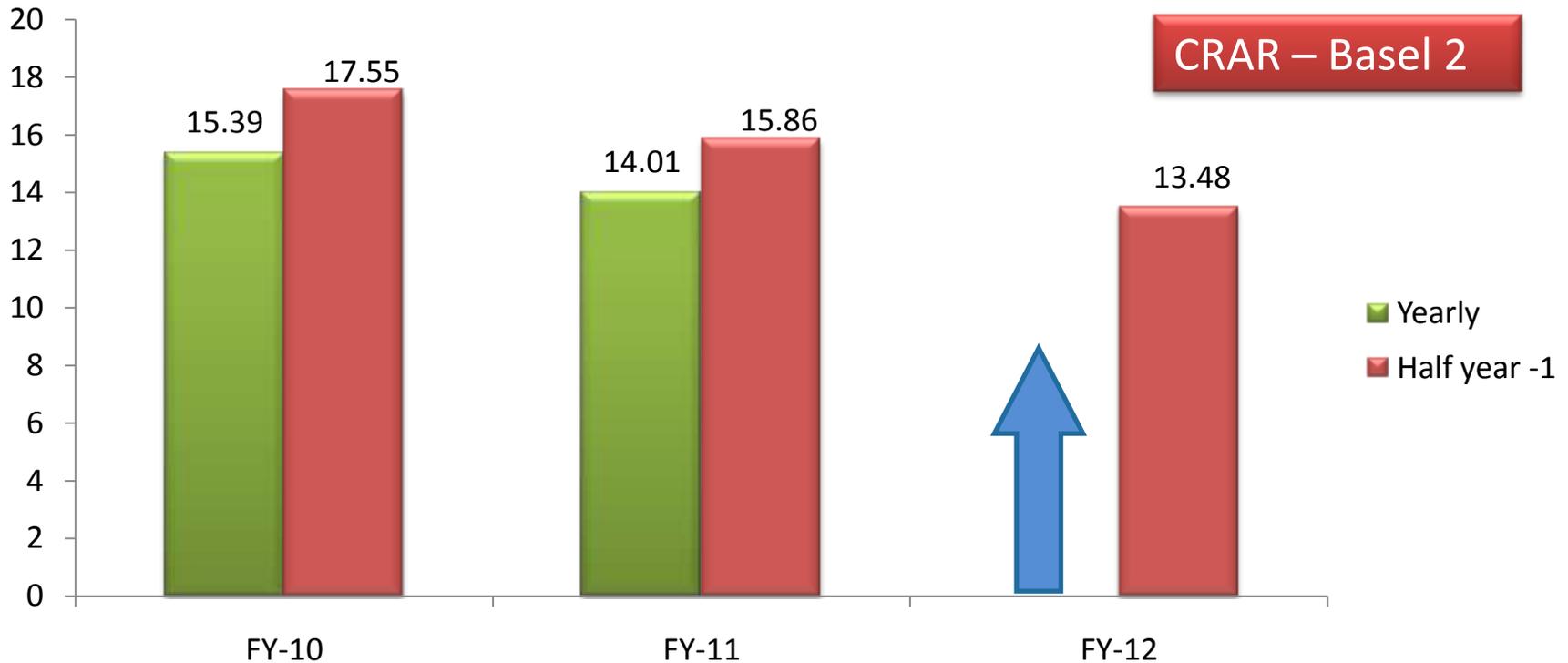
## Yield on Investments



## Duration of Investments

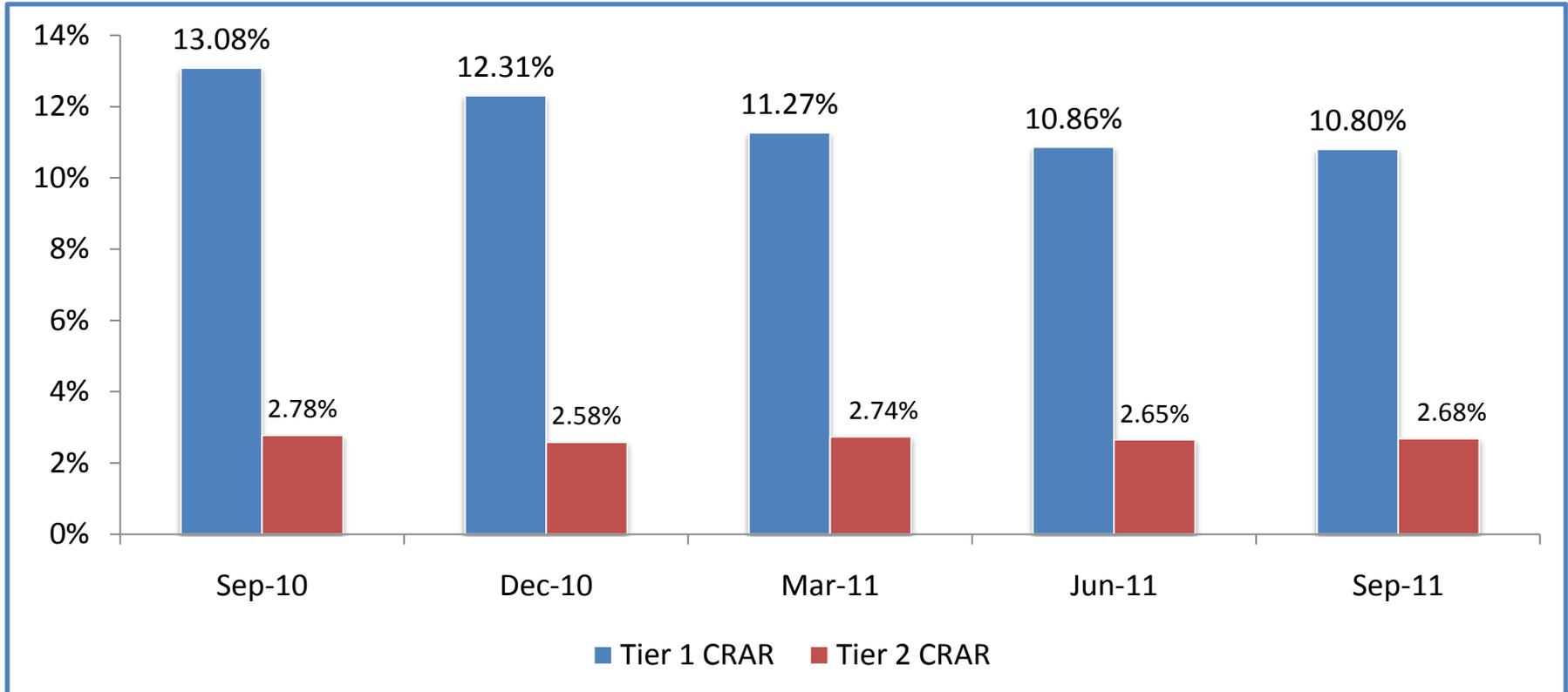
	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Total Investment Portfolio	4.34	4.45	4.03	3.67	3.61	3.69
Total HM Investment Portfolio	5.18	5.03	4.96	4.81	4.68	4.61
Total HFT and AFS together Investment Portfolio	0.74	1.12	0.44	0.42	0.39	0.39

