

# **Investor Presentation**

## **MARCH-2013**

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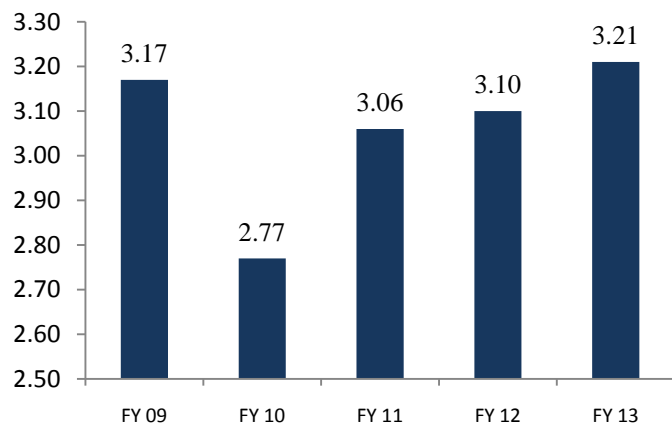
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# Snapshot

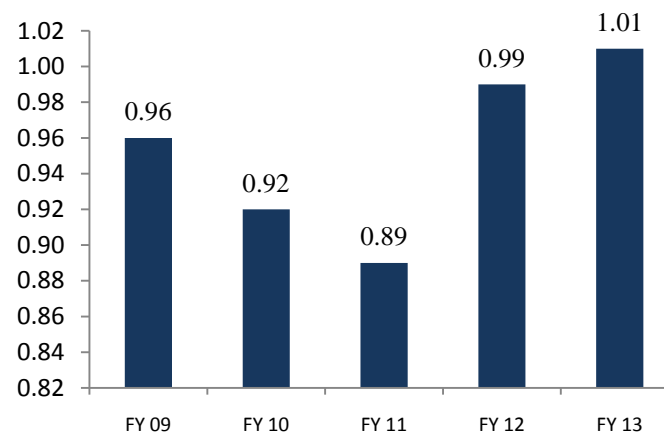
|                          |  |
|--------------------------|--|
| Track record             | 84 year old franchise; Leading position in Kerala; Expanding fast outside  |
| Growth and Profitability | Last 5 year CAGR: 26% business; PAT CAGR of 27%; RoAA up from 1.09% to 1.17%. Improving asset yield as bank builds fee income streams in addition to interest income   |
| Quality                  | Steadily improving asset quality; GNPA at 1.36%, NNPA 0.78%  |
| Board and Management     | Mr. Amitabha Guha , Non Exec, Chairman (ex-Joint MD of SBI, ex MD -SBT, SBH)<br>Proactive management led by Dr. V. A. Joseph, well supported by 2 Executive Directors, 2CGMs and 6 GMs – 6 GMs life time bankers at the bank |
| Building for future      | Young workforce (avg. age of 36 years) with continuity of management<br>2 CEOs in the last decade  |
| Stakeholder value        | Strong protection of stakeholder interest<br>Stock return of 592% since IPO, and 10.71% since QIP in 2012  |

# Significant Transformation Since 2009

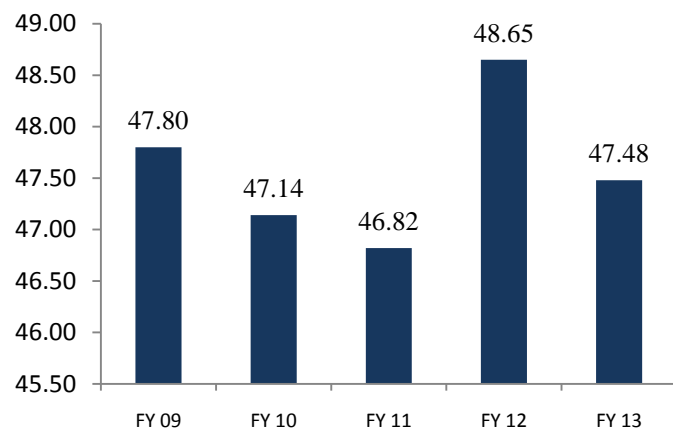
## NIM



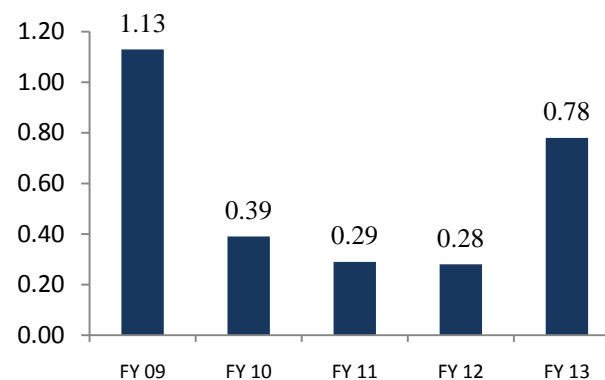
## RoA



## Cost to Income



## Net NPA



# Strategy

## Growth with quality

30% from wholesale banking ; 30% from SME and 40% from retail by FY15  
Credit growth rate of 25% till FY15; NIM to be maintained in 3% range  
Fee income to be 10%  
NNPA to be under 0.50%

