



## Press Release

The South Indian Bank

March 26, 2026

### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Issuer Rating	-	IVR AA/Stable (IVR Double A with Stable outlook)	IVR AA/Stable (IVR Double A with Stable outlook)	Rating reaffirmed	--
Fixed Deposit Programme	25,000.00	IVR AA /Stable (IVR Double A with Stable outlook)	--	Rating assigned	Simple
<b>Total</b>	25,000.00 (Rupees Twenty - Five Thousand Crore Only)				

**Details of Facilities/Instruments are provided in Annexure 1. Facility wise lender details are provided in Annexure 2. Detailed explanation of covenants is provided in Annexure 3.**

### Detailed Rationale

Infomerics Ratings has reaffirmed / assigned its ratings to the issuer rating / fixed deposit programme of The South Indian Bank (SIB). The ratings draw comfort from the Bank's sustained improvement in its earnings profile, a granular and well-diversified loan portfolio, comfortable capitalization levels, and a moderate, albeit stable, resource profile. The ratings are, however, constrained by the Bank's moderate asset quality — notwithstanding the improving trend therein — and its geographically concentrated operations, with a significant portion of business emanating from the southern region of India.

The outlook on the ratings has been retained as 'Stable', reflecting Infomerics' expectation that the Bank will sustain its business growth trajectory, underpinned by adequate capitalization buffers and an established franchise, while maintaining healthy asset quality metrics and a sound profitability profile over the near-to-medium term.



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### Key Rating Sensitivities:

#### Upward factors

- Sustained and substantial growth in advances, deposit mobilisation, and profitability
- Improvement in asset quality
- Reduction in geographical concentration

#### Downward Factors

- Any major increase in slippages leading to deterioration in asset quality and adversely impacting the earnings profile.
- Material decline in overall capital adequacy ratios below current levels.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### **Sustained improvement in the earnings profile:**

SIB's earnings profile has exhibited a sustained improvement over the past five years, supported by consistent growth in advances, with the retail loan book emerging as the primary driver of incremental business. During FY25, the Bank's total interest income grew by 9.29% on a year-on-year basis to Rs. 9,413.31 crore (FY24: Rs. 8,612.81 crore). The Net Interest Margin (NIM) remained broadly stable at 3.24% in FY25 vis-à-vis 3.31% in FY24, with the marginal compression attributable to a moderation in the cost of deposits. Further, in 9MFY26, NIM moderated to 2.89% primarily attributable to compression in yield on advances amid competitive pricing pressures and gradual loan book re-pricing in a declining interest rate environment. The Bank's operating profit improved to Rs. 2,270.08 crore in FY25 from Rs. 1,867.67 crore in FY24, while net profit grew to Rs. 1,302.91 crore in FY25 as against Rs. 1,070.08 crore in FY24, aided by improved operational efficiency and a decline in credit costs. Consequently, the Bank's Return on Assets (RoA) and Return on Equity (RoE) improved to 1.06% and 12.90%, respectively, as



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on March 31, 2025 (FY24: 0.93% and 12.13%, respectively). For the nine-month period ended December 2025 (9MFY26), SIB reported a total income of Rs. 8,910.57 crore, an operating profit of Rs. 1,792.09 crore, and a Profit After Tax (PAT) of Rs. 1,047.64 crore. Going forward, the Bank's ability to sustain healthy profitability levels while effectively managing credit costs shall remain a key rating monitorable.

