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overview

About CSB Bank

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Established in 1920, CSB Bank Ltd (Formerly The Catholic Syrian Bank Limited) is one of the fastest growing private sector banks in India with a significant branch presence in South and steadily increasing network across India with a special thrust on Northern and Western part of the country. The Bank has four segment verticals, namely, SME Banking, Retail banking, Wholesale Banking and Treasury operations. In recent years, the Bank accelerated its transformation process to become a new-age, profit making Bank with innovative leadership, product development, digital banking technology and risk management capabilities.

As the future road map is set to sustain, now our endeavour is to further build and scale the operations with a strong governance structure by increasing the focus on environmental and social banking initiatives in parallel.

₹ 36,930 Crore
Total Business in FY22



₹ 16742 Crore
Advances

₹ 20188 Crore
Deposits

2.1 Million Customers
From 1.7 million in FY21

603 Branches
From 512 in FY21

459 ATMs/CRMs

4,663 Employees

FY22 Key Highlights

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During the year, the performance of the Bank improved in the majority of the segment verticals with a thrust on asset quality, earnings, liquidity and capital.

₹ 1,153 Crore | NII

At ₹ 1,153 crore, the Net Interest Income has crossed ₹ 1,000 crore mark for the first time in the history of the Bank, by posing a robust growth of 23% on a YOY basis.

33.66% | CASA Ratio

CASA ratio stood at 33.66% as on 31.03.2022 as against 32.19% as on 31.03.2021, on a YOY basis

4.31% | COD

The cost of deposits improved to 4.31 % from 5.07% on a YOY basis

+9% | Gross Advances

Total gross advances grew by 9% on a YOY basis to touch a level of ₹ 16,742 crore. The yield on advances improved to 11.21% from 10.97% on a YOY basis

39.2%

Gold loan portfolio stood at 39.2% as on 31.03.2022, registering a growth of 7.16% on a YOY basis

0.68%

Net NPA at a new low level, below 1%

154% | LCR

LCR at 154% against the stipulation of 100% by RBI

25.90% | CRAR

Capital adequacy ratio at an all-time high level of 25.90%

Board of Directors



Pralay Mondal
Managing Director & CEO
(Interim)
Date of Joining:
February 17, 2022.

Experience: He has over three decades of banking experience across multiple business and functions including retail assets, retail liabilities, business banking, products and technology. Mr. Mondal has been instrumental in building up various facets in leading banks such as Axis Bank, Yes Bank, HDFC Bank and Standard Chartered Bank. He was holding the position as President (Retail, SME, Technology and Operations) in the Bank with effect from September 23, 2020 and was elevated as Deputy Managing Director with effect from February 17, 2022. He was appointed as MD & CEO (Interim) of the Bank with effect from April 1, 2022.

Qualification: Engineering graduate (Hons.) from IIT, Kharagpur and PGDBM, specialised in Marketing from IIM, Calcutta.



Madhavan Menon
Non-Executive Director
Date of Joining:
September 3, 2018.

Experience: He has over three decades of experience in the finance and banking sector. He was the Part Time Chairman of the Bank for the period April 22, 2019 and up to July 21, 2020. He has previously worked with ANZ Grindlays Bank Limited, Citibank N.A., Emirates Bank International, Birla Capital International AMC Limited in the past. He is currently the Managing Director of Thomas Cook (India) Limited.

Qualification: Bachelor's Degree and a Master's Degree in Business Administration from the George Washington University.



Sumit Maheshwari
Non-Executive Director
Date of Joining:
September 3, 2018

Experience: He is the Managing Director of Fairbridge Capital since May 2018 and is responsible to source, evaluate negotiate, execute and exit investment opportunities for the Fairfax Group. He serves on the Board of directors of many of Fairfax's portfolio companies. He is also responsible to monitor the portfolio companies of the group.

Prior to joining Fairbridge Capital, Mr. Maheshwari worked with KPMG in India and the UK in their audit and accounting advisory functions.

Qualification: Qualified Chartered Accountant, has completed the Post Graduate Programme in Management from the Indian School of Business, Hyderabad, and holds Master's Degree in Commerce from the University of Mumbai.



Bhama Krishnamurthy
Independent Director
Date of Joining:
September 3, 2018

Experience: She has over three decades of experience in Banking and is a seasoned banker with a sparkling career in IDBI Ltd., (presently IDBI Bank) and SIDBI. She retired as Country Head and Chief General Manager from SIDBI in December 2014. She has also Served on the Boards of several companies, venture funds and CIBIL. Her main areas of specialisation are Resource Raising and Management (Rupee and Forex), Integrated Treasury operations, Credit Dispensation and Management, Risk management, etc.

Qualification: Master's Degree in Science from the University of Mumbai.


Sharmila Abhay Karve

Independent Director

Date of Joining:

July 20, 2020.

Experience: She has over three decades of association with the Network of Price Waterhouse firms in India in various capacities till she retired on 30th of June 2019. She held the position of Ethics and Business Conduct Leader for the firms and was also elected to the Partnership Oversight Committee (POC) which is responsible for governance and oversight. By 2017, she was holding the position as the Diversity & Inclusion Leader for the PwC Global network and was on the Global Leadership Team and the Global Human Capital Team.

Qualification: Qualified Chartered Accountant and holds Bachelor's Degree in Commerce from the University of Mumbai.


Sudhin Choksey

Independent Director

Date of Joining:

March 30, 2021.