## Strong distribution network

50 addition to branches, 100 ATM additions per year  
Proportion of branches outside Kerala : 1:1  
Second largest player in Kerala among private banks

## Low cost liabilities and Cost/Income

Priority banking in 80 centres; NRE banking to attract deposits  
CASA ratio to increase 1% per annum  
Cost/Income to decline 1% per annum

# *Business Performance*

# Financial Highlights – As on March 2013

## Balance Sheet Overview

*Rs. In Crore*

|                                  | Q4FY13           | Q4FY12          | Y-o-Y (%)    | Q3FY13           | Q-o-Q (%)    |
|----------------------------------|------------------|-----------------|--------------|------------------|--------------|
| <b>Capital &amp; Liabilities</b> |                  |                 |              |                  |              |
| Capital                          | 133.85           | 113.39          | 18.04        | 133.62           | 0.17         |
| Reserves & Surplus               | 2,869.76         | 2054.11         | 39.71        | 2,823.89         | 1.62         |
| Deposits                         | 44,262.30        | 36500.53        | 21.26        | 38,939.56        | 13.67        |
| Borrowings                       | 1,284.56         | 588.19          | 118.39       | 971.14           | 32.27        |
| Other Liabs. & Provisions        | 1,244.56         | 1113.84         | 11.74        | 1,011.19         | 23.08        |
| <b>Total</b>                     | <b>49,795.03</b> | <b>40370.06</b> | <b>23.35</b> | <b>43,879.40</b> | <b>13.48</b> |
| <b>Assets</b>                    |                  |                 |              |                  |              |
| Cash & Balances with RBI         | 1,696.70         | 1571.84         | 7.94         | 1,844.98         | -8.04        |
| Balances with Banks              | 2,639.20         | 1068.70         | 146.95       | 1,516.03         | 74.09        |
| Investments                      | 12,523.47        | 9399.87         | 33.23        | 10,509.92        | 19.16        |
| Advances                         | 31,815.53        | 27280.74        | 16.62        | 29,039.41        | 9.56         |
| Fixed Assets                     | 396.12           | 377.51          | 4.93         | 386.52           | 2.48         |
| Other Assets                     | 724.01           | 671.40          | 7.84         | 582.54           | 24.28        |
| <b>Total</b>                     | <b>49,795.03</b> | <b>40370.06</b> | <b>23.35</b> | <b>43,879.40</b> | <b>13.48</b> |
| Business (Advances+Deposit)      | 76,077.83        | 63781.27        | 19.28        | 67,979           | 11.91        |



# Result Review

## Profit and Loss Account (Cumulative)

*Rs. In Crore*

|                            | Q4FY13        | Q4FY12        | Y-o-Y (%)    | Q3FY13        | Q-o-Q (%)    |
|----------------------------|---------------|---------------|--------------|---------------|--------------|
| Net Interest Income        | 333.70        | 284.56        | 17.27        | 352.62        | -5.37        |
| Other Income               | 120.96        | 82.50         | 46.62        | 66.16         | 82.83        |
| Total Income               | 454.66        | 367.06        | 23.87        | 418.78        | 8.57         |
| Operating Expenses         | 248.56        | 204.03        | 21.83        | 183.42        | 35.51        |
| Operating Profit           | 206.10        | 163.03        | 26.42        | 235.36        | -12.43       |
| Provisions & Contingencies | 65.89         | 12.33         | 434.39       | 45.49         | 44.85        |
| Profit before Tax          | 140.21        | 150.70        | -6.96        | 189.87        | -26.15       |
| Provision for Tax          | -13.62        | 28.75         | -147.37      | 61.62         | -122.10      |
| <b>Profit after Tax</b>    | <b>153.83</b> | <b>121.95</b> | <b>26.14</b> | <b>128.25</b> | <b>19.95</b> |