### **Granular and diversified loan book:**

SIB's loan book is granular and well-diversified in nature, with ~40% of the portfolio comprising corporate exposures and the remaining 60% constituting the Retail, Agriculture and MSME (RAM) book. Within the RAM segment, the retail loan book accounted for 28% of the overall portfolio, with housing loans forming the largest sub-segment at ~31%, followed by retail gold loans at ~24%, mortgage loans at ~17%, auto loans at ~9%, and other segments at ~11%. Agriculture loans and business loans accounted for 18% and 14% of the overall loan book, respectively, as on December 31, 2025. The diversified sub-segment composition of the RAM book reflects the Bank's deliberate strategy of avoiding concentration within the retail portfolio while simultaneously improving portfolio granularity and yield. SIB's gross domestic advances have witnessed a sustained growth of ~9% year-on-year, increasing to Rs. 87,579 crore in FY25 from Rs. 80,426 crore in FY24. The growth momentum has continued into 9MFY26, with gross advances further expanding to Rs. 96,764 crore, driven primarily by healthy traction across the RAM loan book. Going forward, Infomerics expects the credit growth momentum to sustain, underpinned by the Bank's established branch network and entrenched customer relationships, which are expected to continue serving as key enablers of incremental business origination.

### **Comfortable capitalisation:**

SIB has demonstrated the ability to maintain comfortable capitalization levels notwithstanding the sustained expansion in its advances portfolio, with internal accruals through profit accretion serving as the primary lever for capital augmentation. As on December 31, 2025, the Bank's Common Equity Tier-1 (CET-1) ratio and Total Capital to Risk-weighted Assets Ratio (CRAR) stood at 16.88% and 17.84%, respectively (March 31, 2025: 17.98% and 19.31%, respectively), both remaining well above the minimum regulatory thresholds prescribed by the Reserve Bank of India (RBI). The moderation in capitalization ratios vis-à-vis March 31, 2025 levels is attributable to the accelerated pace of advances growth during 9MFY26, which has resulted in a



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commensurate increase in risk-weighted assets. Notwithstanding this, the Bank continues to maintain a healthy buffer above the regulatory minimum, providing adequate headroom to support near-to-medium term credit growth. Going forward, Infomerics expects the Bank to sustain adequate capitalization levels, underpinned by continued improvement in internal accruals and expected capital infusion, thereby ensuring sufficient buffer above regulatory capital requirements to comfortably support its growth objectives.

### **Moderate resource profile:**

SIB's resource profile is moderate, albeit stable, characterized by a relatively steady CASA deposit base. The Bank's CASA ratio stood at 31.84% as on December 31, 2025 (FY25: 31.37%), reflecting a marginal improvement notwithstanding the rate cuts effected by the Reserve Bank of India (RBI) over the preceding six months — indicative of the Bank's ability to retain low-cost deposits despite an easing interest rate environment. The Bank's cost of funds and cost of deposits moderated marginally to 4.77% and 5.41%, respectively, as on December 31, 2025 (FY25: 4.84% and 5.44%, respectively), benefitting from the downward revision in policy rates by the RBI. The sequential moderation in funding costs is expected to provide incremental support to the Bank's NIM over the near-to-medium term. On the deposit mobilization front, the Bank's total deposits have exhibited healthy growth, increasing from Rs. 1,01,920 crore in FY24 to Rs. 1,07,526 crore in FY25, and further to Rs. 1,18,211 crore as on December 31, 2025 (9MFY26), reflecting the Bank's entrenched deposit franchise and its ability to consistently mobilize retail liabilities across its branch network. Going forward, Infomerics expects SIB's resource profile to remain stable over the medium term, underpinned by the resilience of its CASA deposit base and the strength of its established retail liability franchise.

### **Key Rating Weaknesses**

#### **Moderate, albeit improving, asset quality:**

SIB's asset quality has exhibited a sustained improving trajectory over the years, notwithstanding its moderate absolute levels. The Bank's Gross NPA (GNPA) ratio and Net NPA (NNPA) ratio improved to 2.67% and 0.45%, respectively, as on December 31, 2025 (FY25: 3.20% and 0.92%, respectively), reflecting meaningful progress in portfolio quality over the near-to-medium term. The improvement in asset quality metrics is attributable to a combination of deliberate strategic