Experience: He has over four decades of professional experience in India and abroad. He was the former MD & CEO of GRUH Finance Ltd which merged with Bandhan Bank. As a part of the scheme of merger, joined Bandhan Bank as ED (Designate) in October 2019 and retired in February, 2021. At Bandhan Bank, he was the vertical Head of housing finance.

As CEO of GRUH Finance, he worked in the mortgage finance business with skills in lending. He has over 26 years of working with GRUH Finance and had held various positions up to the top notch position of MD& CEO.

Qualification: A fellow Member of the Institute of Chartered Accountants of India and Bachelor's Degree in Commerce from Mumbai University.


Sunil Srivastav

Independent Director

Date of Joining:

June 8, 2021.

Experience: He has almost four decades of experience in banking. Held various positions in SBI since 1980 and retired as Deputy Managing Director of Corporate Banking in 2018. He has ample experience in Credit Risk, Project and Corporate Finance, International Banking, Investment Banking, Corporate Strategy, National/Elite Banking, Corporate, Digital and Retail Banking.

Qualification: Bachelor's Degree in Science from Delhi University and MBA from Banaras Hindu University. He is also a Certified Associate of Indian Institute of Bankers.


Sharad Kumar Saxena

Independent Director

Date of Joining:

February 19, 2022.

Experience: He has over three decades of experience in banking and had held almost all the leadership positions in ICICI Bank technology group, like, heading the technology function for Corporate Banking, Commercial Banking, Asset products including Corporate & Retail Loans, International Banking, Credit Cards, Cash Management Services, Payment Systems, Core Banking, Switching, HR, CRM and Compliance & Fraud Management, Head of IT Infrastructure group including Networks and Head of Technology Compliance for interfacing all audits and inspections.

Qualification: Engineering graduate in Electronics & Telecommunication. He is also a Certified Information System Auditor (CISA) from ISACA, US, and a Certified ISO 27001 Implementer and Certified Senior Examiner for Quality Management for the Indian Merchant's Chamber.

Corporate Information

Board of Directors

Pralay Mondal

Managing Director & CEO (Interim)

Madhavan Menon

Non-Executive Director

Sumit Maheshwari

Non-Executive Director

Bhama Krishnamurthy

Independent Director

Sharmila Abhay Karve

Independent Director

Sudhin Choksey

Independent Director

Sunil Srivastav

Independent Director

Sharad Kumar Saxena

Independent Director

Key Managerial Personnel

Pralay Mondal

Managing Director & CEO (Interim)

B. K Divakara

Chief Financial Officer

Sijo Varghese

Company Secretary

Stock Exchanges

BSE Ltd.

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001.
Scrip Code: 542867

National Stock Exchange of India Ltd.

Exchange Plaza, 5th floor,
Bandra-Kurla Complex,
Bandra (E), Mumbai 400051.
Scrip Code: CSBBANK

Corporate Identity Number

L65191KL1920PLC000175

Senior Management Team

Narendra Dixit

Head - Retail Banking

Kesava Naidu Rayar

Head - Treasury

Harsh Kumar

Chief Human Resources Officer

Shyam Chandher Mani

Head- SME and NRI Business

Manish Agarwal

Chief Credit Officer

Rajesh Choudhary

Chief Technology Officer

Vincy Louis Pallisery

Chief Compliance Officer

Arvind Sharma

Chief Risk Officer

Arun Kumar Ramchandran

Head-Audit & Inspection

K Chandrasekhar

Head - Operations

Jaikumar S

Chief Vigilance Officer

Runa Das

Head - Wholesale Banking

Greeny

Head - Recovery

Seelatha M.

Head - Strategy & Planning

Raju Kumar Ojha

Business Planner

Registered Office

CSB Bhavan,
Post Box No. 502,
St. Mary's College Road,
Thrissur - 680 020, Kerala, India.
Telephone: 0487 2333 020
Fax: 0487 2338 764
Email: board@csb.co.in
Website: www.csb.co.in

Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd

Surya 35, May Flower Avenue,
Behind Senthil Nagar,
Sowripalayam Road,
Coimbatore - 641028.
Tel : 0422 - 2314 792, 2315 792
Fax: 022-49186060
Email : coimbatore@linkintime.co.in

Statutory Auditors

B S R & CO. LLP

14th Floor, Central Wing, Tower 4,
Nesco Center, Western Express Highway,
Goregaon (East), Mumbai - 400 063
Telephone: +91 22 6257 1000

Mukund M. Chitale & Co

2nd Floor, Kapur House, Paranjape B
Scheme Road No.1, Vile Parle (East),
Mumbai - 400057
Telephone: +91 22 2663 3500

Secretarial Auditors

SVJS & Associates

Company Secretaries
65/2364 A, Ponoth Road, Kaloar,
Kochi- 682 017, Kerala, India.
Telephone: +91 484 2950007, 2950009
Email: svjsassociates@gmail.com

International Securities Identification Number (ISIN)

INE679A01013

Ratings

CRISIL Ratings

Certificate of Deposits :
CRISIL A1+

Short Term Fixed Deposits:
CRISIL A1+

Tier II, Basel III compliant bonds :
CRISIL A/ Stable

India Ratings & Research

Tier II, Basel III compliant bonds :
IND A/ Stable

Message from Chairman

The Bank started transforming in 2016-17 and turned around in 2020 to become a benchmark performer in India's banking sector. The capabilities gained during these years would focus on sustaining ongoing pursuit of excellence and growth



Dear Shareholder,

I am happy to address investors and stakeholders of the Bank as we had an excellent year during which the Bank progressed on all the operational and financial performance parameters. This is indeed commendable as the

banking sector across the world has been in a surfeit of external challenges since the outbreak of the pandemic. At CSB, we continue to be resilient.

