

Limited review report on the unaudited quarterly financial results of CSB Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

**To the Board of Directors of
CSB Bank Limited**

1. We have reviewed the accompanying Statement of Unaudited Financial Results of CSB Bank Limited (the 'Bank') for the quarter ended 30 June 2021 (the 'Statement'), except for the disclosures relating to "Pillar 3 under Basel III Capital Regulations", and those relating to "Leverage Ratio", "Liquidity Coverage Ratio" under Capital Adequacy and Liquidity Standards issued by Reserve Bank of India ('RBI') as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us. This Statement is the responsibility of the Bank's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of Unaudited Financial Results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Limited review report on the unaudited quarterly financial results and year to date financial results of CSB Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)

CSB Bank Limited

4. As more fully described in Note 8 to the financial results, the extent to which the COVID-19 pandemic will have impact on the Bank's financial performance is dependent on future developments, which are highly uncertain.

Our review report is not modified in respect of this matter.

For **B S R & Co LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Place: Mumbai
Date: 22 July 2021

Vaibhav Shah
Partner
Membership No: 117377
UDIN: 21117377AAAACS4230



CSB Bank Limited

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Corporate Identity Number: L65191KL1920PLC000175



UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2021

(₹ in Lakhs)

Particulars	Quarter ended			Year ended
	30.06.2021	31.03.2021	30.06.2020	31.03.2021
	Unaudited	Audited (Refer note 14)	Unaudited	Audited
1. Interest earned (a) + (b) + (c) + (d)	49,525	49,713	42,260	1,87,230
(a) Interest/discount on advances/bills	37,671	38,276	30,455	1,37,595
(b) Income on investments	10,235	10,474	10,843	45,930
(c) Interest on balances with RBI, Other interbank funds	1,023	283	76	506
(d) Others	596	680	886	3,199
2. Other Income	7,628	11,232	7,428	40,081
3. Total Income (1+2)	57,153	60,945	49,688	2,27,311
4. Interest Expended	22,750	22,142	23,734	93,091
5. Operating Expenses (i) +(ii)+(iii)	16,425	25,907	13,045	72,899
(i) Employees Cost	9,721	17,864	8,603	49,623
(ii) Rent, taxes and lighting	1,795	1,653	1,400	6,082
(iii) Other operating expenses	4,909	6,390	3,042	17,194
6. Total Expenditure (4+5) (excluding provisions and contingencies)	39,175	48,049	36,779	1,65,990
7. Operating Profit before provisions and Contingencies (3-6)	17,978	12,896	12,909	61,321
8. Provisions (other than Tax) and contingencies	9,826	7,095	5,753	32,066
Of which provisions for Non-performing Assets/write off	10,424	9,060	1,376	18,135
9. Exceptional Items	-	-	-	-
10. Profit from ordinary activities before tax (7-8-9)	8,152	5,801	7,156	29,255
11. Tax Expense	2,052	1,512	1,800	7,415
12. Net Profit from ordinary activities after tax (10-11)	6,100	4,289	5,356	21,840
13. Extraordinary items (net of Tax expense)	-	-	-	-
14. Net Profit for the period (12-13)	6,100	4,289	5,356	21,840
15. Paid-up equity share capital (Face Value - ₹ 10 per share)	17,354	17,354	17,351	17,354
16. Reserves excluding Revaluation Reserves				1,85,222
17. Analytical Ratios				
(i) Capital Adequacy Ratio (Basel-III)	21.63%	21.37%	18.93%	21.37%
(ii) Earnings per Share (EPS)*				
Basic EPS - before and after extraordinary items (₹)	3.52	2.47	3.08	12.59
Diluted EPS - before and after extraordinary items(₹)	3.52	2.47	3.08	12.59
(iii) NPA Ratios				
a) Gross NPA	68,639	39,349	40,103	39,349
Net NPA	44,375	16,881	19,524	16,881
b) % of Gross NPA	4.88%	2.68%	3.51%	2.68%
% of Net NPA	3.21%	1.17%	1.74%	1.17%
(iv) Return on Assets -Annualised	1.03%	0.77%	1.03%	0.99%

