



CSB Bank

Investor Presentation

Q4 FY 20

Company Overview

Business Overview

Earnings

Digital Penetration

Strategy

Key Information

Improved Profitability

* Operating profit improves from Rs 13 Cr in FY 19 to Rs 281 Crs in FY 20(2000%). Q4 improvement of 53%

* In FY 20, Profit before Tax increases to Rs 134 Cr from a Loss before tax of Rs 300 Cr in FY19

* Net profit increased to Rs 12.72 Cr in FY 20 from the loss of Rs 197Cr of FY 19.

Tax Impact- One off

* Bank opted for the lower tax regime in Q4FY20

* Due to the re-measurement of DTA and reversal of MAT credit, there is a one time impact on P&L amounting to Rs 87 Cr. But for this, the net profit would have been Rs 100 Crs

Cost and Revenue

* NII increased by Rs 152 Crs in FY 20(35%)

* Total Opex down by Rs 29Cr (5%) (12M Period)

* Non Interest Income increased by 63% (12M period) and 71% in Q4 FY 20

* Total provisions down by Rs 167Cr (53%) (12M Period)

Comfortable Provision Coverage

*Provision Coverage Ratio improved to 80% from 78% last FY

*Bank continues to provide accelerated provisions in FY 20

Well Capitalised & Strong Liquidity Position

* CRAR improved to 22.46% from 16.7% (FY19)

* High Tier I ratio of 21.79%

*LCR of 245%

Asset Quality

* GNPA & NNPA at 3.54% & 1.91% as on 31.03.2020

* As on 31.03.2020, Asset Classification benefit extended accounts(stand still accounts)amounts to Rs 16 Crs only and Special Covid Provision of Rs 1.63 Cr @ 10% has been provided in full(in line with RBI circular)

- Will be a century young by November 2020
- 411 Branches & 300 ATMs
- 8 Zonal Offices
- 1.5Mn happy customers
- Presence in 16 states & 4 UTs
- Total business of ~Rs 28,000Cr
- 5 bancassurance tie ups with industry leaders.

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Adjustments to ensure Comparability



Reported
PAT

DTA
Reversal &
MAT Credit
Reversal
Impact

Adjusted
PAT

Extra Provisions Held (Over and Above RBI Guidelines)

NPA provisions

• Rs 93 Cr
(PY Rs 92 Cr)

Others (Provision
for Fraud, SR
provision & Covid
accounts provision)

• Rs 32 Cr
(PY Rs 27 Cr)

Prudential Provisioning Policy

a) NPA Provisions

Asset Classification		RBI Norms	Our Norms
Sub Standard Assets	Secured	15%	25%
	Unsecured	25%	50%
Doubtful Assets (Up to one year)	Secured	25%	40%
	Unsecured	100%	100%
Doubtful Assets (One to three years)	Secured (1st Year)	40%	60%
	Secured (2 nd Year)	40%	100%
	Unsecured	100%	100%
Doubtful Assets (More than three years)	Secured/Unsecured	100%	100%
Loss Assets	Secured/Unsecured	100%	100%

b) Other Provisions

	RBI Norms	Our Norms
Provisions for Fraud	P&L charge can be amortised over 4 quarters	Charged to P&L in the first quarter itself
Provisions for COVID 19 Relief accounts	<ul style="list-style-type: none"> • 5% in Q4 FY20 • 5% in Q1 FY21 	10% in Q4 FY20
Provisions for Security Receipts	Depreciation can be netted with appreciation of individual scrips in the same category	Appreciation of individual scrips not netted

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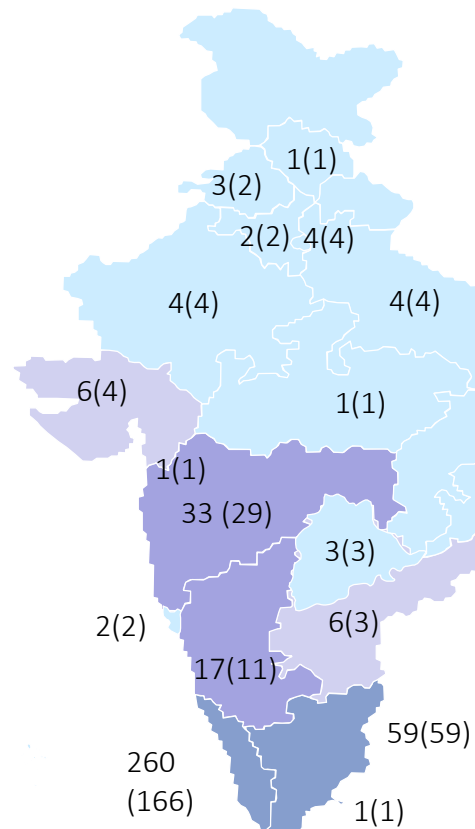
Digital Penetration