How the Bank started transforming in 2016-17 and turned around in 2020 to become a benchmark

performer in India's banking sector is known to most of you. The capabilities we gained during these years and the way forward are encapsulated in this year's report which would focus on sustaining its ongoing pursuit of excellence and growth.

Macro-economic conditions

While the economies across the world were in a process of recovery from the aftermath of the pandemic, the Russia-Ukraine conflict is indeed an unanticipated negative development. The outbreak of the war and the resultant supply chain constraints and trade embargos are propelling commodity prices upwards, from petroleum products and gas to edible oil and food grains. I hope the Russia-Ukraine conflict would not prolong any further failing which its tailspin will have a very adverse impact on the global economy, which is recovering from the debilitating impact of the global pandemic.

The Government of India as well as the Reserve Bank of India (RBI) responded to these developments very cautiously. RBI has been compelled to raise policy rates twice

Chairman's Message Cont...

to contain inflation. The rationale behind this decision was the upside risks to India's inflation trajectory. The Monetary Policy Committee also voted unanimously to remain focused on the withdrawal of accommodation to ensure that inflation remains within the range going forward while supporting the growth. The twin rate increase will indeed have an impact on interest rates across loan portfolios. However, during such unforeseen situations, repo rate increases are expected and considered the most pragmatic way of dealing with the inflationary pressures. The Government's increased outlay on developmental initiatives like infrastructure development and strong rebound across all other business sectors post COVID, are creating advantageous opportunities for the Banking Sector. I am happy that the FY23 budget has brought a major relief for the MSME sector as the Hon'ble finance minister announced an extension of the Emergency Credit Line Guarantee Scheme (ECLGS) until March 2023.

Our performance

The performance of the Bank has been excellent during the year. A

few performance indicators that I would like to highlight are the 23% growth in Net Interest Income and 110% in Profit After Tax. Earnings per Share improved to ₹ 26.40 YoY (111%) from ₹ 12.60 in the previous year. Return on Assets and Return on Equity improved to 1.91% and 21.28% which is up by 92 bps and 875 bps, respectively. Net Interest Margin improved to an all-time high of 5.27% and is up by 54 bps. Gross Non-Performing Asset (GNPA) and Net Non-Performing Asset (NNPA) as on 31.3.2022, stood at 1.81% as against 2.68% in the previous year and 0.68% as against 1.17% in the previous year, respectively.

Board level changes

Mr. C. V R. Rajendran, the erstwhile MD & CEO came on board during one of the most turbulent times in the Bank's history. He was able to put the Bank on a transformation and growth trajectory. On 31st March, 2022, he took early retirement on health grounds. As stakeholders of the Bank, we are indebted to him. I wish to place on record the Board's and my gratitude for his contributions to the Bank's turnaround with his vision, tireless efforts, and steadfast implementation of strategies.

I am happy that Mr. Pralay Mondal has been elevated as Deputy Managing Director w.e.f. February 17, 2022, from the position of President (Retail, SME, Operations, and IT) of the Bank. Mr. Mondal comes with multiple years of experience in universal banking and his stint includes leading banks like HDFC and Axis Bank. I also welcome Mr. Sharad Kumar Saxena as an Independent Director on the Board. Both of them have many years of Banking and IT related experience, which will surely help your Bank to reach the next level.

Recap of the journey so far and way forward

During the past few years, the leadership of the Bank through their sheer resolve and perseverance scripted a turnaround for the Bank.

The Bank would continue to focus on gold, retail, SME, and Agri advances as its course for growth while taking a cautious approach when it comes to expanding in corporate banking. Other business drivers as visualised includes, the expansion of our branch networks which will continue full-fledged with a focus on more branches to be opened in the Central and Northern parts of the country, growth driven through business verticals' model, enhancing business per branch using the current infra, leveraging of fixed costs, digitization and technology, etc.

The pandemic-induced constraints have thrown new operational challenges for Banks in terms of providing uninterrupted customer service, in addition to the competition against multiple NBFCs and Fintechs, apart from competing

THE BANK WOULD CONTINUE TO FOCUS ON GOLD, RETAIL, SME, AND AGRI ADVANCES AS ITS COURSE FOR GROWTH WHILE TAKING A CAUTIOUS APPROACH WHEN IT COMES TO EXPANDING IN CORPORATE BANKING.

WE HAVE TAKEN EARNEST EFFORTS TO BLEND THE ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) PRINCIPLES WITH BUSINESS ACROSS. EVERY OPPORTUNITY IS SEEN WITH AN ESG LENS THEREBY PRESERVING THE CORE VALUES, WITHOUT DILUTING THE PRINCIPLES OF SUSTAINABLE DEVELOPMENT.

with each other. Sensing the sway in customer preference towards digital banking, your Bank continues to invest in cutting-edge technologies to enhance its customer experience, facilitate secure transactions and improve the reach of its products.

In its quest for reducing the average age of employees, your Bank has onboarded recruits and freshers, who would be trained and placed according to their potential. Nearly 84% of the total number of employees are under the age of 40 as of March 31, 2022.

Governance, Social and Environmental

Your Bank has a robust governance structure with an experienced Board. Your Bank believes that sound corporate governance is critical to enhancing and retaining investor confidence. Your Bank always follows the best practices in corporate governance. It is committed to transparency in all its dealings and places uncompromising emphasis on integrity and regulatory compliance.

