

Bloomberg Code	SIB:IN
No of share O/S (Cr.)	209.27
Market Cap (Rs. in Cr.)	2,011.1
Face Value	1.00
Dividend Yield	0.0
52 Wk High/Low	13.9/6.1

**Key Highlights:**

South Indian Bank (SIB) reported Net Interest Income (NII) of INR. 527 cr in Q2FY22, marking a YoY de-growth of 20.5%, which was mainly driven by a fall in advances by 10.8% YoY. The bank has reduced its exposure to MSMEs and Other business loans by 11.6% and 3.7%, respectively, YoY while the personal loan segment has fallen by 8.1% YoY and gold loans increased by 11.4% YoY. NIMs fell by 45bps YoY to 2.5%. The cost to income ratio spiked in Q2 due to a lower total income base to 82.1% as against 55.6% in Q2FY21. Other income for the quarter fell by 54.1% YoY although core fee income grew by 27% YoY to INR 117 cr.

Shareholding	
Promoters	0.00
Institutional	23.63
Public	76.37
Total	100.00

Operating profit witnessed a YoY de-growth of 71.4% to INR 112 cr in Q2FY22. Provisions during the quarter stood at INR 362 cr, growing 19.3% YoY. SIB posted a net loss of INR 250 cr after tax in Q2FY22 as against a PAT of INR 65 cr in Q2FY21.

**Asset quality shows improvement; but still far from cleaner**

The Capital Adequacy Ratio stood at 15.7% (up 180 bps YoY) with the Tier 1 ratio at 12.8%.

GNPA and NNPA stood at 6.7% and 3.9%, respectively, as against the GNPA of 8.0% and NNPA of 5.0% reported in the previous quarter.

Provision coverage ratio improved by 491 bps QoQ to reach 65%. CASA ratio continued to increase and stands at 30.8% compared to 27.8% same period last year.



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**Concall Highlights:**

- NRI deposits have grown consistently through the pandemic period to reach INR 26,823 cr.
- More than 92% of banking transactions are done digitally currently.
- Mobile banking transactions volume increased by 118% YoY to 46 million transactions.
- SIB churned large corporates portfolio (INR. 100 cr & above) with better rated corporates. 75% of the portfolio is A & above rated.
- The bank launched pre-approved personal loans and achieved a monthly disbursement target of Rs. 100 cr in the month of Sep 2021.
- It also launched co-branded a fully digital credit card - One Card .
- SIB added 805 employees in Q2FY22 which has lead to a sharp fall in business per employee at INR 16.2 cr v/s INR 18.1 cr in Q2FY21.

**Valuation:**

At the CMP of Rs. 9.61, the stock is trading at ~0.4x FY22 standalone P/BV.

## Financial Summary

NII fell by 20.5% YoY due to 10.8% YoY fall in advances.

NIMs for the quarter stood at 2.5%.

Operating expenses grew by 5.2% YoY and 6.6% QoQ. Cost to income ratio rose by 2,657bps at 82.1%.

Provisions stood at INR 362 cr.