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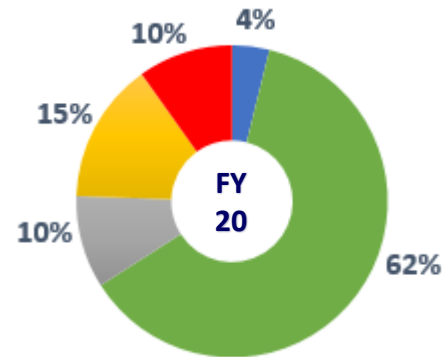
Branch Distribution

State	% distribution
KERALA	63%
TAMIL NADU	14%
MAHARASHTRA	8%
KARNATAKA	4%
OTHERS	10%

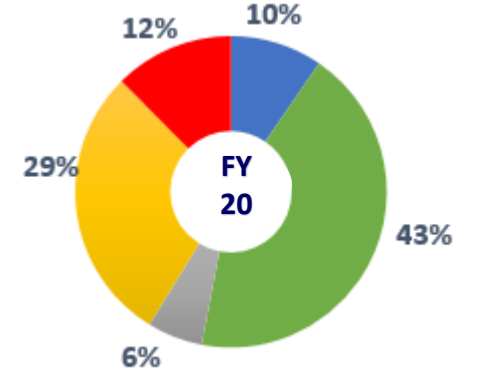
Population	No of Branches
Metropolitan	65
Urban	87
Semi-urban	223
Rural	36
Grand Total	411