# Adequately Capitalized



**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.**

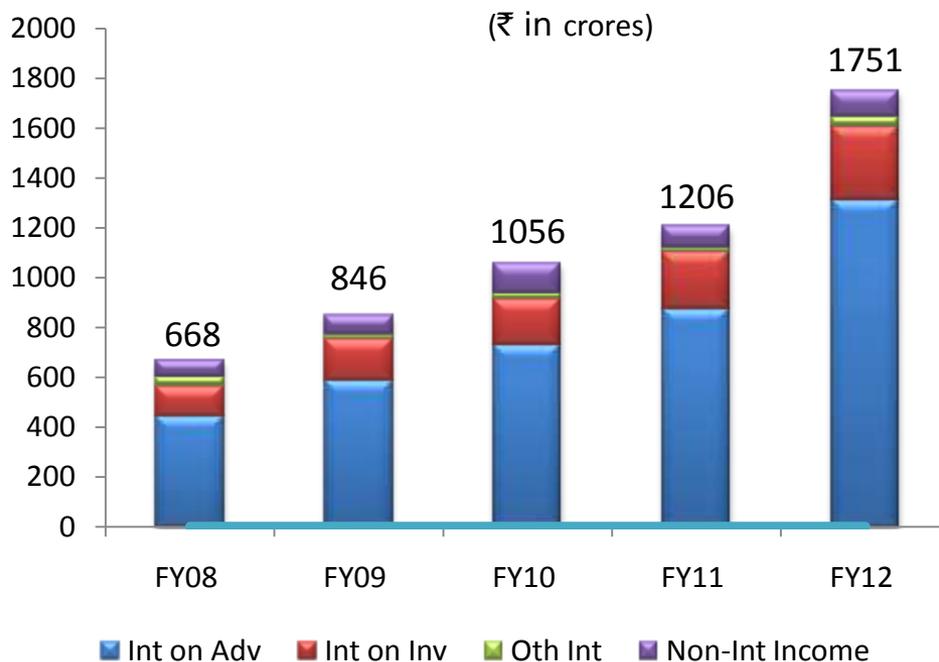
## Strong Core Capital (Trend)

(₹ in crores)

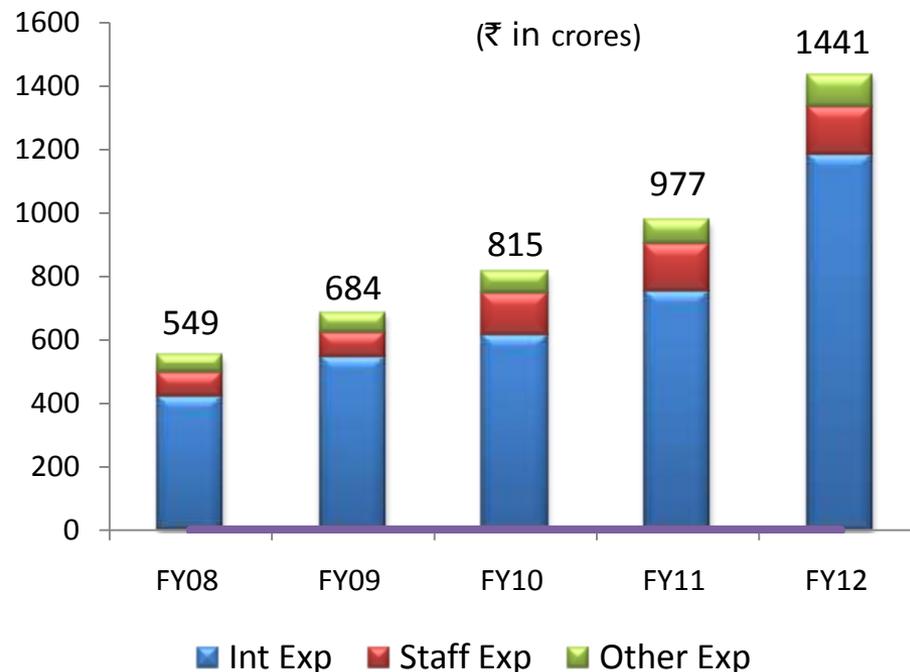
	<b>RWA</b>	<b>Tier 1 Capital</b>	<b>Tier 2 Capital</b>	<b>Total Capital</b>
Mar 10	11377	1412	337	1749
Jun 10	11270	1476	326	1802
Sep 10	11861	1551	330	1881
Dec 10	13174	1622	340	1962
Mar 11	14647	1650	401	2051
Jun 11	15152	1645	401	2046
Sep 11	15173	1643	408	2051