Your Bank plays a very crucial role in social development especially

when it comes to low and middle-income groups. As a responsible citizen, the CSR initiatives of the Bank this year were mainly focused on improving health-related matters in the backdrop of the pandemic in addition to humanising living conditions of the underprivileged, marginalized sections of the society and supporting similar Government initiatives. During the financial year under review, we have supported varied activities - including education, health care, flood relief camps, free COVID vaccination drives, etc. All this and more, we hope to accomplish while expanding our community outreach through our well-thought-out CSR initiatives, to create a more enabling environment for the sustenance and development of all vulnerable sections, both locally and nationally.

At CSB Bank, we have taken earnest efforts to blend the Environment, Social and Governance (ESG) principles with business across. Every opportunity is seen with an ESG lens thereby preserving the core values, without diluting the principles of sustainable development and a better

understanding of diverse social and environmental risks. Strategic decisions form a vital part of all policies of the Bank and the same is reviewed on a periodical basis, thereby striking a balance between society and compliance through a continuous evaluation basis. Your Bank continues its journey of excellence, protecting all stakeholders within the ESG assessment framework on a 360 degree. The CSR programmes initiated by Bank are invested in social causes and projects to support education and health measures for vulnerable groups.

Concluding Remarks

I would like to conclude by thanking all our customers, associates, partners and other well-wishers for their continued patronage. I wish to mention my gratitude to RBI, SEBI, stock exchanges, Central Government and State Governments for their guidance and support. I thank our senior management team for their execution capabilities and all the staff members for their committed hard work and determination, which helped us unlock this proud and satisfying period for the Bank. While expressing my gratitude and respect for every employee who risked his life and served the Bank during this pandemic, I would also like to extend my heartfelt condolences to the families of those staff members, who lost their lives due to the COVID-19 pandemic.

Warm regards,

**Madhavan Aravamuthan
Chairman***

**Mr. Madhavan Aravamuthan stepped down from the position of Part-Time Chairman of the Bank with effect from the close of business hours of June 28, 2022, as his term of appointment as Part-time Chairman and first term as Independent Director of the Bank ended on the same day.*

Message from Interim Managing Director & CEO



Dear Shareholder,

It is with great delight that I am addressing you as Interim Managing Director and Chief Executive Officer of the Bank. It is my pleasure and privilege to be a part of this esteemed institution that has a tradition spanning more than a century in existence, a rare achievement in corporate history.

We had a smooth transfer of responsibilities from

Mr. C.V.R. Rajendran who led the Bank during the critical years of transformation. We are indebted to him for the remarkable turnaround and for creating a new performance legacy for the Bank.

SBS-2030

We at CSB are embarking on a journey of SBS 2030 (Sustain - Build -Scale) model whereby, your Bank aims to **Sustain** our strong

foundation and critical strengths, **Build** a future ready franchise and **Scale** your Bank to the next level of Growth and Excellence.

We will achieve this by implementing best in class technology, leveraging loyal partnerships, offering all products and services across our business verticals and creating a customer focus mindset among our employees to deliver best in class products and services.

How we Performed

Our Bank has progressed on all performance parameters over the past few years. Our initiatives in creating efficiencies, building robust risk management practices and expanding distribution are delivering the desired outcomes to our stakeholders.

After COVID lockdowns and resultant slowdowns in FY21, there has been a widespread rebound in the economies across the globe. Vaccination and other measures have helped this recovery. Nevertheless, COVID 19, with its new variants, remains an unmitigated risk to the wellbeing of people and health of economies. Despite the impact of continued challenges triggered by COVID-19, the Bank performed exceedingly well in FY22.

As an outcome of our operational efficiency, margins and key ratios showed year-on-year progress across Key Performance Indicators (KPI). Operating Profit this FY is at ₹ 614 crore as against ₹ 516 Crore in the previous financial year, up by 19% YoY. Profit after Tax has increased to ₹ 459 Crore from ₹ 218 Crore in the previous year, up by 110% YoY. The yield on advances

YOUR BANK AIMS TO SUSTAIN OUR STRONG FOUNDATION AND CRITICAL STRENGTHS, BUILD A FUTURE-READY FRANCHISE AND SCALE YOUR BANK TO THE NEXT LEVEL OF GROWTH AND EXCELLENCE

increased to 11.21% up by 24 bps. As on 31.03.2022, the cost of deposits is at 4.31%, down by 76 bps YoY. Return on Assets and Return on Equity improved to 1.91% and 21.28% which is up by 92 bps and 875 bps, respectively. Earnings per Share improved to ₹ 26.4 YoY (111%) from ₹ 12.6 and book value per share to ₹ 144 (up by 23%) from ₹ 117.

Net Interest Income is at ₹ 1,153 crores, which grew by 23% in FY22. Net Interest Margin improved to an all-time high of 5.27% and is up by 46 bps. Non-interest income is at ₹ 247 crore which is down by 19%, primarily on account of lower treasury income. However, Ex-treasury profits, and Core Non-Interest Income grew by 17%.

Backed by our expansion of operational capabilities, gross advances and deposits registered year-on-year improvement. In line with our branch expansion plan, we have opened 100 new branches during the financial year, taking the total branch count to 603 as on March 31, 2022. Of the new branches opened so far in 2022, many are in the Northern and Western States and we will be further opening more branches there, thus expanding our Pan India presence.

Our total deposits stood at ₹ 20,188 crore with an increase of 5.5% YoY and CASA book is at ₹ 6,795 Crores, up by 10.2%. Our net advances increased by 9.53% to ₹ 15,815 crores.