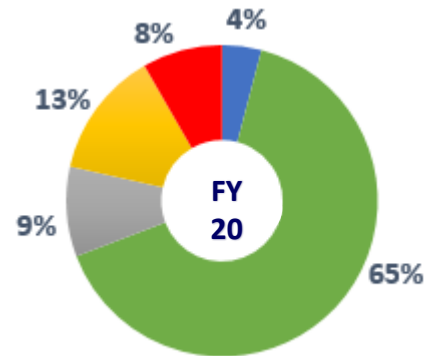
CASA



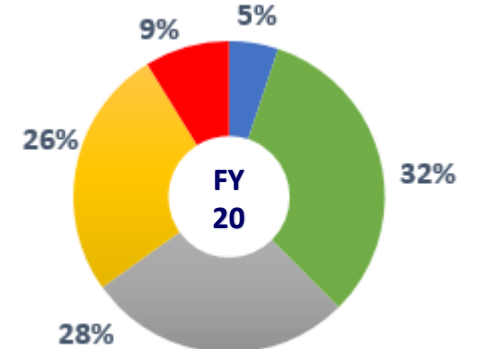
Gold Loans



Total Deposits



Total Advances

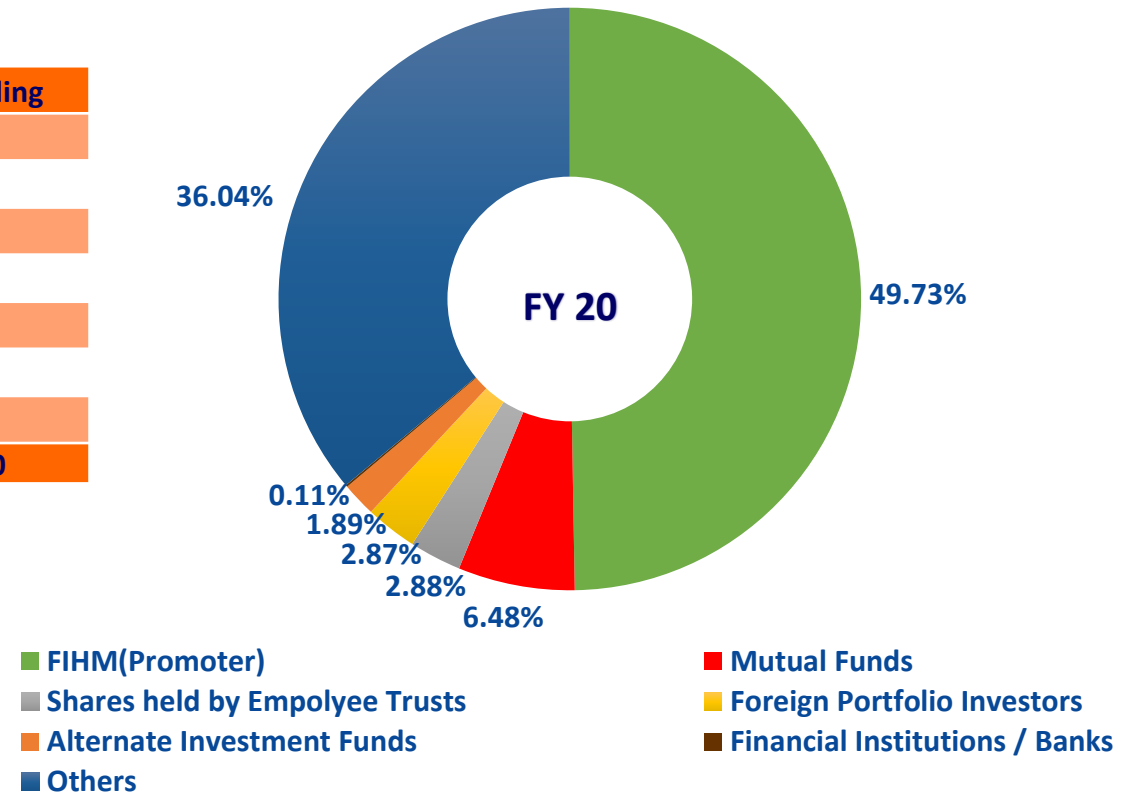


■ Kerala ■ Tamilnadu ■ Maharashtra ■ Karnataka ■ Others

Share Holding Pattern

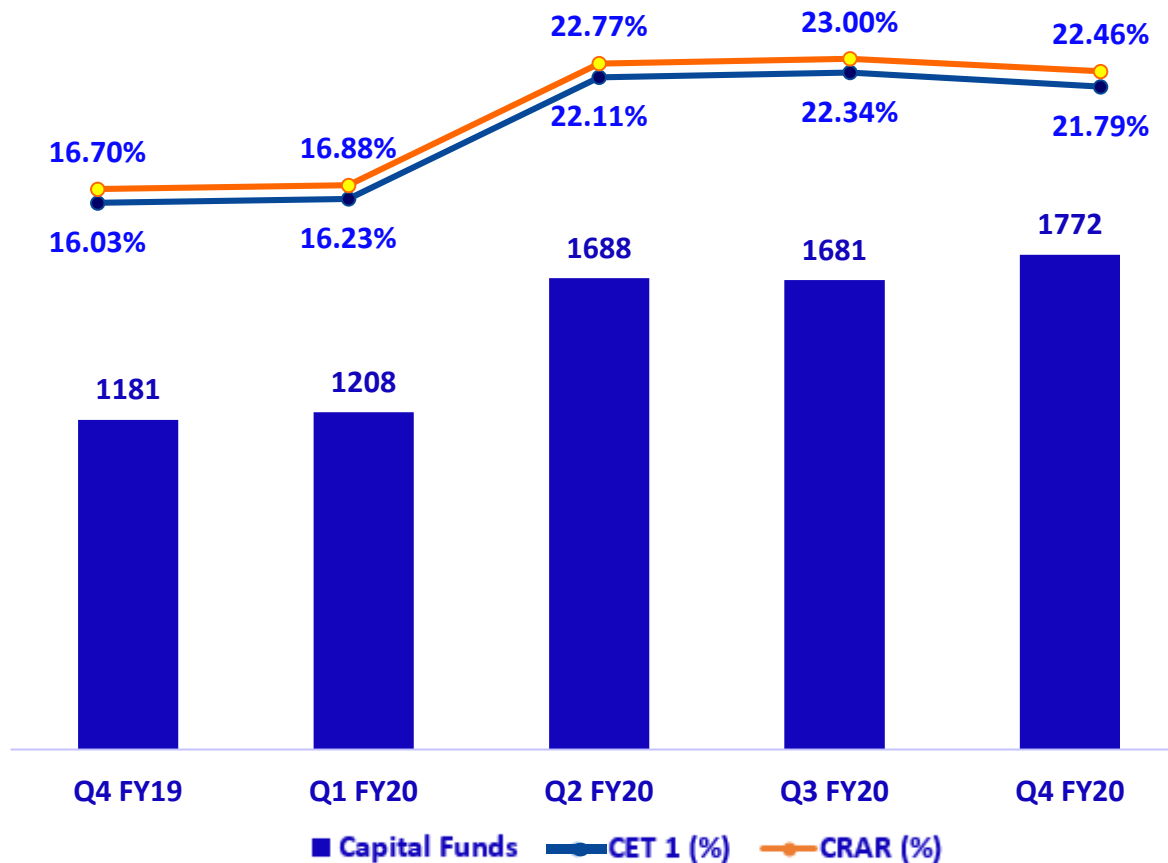
Category	No of shareholders	No of Shares held(in Mio)	% of holding
FIHM(Promoter)	1	86.26	49.73
Mutual Funds	7	11.24	6.48
Alternate Investment Funds	1	3.27	1.89
Foreign Portfolio Investors	12	4.98	2.87
Financial Institutions / Banks	2	0.19	0.11
Shares held by Employee Trusts	1	5.00	2.88
Others	51990	62.52	36.04
TOTAL	52014	173.46	100.00

