



**YEARS OF
BANKING
AND TRUST**

DATE: JULY 20, 2020
TIME: 11.00 AM

**99TH ANNUAL GENERAL MEETING
OF CSB BANK LIMITED**

*ADDRESS BY CHAIRMAN
SHRI. MADHAVAN MENON*

Address by Chairman Shri. Madhavan Menon, at the 99th Annual General Meeting of the shareholders of CSB Bank Ltd. at 11.00 a.m. on Monday, the 20th of July 2020 through video conferencing

It has been an eventful and rewarding year as Chairman of the Board of CSB Bank and it gives me immense pleasure in welcoming all of you to the 99th Annual General Meeting of your Bank, which is happening in the centenary year of the Bank. It also marks the first AGM of the Bank being held virtually.

Firstly, I would like to use this opportunity to introduce your MD & CEO Mr. C.V Rajendran. I would also like to introduce the Members of the Board starting with Shri. Madhavan Aravamuthan, Shri. Thomas Mathew, Shri. Sumit Maheshwari, Smt. Bhama Krishnamurthy and Shri. Syed Nagoor Ali Jinnah.

As we have joined in the 99th Annual General Meeting of your Bank, the entire world is gripped with COVID 19 pandemic and is trying to overcome the adverse impact of the COVID 19 pandemic, especially in terms of financial and health disruptions. My deepest sympathies to all those who have either lost their dear ones or have been affected by it. The state of Kerala's efforts in fighting and controlling the spread of Covid is often quoted both internationally and domestic as a successful model. I would like to use this opportunity to thank the Government of Kerala headed by The Honourable Chief Minister Mr. Pinarayi Vijayan and the unrelenting efforts of The Honourable State Health Minister Smt. K.K. Shailaja.

We, at Bank, have taken all prescribed safety protocols for the safety of our employees. From the customers' side, all were encouraged to use mobile, internet banking and other technology platforms and our teams facilitated the process by helping the client to go online. In terms of RBI COVID – 19 regulatory package, your Bank introduced new products and initiated steps to defer the instalments and interest/ EMI on Term Loans falling due between March 1, 2020 and May 31, 2020 and extended repayment period initially by 3 months, which was extended for another three more months. Your Bank is coping up with the situation in full throttle on one side while trying to maximise market share by leveraging its strengths in driving growth in key customer segments on the other side.

The Year 2020 is the centenary year of your Bank, a Bank which has witnessed many global, national and industry upheavals in the past and managed to survive it all. One of the precious founding legacies the Bank inherited from yesteryears is the TRUST and we will safeguard it as our most important corporate value proposition. As Chairman of the Bank, I remain committed to nurturing and furthering this legacy of Trust.

A pronounced event which has happened in the 100th year of existence is the successful listing of its shares on the bourses after its Initial Public Offering of shares. It is coincidental that the Bank got listed on the bourses in its centenary year of existence, which is a unique event in the corporate world. Your Bank's Initial Public Offering of shares received a massive response from all classes of investors' community and the issue was oversubscribed by 86.92 times.

Another major milestone in the history of your bank is the completion of acquisition of 51 % stake in the Bank by FIH Mauritius Investments Ltd, a Fairfax Group Company and this investment gave major thrust to its capital adequacy and growth acceleration in the coming years.

From the financial side, the financial year 2020 was marked by improved operating profitability and further strengthening of the balance sheet of the Bank, as well as new strategic initiatives by the Bank. In the FY 20, your Bank has reported an Operating Profit of ₹ 280.58 crore in as against ₹ 13.36 crore in FY19; a y-o-y increase of 20x. Your Bank has reported a Net Profit of ₹ 12.72 crore in FY20 as against Net Loss of ₹ 197.42 crore in FY19. This is after taking a one-time hit of ₹ 87 Crore due to re-

measurement of Deferred Tax Assets and reversal of Minimum Alternate Tax credit to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) ordinance, 2019, which would help the Bank to avail lower tax regime in the coming years.

Your Bank's Earning per Share (EPS) and Book value of share as on 31.03.2020 improved and stood at ₹ 0.88 and ₹ 113.04 respectively as against a negative growth of ₹ (23.73) and ₹ 108.10 as on 31.03.2019. The Bank's Return on Equity stood at 0.99% as against a negative growth of (26.13) % for the previous fiscal.

I would like to use this opportunity to thank Mr. Rajendran and all the employees for their sustained efforts for turning around the Bank. Today we are at the cusp of a major transformation. We believe that this cultural transformation will attract the right talent to the Bank. Your Bank is employing solutions for regaining profitability at a post-crisis level, for which transformations focused on enterprise-wide efficiency and simplification, updating operating models, rolling out emerging technologies, etc., are all put in place.

Corporate Social Responsibility (CSR)

The Bank continued with CSR activity during the period under view in a limited way though it was not mandatory to spend for the said period in terms of Section 135 of the Companies Act, 2013 and CSR Rules 2014. As a responsible institution, the Bank will continue with a slew of measures for fulfilment of its commitment to the society as a whole.

Concluding Remarks

So to conclude, the longer-term impact of coronavirus remains unpredictable. However, we are optimistic about the inherent medium and long-term potential of the Indian economy and confident that our economy will bounce back to its earlier glory with full of opportunities. Once growth is rebound, it will lead to many more opportunities for all sectors of the economy including for financial sector.

In the last few years, the banking system and the Bank have gone through challenging periods with an elongated credit cycle and accumulated stress in the system. But the changes are now visible and resolutions have gathered pace allowing your bank to prepare for a new phase of growth, albeit COVID-19 pandemic, the impact of which cannot be estimated at the moment. In tune with the prevailing situation, your Bank has undertaken several initiatives to secure a sustainable and profitable future. Many of these initiatives are internal and aimed at making structural changes within the Bank. They will continue to strengthen the Bank's core and improve its profitability going forward. We will strive our best for creating value and delivering long-term profitable growth for all our stakeholders in the years to come. Mr. Rajendran's vision and leadership has been exemplary and having guided the Bank to stability and now preparing it for Growth. I will use this opportunity to thank him and wish him all the very best.

I would like to use this opportunity to thank Mr. Rajendran MD & CEO and the entire Management team for their efforts in turning around the Bank as well as laying the foundation for a strong and successful future for the Bank.

On behalf of my colleagues on the Board, We place on record our gratitude for the support and guidance extended by the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, Indian Banks' Association and other authorities. I would also like to place on record my sincere appreciation to all our employees, unions, customers, investors and other stakeholders, for their unstinted support to the Bank as always, especially during the lockdown.

As you may be aware, I am stepping down as the Part Time Chairman of the bank, on completion of my term. I would like to thank Members of the Board, Employees of the Bank, The Shareholders and most importantly, Mr. Rajendran for all the cooperation extended to me during the term. It has been an honour to have been the Part Time Chairman in a year when the Bank went Public, celebrates its Centenary year and its return to profitability and will cherish these memories. I will also use this opportunity to thank Fairfax India Holdings Corporation, the majority shareholder lead by Shri. Chandran Ratnaswamy- CEO Fairfax India Holding Corporation, Mr. Sumit Maheshwari- Director Fairfax India and Shri. Prem Watsa- Chairman Fairfax India Holding Corporation and Fairfax Financial Holdings for having reposed their faith in me. Lastly, it would be gross injustice if I did not thank Mr. Sijo Varghese, The Company Secretary for his dedication and availability around the clock to answer all my calls and respond to my queries.

Stay safe and Blessed.

Thank you.

Madhavan Menon
Chairman.