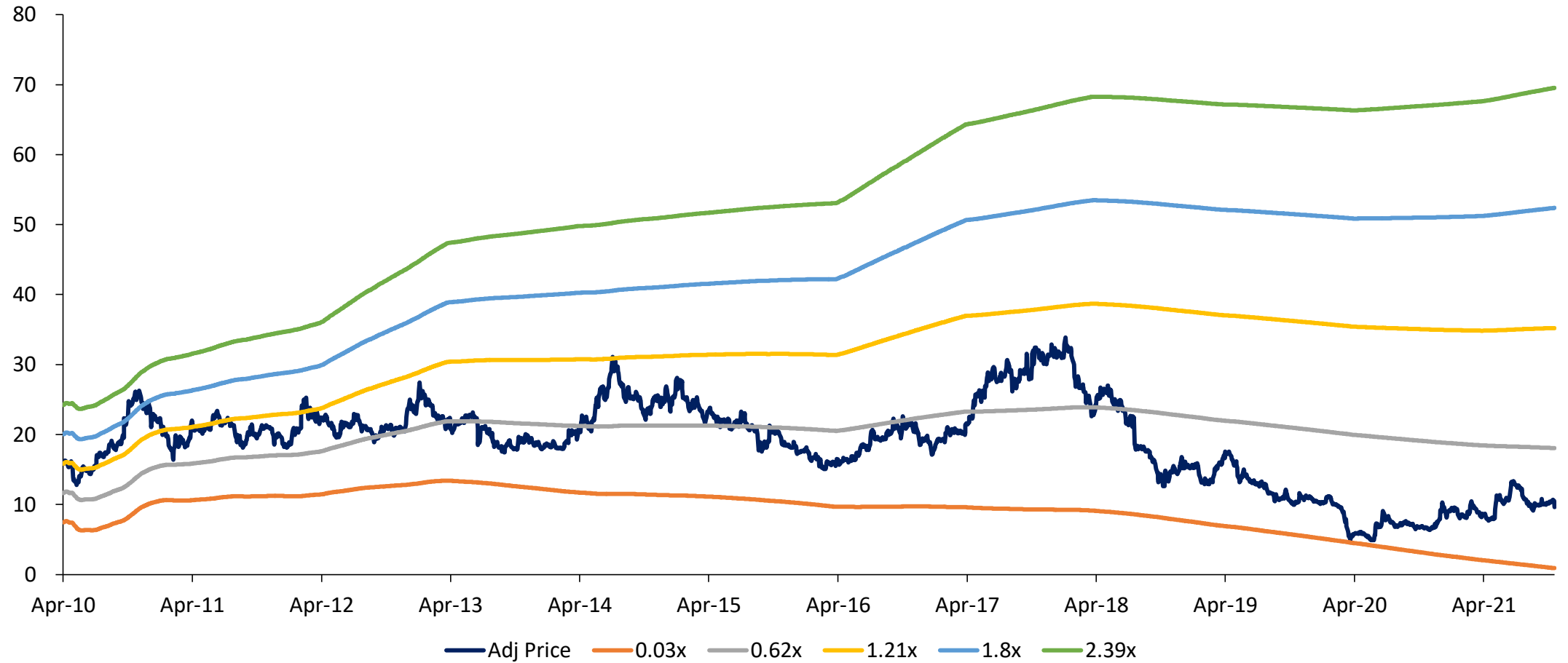
Year ending Mar (Rs Cr)	Q2FY22	Q2FY21	YoY (%)	Q1FY21	QoQ (%)
<b>Total Income</b>	1,647	1,899	-13.3	1,633	0.8
- Interest Income	1,352	1,518	-10.9	1,347	0.4
- Investment Income	256	324	-20.9	247	3.7
- Others	38	56	-33.2	39	-4.2
- Other Income	99	217	-54.1	448	-77.8
<b>Interest Expense</b>	1,119	1,236	-9.4	1,091	2.6
<b>Net Interest Income (NII)</b>	527	663	-20.5	542	-2.7
<b>Net Interest Margin (NIM, %)</b>	2.5	2.9	-45bps	2.6	-6bps
<b>Operating Expenses</b>	515	489	5.2	483	6.6
<b>Opex to Total Income (%)</b>	31.3	25.8	550bps	29.6	169bps
<b>PPoP</b>	112	391	-71.4	507	-77.9
<b>Cost to Income Ratio (%)</b>	82.1	55.6	2657bps	48.8	3,337bps
<b>Provisions &amp; Contingencies</b>	362	303	19.3	493	-26.6
<b>PBT</b>	-250	88	-385.4	14	-1866.4
<b>Tax Rate (%)</b>	25.2	25.7	-51bps	27.1	-198bps
<b>PAT</b>	-187	65	-387.4	10	-1914.4
<b>Loan Book</b>	58,309	65,349	-10.8	58,319	0.0
<b>Deposits</b>	86,840	82,621	5.1	84,611	2.6
- Term Deposits	60,067	59,643	0.7	58,886	2.0
- <b>Share of Term Deposit (%)</b>	69.2	72.2	-302bps	69.6	-43bps
- CASA	26,773	22,978	16.5	25,725	4.1
- <b>Share of CASA (%)</b>	30.8	27.8	302bps	30.4	43bps
* CA deposit	4,370	3,965	10.2	4,174	4.7
* <b>Share of CA Deposit (%)</b>	5.0	4.8	23bps	4.9	10bps
*SA deposit	22,403	19,013	17.8	21,551	4.0
* <b>Share of SA Deposit (%)</b>	25.8	23.0	279bps	25.5	33bps

GNPA and NNPA stood at 6.7% and 3.9% in Q2FY22 as against proforma GNPA and NNPA of 8.0% and 5.0% in Q1FY21.

The bank's total branch strength stood at 926, unchanged YoY.

Year ending Mar (Rs Cr)	Q2FY22	Q2FY21	YoY (%)	Q1FY22	QoQ (%)
<b>Stressed Assets</b>					
<b>Slippages</b>					
GNPA	3,880	3,182	21.9	4,677	-17.1
GNPA (%)	6.65	4.87	178bps	8.02	-137bps
PCR %	65.0	65.2	-18bps	60.1	491bps
NNPA	2,178	1,655	31.6	2,855	-23.7
NNPA %	3.85	2.59	126bps	5.05	-120bps
CAR (%)	15.7	13.9	180bps	15.5	27bps
Tier I Capital (%)	12.8	11.2	157bps	12.73	4bps
Tier II Capital (%)	3.0	2.7	23bps	2.7	23bps
RoA (%) annualised	-2.9	1.1	-400bps	0.2	-308bps
RoE (%)	-14.8	5.0	1986bps	0.8	1562bps
Networth	5,040.4	5,184.4	-2.8	5,307.6	-5.0
No of branches	926	926	0.0	926	0.0

### 1 year forward P/BV band chart



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