# Other Performance Highlights

| Performance Highlights | Mar-12 | June-12 | Sep-12 | Dec-12 | Mar-13 |
|------------------------|--------|---------|--------|--------|--------|
| CRAR Basel 2 (%)       | 14.0%  | 13.2%   | 14.4%  | 13.8%  | 13.9%  |
| RoAA (Annualised)      | 1.1%   | 1.2%    | 1.1%   | 1.1%   | 1.2%   |
| NIM (%)                | 3.1%   | 3.2%    | 3.1%   | 3.2%   | 3.2%   |
| Gross NPA (%)          | 1.0%   | 1.1%    | 1.7%   | 1.6%   | 1.3%   |
| Net NPA (%)            | 0.3%   | 0.4%    | 0.9%   | 0.7%   | 0.8%   |
| Provision Coverage     | 71.4%  | 67.7%   | 51.2%  | 58.6%  | 53.2%  |
| CASA %                 | 19.7%  | 21.1%   | 20.0%  | 20.4%  | 18.6%  |

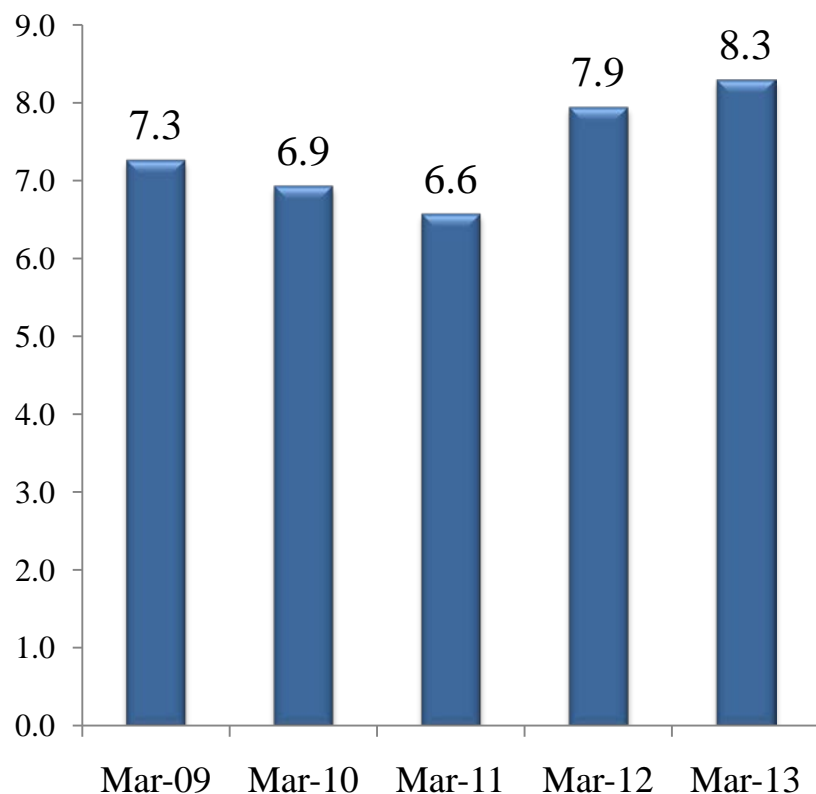
# Composition of Other Income

*Rs. In Crore*

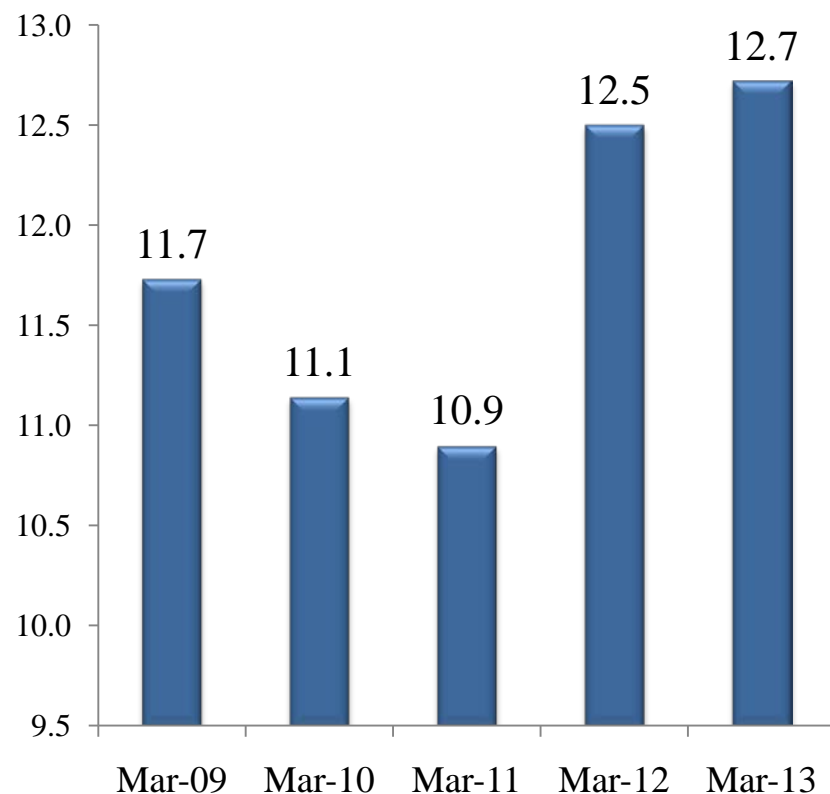
|                               | <b>Q4FY13</b> | <b>Q4FY12</b> | <b>Y-o-Y (%)</b> | <b>Q3FY13</b> | <b>Q-o-Q (%)</b> |
|-------------------------------|---------------|---------------|------------------|---------------|------------------|
| Commission & Exchange         | 11.49         | 13.53         | -15.07           | 9.62          | 19.44            |
| Processing Fees               | 7.67          | 6.07          | 26.35            | 4.82          | 59.13            |
| Profit on Sale of Investments | 13.74         | 8.96          | 53.35            | 13.17         | 4.33             |
| Foreign Exchange Profit       | 11.89         | 6.15          | 93.33            | 3.90          | 204.87           |
| Others                        | 76.17         | 47.79         | 59.38            | 34.65         | 119.83           |
| <b>Total</b>                  | <b>120.96</b> | <b>82.50</b>  | <b>46.67</b>     | <b>66.16</b>  | <b>82.83</b>     |

