SOUTH INDIAN Bank

DEPT : SECRETARIAL
REF No. SEC/ST EX.STT/17 /2014-15

16th July, 2014

National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051.

Dear Sirs,

Sub: Submission of Un-Audited Financial Results and "Limited Review Report" for the 1st quarter ended 30th June, 2014.

Pursuant to Clause 41 of the Listing Agreement, we submit herewith the Un-Audited Financial Results of the Bank, for the 1st quarter ended 30th June, 2014, which was approved by the Board at its meeting held today the 16th day of July 2014.

We also enclose a copy of the "Limited Review Report" submitted by M/s.S.R.Batliboi & Associates, our Statutory Auditors, for the quarter ended 30th June 2014.

Yours faithfully,

(JIMMY MATHEW)
COMPANY SECRETARY
Encl: a.a.

SOUTH INDIAN Bank

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2014

₹ in lakhs.

Particulars	3 months ended			Year ended
	30.06.2014 Unaudited	31.03.2014 Audited (Refer note 4 & 11)	30.06.2013 Unaudited	31.03.2014 Audited (Refer note 4)
1. Interest earned (a) + (b) + (c) + (d)	1,34,468	1,30,260	1,22,514	5,01,507
(a) Interest/discount on advances/bills	1,04,534	1,03,195	96,623	3,94,974
(b) Income on investments	26,491	25,163	21,942	95,448
(c) Interest on balances with Reserve Bank of India and other inter-bank funds	3,443	1,902	3,949	11,085
(d) Others	-	-	-	-
2. Other Income	12,116	9,658	11,774	36,846
3. Total income (1+2)	1,46,584	1,39,918	1,34,288	5,38,353
4. Interest Expended	1,00,380	93,792	89,757	3,61,629
5. Operating Expenses (i) + (ii)	24,110	25,634	19,375	88,289
(i) Employees cost	14,588	16,108	11,716	52,896
(ii) Other operating expenses	9,522	9,526	7,659	35,393
6. Total expenditure (4) + (5) excluding provisions and contingencies	1,24,490	1,19,426	1,09,132	4,49,918
7. Operating Profit before Provisions and Contingencies (3) - (6)	22,094	20,492	25,156	88,435
8. Provisions (other than tax) and Contingencies	9,463	2,828	10,535	15,541
9. Exceptional Items (Refer Note 2a)	(4,339)	-	-	-
10. Profit from Ordinary Activities before tax (7)-(8)-(9)	16,970	17,664	14,621	72,894
11. Tax expense	4,305	5,204	3,137	22,144
12. Net Profit from Ordinary Activities after tax (10)-(11)	12,665	12,460	11,484	50,750
13. Extra ordinary items (Net of Tax Expense)	-	-	-	-
14. Net Profit for the period (12+13)	12,665	12,460	11,484	50,750
15. Paid-up Equity Share Capital (Face Value ₹ 1)	13,461	13,439	13,403	13,439
16. Reserves excluding Revaluation Reserves				3,10,200
17. Analytical Ratios				
i) Percentage of shares held by Government of India	Nil	Nil	Nil	Nil
ii) Capital Adequacy Ratio (%) - BASEL II	12.32	12.53	13.66	12.53
BASEL III	12.19	12.42	NA	12.42
iii) Earning Per Share (EPS)				
(a) Basic EPS - before and after Extraordinary items (₹)*	0.94	0.93	0.86	3.78
(b) Diluted EPS - before and after Extraordinary items (₹)*	0.93	0.92	0.85	3.77
iv) NPA Ratios				
(a) Gross NPA	51,730	43,262	49,260	43,262
(b) Net NPA	31,054	28,167	34,840	28,167
(c) % of Gross NPA	1.50	1.19	1.57	1.19
(d) % of Net NPA	0.91	0.78	1.12	0.78
(e) Return on Assets (Annualised)	0.93	0.94	0.94	1.00
18. Public Shareholding				
- No.of Shares (in Lakhs)	13,461	13,439	13,403	13,439
- Percentage of Shareholding	100%	100%	100%	100%
19. Promoters and promoter group Shareholding				
(a) Pledged/ Encumbered				
- Number of shares	NIL	NIL	NIL	NIL
- Percentage of shares[as a % of the total shareholding of the promoter and promoter group]	NIL	NIL	NIL	NIL
- Percentage of shares [as a % of the total share capital of the Company]	NIL	NIL	NIL	NIL
(b) Non Encumbered				
- Number of shares	NIL	NIL	NIL	NIL
- Percentage of shares[as a % of the total shareholding of the promoter and promoter group]	NIL	NIL	NIL	NIL
- Percentage of shares [as a % of the total share capital of the Company]	NIL	NIL	NIL	NIL

* Quarterly numbers are not annualised

The South Indian Bank Ltd. H O Thrissur
FOR IDENTIFICATION PURPOSES ONLY S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS CHENNAI

SOUTH INDIAN Bank

Segmentwise Results

₹ in lakhs.