* Not Annualised

SEGMENT INFORMATION				
(₹ in lakh)				
Particulars	Quarter ended			Year ended
	30.06.2021	31.03.2021	30.06.2020	31.03.2021
	Unaudited	Audited (Refer note 14)	Unaudited	Audited
Segment Revenue:				
Treasury	13,985	11,521	15,843	62,117
Corporate/Wholesale Banking	12,248	14,187	11,333	46,685
Retail Banking	30,310	34,219	22,125	1,15,736
Other Banking Operations	610	1,018	387	2,773
Unallocated	-	-	-	-
Total Revenue	57,153	60,945	49,688	2,27,311
Less: Inter segment revenue	-	-	-	-
Income from operations	57,153	60,945	49,688	2,27,311
Segment Results (Net of provisions):				
Treasury	4,576	1,341	5,517	18,500
Corporate/Wholesale Banking	2,266	(10,580)	(1,811)	(16,244)
Retail Banking	992	14,631	3,280	25,781
Other Banking Operations	319	376	192	1,267
Unallocated	(1)	33	(22)	(49)
Profit Before Tax	8,152	5,801	7,156	29,255
Segment Assets:				
Treasury	6,84,476	7,22,432	7,62,027	7,22,432
Corporate/Wholesale Banking	5,08,610	4,94,315	4,56,617	4,94,315
Retail Banking	10,65,699	11,06,498	8,17,151	11,06,498
Other Banking Operations	765	817	555	817
Unallocated	7,622	9,674	15,300	9,674
Total	22,67,172	23,33,736	20,51,650	23,33,736
Segment Liabilities:				
Treasury	1,35,725	2,06,551	1,64,935	2,06,551
Corporate/Wholesale Banking	3,16,528	3,07,395	1,74,046	3,07,395
Retail Banking	15,90,461	16,01,652	15,10,257	16,01,652
Other Banking Operations	-	-	-	-
Unallocated	158	115	990	115
Total	20,42,872	21,15,713	18,50,228	21,15,713
Capital employed:				
(Segment Assets-Segment Liabilities)				
Treasury	5,48,751	5,15,881	5,97,092	5,15,881
Corporate/Wholesale Banking	1,92,082	1,86,920	2,82,571	1,86,920
Retail Banking	(5,24,762)	(4,95,153)	(6,93,107)	(4,95,153)
Other Banking Operations	765	817	555	817
Unallocated	7,464	9,558	14,311	9,558
Total	2,24,300	2,18,023	2,01,422	2,18,023

Note: -

1. For the above segment reporting, the reportable segments are identified as Treasury, Corporate/ Wholesale Banking, Retail Banking and Other Banking Operations in compliance with the RBI Guidelines.

2. Pursuant to Board approved policy on preparation of segment information, the Bank, with effect from quarter ended September 30, 2020, has refined the basis of allocation of certain income, expense, assets and liabilities among segments for more appropriate presentation of segment results. Accordingly, figures for the previous periods have been regrouped/ reclassified to conform to classification of the current period.

3. The change in segment information has no impact on the overall Revenue, Results, and capital employed of the Bank for the current quarter ended June 30, 2021 or the previous periods /year. However, had the Bank continued the same method of preparation of segment information as was adopted in previous periods, the segment revenue, segment results, segment assets, segment liabilities and capital employed would have been Decreased/ (Increased) by:

Segment Revenue:	
Decreased/ (Increased)	Quarter ended
	30.06.2020
Treasury	-
Corporate/Wholesale Banking	(2)
Retail Banking	2
Other Banking Operations	-
Unallocated	-

Segment Results (Net of provisions):	
Decreased/ (Increased)	Quarter ended
	30.06.2020
Treasury	87
Corporate/Wholesale Banking	3,016
Retail Banking	2,628
Other Banking Operations	-
Unallocated	(5,731)

Segment Assets:	
Decreased/ (Increased)	Quarter ended
	30.06.2020
Treasury	(5,555)
Corporate/Wholesale Banking	(3,360)
Retail Banking	(10,364)
Other Banking Operations	(219)
Unallocated	19,498

Segment Liabilities:	
Decreased/ (Increased)	Quarter ended
	30.06.2020
Treasury	(33)
Corporate/Wholesale Banking	(6,304)
Retail Banking	(23,179)
Other Banking Operations	1,348
Unallocated	28,168

Capital employed:	
Decreased/ (Increased)	Quarter ended
	30.06.2020
(Segment Assets-Segment Liabilities)	
Treasury	(5,521)
Corporate/Wholesale Banking	2,944
Retail Banking	12,815
Other Banking Operations	(1,567)
Unallocated	(8,670)

Notes:

- The above unaudited financial results for the quarter ended June 30, 2021 have been reviewed by the Audit Committee and thereafter approved by the Board of Directors of the Bank in their respective meeting held on July 22, 2021. These results have been subjected to Limited Review by the Statutory Auditors of the Bank and an unqualified review report has been issued.
- The above Unaudited Financial Results of the Bank have been prepared in accordance with the Banking Regulation Act, 1949, generally accepted accounting principles in India, including Accounting Standards as prescribed under section 133 of the Companies Act, 2013, Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the guidelines issued by the Reserve Bank of India (RBI).
- The Bank has followed the same accounting policies in the preparation of these financial results as followed in the annual financial statements for the year ended March 31, 2021 except policy on NPA recovery. Previously, recovery in NPA was first appropriated towards interest and balance, if any, towards principal, except in the case of Suit Filed Accounts, sale to Asset Reconstruction Companies and accounts under One Time Settlement where recovery was appropriated based on the court decree/terms of agreement. From May 01, 2021, bank amended the policy on NPA recovery to appropriate recovery on all NPA first towards principal and balance if any towards interest. Impact of the above change in the financial results for the quarter ended June 30, 2021 is not material.
- The working results have been arrived at after considering the provision for standard assets including requirements for exposures to entities with Unhedged Foreign Currency Exposures, Non Performing Assets, depreciation on investments, income tax and other usual and necessary provisions.
- Other income includes fees earned from providing services to customers, commission from non-fund-based banking activities, earnings from foreign exchange transactions, selling of third-party products, profit on sale of investments (net), recoveries from advances written off etc.
- The Capital Adequacy Ratio is computed on the basis of RBI guidelines applicable on the relevant reporting dates and the ratio for the corresponding previous period is not adjusted to consider the impact of subsequent changes if any, in the guidelines.
- During the quarter ended June 30, 2021, the Bank has not issued equity shares under the Employee Stock Option Scheme.
- COVID-19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian Financial markets. The Government of India had announced a series of lock-down measures in March 2020 which was subsequently lifted but regional lockdowns continue to be implemented in areas with significant number of COVID-19 cases. Consequent to mutant corona virus variants, there was significant increase in COVID -19 cases during the quarter ended June 30, 2021. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments which are highly uncertain/ including among other things, any new information concerning the severity of the COVID-19 pandemic and action to contain its spread or mitigate its impact whether government mandated or elected by the Bank. The Bank's capital and liquidity position is strong and would continue to be the focus area for the Bank during this period.

As on March 31, 2021, Bank was maintaining provision against the likely impact of COVID-19 amounting to ₹10,212.00 Lakhs which was in excess of RBI mandated provision. During the current quarter, as a prudent measure, the Bank has made additional provision of ₹380.00 Lakhs (Quarter ended March 31, 2021, bank utilised provision of ₹4,275.00 Lakhs), against the further likely impact of COVID-19 pandemic in respect of exposure of the Bank based on the assessment of presently available information. The aggregate provision against the likely impact of COVID-19, including the RBI mandated provision, as on June 30, 2021 stands at ₹10,592.00 Lakhs and is grouped under Other Liabilities and Provisions in the Balance Sheet of the Bank.

9 Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 6, 2020 are given below;
₹ in lakh except

number of accounts

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution
Personal Loans	13	136.05	-	-	6.80
Corporate Persons	-	-	-	-	-
of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	13	136.05	-	-	6.80

10 During the quarter ended June 30, 2021, NPAs for which provision had already been made amounting to ₹8591.33 Lakhs has been technically written off.

11 Pursuant to approval of the Board, the Bank has revised its NPA Provisioning estimate by increasing the rates of provision applied for NPAs with effect from quarter ended December 31,2020, considering the uncertainties about the recoverability within a reasonable time frame. Had the bank not accelerated the provisioning, provisions for NPA for the year ended March 31,2021 (included in item no.8 in the Financial Results) would have been lower by ₹4,062.62 Lakhs. Bank has also revised, pursuant to Board approval, its estimate on useful life of other fixed assets and had the bank not revised its estimate on useful life of other fixed assets, other operating expenses for the year ended March 31,2021 (included in item no.5 (iii) in the Financial Results) would have been lower by ₹1,204.43 Lakhs. If the above revision of accounting estimates were not adopted during the year ended March 31, 2021, Profit after tax for the year ended March31, 2021 would have been higher by ₹3,941.44 Lakhs.

12 During the year ended March 31,2021, the actuary appointed by the Bank has changed the mortality assumptions for valuation of Employee Benefits based on IALM(2012-14)ULT table as against LICI 1994-1996 table used hitherto. This has resulted in an additional charge of ₹3,814.86 Lakhs for the quarter as well as the year ended March 31,2021 and is included in item No.5(i) - Employee Cost .

13 In accordance with RBI Circular DBR.No.BP.BC.1/21.06.201/2015-16 on Basel III Capital Regulations dated July 01,2015 and RBI Circular DBR.No.BP.BC.80/21.06.201/2014-15 dated March 31,2015-'Prudential Guidelines on Capital Adequacy and Liquidity Standards -Amendments', Banks are required to make Pillar 3 disclosures including Leverage Ratio and Liquidity Coverage Ratio under Basel III framework . The Bank has made these disclosures which are available on its website at the link <https://www.csb.co.in/basel-2basel-3-disclosures> . These disclosures have not been subjected to audit or review by the Statutory Auditors of the Bank.

14 The figures for the quarter ended March 31, 2021 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2021 and the unaudited published year to date figures up to December 31, 2020. The figures up to December 31, 2020 were only reviewed and not subjected to audit.

15 Previous period / year figures have been regrouped / reclassified, wherever considered necessary to conform to current period's classification.

Place: Thrissur
Date: 22.07.2021

For and on behalf of the Board



C VR Rajendran
Managing Director & CEO
DIN: 00460061