# Trend in Cost & Yield (Annualized)

## Trend in Cost of Deposits



## Trend in Yield on Advances



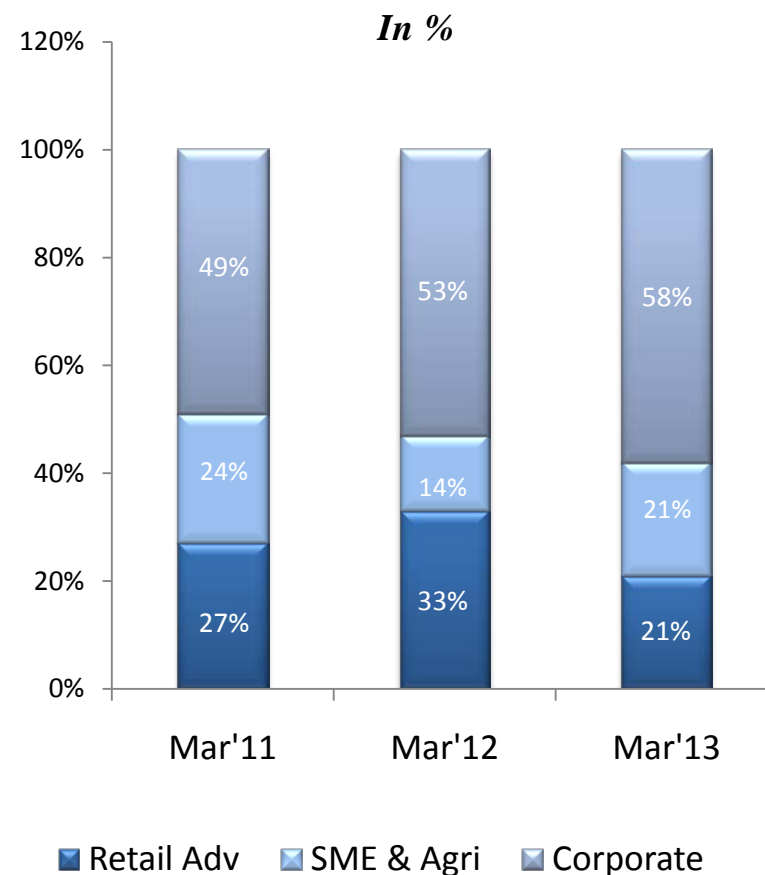
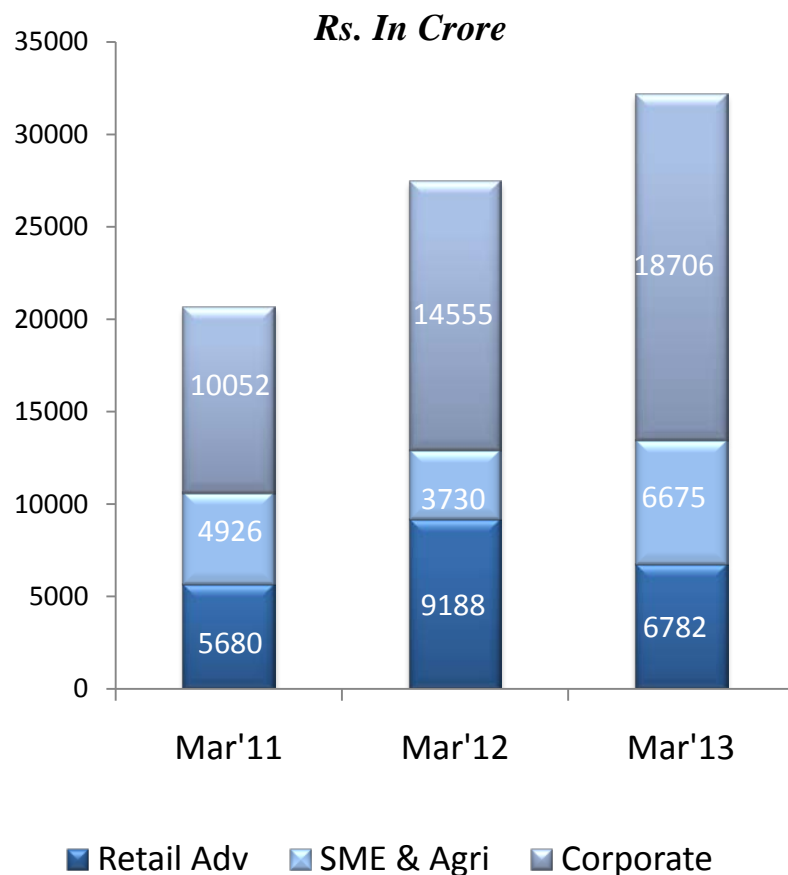
# Break-up of Provision (*other than tax*)

