



**YEARS OF  
BANKING  
AND TRUST**

DATE: JULY 20, 2020  
TIME: 11.00 AM

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

*ADDRESS BY MD&CEO  
SHRI. C VR RAJENDRAN*

*Address by MD&CEO Shri. C VR Rajendran, at the 99<sup>th</sup> Annual General Meeting of the shareholders of CSB Bank Ltd. at 11.00 a.m. on Monday, the 20<sup>th</sup> of July 2020 through video conferencing*

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Dear Shareholders,

On behalf of the Board of Directors of the Bank, I take immense pleasure in welcoming you all to the 99<sup>th</sup> Annual General Meeting of CSB Bank Limited.

The outbreak of COVID-19 pandemic has impacted the socio-economic well-being of people at large. But we humans have the wisdom, energy & power to live through such situations; and with the support of progressive technology, we should & ought to overcome such challenges, in our journey ahead. We should adapt to post-Covid norms, as to ensure the purpose of Business continuity, upholding customer service.

Looking at it positively, the way this meeting is conducted over VC, does meet the purpose of it, in the most convenient manner, ensuring participation & seamless communication with our stake holders, adhering to the prevailing protocols.

Am sure & optimistic, the focused efforts being put by central & respective state governments will play the requisite support role, in the new normalcy, for the community.

2020 is the centenary year for CSB and am really privileged to be part of this organization which enjoyed the trust of many generations to have a jubilant entry to its 100<sup>th</sup> year. At this juncture, we are on a journey aiming at transforming ourselves into a full service new age private sector bank - driven by our new vertical business model, technology adoption and prudent risk management,

The last financial year was eventful and the most significant achievement was the listing of the bank's shares in the Indian stock exchanges. Your bank's IPO was a huge success with 87 times over subscription and I take this opportunity to thank one and all who made this possible.

Bank could substantially improve upon the capital adequacy front with FIHM pumping the second tranche of capital last year.

Another key event was the rebranding exercise where by our name changed from "The Catholic Syrian Bank Ltd" to "CSB Bank Ltd".

We were also successful in getting a top notch rating of A1+ to the Certificate of Deposits (Rs 2000 crore) and Short Term Deposits (Rs 2000 crore) Programme of the bank.

In order to grab additional market share/business opportunities, we have opened 10 new branches in FY 20

The Annual Report of the Bank for the year 2019-20 is already made available to you and with your kind permission, I take it as read. This is the first such report post listing.

Let me summarise the major highlights of fiscal 2020:

Gold loan portfolio continued to be the prime driver with a growth of 28% during FY 20. Our Corporate book saw an increase of 11%. The newly started Agri & MFI vertical had a closing book of about Rs 160 Cr as on 31.03.2020. Two Wheeler Vertical also had decent contributions with their limited concentration in the state of Kerala.

Now coming to the financial performance;

- Bank could turn around with a PBT of Rs 134 Crs in the current FY as against the continuous loss before tax history in the past 5 years. Our Net Profit stood at Rs 13 Crs after taking a onetime hit of Rs 87 Cr on account of movement to new tax regime.
- Net Interest Income of the bank improved from Rs 440 Cr to Rs 592 Cr recording a growth rate of 35%
- Treasury gains, Sale of PSLC, recovery of bad debts and growth in fee income helped to boost the Non Interest Income from Rs 136 Crs to Rs 222 Crs
- Total staff cost for FY 20 amounted to Rs 331 Cr with a decrease of 14% y-o-y
- Additional depreciation amounting to Rs 27.06 Cr was accounted towards the valuation of security receipts
- The gross and net NPA levels as on 31.03.2020 were 3.54% and 1.91% respectively vis a vis 4.87% and 2.27% as on 31.03.19. Our net NPA is at Rs 217 Cr as against the level of Rs 241 Cr on 31.03.2019
- CD Ratio of the bank improved by 200 bps (76 to 78%)
- CASA Ratio of the bank improved to 29.17%
- Provision Coverage Ratio of the bank stood at 80.02%
- Yield on advances improved from 9.88% to 10.56%
- NIM improved from 2.51% to 3.20% with an increase of 69 bps
- CRAR ratio of the bank is 22.46% against the regulatory requirement of 10.875%
- Cost to income ratio of the bank is 65.53% vis a vis 97.68% on 31.03.2019

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

Now we are well poised for growing volumes and are drawing clear strategies to channelize the growth in the right and expected direction duly coping up with the growing aspirations of the customers. Branch Expansion, Continued focus on gold loans, Stabilisation of new MSME vertical and penetration of Two Wheeler Vertical to more geographies are the immediate priorities in this direction.

Bank is also continuously working on the digital banking platform and other technology backed initiatives like digi account opening, LOS etc aimed at improving the customers' banking experience.

FY 20 marked an inflection point for the bank. We have now come out from perennial losses and perennial shortage of growth capital. The virtuous cycle of capital propelling business growth, business growth leading to revenue growth, revenue growth catapulting earnings growth and earnings growth getting ploughed back as capital triggering the cycle again - is now up and running.

The pillars of any Institution especially a service institution are its internal stakeholders and we are no exception. While appreciating and thanking the CSB team for the good work done in the last FY, we believe that they are better aligned to execute the planned strategies for FY 21 which are aimed at taking this institution to greater heights.

We value your investment greatly and are committed to offer a long term value proposition to all our investors. With the right plan, focus and strategies we will continue to grow and do everything possible to meet the expectations at all levels. This winning leap is not possible without your continued support and encouragement.

I take this opportunity to thank the governments, regulators, stock exchanges and auditors for their support and guidance during FY 20 and request continued patronage from all the stake holders.

Thank You

Place: Thrissur

(C VR Rajendran)

Date: July 20, 2020

MD&CEO