

South Indian Bank(SIB) Is The Best Performer In Asset Quality

In the "Analyst 2008 Survey of Indian banks" conducted by the 'Institute for Chartered Financial Analysts of India' ,South Indian Bank has emerged as the 'Best Performer in Asset Quality' category among private sector banks which include the new generation and the traditional banks in India .

Trichur, Kerala, November 6, 2008 /[India PRwire](#)/ -- 'This Best performer in Asset Quality recognition received at a time when banks are concerned over the creeping of NPAs into the balance sheets due to the sub-prime mortgage crisis which is a credit crisis is, no doubt, good news for our team members" said,Dr.V.A.Joseph , MD&CEO of the Bank, adding, "We are glad that we could maintain the hard-earned title we have obtained in the current "ASSOCHAM- ECO PULSE" study , in which the Bank has been rated as a " **Top NPA Manager**" for having reduced Net NPA substantially within one year. Now the Net non-performing assets (NPA) as on 30/09/08 are lower at **0.40** per cent as against 0.71 per cent for September, 2007, while gross NPA is 1.86 per cent (as on 30/09/08) compared with 3.41 per cent for September, 2007, leading to a lower provisioning requirement. The Bank has also achieved Rs 60.00 crores in NPA recovery against the target of Rs 40.00 crore , for the first half-year of this fiscal ".

For improving the asset quality and also to contain fresh accruals of NPAs,the Bank has taken a series of initiatives. These measures include , inter-face meeting with the Recovery Section Heads at the Regional Offices for review of their recovery targets ,recovery meets for compromise settlements at R.Os for evolving rehabilitation and compromise packages and recovery camps at branches .Recovery has also been expedited by taking possession of the secured assets of the borrowers under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002".

Notes to Editor

THE SOUTH INDIAN BANK LTD :-

A CORPORATE PROFILE

A History of Progressive Banking

South Indian Bank (SIB) is one of the leading scheduled commercial banks in India with a strong focus on technology and service culture .

South Indian Bank had a very humble beginning . SIB was formed on the 29th January 1929 by a group of 44 enterprising men , who with a capital of only Rs 22,000.00 , joined together at Thrissur(now the cultural capital of Kerala) to liberate the business community from the clutches of greedy money lenders .The Bank gained the confidence and received the patronage of the public in increasing measure over the years and in the 1960s when there was a crisis in the banking industry in Kerala, South Indian Bank took over fifteen other smaller banks.

Business Overview

South Indian Bank has achieved an impressive growth in net profit for the third quarter of 2007-08. The net profit for the third quarter of the current financial year is Rs.40.72 crore as against Rs. 24.84 crore for the corresponding period in previous year registering a growth of 63.93%. The cumulative profit for the period ended 31st December 2007 is Rs. 106.78 crore as against Rs. 58.72 crore (excluding extra ordinary profit on sale of BhOB shares) for that of previous year.

With the advantage of total implementation of CORE Banking Solution in all of the branches/ offices, the Bank now is the **first in the industry in India** to announce results for Q2 of the current fiscal.

The total business of the bank has increased by Rs. 5878 crore from Rs. 18,626 crore to Rs. 24,504 crore on year to year basis registering a growth of 31.56%. While the deposits has gone up by Rs. 3,960 crore from Rs.10,925 crore to Rs. 14,484 crore registering a growth of 32.58%, the advances has increased by Rs. 2,318 crore from Rs. 7,702 crore to Rs. 10,020 crore registering a growth of 30.10%. The bank earned a total income of Rs. 1043.29

crore during the 9 months period registering a growth of 39.36% as against Rs. 748.63 crore for the same period of the previous year.

The Bank which has been rated as a “**Top NPA Manager**” in a recent “ASSOCHAM ECO PULSE” study for having reduced Net NPA substantially within one year could also reduce Gross NPA from 4.29% to 2.53% as on 31-12-07 .The Net NPA has been drastically brought down from 1.49% to 0.49%.