(Quarter alone)

*Rs. In Crore*

| Particulars                               | 4Q FY 13     | 4Q FY12      | 3Q FY 13      |
|---|--------------|--------------|---------------|
| For NPA advance                           | 42.07        | 13.70        | 25.97         |
| For Depreciation on Investments           | 9.73         | -10.41       | 1.51          |
| For standard assets                       | 15.46        | 11.55        | 9.75          |
| For Restructured advances                 | -0.12        | 0.67         | 8.21          |
| Others                                    | -14.88       | 25.56        | 61.67         |
| <b>Total Provisions and Contingencies</b> | <b>52.26</b> | <b>41.07</b> | <b>107.11</b> |

# Composition of Loan Book



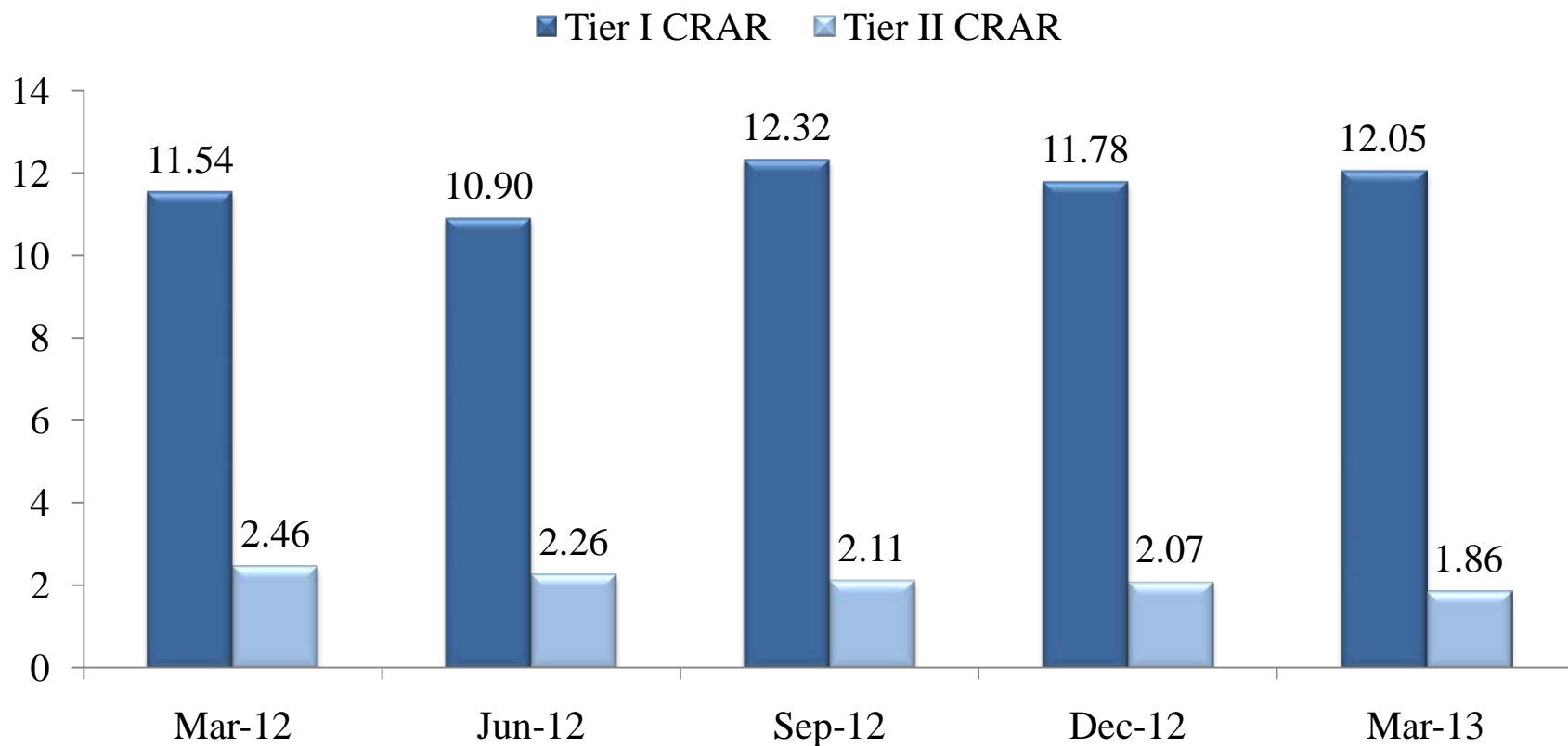
***Retail Advance - exposure less than Rs. 5 Crore***