# Trend in Income & Expenses (HY-1)

## Total Income



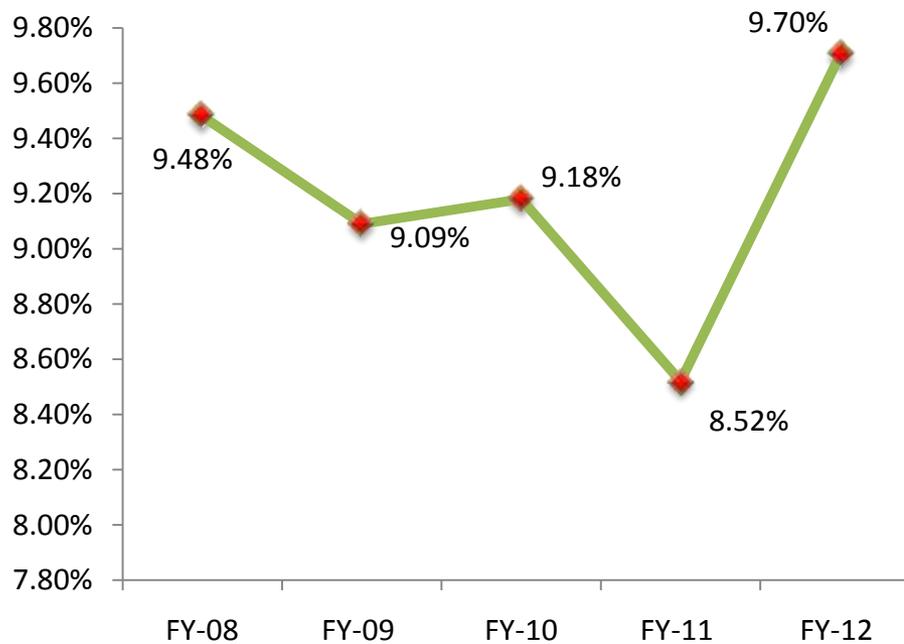
## Trend in Expenses



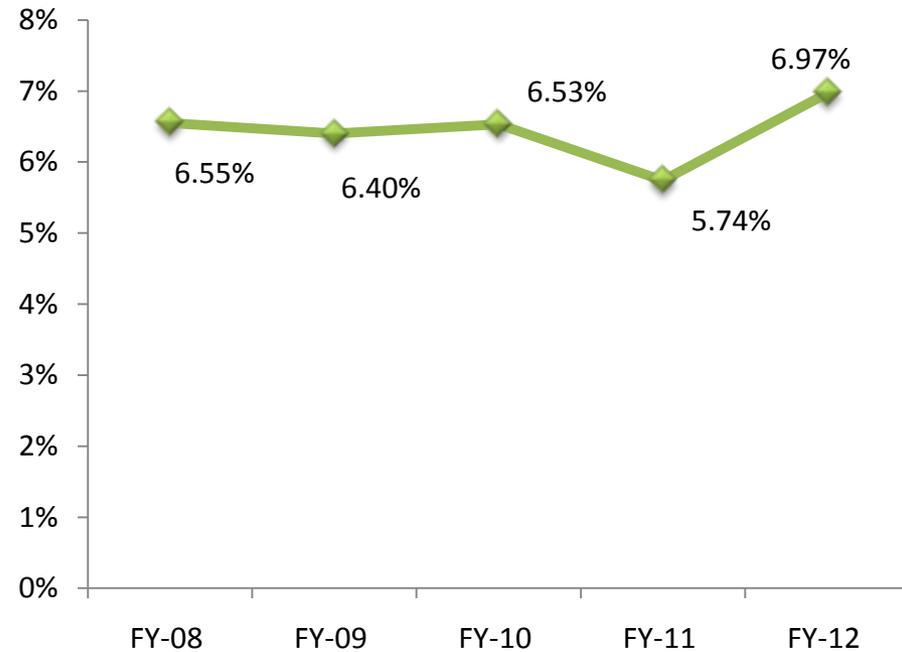
**Gross Annual income grew over 2.6 times in 5 years at CAGR 27%**

# Trend in Income (HY-1)

## Yield on Funds



## Cost of Funds



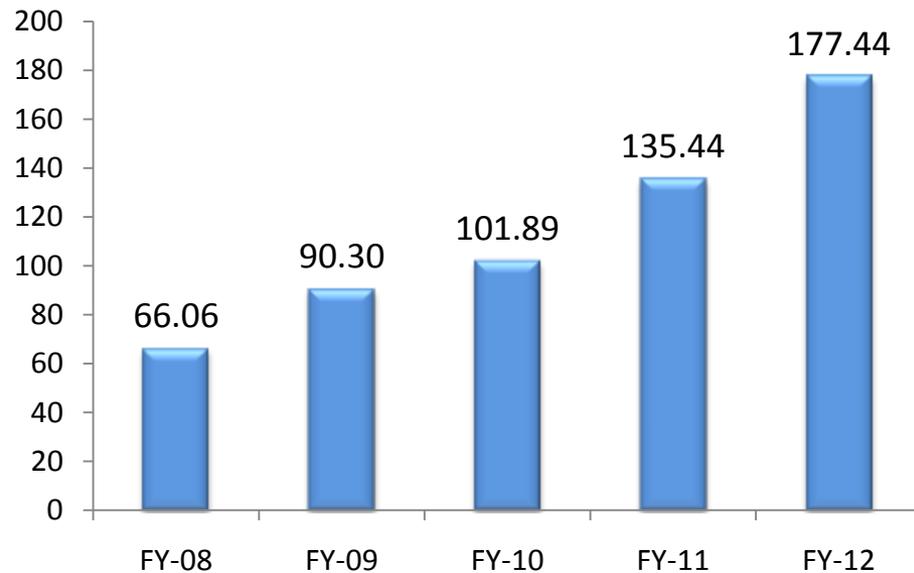
# Composition of Non-Interest Income

(₹ in crores)

