

PRESS RELEASE

Cozy in COVID times

The Board of Directors of CSB Bank took on record the audited financial results for the year ended 31.03.2020 in their meeting dated 15.06.2020.

Highlights

- a) CSB Bank breaks the streak of continuous losses, posted profits. After many lull years of losses, bank has been able to post profits and poised to grow from now.
- b) In FY 2020, **Profit before Tax** increases to Rs 134 Cr from a Loss before tax of Rs 300 Cr in FY 2019. Despite having taken a one-time hit of Rs. 87 crore on its profit and loss account for switching over to lower tax rates, Bank has posted **Net profit** of Rs 13 Cr in FY 2020 from the loss of Rs 197 Cr of FY 2019. Due to the re-measurement of DTA and reversal of MAT credit, there is a one-time impact on P&L amounting to Rs 87 Cr. But for this, the net profit would have been **Rs 100 Cr for FY 2020**. The intended benefit of this measure will accrue to the Bank in the following quarters by way of lower tax rates.
- c) To **strengthen its Balance sheet**, Bank is also holding excess provisions as detailed below:
 - NPA provision at rates above RBI prescribed rates: Rs 93 Cr
 - Not utilizing the option to amortise provision for fraud: Rs 22 Cr
 - Not considering appreciation for arriving at Net Depreciation of Securities Receipts book: Rs9 Cr
 - Not utilizing the option to amortize provision on Loans where asset quality benefits were availed as per RBI's Covid relief: Rs 1 Cr
- d) **Operating Profit** for FY 2020 stood at an all-time record level of Rs 281 Cr. In FY 2019 this was meagre at Rs 13 Cr – a YoY increase of 2000%.
- e) In FY 2020, the Bank earned **Net Interest Income (NII)** of Rs 592 Cr as against Rs 440 Cr with an absolute growth of Rs 152 Cr or 35%.
 - Yield on Advances improved to 10.6% from 9.9%: *70 bps*
 - Cost of Deposits is stable at 5.9%
 - Net Interest Margin (NIM) improves to 3.2% from 2.5% : *70 bps*
- f) In FY 2020, **Non-Interest Income** witnessed robust growth and stood at Rs 222 Cr as against Rs 136 Cr for the same period as last year delivering an increase of 63%. In Q4 2020 the Non-Interest Income was Rs 87 Cr against Rs 46 Cr for the same period last year.
- g) **Opex** Containment. Opex reduced from Rs 563 Cr in FY 2019 to Rs 533 Cr in FY 2020

- h) The **Cost Income Ratio** improved vastly: For full year FY 2020 stood at 66% and for Q4 2020 was 56%. In comparison, Cost Income Ratio substantially improved over the previous year same period (98% for FY 2019 and 123% for Q4 2019).
- i) Stellar improvement in **Asset Quality**
- Gross NPA decreased from 531 Cr as on 31.03.2019 to Rs 409 Cr as on 31.03.2020 – a decrease of 23%. Gross NPA as percentage of advances decreased from 4.9% to 3.5%
 - Net NPA decreased from 241 Cr as on 31.03.2019 to Rs 217 Cr as on 31.03.2020 – a decrease of 10%. Net NPA as percentage of advances decreased from 2.3% to 1.9%
 - Provision Coverage improves to 80% from 78%
- j) **Capital Adequacy Ratio** improves from 16.7% as on 31.03.2019 to 22.5% as on 31.03.2020. Leverage Ratio improves from 6.6% as on 31.03.2019 to 8.9% as on 31.03.2020.
- k) **Comfortable Liquidity Position.** Liquidity Coverage Ratio at 245% comfortably above the RBI requirement of 100%. Post March, Deposits grew by Rs.430 Cr underlying the stability of franchise even in Covid times.
- l) **CASA mix** improved to 29.2% as on 31.03.2020 from 27.8% as on 31.03.2019.
- m) In **Advance Growth,**
- Gold loans posted an impressive YoY growth of Rs 841Cr or 28.4%
 - LCBD portfolio (low yielding) reduced by Rs 367 Cr or 46%
 - The fledgling vertical Agri& MFI contributed to a growth of ~Rs160 Cr
 - Continued the cautious lending strategy in FY 20 and could register an overall y-o-y growth of 7% in advances.

