

B S R & Co. LLP

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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

To the Board of Directors of CSB Bank Limited

(formerly, The Catholic Syrian Bank Limited)

1. We have reviewed the accompanying Statement of Unaudited Financial Results of CSB Bank Limited (formerly, The Catholic Syrian Bank Limited) (the 'Bank') for the quarter ended 31 December 2020 and year to date results for the period from 1 April 2020 to 31 December 2020 (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 the 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 Note 13 to 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 Bank 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 RBI in respect of income recognition, asset classification, provisioning and other related matters.

Registered Office:

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

(formerly, The Catholic Syrian Bank Limited)

4. As described in Note 9 to the Statement of Unaudited Financial Results, the Bank has recognized a 10 per cent provision on loans for which moratorium was granted and asset classification benefit has been taken at 31 December 2020 (days past due calculated considering the benefit of moratorium period) in accordance with the COVID-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. Further no additional borrower accounts have been classified as non-performing assets which were not declared non-performing till 31 August 2020, in view of the Supreme Court order dated 3 September 2020. For the quarter and nine months ended 31 December 2020, the Bank has made an additional Covid-19 related provision of Rs. 8,510.18 Lakhs and Rs. 14,324.18. respectively, which is more than the provision prescribed by the RBI's notification dated 17 April 2020.

Further, 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 the above matters.

5. The comparative figures for the quarter and nine months ended 31 December 2019 provided in the Statement of Unaudited Financial Results were reviewed by the predecessor auditors, who have expressed an unmodified opinion on those Statement of Unaudited Financial Results vide their review report dated 4 February 2020. The comparative figures provided in the Statement of Unaudited Financial Results for the year ended 31 March 2020 were audited by the predecessor auditors, who have expressed an unmodified opinion on those Statement of Audited Financial Results vide their Independent Auditors' Report dated 15 June 2020.

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

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Vaibhav Shah

Partner

Mumbai
19 January 2021

Membership No: 117377
UDIN: 21117377AAAAAC5926

**CSB Bank Limited**

(Formerly known as The Catholic Syrian Bank Limited)
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**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020**

(₹ in Lakhs)

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2020 Unaudited	30.09.2020 Unaudited	31.12.2019 Unaudited	31.12.2020 Unaudited	31.12.2019 Unaudited	31.03.2020 Audited
1. Interest earned (a) + (b) + (c)	48,262	46,996	38,867	1,37,517	1,12,097	1,50,989
(a) Interest/discount on advances/bills	35,982	32,883	30,271	99,319	86,584	1,16,211
(b) Income on investments	11,203	13,410	7,734	35,456	23,075	30,987
(c) Interest on balances with RBI, Other interbank funds	127	20	81	223	327	586
(d) Others	950	683	781	2,519	2,111	3,205
2. Other Income	11,662	9,759	5,062	28,849	13,504	22,161
3. Total Income (1+2)	59,924	56,755	43,929	1,66,366	1,25,601	1,73,150
4. Interest Expended	23,144	24,071	23,344	70,949	68,622	91,760
5. Operating Expenses (i) +(ii)+(iii)	18,544	15,403	13,584	46,992	39,620	53,332
(i) Employees Cost	12,780	10,376	8,418	31,759	25,232	33,127
(ii) Rent, taxes and lighting	1,578	1,451	1,477	4,429	4,257	5,717
(iii) Other operating expenses	4,186	3,576	3,689	10,804	10,131	14,488
6. Total Expenditure (4+5) (excluding provisions and contingencies)	41,688	39,474	36,928	1,17,941	1,08,242	1,45,092
7. Operating Profit before provisions and Contingencies (3-6)	18,236	17,281	7,001	48,425	17,359	28,058
8. Provisions (other than Tax) and contingencies	11,147	8,072	2,761	24,971	6,226	14,658
Of which provisions for Non-performing Assets/write off	5,621	2,077	3,529	9,075	6,513	12,116
9. Exceptional Items	-	-	-	-	-	-
10. Profit from ordinary activities before tax (7-8-9)	7,089	9,209	4,240	23,454	11,133	13,400
11. Tax Expense	1,784	2,319	1,426	5,903	3,892	12,128
12. Net Profit from ordinary activities after tax (10-11)	5,305	6,890	2,814	17,551	7,241	1,272
13. Extraordinary items (net of Tax expense)	-	-	-	-	-	-
14. Net Profit for the period (12-13)	5,305	6,890	2,814	17,551	7,241	1,272
15. Paid-up equity share capital (Face Value - ₹ 10 per share)	17,351	17,351	17,351	17,351	17,351	17,351
16. Reserves excluding Revaluation Reserves						1,63,094
17. Analytical Ratios						
(i) Capital Adequacy Ratio (Basel-III)	21.02%	19.69%	23.00%	21.02%	23.00%	22.46%
(ii) Earnings per Share (EPS)*						
Basic EPS - before and after extraordinary items (₹)	3.06	3.97	1.63	10.12	5.40	0.88
Diluted EPS - before and after extraordinary items(₹)	3.06	3.97	1.63	10.12	5.40	0.88
(iii) NPA Ratios						
a) Gross NPA	23,489	38,742	35,263	23,489	35,263	40,943
Net NPA	8,952	16,352	21,374	8,952	21,374	21,694
b) % of Gross NPA	1.77%	3.04%	3.22%	1.77%	3.22%	3.54%
% of Net NPA	0.68%	1.30%	1.98%	0.68%	1.98%	1.91%
(iv) Return on Assets -Annualised	0.96%	1.22%	0.60%	1.07%	0.53%	0.07%

