

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31st DECEMBER 2016

[₹ in Lakhs]

Particulars	Quarter ended			Nine Months ended		Year ended
	31.12.2016	30.09.2016	31.12.2015	31.12.2016	31.12.2015	31.03.2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Interest earned (a) + (b) + (c) + (d)	1,47,896	1,45,018	1,40,766	4,37,637	4,18,932	5,55,720
(a) Interest/discount on advances/bills	1,12,849	1,11,393	1,11,447	3,35,159	3,30,551	4,36,359
(b) Income on investments	30,905	29,618	25,030	89,955	74,387	1,00,778
(c) Interest on balances with Reserve Bank of India and other inter-bank funds	585	331	312	1,457	2,308	2,877
(d) Others	3,557	3,676	3,977	11,066	11,686	15,706
2. Other Income	25,851	14,590	15,332	57,785	37,836	51,742
3. Total income (1+2)	1,73,747	1,59,608	1,56,098	4,95,422	4,56,768	6,07,462
4. Interest expended	1,06,144	1,00,500	1,00,094	3,14,004	3,05,391	4,04,750
5. Operating Expenses (i) + (ii)	29,906	29,374	29,697	88,039	85,678	1,14,784
(i) Employees cost	17,516	16,756	18,457	51,032	52,069	69,225
(ii) Other operating expenses	12,390	12,618	11,240	37,007	33,609	45,559
6. Total expenditure (4)+(5) excluding provisions and contingencies	1,36,050	1,29,874	1,29,791	4,02,043	3,91,069	5,19,534
7. Operating Profit before provisions and contingencies (3) - (6)	37,697	29,734	26,307	93,379	65,699	87,928
8. Provisions (other than tax) and contingencies	20,663	12,833	10,639	44,907	25,337	36,962
9. Exceptional Items	-	-	-	-	-	-
10. Profit from Ordinary activities before tax (7)-(8)-(9)	17,034	16,901	15,668	48,472	40,362	50,966
11. Tax expense	5,896	5,849	5,505	16,776	14,332	17,639
12. Net Profit from Ordinary activities after tax (10)-(11)	11,138	11,052	10,163	31,696	26,030	33,327
13. Extra ordinary items (Net of Tax Expense)	-	-	-	-	-	-
14. Net Profit for the period (12+13)	11,138	11,052	10,163	31,696	26,030	33,327
15. Paid up Equity Share Capital (Face Value ₹ 1)	13,517	13,506	13,502	13,517	13,502	13,503
16. Reserves excluding revaluation reserves						3,57,328
17. Analytical Ratios						
i) Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
ii) Capital Adequacy Ratio (%) - BASEL III	11.05	11.13	11.70	11.05	11.70	11.82
iii) Earnings Per Share (EPS)						
(a) Basic EPS - before and after Extraordinary items (₹)*	0.82	0.82	0.75	2.35	1.93	2.47
(b) Diluted EPS - before and after Extraordinary items (₹)*	0.81	0.82	0.75	2.34	1.93	2.47
iv) NPA Ratios (a) Gross NPA	1,78,698	1,74,528	1,10,801	1,78,698	1,10,801	1,56,236
Net NPA	1,11,566	1,20,635	71,598	1,11,566	71,598	1,18,526
(b) % of Gross NPA	3.98	3.96	2.75	3.98	2.75	3.77
% of Net NPA	2.52	2.77	1.80	2.52	1.80	2.89
v) Return on Assets (Annualised)	0.63	0.66	0.66	0.63	0.58	0.55

* Quarterly/Nine months numbers are not annualised



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Segmentwise Results

[₹ in Lakhs]