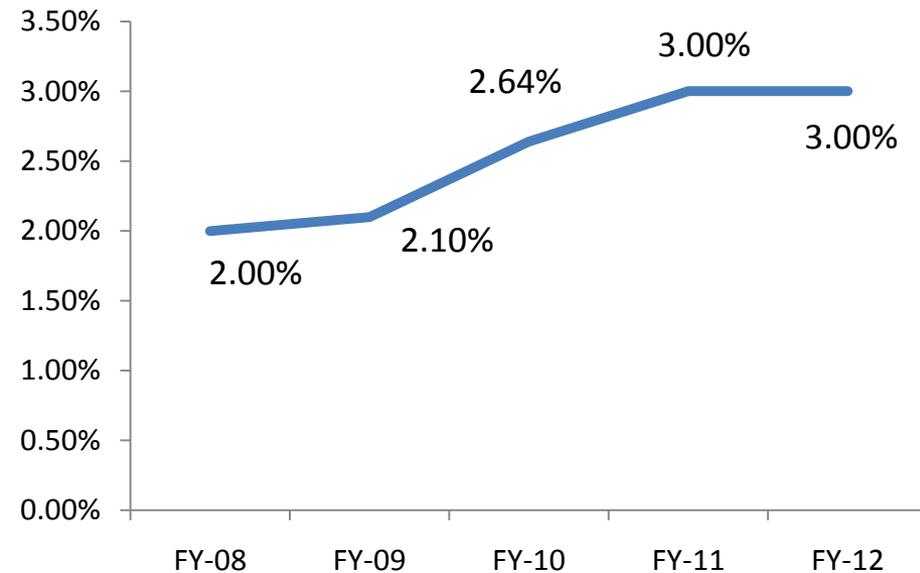
Particulars	Half Year ended 30/09/2010	Half Year ended 30/09/2011	Quarter ended 30/09/2010	Quarter ended 30/09/2011
Commission, Exchange & Brokerage	16.66	15.94	8.53	6.55
Profit on sale of investment (NET)	15.43	26.24	6.22	11.32
Profit on sale of Land, Building & Other assets (net)	0.00	0.02	-0.01	-0.02
Profit on Exchange Transactions (Net)	8.81	11.72	4.67	6.78
Miscellaneous Income				
1. Processing Fees	0.00	0.00	0.00	0.00
2. Rent Received	-	-	-	-
3. Others (Folio charges, Locker Rent)	45.61	50.78	25.44	28.44
<b>Total</b>	<b>86.51</b>	<b>104.70</b>	<b>44.85</b>	<b>53.07</b>