The Bank continues to improve its asset quality. Gross NPA percentage has improved by 87 bps to 1.81% during the financial year. The

Net NPA percentage of 0.68% has improved by 49 bps over the previous FY. PCR stood at around 90%. We are holding a standard asset provision of ₹ 107 Crores as on 31.03.2022 over and above RBI requirements and if we consider this, PCR is close to 100%.

Prevailing economic backdrop

Russia – Ukraine conflict that started in February 2022 has severely impacted crude oil prices and has triggered inflation. US sanctions on Russia and lockdowns in major cities in China have added to the woes of scarcity of food grains, raw materials and finished goods. US FED, Reserve Bank of India and other central banks have resorted to raising policy interest rates to contain inflation.

India's economy would continue to be impacted by global volatility and uncertainties. Factors like the geopolitical tension, pace of monetary tightening by central banks and the overall global economic slowdown will have a bearing on India's economy too. The inflationary trends and consequent rate hikes may lead to compression in spreads if Banks are not able to pass on the increase in the cost of funds to the borrowers given the competitive scenario in the banking ecosystem.

Looking Ahead

Your Bank against the backdrop of challenging economic conditions would focus on sustaining its ongoing pursuit of excellence and growth. While preparing to embrace more stringent capital adequacy norms applicable in Basel IV, the key drivers as envisaged in our

mission-SBS 2030 encompasses the expansion of our branch networks across India, driving growth through business verticals-both existing and new, enhancing business per branch leveraging fixed costs, digitization and technology. We are committed to give a transformed experience to our customers by ensuring that design thinking is well entrenched in the organisation.

CSB Bank through "SBS 2030" will have an enhanced focus on Environment, Social and Governance (ESG) for value creation across our stakeholders. Operations sticking to ESG parameters facilitate top-line growth, reduce costs, improve certifications from regulators, minimise legal complications and help in reduction of carbon footprint. Superior ESG execution can provide access to new markets, which ultimately accelerates the momentum for inclusive growth.

I assure all our stakeholders that CSB Bank is certainly emerging as a significant player in India's banking sector. We will continue to scale up the business by sustaining and building our turnaround strategies. I take this opportunity to place my gratitude to all our customers and shareholders and thank the Board for guiding the Bank to our Vision of SBS 2030. I also thank each CSBian for their commitment to our customers as we embark on this journey to grow and scale your Bank in this decade and beyond.

Warm Regards,

Pralay Mondal
Managing Director & CEO (Interim)

Highlights of the Performance

Total Assets

(₹ In Crores)



Total Income

(₹ In Crores)



Total Advances (Net)

(₹ In Crores)



Total Deposits

(₹ In Crores)



Yield on Advances



Cost of Deposits



Net Interest Income

(₹ In Crores)



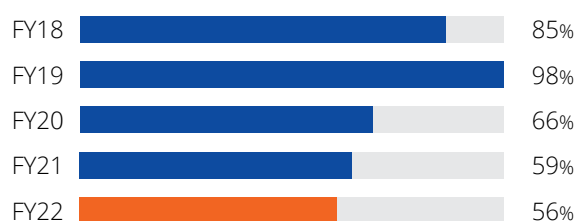
CRAR



Provision Coverage Ratio



Cost to Income Ratio



NIM



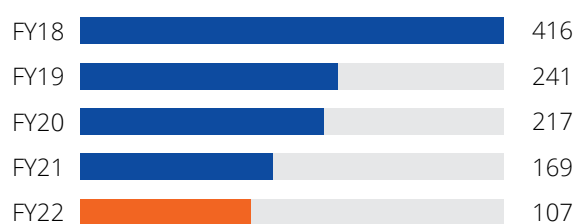
Gross NPA

(₹ In Crores)



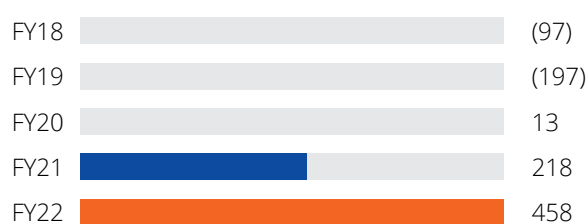
Net NPA

(₹ In Crores)



Net Profit

(₹ In Crores)



Retail Banking

CSB Bank's retail banking portfolio includes a wide range of deposits, loans, wealth management products and services to domestic and NRI customers. In the segment, the Bank offers need based products ranging from personal to business requirements including loans against gold jewellery (Gold Loans), two wheeler and motor vehicle loans, housing loans, loan against property and overdrafts on mortgage/ hypothecation/pledge, small business loans (MSME loans), agricultural loans and microfinance

Deposit products comprise of current accounts, savings accounts, fixed deposits, recurring deposits, and corporate salary accounts. For enabling fund transfer services required by NRI customers, the Bank has remittance and rupee drawing arrangements with major exchange houses in the Middle East. Apart from that, it also has tieups with major money transfer agents, which enhances its capability to provide inward remittance services to the customers and strengthens its NRI business. For the benefit of the customers, the Bank also has bancassurance tie ups with leading life and non-life insurance companies. In the retail loans sector, the Bank offers a variety of personal and business loans including, loans against gold jewellery (Gold Loans), two wheeler and motor vehicle loans, housing loans and overdrafts on mortgage/ hypothecation/pledge, small business loans (MSME loans), agricultural loans and microfinance.

Total Retail Loans (₹ In Crores)



Gold Loans

CSB has several gold loan schemes such as Akshaya Gold Loan and CSB Double Power. The Bank also offers general gold loans and overdrafts. In addition, it offers gold loans for retail traders classified under priority sectors and for agricultural activities.