% of Share Holding



Solid CRAR – Our Strength

Amt in Cr



	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20
Risk Weighted Assets					
Credit Risk	5498	5504	5611	5543	5911
Market Risk	674	753	905	871	865
Operational Risk	895	895	895	895	1115
Total RWA	7068	7152	7411	7309	7891

- ❖ Capital Adequacy Ratio of our bank is one of the highest in the industry.
- ❖ Highest Tier 1 capital ratios in the country which is 100% common equity.
- ❖ Our Zero Tier 1 and Tier 2 debt capital provides us with enough elbow room to enhance the capital base without dilutions thereby giving scope for magnifying Return on Equity

Other core Strengths

- ❖ **Deposit Rating** - CRISIL, the premier credit rating agency in the country, has assigned its top notch rating of A1+ to the Certificate of Deposits (Rs 2000 crore) and Short term Deposits (Rs 2000 crore) Programme of the bank.
- ❖ **Sticky Deposit Base** - Bank is having a sticky retail term deposit base with consistently high renewal rates. Even during COVID time(in 2M of FY21), our deposits grew by~ Rs 430Cr.
- ❖ **Comfortable Provision Coverage** - Bank has an accelerated provision policy which ensures that the bank maintains a high provision coverage ratio through the cycle.
- ❖ **Gold is our DNA** - 31% of our total advances is Gold Loan portfolio. In FY20 Gold loan grew at robust 28% YoY.

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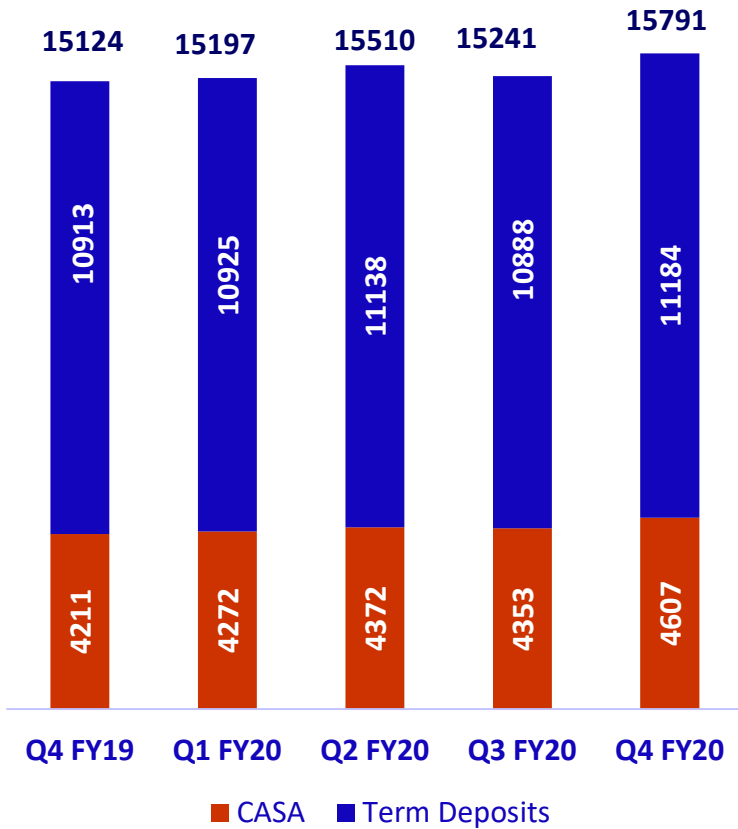
Earnings