# Advances – Composition (March 2013)

*Rs. In Crore*

| Sector                    | Total         | % to Total   |
|---------------------------|---------------|--------------|
| Gold Loan                 | 6,972         | 21.7 %       |
| Infrastructure            | 5,340         | 16.6 %       |
| MSE                       | 4,525         | 14.1 %       |
| Large Industry(Ex. Infra) | 4,501         | 14.0 %       |
| UBP/LC                    | 2,868         | 8.9 %        |
| Agriculture               | 2,149         | 6.7 %        |
| Others                    | 1,801         | 5.6 %        |
| Housing                   | 1,621         | 5.0 %        |
| FSLD                      | 1,051         | 3.3 %        |
| Medium Industries         | 649           | 2.0 %        |
| Food Credit               | 555           | 1.7 %        |
| CRE                       | 131           | 0.4 %        |
|                           | <b>32,163</b> | <b>100 %</b> |

# Strong Core Capital (Tier 1 & Tier 2 CRAR)

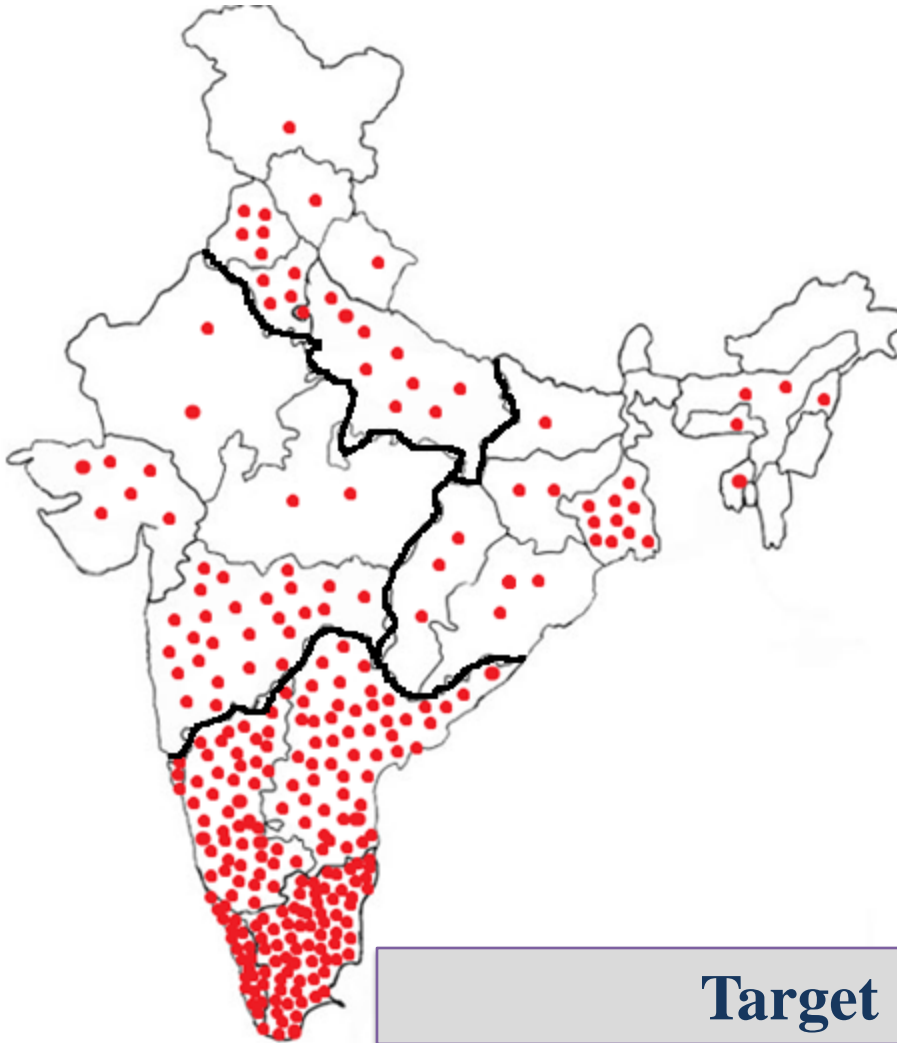


*Quarterly data for Tier I excludes profit for the period*

**Strong Core Capital. Low Dependence on Capital Instruments**



# Branch Network

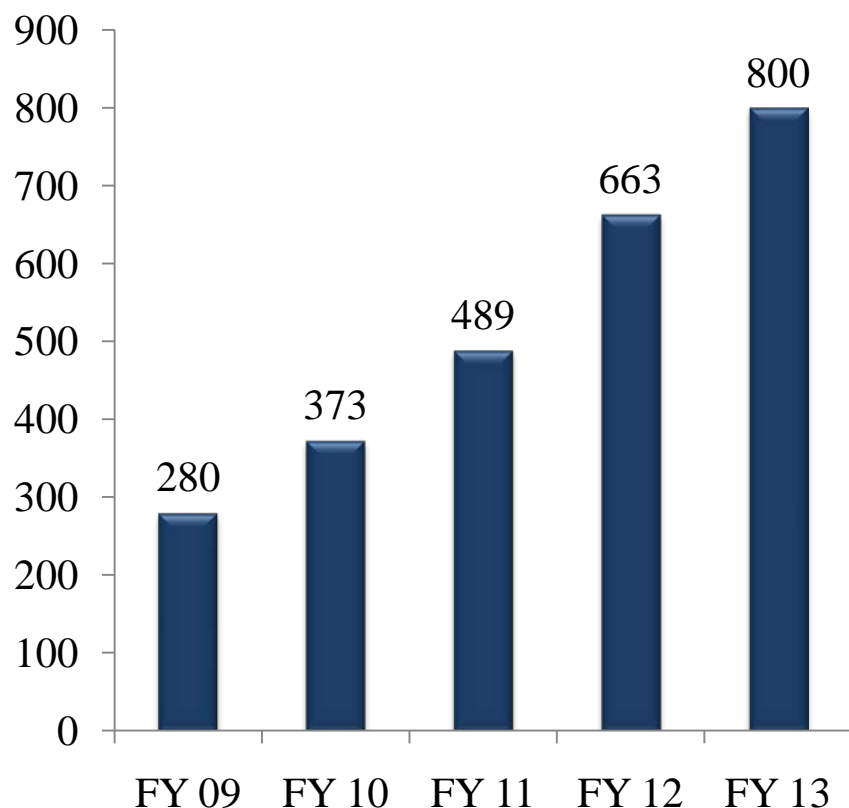


|       | No. of Branches |
|-------|-----------------|
| North | 46              |
| South | 634             |
| East  | 24              |
| West  | 46              |
| Total | <b>750</b>      |