Gold Loan Portfolio of your Bank as on March 31, 2022, stood at ₹ 6570 crore from ₹ 6131 crore as on March 31, 2021, registering a growth of 7.16 % on a y-o-y basis.

Gold Loans (₹ In Crores)



₹ 5.42 Lakh

Number of Gold loan accounts as on 31.03.2022.



SME Banking

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CSB Bank has many tailor-made solutions to SME sector with a specialized team focused on driving further penetration by sourcing additional [SME] business and strengthening its core. With a vision to become one of the best SME friendly banks in the country, Bank is working on various strategic initiatives streamlining its products and processes, and thereby, implementing such ascendancies.



₹ **2,463** Crore - SME Loans

82% SME Advances are rated as Low/Medium risk categories

Corporate Banking

Under Corporate banking, Bank caters to large and mid-size corporates and other business entities. The product offerings are suitably structured taking into account of client's risk profile and customised to meet their specific needs

Corporate banking services include Corporate accounts, salary accounts, funding of capex requirements by extending long term loans, project finance, short term funding including working capital requirements and trade finance.

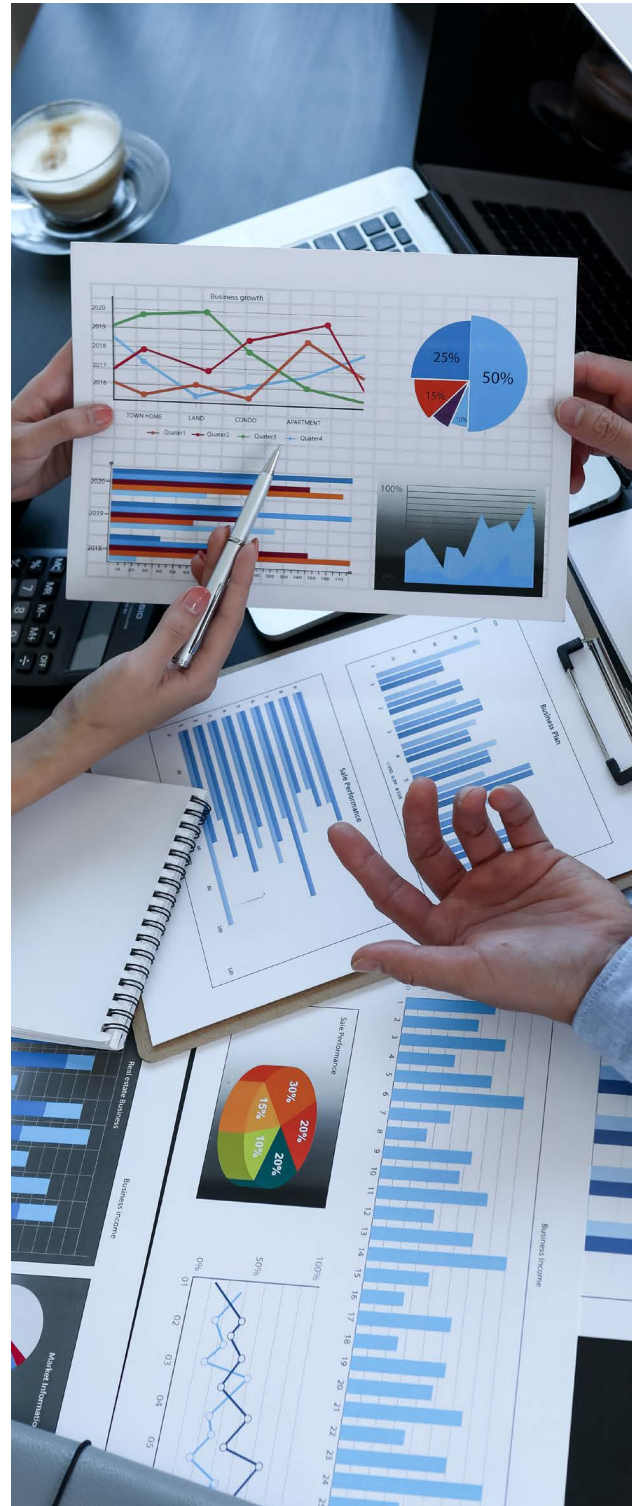
Managed by a inter-disciplinary teams with great success, Wholesale Banking Division has achieved an overall growth of 15% in asset book, closing at ₹ 6180 crore as on March 31, 2022 as compared to ₹ 5378 crore as on March 31, 2021

₹ 4,089 Crore

FY22 Corporate Loans
+5.6% YoY

97%

Corporate advances are externally rated - of which 64% are having A & above rating.



02

Review of Strategies

External Drivers

The Indian banking sector is poised for robust growth. A fourth of India's 1.4 billion population is under the age of 30. About 160 million Indians are still considered to be credit underserved. The collective net profit of listed banks for FY22 is ₹ 1.57 Trillion, the highest in history

Personal Loans

Personal loans witnessed a nearly two-fold growth in originations (value) from ₹75,088 crore in FY19 to ₹147,236 crore in FY22. The rise was much higher in terms of volumes. The originations (volumes) rose four-fold from 3.99 million accounts in FY19 to 15.8 million accounts in FY22.

MSMEs

India has more than 7.9 million micro, small and medium enterprises (MSMEs), as of the end of March, 2022, according to the Ministry of Micro, Small & Medium Enterprises. MSMEs are one of the key priority sectors for banks for advances as well as deposits.