# Profitability (HY-1)

## Growth in Net Profit



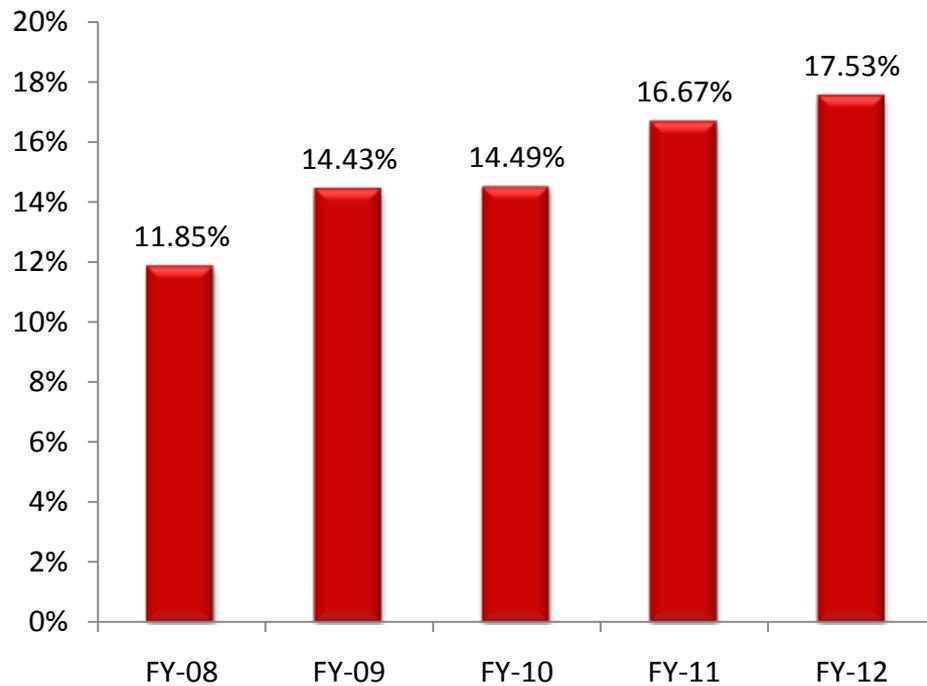
## Net Interest Margin



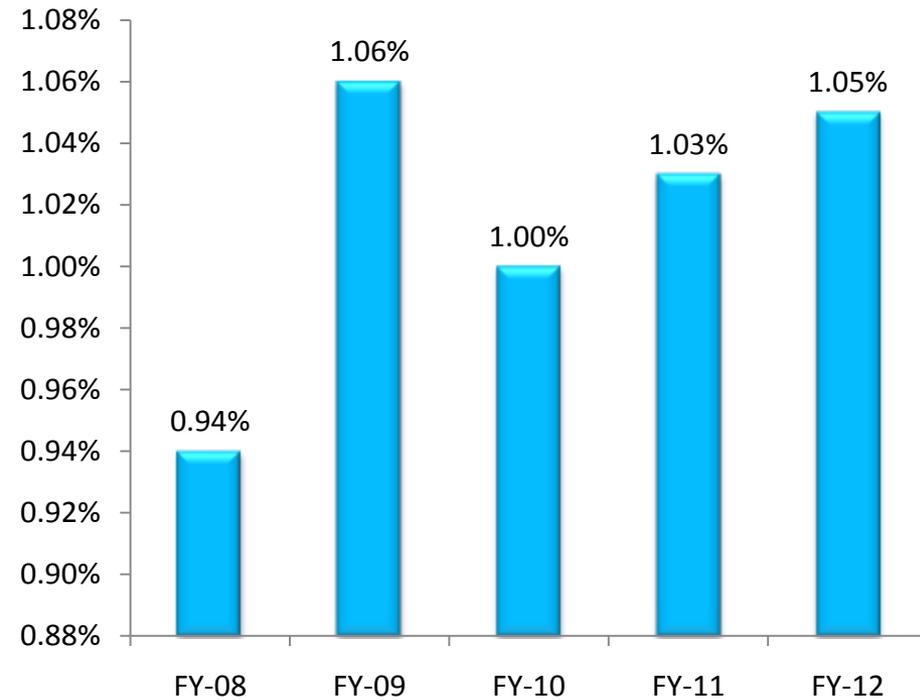
**Net profit grew over 5.5 times in 6 years at CAGR 29%.  
Net Interest margin (NIM) remains at satisfactory range.**