With the recent issue of two crore equity shares with a face value Rs. 10 per share at a premium of Rs. 153 per share aggregating to Rs. 326 crore to Qualified Institutional Buyers the bank has now crossed **the milestone of Rs.1000 crore in total net worth** . The major investors under the above issue include M/s International Finance Corporation (4.80%), Fidelity (2.77%), Blue ridge (2.99%), India capital Opportunities Fund (1.66%), UTI Ventures (2.71%), Moon Capital (1.83%), De Shaw (1.66%), Birla Sunlife (1.33%), Acasia Partners (1.10%), First Gulf Bank (1.10%). The present holding of equity by FII in the bank is at 47.46% as against the permissible limit of 49%.

The Capital adequacy ratio of the bank is as high as 14.92% against the regulatory requirement of 9%. In spite of additional issue of capital, the Book value per share has increased from Rs. 102.45 to Rs.127.85.

South Indian Bank(SIB) has now established the largest network , in the private sector ,of Core Banking branches next only to ICICI Bank , HDFC Bank and AXIS Bank. As on date the Bank has established a network of 487 CBS branches and 27 CBS extension counters and also 200 online ATM Centres.The bank is planning to open 13 more branches during the current financial year to take the total number of branches to 500.The Bank had declared 2007-08 as the year of youth and has launched a novel deposit scheme “YOUTH PLUS” with technology features focusing the younger generation.

The bank has recently tied up with ICICI Prudential life insurance for the selling of insurance products at over 296 SIB branches in Kerala. “This is a major step towards growing the fee-based income of the bank. This partnership would help the policyholders of ICICI Prudential to pay their first as well as renewal premiums in cash at over 296 branches of the SIB in Kerala. Our focus during the next three months will be on increasing the CASA funds as well as non interest income by sale of mutual funds and insurance products. ” said VA Joseph, Chairman and CEO.

A Host of Many Firsts

SIB has many firsts to its credit .

SIB is –

*The first Kerala-based Bank to bag IDRBT award for banking technology

excellence from IDRBT-the technical arm of Reserve Bank of India .

*The first private sector bank from India to provide managerial support to an

Exchange House in the Middle East .

*The first Kerala-based bank to start extended banking hours (12 Hours

Banking)

*The first Kerala-based bank to go on-line through a centralized Core Banking

solution.

*The first Kerala-based bank to introduce a credit card.

*The first in the private sector in India to open an NRI branch

*The first private sector bank to start an Industrial Finance branch in India.

*The first Kerala-based bank in private sector to become a scheduled bank.

*The first private sector bank from Kerala to implement 100% CBS .

Technology As The Key Driver of Business

Technology is emerging as a key driver of business in the banking and financial services industry. “Core Banking” or “Centralized Banking” which provides connectivity between branches and also helps to offer a large number of value - added products, benefiting a large number of customers has been implemented.

The Bank’s ambitious technology up-gradation project named ‘SIBERTECH’ by introducing a Centralized Core Banking Solution ‘Finacle’ in technology partnership with the Infosys Technologies Limited is complete and all the branches/offices all over the country have been linked to the Centralized Data Centre at Kochi and hence 100 % of the Bank’s business is now absolutely on-line .

.Mr.M.Damodaran , Chairman , Securities Exchange Board Of India (SEBI) inaugurated migration of the 400th Branch to Core Banking Solution (CBS).

The 460th branch of the Bank was opened by Mr Vinod Rai , Secretary , Financial Sector , Ministry of Finance , Govt. of India . With the opening of the 475th branch at Ranchi ,SIB has presence in 23 states / UTs .

Mr.N.R.Narayana Murthy , Chairman & Chief Mentor , Infosys Technologies Ltd announced the **total implementation of Core Banking Solution** on 24-03-07 in Bangalore This was an important milestone as **the peer banks have only just begun the initiative** . South Indian Bank(SIB) has now established the largest network , in the private sector ,of Core Banking branches next only to ICICI Bank , HDFC Bank and AXIS Bank.

With the up-gradation of technology , SIB now offers a host of hi-tech products which enables the customers bank from anywhere , saving them time , money and hassles . This means that they can avail of a range of solutions and make convenience banking a way of life . For this the Bank has launched various value-added products and services like Global Debit-cum-ATM card, Internet Banking, Mobile Banking etc.

SIB’s Global ATM – cum – Debit Card can be used at over 0.80 million ATMs and 12 million merchant establishments all over the world.The Global ATM – cum – Debit Card of SIB, which recently became the first Kerala based bank to have directly joined the National Financial Switch (NFS) of the Institute for the Development of Research in Banking Technology (the technical arm of the Reserve Bank of India) can also be used at over 20,000 ATMs all over India . 200 On-line ATM Centres have also been set up all over the country.