Increasing Digital Payments

The digital payment transactions were increased to 7,422 Crore during the FY 22 from 5,554 Crore in FY 21, an increase of 33% on a YOY basis. Digital banking technology adoption by PSBs, private sector banks and SFBs coupled with increased internet penetration, E-commerce and usage of smartphones has driven the growth in digital payments.

Review of Strategies

Key Priority



BRANCH DISTRIBUTION



BUILDING A LARGE CUSTOMER FRANCHISE



CAPITAL & LIQUIDITY



ASSET QUALITY

Strategy	Key Performance Indicators FY22	Goals
Expanding the branch network with a focus on non-Kerala – Non-South Branches	Added 100 branches in FY22 taking the total number of branches to 603. As on March 31, 2022, the share of non-South branches increased to 20% and 56% of branches are outside Kerala.	Continue to increase the number of branches with a distinctive business focus for metro, urban and semi-urban locations. Continued focus on the rationalisation of unviable branches and turnaround of loss-making branches.
Focus on repeat business from existing customers and increasing the new customer base through branches/digital mode/tie-ups and by expanding the product offerings. Stabilizing the existing verticals and formation of new verticals.	Increase in the number of customers from 1.7 million to 2.1 million+ in FY22. Net advances grew by 9.5% during the year and Deposits by 5.5% Among the expanded loan portfolio of verticals, Gold, SME, Agri, MFI, TW and Corporate/Assignment Loans registered year-on-year improvement.	Continue to focus on Retail and MSME clients. To roll out/re-launch retail business through a robust technology framework.
Maintaining a robust capital and liquidity base for ensuring growth	Bank's capital position continues to be strong with a CRAR of 25.90 % and a leverage ratio of 9.12%. The liquidity position is ultra-comfortable with an LCR of 154% as on 31.03.2022	Continue to maintain robust capital and liquidity position
Reduce NPAs and increase provisions	GNPA ratio 1.81% - improved by 87 bps Net NPA ratio 0.68% - improved by 49 bps PCR 89.65% - up by 476 bps	Continued credit risk management, recovery process and conservative provisioning.

Competitive Advantages

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Since the acquisition of 51% stake in the Bank by FIH Mauritius Investments Ltd (FIHM) in 2019 and further turnaround story scripted by the Bank in 2020 through the transformation journey, Bank strengthened its leadership skills, human capital capabilities, risk management process, credit assessment process, rationalisation, strong sales verticalisation along with embarking on a digital journey.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT WITH AMPLE EXPOSURE, DIVERSE EXPERIENCE AND SKILLS

Board of Directors with ample exposure and diverse experience in banking, business management and risk management. The senior management team comprises of experienced hands from new generation private sector banks, foreign banks and NBFCs along with a strong internal team.

STRONG CHANNEL NETWORK AND TRUSTED BRAND IN NICHE MARKET, WITH A VISION FOR A PAN INDIA PRESENCE

With a legacy of over 100 years, Bank has developed a well-recognised and trusted brand in south India.

100 + years

STRONG CAPITAL BASE FOR GROWTH

Since the infusion of capital in 2019 by FIHM, the promoter, Bank has exponentially increased its capital base.

25.90 %

Capital Adequacy Ratio as on 31.03.2022, up from 9.91% in FY 2018.

NETWORK EXPANSION

The Bank is focusing to spread its reach in states other than Kerala and Tamil Nadu. There is a substantial increase in number of outside Kerala branches, from 37% in FY 20 to 56% in FY 22

56

% Non Kerala Branches

Up from 37% in FY20

STRONG BALANCE SHEET AND SUPERIOR ASSET QUALITY

From ₹ 15,870 crore in FY 2018, the Bank has improved its Balance Sheet size on a consistent basis to ₹ 25,356 crore in FY 2022. The Gross NPA ratio and Net NPA ratio substantially improved to 1.81% and 0.68% from 7.89% and 4.46% respectively.

₹ 25,356

Crore

ROBUST GOLD LOAN PORTFOLIO

Consistent growth in gold loan portfolio on a y-o-y basis

₹ 6,570

Crore

+7.2% YoY

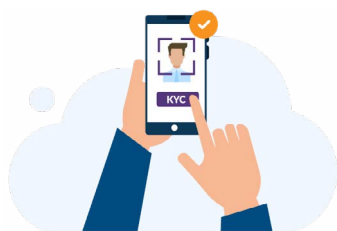
WELL ESTABLISHED SME AND MSME CLIENT BASE

Small and micro businesses are the key focus areas of the Bank. Bank has also created a hub-and-spoke model, thereby identifying 42 key [hub] branches which can be collectively termed as 'SME Branches' linking 220 spoke branches respectively.

Digital Banking

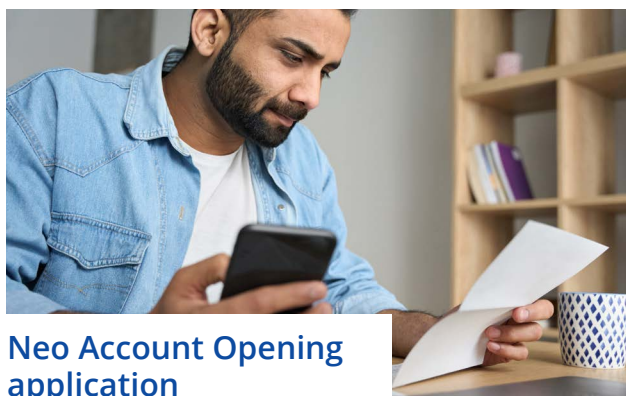
Digital Banking products have played a key vital role in providing convenient and cost-effective 24*7 banking facility to the customers and thereby providing customer stickiness to brand CSB. Digital Transaction penetration improved to 86.89% from 78.70% on a YOY basis.