# Efficiency as at 30<sup>th</sup> Sep

## Return on Equity

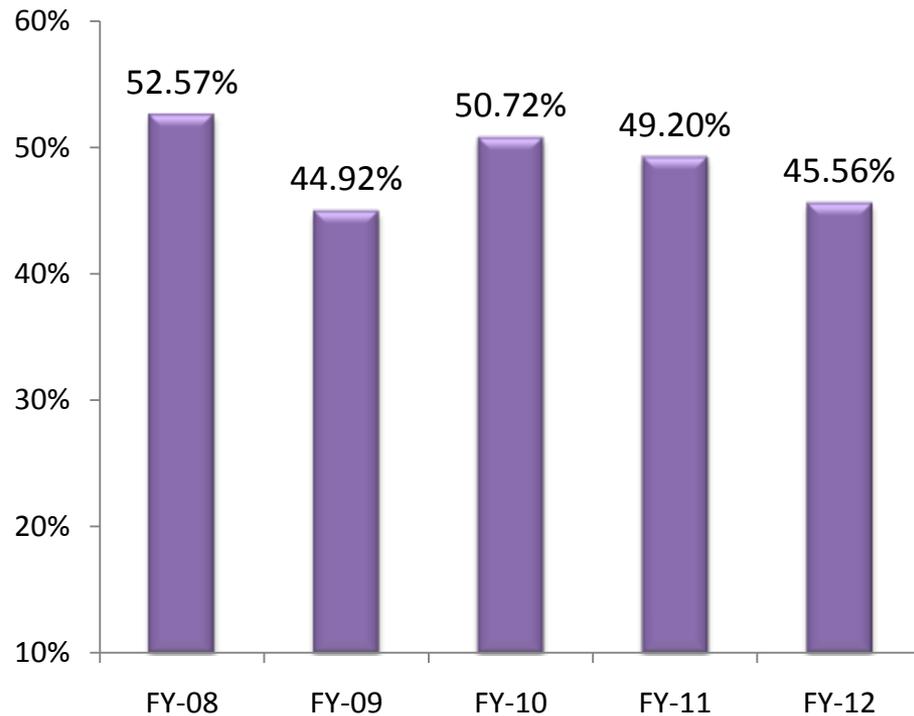


## Return on Average Asset

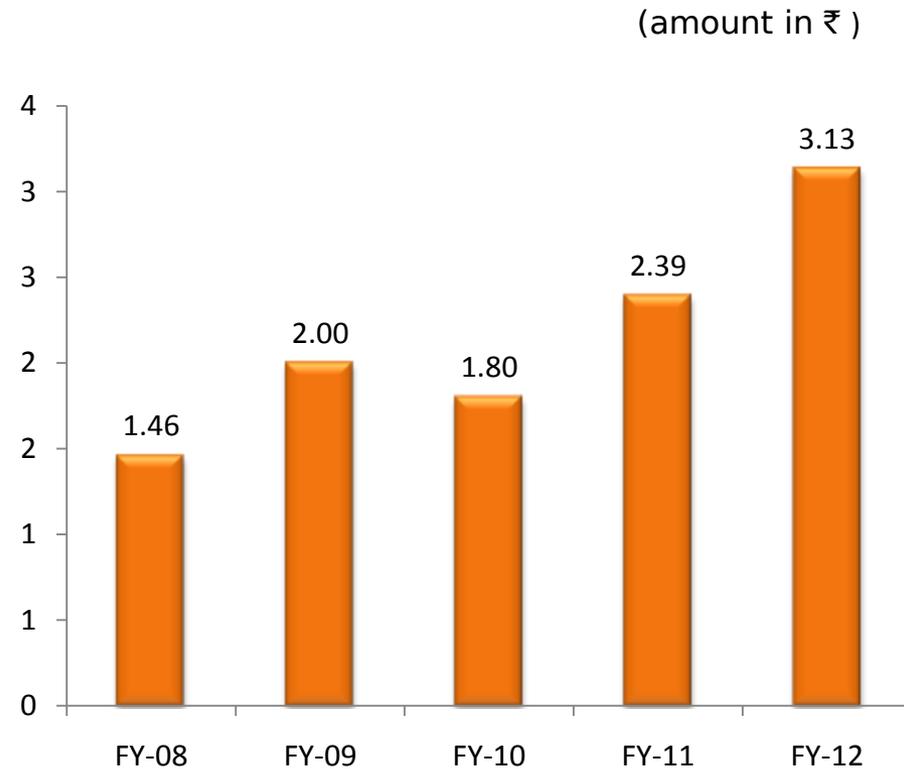


# Efficiency (HY1)

## Cost / Income Ratio



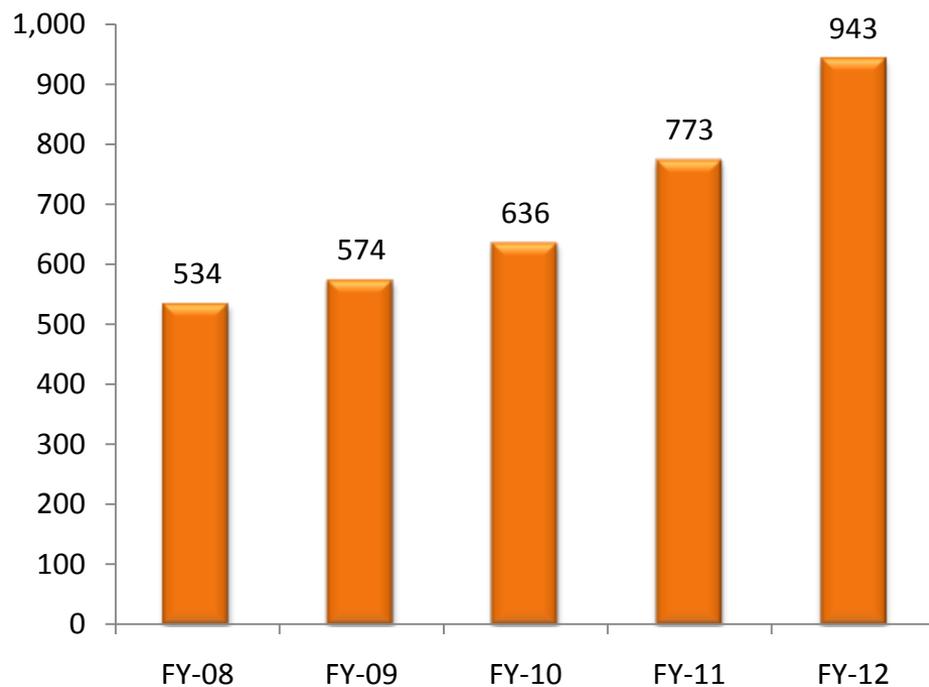
## Earning Per Share (EPS- Annualised)



# Productivity (HY1)

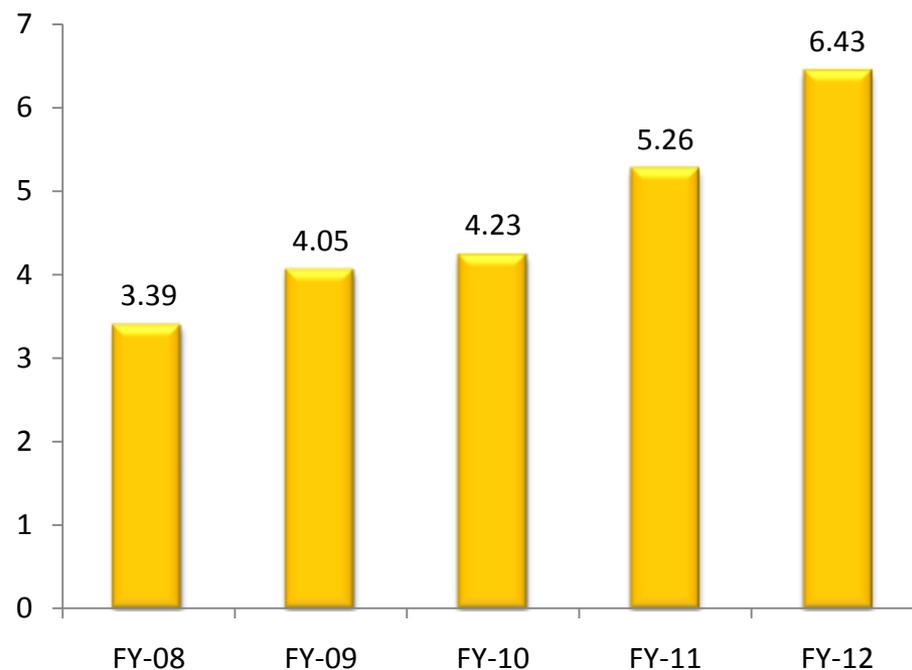
## Average Business Per Employee

(₹ in Lakh)



## Profit Per Employee

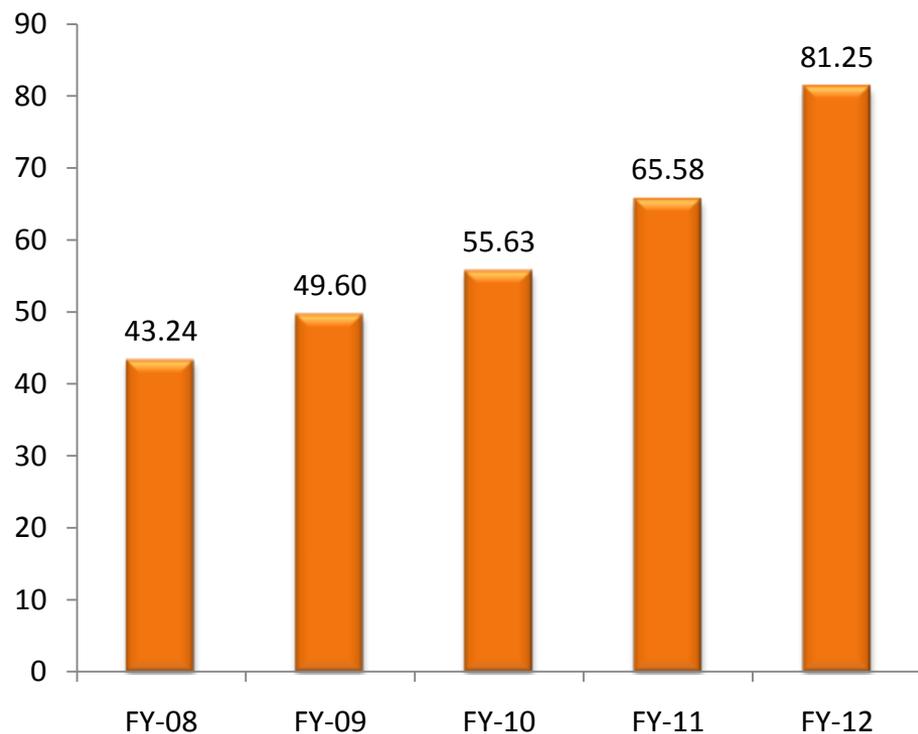
(₹ in Lakh)