	Quarter ended			Nine Months ended		Year ended
	31.12.2016	30.09.2016	31.12.2015	31.12.2016	31.12.2015	31.03.2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue						
a) Treasury	44,704	35,550	32,511	1,18,216	90,822	1,20,586
b) Corporate/ Wholesale Banking	72,198	69,691	72,597	2,10,543	2,15,065	2,83,612
c) Retail Banking	52,001	50,833	47,933	1,54,320	1,42,123	1,89,235
d) Other Banking Operations	4,844	3,534	3,057	12,343	8,758	14,029
Total	1,73,747	1,59,608	1,56,098	4,95,422	4,56,768	6,07,462
Less : Inter – segment Revenue	-	-	-	-	-	-
Net Income from Operations	1,73,747	1,59,608	1,56,098	4,95,422	4,56,768	6,07,462
2. Segment Results (net of provisions)						
a) Treasury	3,160	4,164	1,572	10,866	(2,404)	(8,376)
b) Corporate/ Wholesale Banking	(8,842)	334	(585)	(11,042)	8,403	11,839
c) Retail Banking	18,709	9,521	12,206	38,497	27,248	36,125
d) Other Banking Operations	4,007	2,882	2,475	10,151	7,115	11,378
Total	17,034	16,901	15,668	48,472	40,362	50,966
Less: unallocated expenditure	-	-	-	-	-	-
Profit Before Tax	17,034	16,901	15,668	48,472	40,362	50,966
3. Segment Assets						
a) Treasury	18,93,901	16,71,697	13,87,860	18,93,901	13,87,860	15,56,794
b) Corporate/ Wholesale Banking	31,59,309	30,21,667	28,09,007	31,59,309	28,09,007	29,19,793
c) Retail Banking	18,87,410	18,38,502	16,62,022	18,87,410	16,62,022	17,09,836
d) Other Banking Operations	-	-	-	-	-	-
e) Un allocated	2,03,973	1,86,513	1,67,984	2,03,973	1,67,984	1,61,065
Total	71,44,593	67,18,379	60,26,873	71,44,593	60,26,873	63,47,488
4. Segment Liabilities						
a) Treasury	17,95,499	15,82,176	13,05,367	17,95,499	13,05,367	14,67,999
b) Corporate/ Wholesale Banking	30,29,324	28,88,777	26,80,883	30,29,324	26,80,883	27,81,073
c) Retail Banking	18,07,228	17,57,647	15,86,214	18,07,228	15,86,214	16,28,602
d) Other Banking Operations	-	-	-	-	-	-
e) Un allocated	84,884	73,589	69,427	84,884	69,427	85,621
Total	67,16,935	63,02,189	56,41,891	67,16,935	56,41,891	59,33,295
5. Capital Employed						
[Segment Assets - Segment Liabilities]						
a) Treasury	98,402	89,521	82,493	98,402	82,493	88,795
b) Corporate/ Wholesale Banking	1,29,985	1,32,890	1,28,124	1,29,985	1,28,124	1,38,720
c) Retail Banking	80,182	80,855	75,808	80,182	75,808	81,234
d) Other Banking Operations	-	-	-	-	-	-
e) Unallocated	1,19,089	1,12,924	98,557	1,19,089	98,557	75,444
Total	4,27,658	4,16,190	3,84,982	4,27,658	3,84,982	3,84,193

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.



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Notes:

- 1 The above Unaudited Financial Results for the quarter and nine months ended December 31, 2016 were reviewed by the Audit Committee and recommended for approval to and approved by the Board of Directors at its meeting held on January 11, 2017. These Results have been subjected to "Limited Review" by the Statutory Central Auditor of the Bank and an unqualified review report has been issued.
- 2 The working results for the quarter and nine months ended December 31, 2016 have been arrived at after considering the provision for standard assets including requirements for exposures to entities with Unhedged Foreign Currency Exposures, non performing assets (NPAs), depreciation on investments, income tax and other usual and necessary provisions.
- 3 The Bank has followed the same significant accounting policies in the preparation of the interim financial statements as those followed in the annual financial statements for the year ended March 31, 2016 except the following:
With effect from 01.04.2016, in respect of accounting of swap cost pertaining to FCNR Deposits/ Overseas Borrowings, Bank has adopted amortisation method over the period of swap tenure, as against the mark-to-market method. This change in policy does not have any financial impact over the full period of the swap. The impact of the change in the policy as described above is reduction in profit after tax by ₹ 653 Lakhs for the nine months ended 31st December, 2016 (Reduction in Profit after tax by ₹286 Lakhs for the Quarter ended 31st December, 2016) . Had this policy been adopted in the previous year, the reported after tax profit numbers for the Quarter ended 31st December, 2015, Nine months ended 31st December, 2015 and the Year ended 31st March, 2016, would have reduced by ₹181 Lakhs, ₹409 Lakhs and ₹164 Lakhs respectively.
- 4 The Bank had assigned certain non-performing financial assets (NPA's) having a net book value of ₹ 19618 Lakhs during an earlier year and ₹ 6116 Lakhs during the current quarter to Asset Reconstruction Companies. The Bank has, in terms of RBI Circular DBOD.No.BP.BC.9/21.04.048/2014-15 on "Prudential norms on income recognition, asset classification and provisioning pertaining to advances" dated July 1, 2014 , as amended, spread the net shortfall in recovery of net book value of ₹ 3319 Lakhs in respect of NPA's assigned during an earlier year over a period of two years and in terms of RBI Circular DBR.No.BP.BC.102/21.04.048/2015-16 on "Prudential norms on income recognition, asset classification and provisioning pertaining to advances - Spread Over of Shortfall on Sale of NPAs to SCs/RCS " dated June 13, 2016 spread the net shortfall in recovery of net book value of ₹ 516 Lakhs in respect of NPA's assigned during the current quarter over a period of four quarters.
In respect of such assignments, an amount of ₹ 727 Lakhs / ₹ 1918 Lakhs has been charged to the profit and loss account during the quarter / nine months ended December 31, 2016 and the unamortised balance carried forward as at December 31, 2016 is ₹ 972 Lakhs.
- 5 During the current quarter, bank identified a Non Performing Advance as a fraud case and has provided 25% of the outstanding net book value. The balance remaining amount of ₹14682 Lakhs will be provided during the next three quarters in equal instalments as permitted by the RBI in accordance with DBR No.BP.BC.92/21.04.048/2015-6 dated April 18, 2016.
- 6 During the quarter / nine months ended December 31, 2016, the Bank allotted 1120990 / 1429209 shares, pursuant to the exercise of stock option by certain eligible employees.
- 7 Pursuant to RBI Circular FMRD.DIRD.10/14.03.002/2015-16 dated May 19, 2016, as amended, the Bank has with effect from November 26, 2016 considered its repo/reverse repo transactions under Liquidity Adjustment facility (LAF) and Marginal Standing Facility (MSF) of RBI as Borrowings/Lendings, as the case may be. Hitherto, the repo/ reverse repo transactions were included under Investments. Figures for the previous periods have been regrouped/reclassified to conform to current period's classification. The above regrouping/ reclassification has no impact on the profit of the Bank for the quarter/ Nine Months ended 31st December, 2016 or the previous periods/year.
- 8 In accordance with the RBI Circular DBR.No.BP.BC.1/21.06.201/2015-16 on Basel III capital regulation dated July 1, 2015 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.
<http://www.southindianbank.com/content/viewContentLv11.aspx?linkIdLv12=854&LinkIdLv13=880&linkId=880>
These disclosures have not been subjected to a limited review by the Statutory Central Auditor.
- 9 In accordance with the RBI Circular DBR.No.BP.BC.83/21.06.201/2015-16 on Basel III capital regulation dated March 1, 2016, during the quarter ended June 30, 2016 the Bank has revalued its premises and has recognised an amount of ₹ 11374 Lakhs as Revaluation Reserve, and included ₹ 5118 Lakhs under Tier I Capital at a discount of 55% thereon.
- 10 Other income includes fees earned from providing services to customers, commission from non-fund based banking activities, earnings from foreign exchange transactions, selling of Third party products, profit / loss on sale of investments (net), recoveries from accounts written off etc.
- 11 Previous period's / year's figures have been regrouped, wherever necessary to conform to the current period's classification.