Summarised P&L

Rs Cr	FY 19	FY 20	Inc/Dec %	Q4FY 19	Q4FY 20	Inc/Dec %
Interest Income	1,347.52	1,509.89	12%	354.00	388.92	10%
Interest Expense	907.56	917.60	1%	233.50	231.38	-1%
Net Interest Income	439.95	592.29	35%	120.50	157.54	31%
Non-Interest Income	135.92	221.61	63%	45.87	86.57	89%
Net Operating Income	575.87	813.90	41%	166.37	244.11	47%
Operating Expenses	562.51	533.32	-5%	204.48	137.12	-33%
Operating Profit	13.36	280.58	2000%	-38.12	106.99	
Provisions	313.45	146.58	-53%	190.55	84.32	-56%
Profit/Loss Before Tax	-300.10	134.00		-228.67	22.67	
Tax	-102.68	121.27		-78.02	82.35	
Profit/Loss After Tax	-197.42	12.72		-150.64	-59.69	

Key Balance Sheet Parameters

Rs Cr	31.03.2019	30.06.2019	30.09.2019	31.12.2019	31.03.2020
Total Assets	16,911	17,185	17,755	17,782	18,864
Deposits	15,124	15,197	15,510	15,241	15,791
Net Advances	10,615	10,605	11,298	10,808	1,1366
Investments	4,028	4,226	4,314	4,664	5,360
Share Capital+Reserves	1,432	1,451	1,968	2,020	1,961
Gross NPA Ratio	4.87%	4.71%	2.86%	3.22%	3.54%
Net NPA Ratio	2.27%	2.04%	1.96%	1.98%	1.91%
Provision Coverage Ratio	78.16%	79.88%	79.45%	80.31%	80.02%
CASA Ratio	27.84%	28.11%	28.19%	28.56%	29.17%
Credit Deposit Ratio(gross)	75.89%	75.45%	78.37%	76.63%	77.51%

Future Plans:

Bank plans to open **103 branches** in this financial year. These branches will be opened at areas with gold loan, Agri & MFI, MSME and CASA potential in line with the strategic priorities of the bank and around 75% will be breaking even in the first year from opening itself.

CEO Speak:

Speaking about the performance **Mr.C VR Rajendran, Managing Director & CEO** said “FY 2020 has been a landmark year in the history of the bank as we got listed and have come back to profitability after many years of continuous losses. The profit could be much higher had the bank not opted for the new tax regime. While we had time upto Sep 2020 to decide on the new tax regime, we have, after due analysis found migrating to the new tax rates beneficial in the long run and accordingly preferred to take a hit in FY 2020 itself. FY 2021 is the centenary year for the bank. Several positives can be seen in our working results of FY 2020 and we are on a firm pedestal for future growth. Our main aim would be to carefully build a stable asset base in the current environment of heightened VUCA (Volatility, Uncertainty, Complexity, Ambiguity), while diversifying our funding base, cutting costs and improving upon margins and fee income.”

About CSB Bank Limited:

We are one of the oldest private sector banks in India marching to the centenary year. While our Bank has a long operating history as a traditional bank, we are currently focusing on implementing strategic changes in business model to function efficiently as a full service new age private sector bank. We have a strong base in Kerala along with significant presence in Tamil Nadu, Karnataka, and Maharashtra. We offer a wide range of products and services to our overall customer base of 1.5 million as on March 31, 2020, with particular focus on SME, retail, and NRI customers. We deliver our products and services through multiple channels, including 411 branches (excluding three service branches and three asset recovery branches) and 300 ATMs spread across the country and various alternate channels such as micro ATMs, debit cards, internet banking, mobile banking, point of sale services, and UPI.

CSB Bank is listed on both NSE and BSE. For further details, please visit www.csb.co.in

Safe Harbour:

Some of the statements in this document that are not historical facts are forward-looking statements. These forward- looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.

Kindly direct your enquiries to:

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