Customer Onboarding



Video KYC-based Account Opening

Video KYC / V-CIP is an alternate method for Customer Identification / KYC verification with facial recognition and the application also comes with account opening features. Through this new platform customers can open a full KYC account without visiting the branch. This solution is deployed on the Bank's server. This application went live in Q4 and will be used widely across the bank in FY23.



Neo Account Opening application

This is a newly introduced digital customer account opening solution. The Bank open approximately 700-900 accounts per day using this application. About 1.3 lac accounts have been opened so far using the Neo account opening application.

Payments and Remittance

CSB Bank eMandate (NACH) solution

Customers can authorize their NACH mandates (EMI requests) electronically through Debit Card/Net Banking (Both Sponsor & Destination module). NACH application Integrates with NPCI and uses banks debit card/net banking application for authorization. CSB is the first bank in the industry to go live with the new flow of E-Mandate registration through Debit card authentication.

Recent and Favourite transactions in netbanking

This new feature in netbanking enables fund transfer in just 2 clicks. Customer can choose the recently performed transactions or they also have an option to mark some transactions as favourite and then complete the transaction with the password and OTP.



Enhancing DATA Security

IBM Data power API Security gateway

IBM Datapower solution is procured for securing the APIs shared with different vendors. Datapower follows the OWASP based security standards and filters any vulnerabilities in the API requests. APIs accessed from public network/cloud servers are mandatorily routed through Datapower. 44 public facing APIs are currently integrated into Datapower and each of the vendor application is getting migrated to the platform one by one.

Multifactor authentication for fund transfer in Retail netbanking

To enhance the security of fund-transfer in retail netbanking, multi factor authentication has been introduced – where an OTP will be sent to the customer's mobile number for validating the transaction during fund transfer.

Experian Hunter – Fraud data validation

Experian provides customer credit reporting service, which can be used for doing the fraud check before processing any Loan requests. Experian accepts input in a specific format only. Hence an application is developed for converting the raw data to the required Experian format. Multiple user access and bulk upload features are provided in the portal so that applications can be entered from different branches and the processing can be done centrally.



ATM Banking



Intra Bank Fund Transfer in ATM

Intra Bank Fund transfer (IFT) is enabled in CSB bank ATMs, which can be used for sending money within CSB Bank account holders

IMPS in ATM

Now IMPS fund transfer is extended to ATM. Customers can instantly transfer money to the beneficiary using any of the ATMs through IMPS.

STOP CHEQUE in ATM

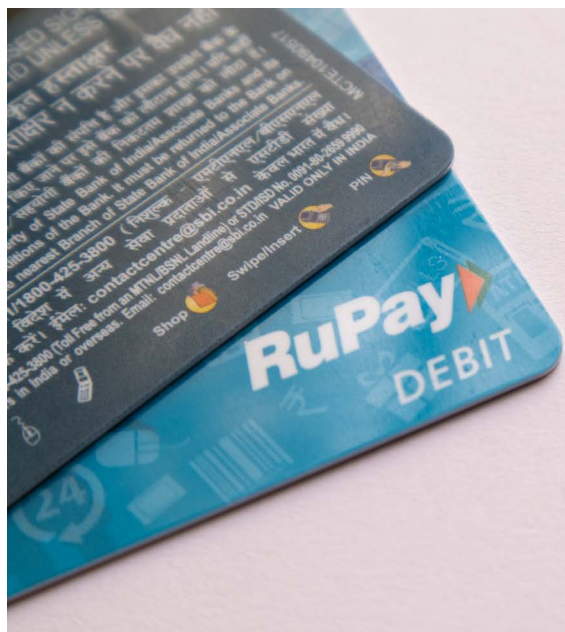
Stopping issued cheque is now easy as customers have one more option for stopping the issued cheque using any of the CSB ATMs. Customers need to provide the reason for stopping the cheque like stolen/lost/incorrect entry/insufficient funds etc.

Cardless Cash Withdrawal in ATM

CSB customers can withdraw cash from CSB ATM, without carrying a physical card by enabling cardless withdrawal transaction in CSB mobile banking. Withdrawal transactions can be performed with the Reference number and secret key.

CASH Deposit

Now CSB customers can deposit money using the Cash Recycler machine. This is one of value added services for our customers to reduce waiting time in the branch.



E-Commerce Card Tokenization

Using this mandate service, card details will not be saved anywhere for E-Commerce transaction. Customer can save the card using token value and do the secured E-Commerce transaction.

Rupay E-Commerce with BEPG (Bharath E-Commerce Payment Gateway)

BEPG is one of the NPCI Mandate project, which will pass Secured E-Commerce transaction details to Bank Network with Merchant Name, Amount and Currency code. This is server-to-server communication to avoid transaction failure in Redirection Methods.

Digital Banking Key Highlights

3.40 Lakhs
Net Banking Users

13.66 Lakhs
Mobile Banking Transactions

16.54 Lakhs
Internet Banking Transactions

418.53 Lakhs
UPI Transactions

Others

Quick Pay in Mobile Banking

Customers will be able to do the fund transfer without adding the beneficiary. Maximum of up to ₹ 2,000/- is allowed to transfer in a single instance.

Online Dispute Resolution system

A system for online dispute registration is developed in house as per the RBI mandate, the portal brings the transactions from the core banking and allows the customer to mark a specific transaction from the list as fraud. Data will be passed to an automatic reconciliation system developed by AGS using API.