Particulars	3 months ended			Year ended
	30.06.2014 Unaudited	31.03.2014 Audited (Refer note 4 & 11)	30.06.2013 Unaudited	31.03.2014 Audited (Refer note 4)
1. Segment Revenue				
a) Treasury	35,217	27,700	32,205	1,16,345
b) Corporate/ Wholesale Banking	58,910	60,751	52,674	2,25,208
c) Retail Banking	50,101	48,327	47,868	1,88,215
d) Other Banking Operations	2,356	3,140	1,541	8,585
Total	1,46,584	1,39,918	1,34,288	5,38,353
Less : Inter segment Revenue	-	-	-	-
Net Income from Operations	1,46,584	1,39,918	1,34,288	5,38,353
2. Segment Results				
Profit(+)/Loss (-) before tax, exceptional item and after interest from each segment				
a) Treasury	(1,198)	(3,048)	2,939	(3,277)
b) Corporate/ Wholesale Banking	1,551	1,476	2,157	18,898
c) Retail Banking	10,309	16,647	8,206	50,095
d) Other Banking Operations	1,968	2,589	1,319	7,178
Total	12,631	17,664	14,621	72,894
Profit Before Tax and exceptional item	12,631	17,664	14,621	72,894
3.Capital Employed				
a) Treasury	1,02,050	1,01,512	88,878	1,01,512
b) Corporate/ Wholesale Banking	1,17,681	1,33,700	99,947	1,33,700
c) Retail Banking	77,892	84,661	76,282	84,661
d) Other Banking Operations	-	-	-	-
e) Un allocated	50,729	16,932	46,838	16,932
Total	3,48,352	3,36,805	3,11,945	3,36,805

Notes:

1 The above financial results for the quarter ended June 30, 2014 reviewed by the Audit Committee of the Board have been approved by the Board of Directors at their meeting held on July 16, 2014 and subjected to a limited review by the Statutory Central Auditor.

2a In the current year, effective April 1,2014, the Bank has changed its accounting policy for charging depreciation from Written Down Value ("WDV") method to Straight Line Method ("SLM") in respect of all fixed assets other than computers which were already being depreciated under SLM. The management believes that such change better reflects the actual use of assets acquired. On account of this change in accounting policy, the Bank has in the current quarter, reversed an amount of ₹6,574 lakhs representing the excess depreciation charge for the period upto March 31, 2014 and disclosed the same net of related tax effect of ₹ 2,235 lakhs as an exceptional item. As a result of this change, the net profit for the current quarter is higher by ₹4,339 lakhs and the basic and diluted earnings per share are higher by ₹0.32 per share.

2b In accordance with the requirements of Schedule II to the Companies Act, 2013, the Bank has also re-assessed the useful lives of the fixed assets and :
i) an amount of ₹548 lakhs has been charged to the financial results of the current quarter representing the depreciation on the carrying value of assets as at April 1, 2014 on the remaining useful lives, and;
ii) an amount of ₹1,421 lakhs has been charged to the opening balance of the retained earnings in respect of assets whose useful remaining life is nil as at April 1, 2014.

3 For non agricultural loans extended by commercial banks against gold ornaments and jewellery, Reserve Bank of India vide notification DBOD.No.BP.79/21.04.048/2013-14 dated December 30, 2013 has imposed certain restrictions viz. quantum of loan, period, minimum margin, classification as NPA before due date on margin shortfall and income recognition on cash basis. However, considering the operational difficulties faced by the bank and the borrowers, the Bank has represented the matter before RBI for reconsideration / modification of the restrictions. Pending disposal of the representation by RBI, the Bank is yet to give effect to the above circular in the accompanying financial results.The Bank believes that the representation made to RBI would be considered favourably by them.

