

**Auditor's Report On Quarterly Financial Results and Year to Date Results of the Company
Pursuant to the Clause 41 of the Listing Agreement**

To
The Board of Directors of
The South Indian Bank Limited

1. We have audited the quarterly financial results of The South Indian Bank Limited for the quarter ended March 31, 2013 and the financial results for the year ended March 31, 2013, attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. The quarterly financial results are the derived figures between the audited figures in respect of the year ended March 31, 2013 and the published year-to-date figures up to December 31, 2012, being the date of the end of the third quarter of the current financial year, which were subject to limited review. The financial results for the quarter ended March 31, 2013 have been prepared on the basis of the financial results for the nine-month period ended December 31, 2012, the audited annual financial statements as at and for the year ended March 31, 2013, and the relevant requirements of Clause 41 of the Listing Agreement and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the financial results for the nine-month period ended December 31, 2012 which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended) as per Section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2013; and the relevant requirements of Clause 41 of the Listing Agreement.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. *Attention is invited to note 3 to the financial statements regarding a non performing advance of Rs 150 crores and in respect of which a provision of Rs. 90 crores has been made by the management of the Bank based on special dispensation obtained from the Reserve Bank of India (RBI) vide RBI letter dated DBS (T) No.674/02.05.06/2012-13 dated December 31, 2012 from complying with the "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" issued by the RBI. As the ultimate recoverability of the net carrying amount is uncertain, pending final determination thereof we are unable to comment on the recoverability of the carrying amount and consequential effects of these matters on the financial statements.*



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

4. Without qualifying our opinion, we draw attention to Note 6 to the financial results which describes the deferment of pension and gratuity liability relating to existing employees of the Bank to the extent of Rs 156.53 crores and the unamortized liability of Rs 50.72 crores as at March 31, 2013 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 provision of the Accounting Standard (AS) 15, Employee Benefits.
5. In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter discussed in paragraph 3 above*, these quarterly financial results as well as the year to date results:
 - i. are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
 - ii. give a true and fair view of the net profit and other financial information for the quarter ended March 31, 2013 as well as the year to date results for the period from April 1, 2012 to March 31, 2013.
6. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2013 represent the derived figures between the audited figures in respect of the current full financial year ended March 31, 2013 and the published year-to-date figures up to December 31, 2012, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under Clause 41(I)(d) of the Listing Agreement.
7. Further, read with paragraph 1 above, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the company in terms of clause 35 of the Listing Agreement and found the same to be correct.

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

Anesh
per Subramanian Suresh
Partner
Membership No.: 83673
Bangalore
May 6, 2013



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in Lakhs)

Particulars	3 months ended			Year Ended	
	31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012
	Audited #	Unaudited	Unaudited	Audited	Audited
1. Interest earned (a) + (b) + (c) + (d)	116541	112775	99386	443429	358343
(a) Interest/discount on advances/bills	94314	92388	80327	357594	286808
(b) Income on investments	19709	18331	16439	74639	62111
(c) Interest on balances with Reserve Bank of India and other inter-bank funds	2518	2056	2620	11196	9424
(d) Others	-	-	-	-	-
2. Other Income	12096	6616	8250	33493	24707
3. Total income (1+2)	128637	119391	107636	476922	383050
4. Interest expended	83171	77513	70930	315346	256169
5. Operating Expenses (i) + (ii)	24856	18342	20403	76717	61729
(i) Employees cost	16269	10820	12806	47251	37411
(ii) Other operating expenses	8587	7522	7597	29466	24318
6. Total expenditure (4)+(5) excluding provisions & contingencies	108027	95855	91333	392063	317898
7. Operating Profit before provisions and contingencies (3) - (6)	20610	23536	16303	84859	65152
8. Provisions (other than tax) and contingencies	6589	4599	1233	16101	7918
9. Exceptional Items	-	(50)	-	3172	-
10. Profit from Ordinary Activities before tax (7)-(8)-(9)	14021	18987	15070	65586	57234
11. Tax expense - Current Tax	335	6724	4475	18297	19728
- Deferred Tax (net)	(1697)	(562)	(1600)	(2938)	(2659)
12. Net Profit from Ordinary Activities after tax (10)-(11)	15383	12825	12195	50227	40165
13. Extra ordinary items (Net of Tax Expense)	-	-	-	-	-
14. Net Profit for the period (12+13)	15383	12825	12195	50227	40165
15. Paid up Equity Share Capital (Face Value ₹ 1)	13385	13362	11337	13385	11337
16. Reserves excluding revaluation reserves				273178	190949
17. Analytical Ratios					
i) Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil
ii) Capital Adequacy Ratio (%) BASEL II	13.91	13.85	14.00	13.91	14.00
iii) Earnings Per Share (EPS)					
(a) Basic EPS - before and after Extraordinary items (₹)	1.15	0.96	1.08	4.03	3.55
(b) Diluted EPS - before and after Extraordinary items (₹)	1.14	0.95	1.06	3.99	3.50
iv) NPA Ratios (a) Gross NPA	43387	47453	26716	43387	26716
Net NPA	24953	19662	7651	24953	7651
(b) % of Gross NPA	1.36	1.62	0.97	1.36	0.97
% of Net NPA	0.78	0.68	0.28	0.78	0.28
v) Return on Assets (Annualised)	1.35	1.19	1.27	1.17	1.12
18. Public Shareholding					
- No. of Shares (in lakhs)	13385	13362	11337	13385	11337
- Percentage of shareholding	100%	100%	100%	100%	100%
19. Promoters and promoter group shareholding					
(a) Pledged/ Encumbered					
- Number of shares	NIL	NIL	NIL	NIL	NIL
- Percentage of shares [as a % of the total shareholding of promoter and promoter group]	NIL	NIL	NIL	NIL	NIL
- Percentage of shares [as a % of the total share capital of the company]	NIL	NIL	NIL	NIL	NIL
(b) Non Encumbered					
- Number of shares	NIL	NIL	NIL	NIL	NIL
- Percentage of shares [as a % of the total shareholding of promoter and promoter group]	NIL	NIL	NIL	NIL	NIL
- Percentage of shares [as a % of the total share capital of the company]	NIL	NIL	NIL	NIL	NIL