Kochi
January 11, 2017



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

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF THE SOUTH INDIAN BANK LIMITED

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **THE SOUTH INDIAN BANK LIMITED** ("the Bank") for the Quarter and Nine Months ended 31st December, 2016 ("the Statement"), being prepared and submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except for the matters set out in paragraph 6 below. This Statement which is the responsibility of the Bank's Management and approved by the Bank's Board of Directors, has been prepared in accordance with the accounting principles generally accepted in India along with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder in so far as they apply to the Banking Companies and circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement 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 Bank's 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, we have relied on the reports in respect of non-performing assets received from concurrent auditors of 165 branches, specifically appointed for this purpose. These reports cover 72 percent of the advances portfolio of the Bank. Apart from these reports, in the conduct of our review, we have also relied upon various returns received from the branches of the Bank.
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Accounting Standards along with the other accounting principles generally accepted in India in so far as they apply to the Banking Companies and circulars and guidelines issued by the RBI from time to time, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that the financial results for the quarter and nine months ended 31st December, 2016 contains any material misstatement or have 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.



5. Attention is drawn to:

- i) Note No.4 of the Statement regarding deferment of shortfall arising from the sale of certain non-performing assets during an earlier year / current quarter in terms of RBI Master Circular DBOD.No.BP.BC.9/21.04.048/2014-15 on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances, dated July 1, 2014, as amended / RBI Circular DBR.No.BP.BC.102/21.04.048/2015-16 on Prudential norms on income recognition, asset classification and provisioning pertaining to advances – spread over of shortfall on sale of NPAs to SCs/SRs dated June 13, 2016 respectively and the unamortised balance as at 31st December, 2016 of Rs.972 Lakhs.
- ii) Note No.5 of the Statement regarding deferment of provisioning pertaining to a fraud account during the current quarter in terms of RBI Circular DBR.No.BP.BC.92/21.04.048/2015-16 dated April 18, 2016 and the unamortised balance as at 31st December, 2016 of Rs.14,682 Lakhs.

Our conclusion is not modified in respect of these matters.

6. The "Pillar 3 disclosures, leverage ratio and liquidity coverage ratio under Basel III Capital Regulation" as set out in Note 6 of the accompanying Statement have not been subjected to our review.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)



S. Sundaresan

S. Sundaresan
Partner
(Membership No. 25776)

KOCHI, *11th* January, 2017.