* Not Annualised

SEGMENT INFORMATION						
Particulars	(₹ in lakh)					
	Quarter ended			Nine months ended		Year ended
	31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	31.03.2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment Revenue:						
Treasury	17,050	17,703	9,038	50,596	26,506	36,738
Corporate/Wholesale Banking	10,794	10,372	11,436	32,498	32,173	43,355
Retail Banking	31,371	28,018	22,984	81,515	65,569	91,048
Other Banking Operations	709	662	471	1,757	1,353	2,009
Unallocated	-	-	-	-	-	-
Total Revenue	59,924	56,755	43,929	1,66,366	1,25,601	1,73,150
Less: Inter segment revenue	-	-	-	-	-	-
Income from operations	59,924	56,755	43,929	1,66,366	1,25,601	1,73,150
Segment Results (Net of provisions):						
Treasury	10,163	1,478	1,956	17,158	3,636	5,774
Corporate/Wholesale Banking	-2,270	-1,582	1,256	-5,664	2,865	-12,813
Retail Banking	-1,135	9,006	803	11,151	4,192	19,722
Other Banking Operations	352	347	161	892	412	692
Unallocated	-21	-40	64	-83	28	25
Profit Before Tax	7,089	9,209	4,240	23,454	11,133	13,400
Segment Assets:						
Treasury	6,64,116	7,87,694	5,02,168	6,64,116	5,02,168	5,82,686
Corporate/Wholesale Banking	4,33,320	4,50,849	4,87,122	4,33,320	4,87,122	4,62,707
Retail Banking	10,40,387	9,59,413	7,63,538	10,40,387	7,63,538	8,22,963
Other Banking Operations	709	650	829	709	829	968
Unallocated	11,178	12,962	24,546	11,178	24,546	17,101
Total	21,49,710	22,11,568	17,78,203	21,49,710	17,78,203	18,86,425
Segment Liabilities:						
Treasury	1,17,470	2,19,885	10,021	1,17,470	10,021	79,782
Corporate/Wholesale Banking	2,62,457	2,35,614	1,48,491	2,62,457	1,48,491	1,72,870
Retail Banking	15,55,572	15,46,946	14,15,607	15,55,572	14,15,607	14,36,368
Other Banking Operations	-	-	1,156	-	1,156	-
Unallocated	555	812	893	555	893	1,338
Total	19,36,054	20,03,257	15,76,168	19,36,054	15,76,168	16,90,358
Capital employed: (Segment Assets-Segment Liabilities)						
Treasury	5,46,645	5,67,809	4,92,147	5,46,645	4,92,147	5,02,904
Corporate/Wholesale Banking	1,70,863	2,15,235	3,38,632	1,70,863	3,38,632	2,89,837
Retail Banking	-5,15,184	-5,87,533	-6,52,070	-5,15,184	-6,52,070	-6,13,405
Other Banking Operations	709	650	-327	709	-327	968
Unallocated	10,623	12,150	23,653	10,623	23,653	15,763
Total	2,13,656	2,08,311	2,02,035	2,13,656	2,02,035	1,96,067

Note: -

- 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.
- 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.
- The change in segment information has no impact on the overall Revenue, Results, and capital employed of the Bank for the current quarter ended December 31, 2020 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	Nine months ended	Year ended
	31.12.2019	31.12.2019	31.03.2020
Treasury	-	-	-
Corporate/Wholesale Banking	-349	188	528
Retail Banking	349	-188	-528
Other Banking Operations	-	-	-
Unallocated	-	-	-

Segment Results (Net of provisions):			
Decreased/ (Increased)	Quarter ended	Nine months ended	Year ended
	31.12.2019	31.12.2019	31.03.2020
Treasury	-583	-110	-667
Corporate/Wholesale Banking	894	2,428	14,656
Retail Banking	2,514	3,936	693
Other Banking Operations	-	-	-
Unallocated	-2,826	-6,254	-14,683

Segment Assets:			
Decreased/ (Increased)	Quarter ended	Nine months ended	Year ended
	31.12.2019	31.12.2019	31.03.2020
Treasury	-2,496	-2,496	-3,058
Corporate/Wholesale Banking	-4,743	-4,743	7,452
Retail Banking	-12,559	-12,559	-21,193
Other Banking Operations	-307	-307	-406
Unallocated	20,106	20,106	17,206

Segment Liabilities:			
Decreased/ (Increased)	Quarter ended	Nine months ended	Year ended
	31.12.2019	31.12.2019	31.03.2020
Treasury	-6	-6	-28
Corporate/Wholesale Banking	-4,300	-4,300	-4,985
Retail Banking	-14,673	-14,673	-17,580
Other Banking Operations	-	-	1,143
Unallocated	18,979	18,979	21,449