SIB IS Now A Financial Supermarket

While the bank gives risk adjusted rate of interest for its deposit products, Mutual Fund products marketed by the Bank offer higher returns proportionate to the risk appetite of the clients. The bank also has made available life insurance products to the clients to offer protection to their family and general insurance products to provide pecuniary compensation in case of loss of property .

Recent Developments

The South Indian Bank has become the first private sector bank from India to provide management support to an exchange house in the Middle East when recently South Indian Bank Chairman Dr.V.A.Joseph and Hadi Express Exchange Chairman Mr.Mohammad Sharif Mohammad Al Hadi signed the agreement in Dubai.This enables SIB to provide top quality service, to NRIs looking at remittances to India , in a technology –driven environment .

The Bank very recently could bag a **special award for excellence in banking technology** from IDRBT which is the technical arm of the Reserve Bank of India .This award was presented to the Bank as a national level

recognition to the excellent contribution made in the area of information systems, security policies and practices .The bank has bagged this award by tightly competing with all categories of banks in India such as Foreign Banks, Private sector banks, public sector banks and co-operative banks .

The Bank, as part of the global brand building exercise, has signed mega star Padmashree Bharat Mammooty as its Global Brand Ambassador. His tech savvy image goes hand-in-hand with our bank which has always been in the forefront of embracing technology. South Indian Bank has also unveiled a new corporate logo that the bank says demonstrates the major transformation the bank has undergone since its inception , when the logo now being replaced was designed. Padmashree Mammooty, the three-time Bharath award winning megastar who is also the global Brand Ambassador of the Bank, unveiled the new corporate brand logo.

As on date the Bank has established a network of 487 CBS branches and 27 CBS extension counters and also 200 online ATM Centres.

South Indian Bank in association with HSBC Asset Management Company has now introduced a facility, which is the first in the country in which the rural investors (not having access to clearing facility and hence denied free banking facilities for investing) do not have to lose through DD commission/collection charges for investing in HSBC Mutual Fund Products .

The Bank has launched a NetBanking initiative to provide real-time fund transaction for the online banking customers through 'southindian bank.com', the online banking channel of the bank. This will make possible for the retail and also corporate customers of the Bank for online debits/credits from/to authorized accounts. This enriched Netbanking product has the potential for utility payments and payment gateway (shopping mall) facilities. This customer- value proposition contains functionalities to support consumer (Retail) e-banking and also corporate e-banking .

BUSINESS STRATEGY

The Bank is committed to become a technology- driven , customer-oriented bank (the new corporate slogan being -"Experience Next Generation Banking")where passion for excellence is a way of life , innovation is a tradition , commitment to values unshaken and customer loyalty is abiding .

The long-term corporate objective is to emerge as the most preferred Bank in India, with core competence in fostering relationship banking, garnering core deposit with accent on cost, creating high yielding quality assets through focused marketing, qualitative appraisal and effective monitoring. We are dedicated to provide quality service to our customers and maintain high standards in corporate responsibility.

SIB-A Customer Oriented Bank

Despite acquiring the latest technological capabilities available to the banking industry in the country, the Bank will continue the emphasis on personalized customer service, which has been the Bank's core strength for all these 78 years. Incidentally , the Bank had also been selected , in the Outlook Money – C- Fore Survey, as the best private sector Bank in India in the 'Service Quality ' segment .

What Mr.Narayana Murthy Told About Us :

Announcing the total implementation of CBS in SIB ,Mr.Narayana Murthy , Chairman & Chief Mentor of Infosys Technologies who recently has been elected as the Chairman of the Asian Business Council said:'Completing one's job in time and also with efficiency is a sign of excellence .This is where I've got tremendous respect for South Indian Bank' .In this context Mr.Murthy referred to the dismal performance of the India Cricket team (in March 2007) who had commenced their celebrations even before the play , and said ,"South Indian Bank , on the other hand , had waited for one month to confirm the efficacy of the new system and then only celebrated even though they had completed implementation of CBS in the month of February itself .In India we usually celebrate even before performing one's duties .So my earnest wish is –' **Let there be thousands to emulate SIB's example**'.

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