The South Indian Bank Ltd. CFM H.O. Thrissur

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4 In FY 2012-13, the Board of Directors of the Bank passed a resolution to not withdraw any amount in the future from the Special Reserve created under Section 36(1)(viii) of the Income Tax Act 1961. Accordingly, the Bank treated the tax difference arising on account of the special reserve as a permanent difference and reversed the deferred tax liability previously created in March 31, 2012 in respect of such Special Reserve.
Pursuant to a notification No DBOD. No.BP.BC.77/21.04.018/2013-14 dated December 20, 2013 issued by the Reserve Bank of India, all banks are now required to create deferred tax liability in respect of the Special Reserve created under Section 36(1)(viii) of the Income Tax Act 1961on a prudent basis. Accordingly, the Bank has created a deferred tax liability of ₹ 2,049 lakhs as at March 31, 2014. Out of this amount, an amount of ₹1,471 lakhs which pertains to periods prior to March 31, 2013 has been debited to the general reserve and the amount of ₹578 lakhs which pertains to the year ended March 31, 2014 has been debited to the profit and loss account in accordance with the accounting treatment prescribed by the Reserve Bank of India through the above notification. Had the Bank debited the opening deferred tax liability for financial years up to March 31, 2013 to the profit and loss account in accordance with accounting principles generally accepted in India, the profit after tax of the Bank for the year ended March 31, 2014 would have been lower by ₹ 1,471 lakhs.

5 The Reserve Bank of India vide its letter dated April 8, 2011 has permitted the bank to amortize over a period of five years, beginning with the financial year ended March 31, 2011, the additional liability of ₹15,653 lakhs on account of reopening of pension option and enhancement in gratuity limit to its existing employees. Accordingly, the results for the quarter ended June 30, 2014 are after considering a provision of ₹ 562 lakhs being the proportionate charge for the quarter towards the deferred pension and gratuity costs and the balance unamortized deferred expenditure is ₹ 1,687 lakhs.

6 RBI Circular DBOD.No.BP.BC.2/ 21.06.201/ 2013-14 dated July 1, 2013 on Basel III Capital Regulations contains guidelines on certain Pillar 3 disclosure requirements that are to be made along with the publication of financial results. Accordingly, such applicable disclosures have been placed on the website of the Bank which can be accessed at the following link.

http://www.southindianbank.com/content/viewContentLvl1.aspx?linkIdLvl2=5&LinkIdLvl3=532
These disclosures have not been subjected to a limited review by the auditors.

7 During the quarter ended June 30, 2014, the Bank allotted 21,06,350 shares, pursuant to the exercise of stock option by certain eligible employees.

8 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 of the Bank.

9 Details of Investor complaints received and disposed off:

Complaints at the beginning of the quarter	Received during the quarter	Redressed during the quarter	Complaints at the close of the quarter
0	82	82	0

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

11 The figures of the last quarter of FY 2013-14 are the balancing figures between audited figures in respect of the full financial year upto March 31, 2014 and the unaudited published year to date figures upto the December 31, 2013 being the date of the end of the third quarter of the financial year which were subject to Limited Review.

Thrissur
July 16, 2014

DR. V. A. JOSEPH
(Managing Director & C E O)

The South Indian Bank Ltd. CFM H.O. Thrissur

FOR IDENTIFICATION PURPOSES ONLY S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS

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Chartered Accountants

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Limited Review Report

Review Report to
The Board of Directors
The South Indian Bank Limited

1. We have reviewed the accompanying statement of unaudited financial results of The South Indian Bank Limited ('the Company') for the quarter ended June 30, 2014 (the "Statement"), except for the following which we have not reviewed: (a) disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and (b) information contained in, and referred to by, Note 6 of the Statement regarding disclosures in relating to 'Pillar 3 under Basel III Capital Regulations'. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. In the conduct of our review as stated above, we have relied on the review reports in respect of non-performing assets received from concurrent auditors of 153 branches. These review reports of the concurrent auditors' are estimated to cover 72 percent of the advances portfolio of the bank. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank.

4. Without qualifying our conclusion, we draw attention to note 5 to the financial results, which describes deferment of pension and gratuity liability relating to existing employees of the Bank to the extent of Rs. 15,653 lakhs and the unamortized liability of Rs.1,687 lakhs as at June 30, 2014 pursuant to the exemption granted by the Reserve Bank of India and made applicable to the Bank vide letter No. DBOD No. BP.BC.15896/21.04.018/2010-11 dated April 8, 2011 from the application of the provisions of Accounting Standard (AS) 15, Employee Benefits.

5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 Interim Financial Reporting, notified under the Companies Act, 2013, read with general circular no.15/2013 dated September 13, 2013 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W

perSubramanian Suresh
Partner
Membership No.:083673

S.R. Batliboi & Associates LLP ★ Chartered Accountants ★ Chennai

Place: Thrissur
Date: July16, 2014