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interventions, including a conscious reduction in large ticket-size corporate exposures to enhance portfolio granularity, adoption of more stringent underwriting and credit appraisal standards, and a concerted focus on building a better-rated corporate loan book with a higher proportion of 'A'-and-above rated exposures. Corroborating the improving asset quality trend, the Bank's annualized slippage ratio declined sharply to 0.16% in Q3FY26 (FY25: 1.31%), indicative of improved underwriting discipline and collection efficiency across segments. The Provision Coverage Ratio (PCR), excluding write-offs, strengthened to 83.50% as on December 31, 2025 (FY25: 71.80%), reflecting a materially enhanced loss-absorption buffer against residual stressed exposures. Notwithstanding the aforementioned improvements, the Bank's ability to sustain healthy asset quality metrics amidst a growing loan book shall remain a key monitorable from a ratings perspective.

### **Regionally concentrated operations:**

SIB operates through a network of 948 branches spread across 26 states and 4 union territories, reflecting a pan-India presence. Notwithstanding this, the Bank's operations remain regionally concentrated, with Kerala accounting for ~31% of total business, other southern states contributing ~32%, and the rest of India accounting for the remaining 37% as on December 31, 2025. The significant dependence on the southern region, which collectively accounts for ~63% of total business, exposes the Bank to geographical concentration risk, rendering its performance susceptible to region-specific economic, political, or climatic disruptions. Going forward, the Bank's ability to meaningfully diversify its geographical footprint and progressively reduce its regional concentration shall remain a key rating sensitivity.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Banks](#)

[Policy on Default Recognition and Post – Default Curing Period](#)

[Criteria of assigning Rating Outlook.](#)

[Complexity level of rated instruments/Facilities](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)



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### **Liquidity: Strong**

SIB's liquidity position is supported by the strength of its liabilities franchise and its sovereign ownership. The Bank is having a sizeable retail deposit base that forms a significant part of the total deposits. Its liquidity coverage ratio stood at 117.35% as on 31<sup>st</sup> December 2025, as against minimum regulatory requirement of 100%. Liquidity is further supported by the Bank's access to systemic sources of funds, such as the liquidity adjustment facility from RBI and access to the call money market.

### **About the Bank**

Established in 1929, SIB was the first 'scheduled bank' amongst the private banks in Kerala. SIB has no identifiable promoter, and the shareholding pattern is well diversified. It has strong presence in south India and particularly in Kerala. As on 31<sup>st</sup> December 2025, SIB had a network of 948 branches and 1269 ATMs spread across the country.

### **Financials (Standalone)\*:**

Rs in crore

<b>For the year ended/As on*</b>	<b>31-03-2024</b>	<b>31-03-2025</b>
	<b>(Audited)</b>	<b>(Audited)</b>
Total Income	10,128.32	11,226.74
PAT	1,070.08	1,302.91
Total Business	182,346.52	195,104.12
Gross Advances	80,426.26	87,578.52
Total Deposits	101,920.26	107,525.60
Tangible Net-worth	8,826.18	10,107.66
<b><u>Ratios</u></b>		
NIM (%)	3.31	3.24
ROA (%)	0.91	1.05
Tier I CRAR (%)	17.65	17.98
Total CRAR (%)	19.91	19.31



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For the year ended/As on*	31-03-2024	31-03-2025
GNPA [Stage III] (%)	4.50	3.20
NNPA [Stage III] (%)	1.46	0.92
CASA (%)	32.08	31.37

\*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 1 Oct 2024	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Issuer rating	Long Term	-	IVR AA/Stable (Oct 01, 2025)  IVR AA / Stable (March 26, 2026)	IVR AA-/Stable	-	-
2.	Fixed Deposit Programme	Long Term	25,000.00	IVR AA / Stable (March 26, 2026)	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for



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research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Instrument/ Facility	ISIN	Date of Issuance	Maturity Date	Coupon (%)	Amount (Rs in Crores)	Listing Status	Rating
Issuer Rating	-	-	-	-	-	-	IVR AA/Stable
Fixed Deposit Programme	-	-	-	-	25,000.00	-	IVR AA/Stable



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**Annexure 2: Facility wise lender details – Not Applicable**

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not applicable.**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable.**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com)

