



100th ANNUAL GENERAL MEETING

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

Thursday | August 12, 2021

Address by MD&CEO Shri. C VR Rajendran, at the 100th Annual General Meeting of the shareholders of CSB Bank Ltd. at 11.00 a.m. on Thursday, August 12,2021, through video conferencing

Dear Shareholders,

On behalf of the Board of Directors of the Bank, I take immense pleasure in welcoming you all to the 100th Annual General Meeting of CSB Bank Limited.

Let me start with a prayer that all of you and your family members remain healthy and safe during these difficult times. The first and second wave of Covid did pose many challenges in all walks of life and we are slowly and gradually recovering from the trauma created by the pandemic. As the possibility of a third wave cannot be ruled out, we have to take all precautions, get vaccinated and observe all the covid related protocols meticulously.

Though FY 21 was tough, at CSB, we worked together through thick and thin and braved the situation. The challenges brought in by the pandemic could not dissuade us from our transformation plans and our clear focus kept us on track in growth as well as profitability. The fact that FY 21 marked overall improvement in topline, bottom line, asset quality, branch expansion and capital position is a testimony to this.

We were also successful in retaining the top-notch rating of A1+ to the Certificate of Deposits (Rs 2000 Crore) and Short Term Deposits (Rs 2000 Crore) Programme of the bank. Additionally, M/s CRISIL Ratings assigned CRISIL A/Stable rating to the proposed Tier II bond issuance programme of the bank.

We could achieve a historic milestone of opening 101 branches in the 101st year of existence of the bank. Out of 101 branches, 9 branches were opened in the home state and remaining 92 branches were opened outside Kerala; thus embarking on our journey of becoming a leading bank with a PAN India presence.

The Annual Report of the Bank for the year 2020-21 is already made available to you and with your kind permission, I take it as read.

Let me summarise the major highlights of fiscal 2021:

On the top line, I take pride in announcing that in the centenary year the bank has grown a fourth of the total business it grew in the past 99 years. We clocked an overall business growth of 24% where deposits grew by 21% and advances by 27%. Overall, CASA has grown by 33% and mix has improved to 32% from 29% yoy. Our net advances grew by 27% predominantly driven by 76% growth in gold loan portfolio. Agri & MFI vertical business crossed Rs 500 Crs. Two Wheeler Portfolio grew by 120%

Now coming to the financial performance;

The bank recorded an all-time high net profit of Rs 218.40 crore in FY21 as against Rs 12.72 crore in FY20, a whopping increase of 1,617 per cent. Our income too increased to Rs 2,273.11 crore in FY21 from Rs 1,731.50 crore in FY20. Interest income during the year was at Rs 1,872 crore as against Rs 1,510 crore in the previous year. Asset quality improved as the gross non-performing assets fell to 2.68 per cent of the gross advances as of March 31, 2021 as against 3.54 per cent by end of March 2020. In absolute value, the gross NPAs amounted to Rs 393.49 crore, compared with Rs 409.43 crore a year ago. Net NPAs also fell to 1.17 per cent from 1.91 per cent.

- Net Interest Income of the Bank improved from ₹ 592 Cr to ₹ 941 Cr recording a growth rate of 59%.
- Treasury gains, Sale of PSLC, recovery of bad debts and growth in fee income helped to boost the Non Interest Income from ₹ 222 Cr to ₹ 401 Cr.
- Total staff cost for FY 21 amounted to ₹ 497 Cr with an increase of 50% y-o-y on account of increase in head count, the change in actuarial assumption on mortality, VRS, AS 15 provisions etc.
- Bank is holding an amount of ₹ 156 Cr as provision for NPA accounts over and above the RBI provisioning norms, as per the accelerated provisioning policy followed by the Bank. Further bank is holding an additional standard asset provision amounting to ₹ 89 Crs in excess of the RBI requirements.
- CD Ratio (Net) of the Bank improved by 345 bps (71.98% to 75.43%).
- CASA Ratio of the Bank improved to 32.19 % from 29.17%.
- Provision Coverage Ratio of the Bank stood at 84.89%.
- Yield on advances improved from 10.56 % to 10.97%.
- Cost of deposits reduced from 5.91% to 5.07%
- NIM improved from 3.74 % to 4.81 % with an increase of 107 bps.
- CRAR ratio of the Bank is 21.37 % against the regulatory requirement of 10.875%.
- Cost to income ratio of the Bank is 54.31% vis a vis 65.53% on 31.03.2020.

We continue to operate in a highly uncertain economic environment It will take some time for the real “UNLOCKING” to happen. Your bank is equipped to face this situation with a strong balance sheet. The total provisions that we are holding in excess of the RBI requirement as on 31.03.21 is about Rs 250 Crs,

We are optimistic that when the economy opens up, growth will come back with a vengeance. The key drivers for CSB for the current fiscal will be:

- Focus on tapping the huge potential for gold loans where we have the experience and expertise
- Encash the opportunities in the Agri and MSME segment
- Grow SME/Corporate in select segments basis our risk perception
- Roll out of new verticals in the retail segment
- Tie-ups in business and digital space
- Broadening the product suite
- Quality customer acquisition
- Creating a larger digital vision for the bank

We live in a VUCA world filled with Volatility, Uncertainty, Complexity and Ambiguity. In response we have another VUCA –

- Vision to serve the stakeholders
- Understanding of the needs of customers
- Customer centric strategy
- Agility in responses to crisis situations

In a crisis, action is more important than strategy. Throughout the pandemic situation, we have focused on ensuring the safety and well-being of our employees, while maintaining continuity of our

operations. CSB team was swift in taking charge of the situation, quickly adapted to the new ways of working and were productive and dedicated. I would like to appreciate all the firefighting the team has done and thank the employees for their remarkable contribution in such a difficult year. People who succeed have momentum. Am sure the team will leave no stone unturned to take this organisation to the next level in this financial year.

We aim to align with the shareholders' interests and are committed to deliver long term value. Strategically we have drawn clear plans for the short, medium and long term goals and the experienced team on the ground is all set to execute it. Thank you for your continued support and for having faith in our ability to deliver.

I take this opportunity to thank the governments, regulators, stock exchanges and auditors for their support and guidance during FY 21 and request continued patronage from all the stake holders.

We have already started seeing visible upshots on the ground and are determined to constantly improve. We are working on improved product offerings and processes to bring in more customer delight. We are on a progressive journey with customer centricity. When I say customer centric, the most important aspect during this tough situation is "empathy" and we will behold it to the core. Am sure this attitude will make a difference. Storms make trees take deeper roots. We are well capitalised and have a resilient balance sheet and are poised for growth without any baggages of the past. Though we may have to wait for some time to understand the full impact of COVID 19, we are optimistic in our outlook to continue the good work in FY 22 as well.

Thank You

Place: Mumbai
Date: August, 12, 2021

(C VR Rajendran)
MD&CEO