* Not annualised

Refer Note 9




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www.southindianbank.com

Segmentwise Results

(₹ in Lakhs)

	3 months ended			Year Ended	
	31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012
	Audited	Unaudited	Unaudited	Audited	Audited
1. Segment Revenue					
a) Treasury	23855	22175	20564	93901	78438
b) Corporate/ Wholesale Banking	51182	49112	39187	188799	133803
c) Retail Banking	50129	46565	46633	185256	166022
d) Other Banking Operations	3471	1539	1252	8966	4787
Total	128637	119391	107636	476922	383050
Less: Inter-segment Revenue	-	-	-	-	-
Income from Operations	128637	119391	107636	476922	383050
2. Segment Results					
Profit/(+)/Loss(-) before tax and after interest from each segment					
a) Treasury	(7620)	(1715)	1412	(9854)	(1187)
b) Corporate/ Wholesale Banking	2895	6545	(3490)	15639	7725
c) Retail Banking	15926	12864	15889	52277	46781
d) Other Banking Operations	2820	1293	1259	7524	3915
Total	14021	18987	15070	65586	57234
Less: unallocated expenditure	-	-	-	-	-
Profit Before Tax	14021	18987	15070	65586	57234
3. Capital Employed					
a) Treasury	88351	79713	57209	88351	57209
b) Corporate/ Wholesale Banking	109896	102258	71537	109896	71537
c) Retail Banking	79410	77056	63303	79410	63303
d) Other Banking Operations	-	-	-	-	-
e) Unallocated	22704	36724	24701	22704	24701
Total	300361	295751	216750	300361	216750

= Refer Note 9

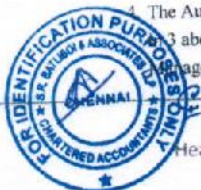
Notes:

1. Statement of Assets and Liabilities as on 31st March 2013 is given below:

(₹ in Lakhs)

	As at	
	31.03.13	31.03.12
	Audited	Audited
CAPITAL AND LIABILITIES		
Capital	13385	11337
Share application money received pending allotment	-	1
Employees Stock Option Outstanding	261	290
Reserves and Surplus	286976	205411
Deposits	4426230	3650053
Borrowings	128455	58819
Other Liabilities and Provisions	124196	111094
Total	4979503	4037005
ASSETS		
Cash and Balances with Reserve Bank of India	169670	157184
Balances with Banks and money at call & short notice	263920	106870
Investments	1252347	939987
Advances	3181553	2728074
Fixed Assets	39612	37750
Other Assets	72401	67140
Total	4979503	4037005

2. The above audited financial results for the year ended March 31, 2013 reviewed by the Audit Committee and have been approved the Board of Directors at their meeting held on May 06, 2013.
3. The financial results have been arrived at after providing for standard/non performing assets as per prudential norms on Income recognition, asset classification and provisioning pertaining to advances and a special dispensation issued by Reserve Bank of India (RBI) vide their letter No.DBS (T) No 674/02.05.06/2012-13 dated December 31, 2012, for an advance of ₹ 150.00 crores, taxes and other necessary provisions. Accordingly, the bank has recognised a provision of ₹ 90.00 crore up to March 31, 2013 in respect of the above advance and the remaining provision is proposed to be made as permitted by RBI taking in to account the outcome of ongoing negotiations for settlement with the borrower.
4. The Auditors have modified their Audit Report by stating that they are unable to comment on recoverability in respect of the advance referred to above.
5. Management response to the above :- In this regard, the Bank has followed the special dispensation of RBI as referred to above.



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5. During the quarter ended March 31, 2013, the Bank allotted 23,17,365 shares, pursuant to the exercise of stock option by certain employees.
6. 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 ₹ 156.53 Crores on account of reopening of pension option and enhancement in gratuity limit to its existing employees. Accordingly, the results for the quarter/year ended March 31, 2013 are after considering a provision of ₹ 5.85 Crore/ ₹ 33.59 Crores being the proportionate charge for the quarter/year towards the deferred pension and gratuity costs and the balance unamortized deferred expenditure is ₹ 50.72 Crores.
7. The Board of Directors have recommended a dividend of ₹ 0.70 per share (70%) for the year ended March 31, 2013 (Previous year ₹ 0.60 per share (60%)), subject to approval of the members in the ensuing Annual General Meeting.
8. Details of Investor complaints received and disposed off:

Complaints at the beginning of the quarter	Received during the quarter	Redressed during the quarter	Unresolved as on March 31, 2013
0	56	56	0

9. The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year upto March 31, 2013 and the unaudited published year to date figures upto the December 31, 2012 being the date of the end of the third quarter of the financial year which were subject to Limited Review.
10. 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.
11. Previous period's/year's figures have been regrouped, wherever necessary to conform to the current period's classification.

Bangalore
May 6, 2013




DR. V. A. JOSEPH
(MD & CEO)