# Productivity (HY-1)

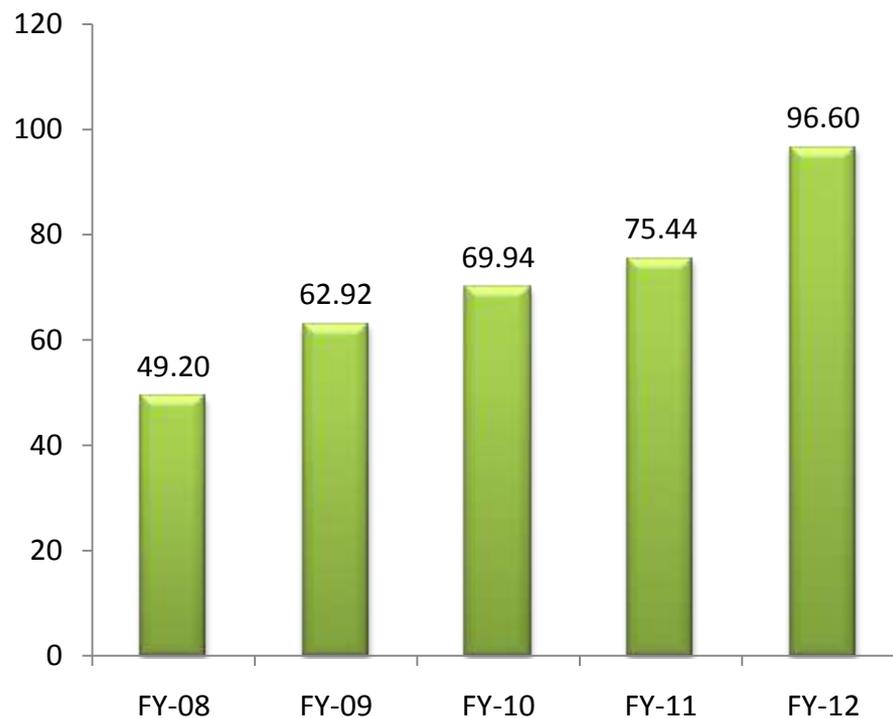
## Business Per Branch

(₹ in Crores)



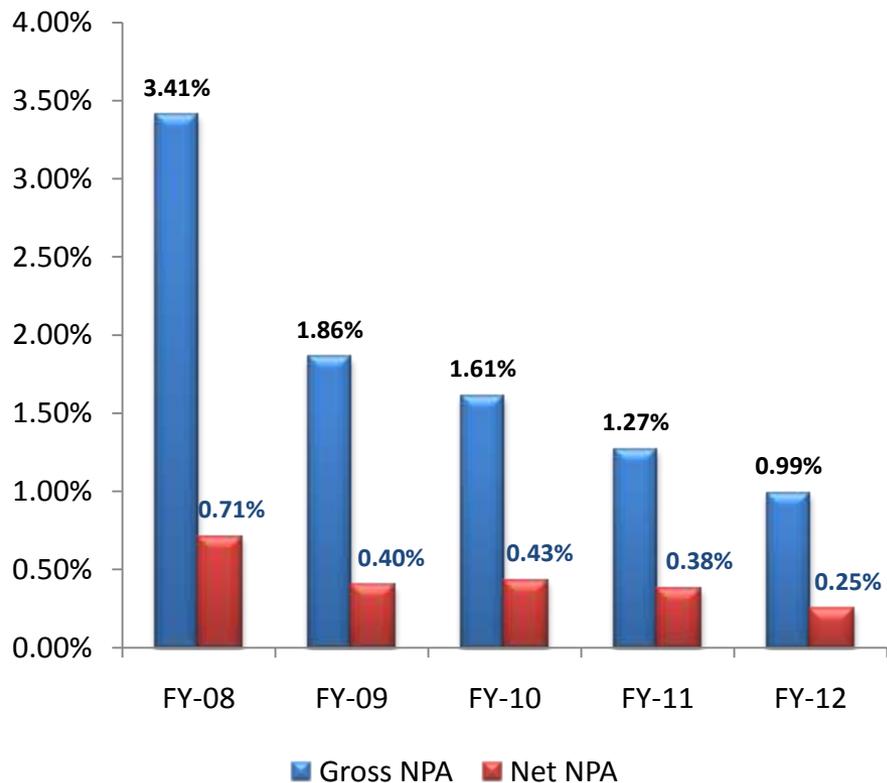
## Operating Profit per Branch

(₹ in Lakh)