Capital employed:			
Decreased/ (Increased)	Quarter ended	Nine months ended	Year ended
	31.12.2019	31.12.2019	31.03.2020
(Segment Assets-Segment Liabilities)			
Treasury	-2,490	-2,490	-3,030
Corporate/Wholesale Banking	-444	-444	12,437
Retail Banking	2,114	2,114	-3,613
Other Banking Operations	-307	-307	-1,550
Unallocated	1,127	1,127	-4,244

Notes:

- The above Unaudited Financial Results for the quarter and nine months ended December 31, 2020 have been reviewed by the Audit Committee of the Board in its meeting held on January 18, 2021 and thereafter approved by the Board of Directors in its meeting held on January 19, 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, 2020 except for NPA Provision as stated in Note No.10.
 - 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 December 31, 2020, the Bank has issued nil equity shares under the Employee Stock Option Scheme.
 - During the year ended March 31, 2020, the Bank raised capital of ₹ 40,967.68 Lakhs through Initial Public Offering (IPO) through issue of 2,10,09,067 equity shares of ₹ 10 each at a price of ₹ 195 per share comprising a fresh issue of 12,30,769 equity shares aggregating to ₹2,400 Lakhs and an offer for sale of 1,97,78,298 equity shares aggregating to ₹38,567.68 Lakhs. The equity shares of the Bank were listed on BSE Limited and National Stock Exchange of India Ltd. from December 4, 2019.
 - The SARS-CoV-2 virus responsible for COVID-19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian Financial markets and a significant decrease in the global and local economic activities. COVID-19 outbreak was declared as a global pandemic on March 11, 2020 by World Health Organisation. The Government of India had announced a series of lock-down measures on March 24, 2020 which had been extended from time to time up to May 31, 2020. The recent directions from the Government indicate calibrated and gradual withdrawal of lockdown and resumption of economic activities. 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.
- In accordance with the 'COVID-19 Regulatory Packages' announced by the RBI ('the RBI guidelines'), with regard to providing relief to borrowers' on account of COVID-19 pandemic, whose accounts were standard as on February 29, 2020, the Bank, in accordance with the Board approved policy had offered moratorium on repayment of loan instalments and/or deferment of interest falling due between March 1, 2020 and August 31, 2020, including relaxation in certain parameters, to all eligible borrowers, without considering the same as restructuring.
- As on September 30, 2020, Bank was maintaining provision against the likely impact of COVID-19 amounting to ₹5,976.82 Lakhs which was in excess of RBI mandated 10% provision on asset classification benefit extended accounts. During the current quarter, as a prudent measure, the Bank has made additional provision of ₹8,510.18 Lakhs (₹1,555.16 Lakhs for the quarter ended September 30, 2020), 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 December 31, 2020 stands at ₹14,487.00 Lakhs and is grouped under Other Liabilities and Provisions in the Balance Sheet of the Bank.
- The Honourable Supreme Court of India (Hon'ble SC), in a Public Interest Litigation (Gajendra Sharma Vs Union of India & Anr), vide its interim order dated September 03, 2020 ("Interim Order"), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the bank has not classified any account which was not NPA as at August 31, 2020 as per RBI IRAC norms, as NPA after August 31, 2020. Further, in the light of the interim order, even accounts that would have otherwise been classified as NPA post August 31, 2020 have not been and will not be, classified as NPA till such time the Hon'ble SC rules finally on the matter.
- However, if the Bank had classified borrower accounts as NPA after August 31, 2020, the Bank's proforma Gross NPA ratio and proforma Net NPA ratio would have been 3.42% and 1.93% respectively. Pending disposal of the case, the Bank, as a matter of prudence has, in respect of these accounts made a contingent provision and the same is included in the amount of ₹14,487.00 Lakhs mentioned above.
- Pursuant to approval of the Board, the Bank has revised its NPA Provisioning policy 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 (included in item no.8 in the Unaudited Financial Results) would have been lower by ₹36.70 Crore and the net profit after tax would have been higher by ₹27.46 Crore for the Quarter and nine months ended December 31, 2020.
 - During the quarter ended December 31, 2020, NPAs for which provision had already been made amounting to ₹13,384.64 Lakhs has been technically written off.
 - The Board at its meeting held on January 19, 2021 has approved to roll out a Voluntary Retirement Scheme for the eligible Award Staff employees. Pursuant to the Board approval, the scheme will be implemented during the quarter ending March 31, 2021 and is expected to have a material impact on the results of the March 2021 quarter.
 - 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.
 - The figures for the quarter and nine months ended December 31, 2019 and year ended March 31, 2020 provided in the statement of financial results were reviewed / audited by predecessor Statutory Auditors.
 - Previous period / year figures have been regrouped / reclassified, wherever considered necessary to conform to current period's classification.

Place: Thrissur
Date: 19.01.2021

For and on behalf of the Board

RAJENDRAN C
VEERAPPAN
C VR Rajendran
Managing Director & CEO
DIN: 00460061

Digitally signed by RAJENDRAN C VEERAPPAN
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