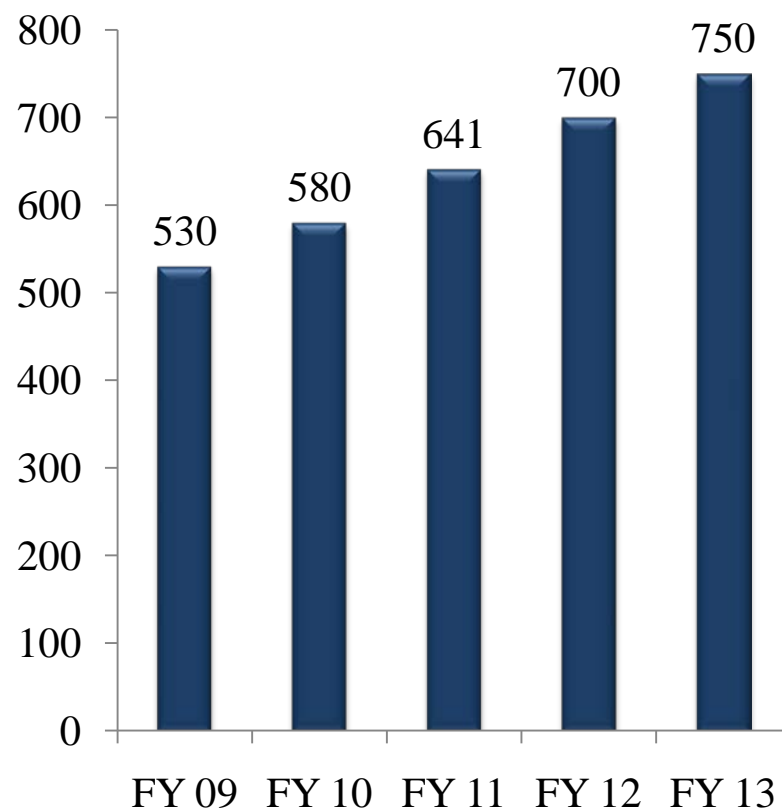
**Target 1:1 Outside Kerala**

# Strong Retail Franchise

**Total ATM Network**

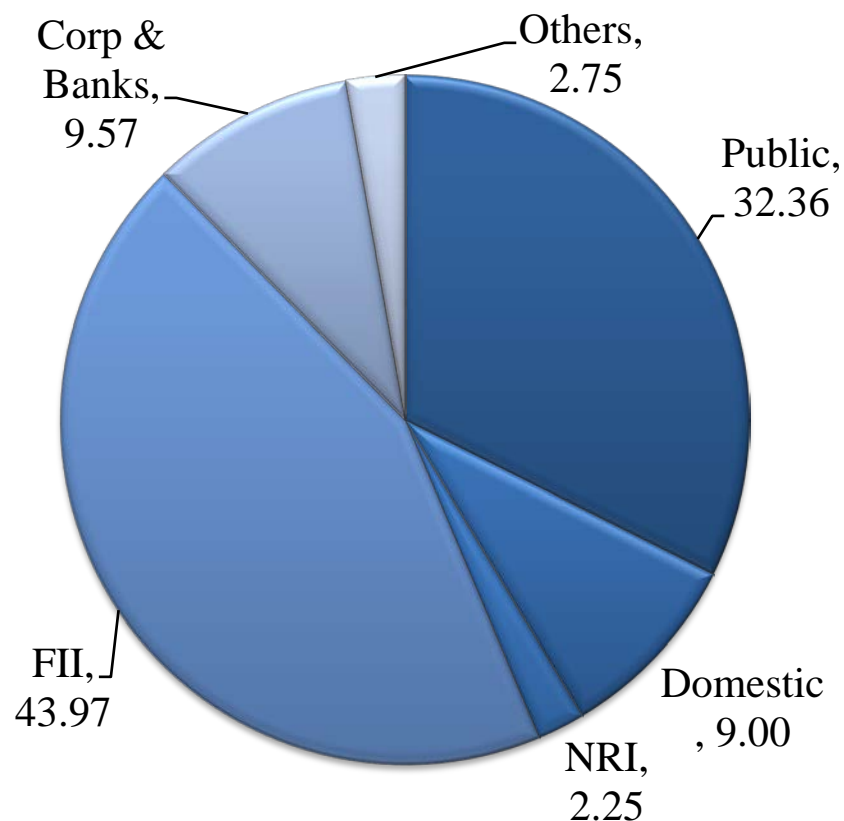


**Total Branch Network**



**ATM : Branch ratio above 1.0x**

# Marquee Investor List



## Major Institutional Shareholders

|  |              |
|--|--------------|
| <b>INDIA CAPITAL FUND LIMITED</b>                  | <b>5.9%</b>  |
| <b>IFCI LTD</b>                                    | <b>4.98%</b> |
| <b>FIRST CARLYLE VENTURES MAURITIUS</b>            | <b>4.97%</b> |
| <b>ARGONAUT VENTURES</b>                           | <b>4.24%</b> |
| <b>IIFL INC A/C MULTIPLES PRIVATE EQUITY FII I</b> | <b>4.05%</b> |
| <b>LIFE INSURANCE CORPORATION OF INDIA</b>         | <b>3.69%</b> |

**Strong Institutional Ownership**

# Recognitions



TECHNOLOGY  
EXCELLENCE AWARD  
2011-12 FROM IDRBT



BUSINESSWORLD INDIA'S BEST  
BANK 2010 AWARD to SOUTH  
INDIAN BANK



SOUTH INDIAN BANK BAGS  
TWO PRESTIGIOUS D&B  
BANK AWARDS



SOUTH INDIAN BANK  
BAGS FIRST  
MASTERCARD  
INNOVATION AWARD FOR  
ACTIVATION AND USAGE  
PROGRAM