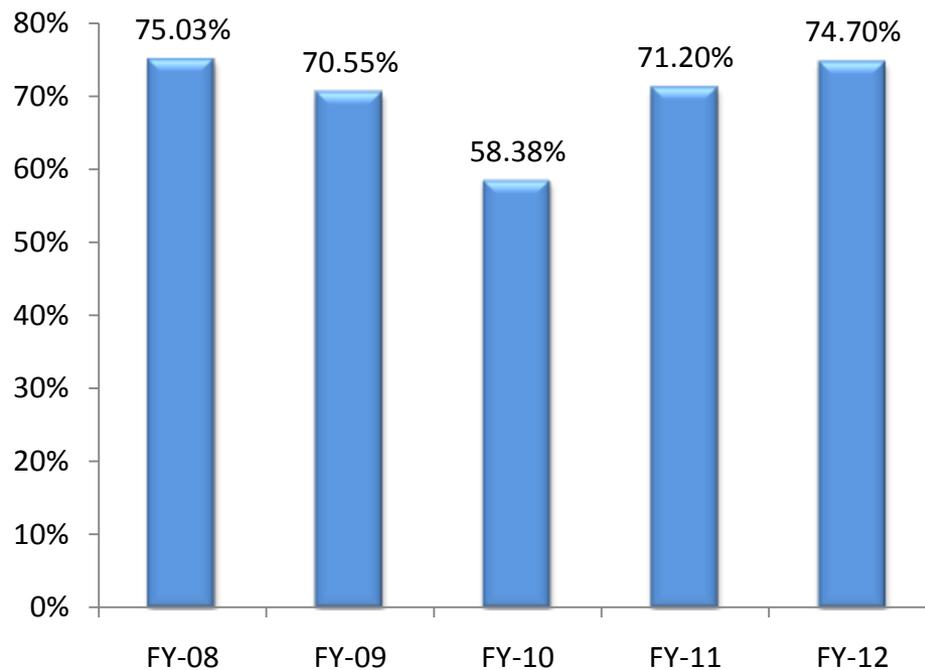


# Asset Quality as at 30<sup>th</sup> Sep

## Gross NPA & Net NPA (%)



## Provision Coverage



# Asset Quality

<b>Change in Gross NPA &amp; Net NPA</b>	<b>Year ended 31/03/2010</b>	<b>H1 ended 30/09/2010</b>	<b>Year ended 31/03/2011</b>	<b>H1 ended 30/09/2011</b>
Gross NPA	211	228	230	230
Gross NPA (%)	1.32%	1.27%	1.11%	0.99%
Net NPA	62	67	60	58
Net NPA (%)	0.39%	0.38%	0.29%	0.25%

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

# Break-up of Provision

(₹ in Crore)

Particulars	Year ended 31/03/2010	Year ended 31/03/2011	Qtr ended 30/09/2010	Qtr ended 30/09/2011
For NPA advance	34.98	27.74	1.48	-0.23
For Depreciation on Investments	-40.94	9.37	-2.99	10.88
For NPA investment	2.14	0.26	0.00	0.00
For standard assets	6.43	21.60	3.59	7.39
For income tax	133.55	152.94	40.99	47.56
For Restructured advances	7.58	-0.05	-0.07	4.98
General Provision	33	20	5	0
Other impaired assets	0.07	0.84	-0.20	0.82
<b>Total Provisions and Contingencies</b>	<b>176.81</b>	<b>232.7</b>	<b>47.80</b>	<b>71.40</b>

# Performance Highlights

(₹ in Crore)

Performance Highlights	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Year ended Mar-11	Jun-11	Sep-11
CRAR Basel 2 (%)	15.08%	17.86%	17.35%	15.40%	15.99%	15.86%	14.89%	14.01%	13.51%	13.48%
Return on Assets (Annualised)	1.23%	1.30%	1.23%	1.07%	0.91%	1.03%	1.04%	1.05%	1.02%	1.05%
NIM (%)	3.30%	3.00%	3.30%	2.80%	2.80%	3.00%	3.00%	3.10%	2.80%	3.00%
Gross NPA's	231	213	214	211	223	228	254	230	236	230
Net NPA	83	56	57	61	65	67	74	60	63	58
Gross NPA (%)	1.85%	1.61%	1.46%	1.32%	1.33%	1.27%	1.33%	1.11%	1.07%	0.99%
Net NPA (%)	0.68%	0.43%	0.39%	0.39%	0.39%	0.38%	0.39%	0.29%	0.29%	0.25%
Provision Coverage	63.20%	73.30%	73.30%	70.50%	70.70%	70.10%	70.70%	73.64%	73.15%	74.70%
CASA	4551	4784	4999	5323	5852	5979	6045	6404	6790	7038
CASA %	24.40%	24.30%	24.20%	23.10%	25.10%	23.90%	22.40%	21.55%	21.47%	21.30%
Deposits	18650	19688	20643	23012	23331	25060	26998	29721	31622	33038
Advances	12320	13059	14868	16115	16728	18029	19188	20799	22151	23348
Yield on advances	11.85%	11.68%	11.39%	11.14%	10.77%	10.61%	10.69%	10.90%	11.75%	12.11%

# FUTURE STRATEGY



# Way Forward

1

Enhancing income  
from distribution of  
third party  
products

2

Ramping up low  
cost as well as  
retail liabilities  
franchise

3

Enhancing  
productivity per  
branch/per  
employee

4

Focus on increasing  
share of low cost  
NRI deposit base

# Key Focus

Aims to open 60 branches & 120 ATMs this fiscal to boost network & take branch tally to 701 by March 2012.

Aims to increase total business mix to Rs 1.25 lakh crore by March 2015.

To support business growth plan for the next 3 years, the bank has decided to raise Rs 1,000 crore capital through QIP.

Enhancing income from distribution of third party products

Ramping up low cost as well as retail liabilities.

Enhancing productivity per branch/per employee

Focus on increasing share of low cost NRI deposit base

Focus on improving share of gold loans

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**THANK YOU**