Digital Penetration

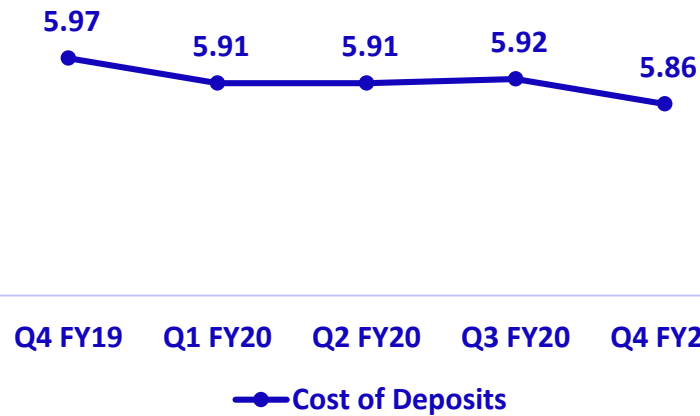
Strategy

Total Deposits

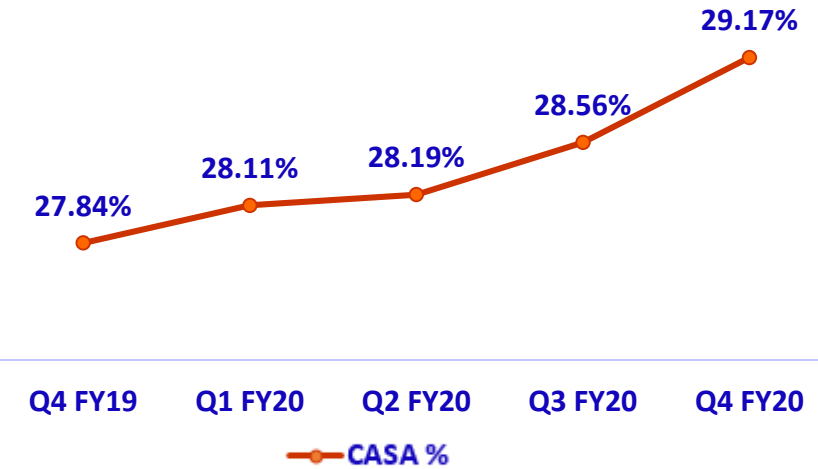
(Amt in Cr)



Cost of Deposits



CASA Ratio



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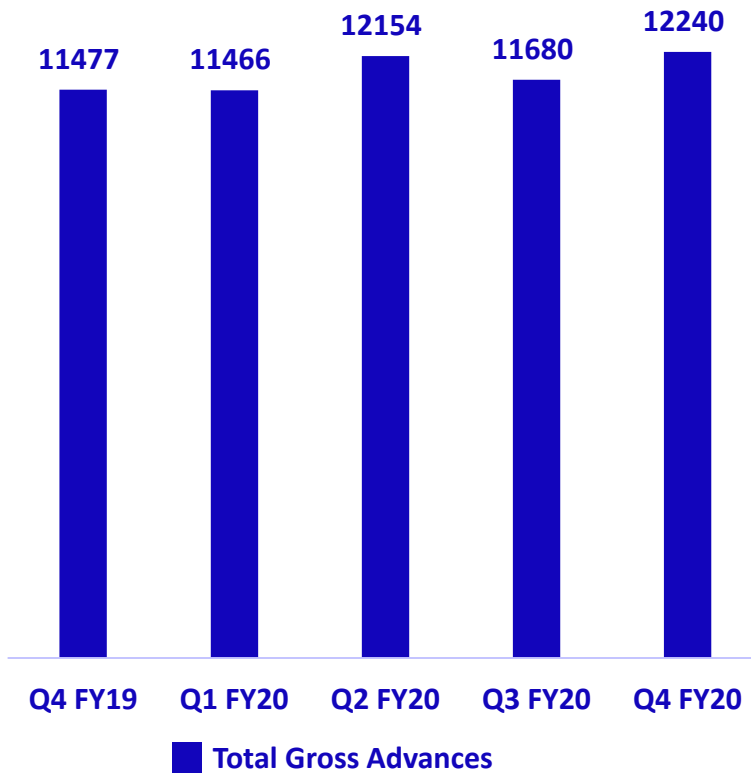
Earnings

Digital Penetration

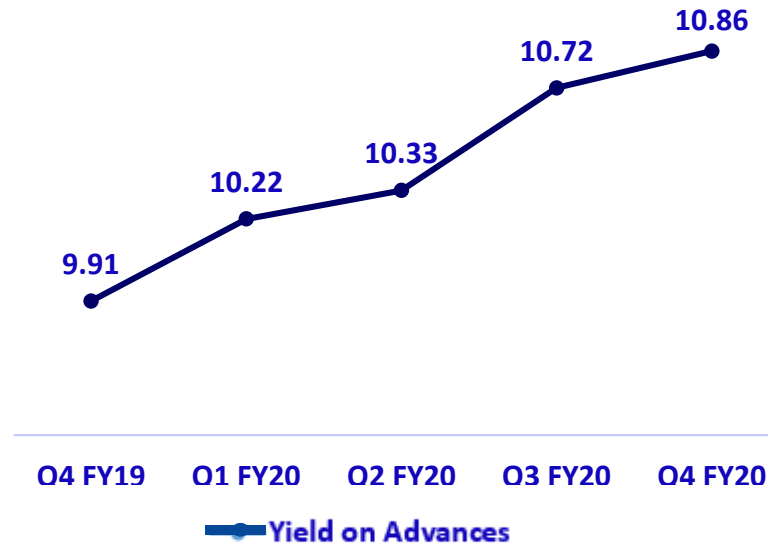
Strategy

Total Gross Advances

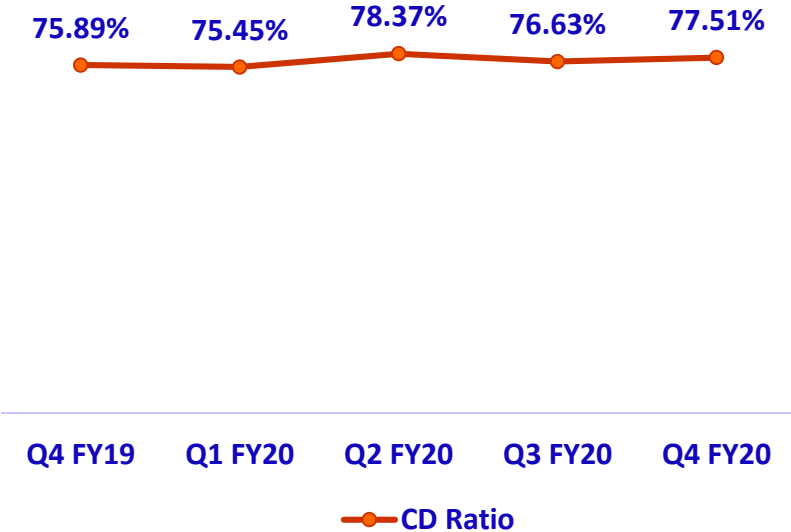
(Amt in Cr)



Yield on Advances



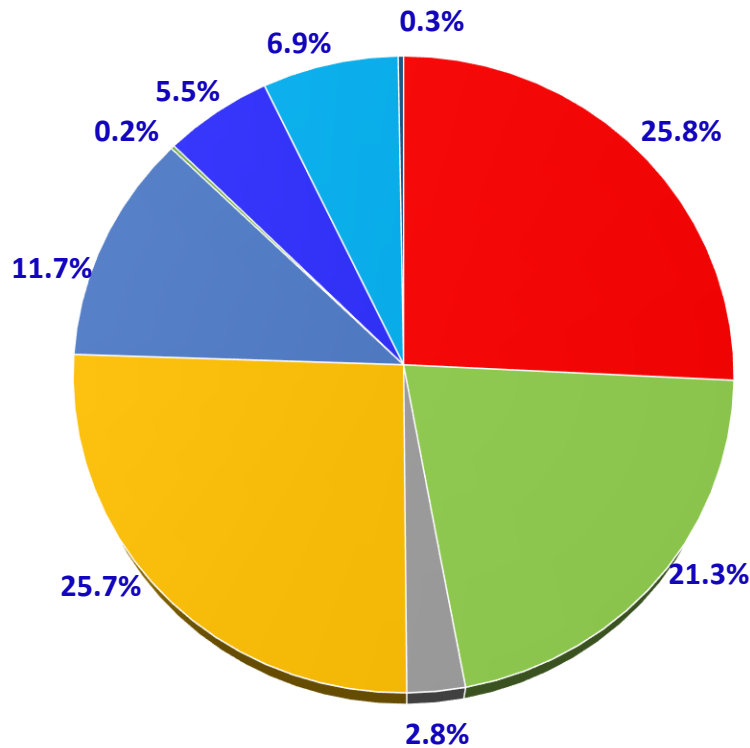
CD Ratio



Advance Mix

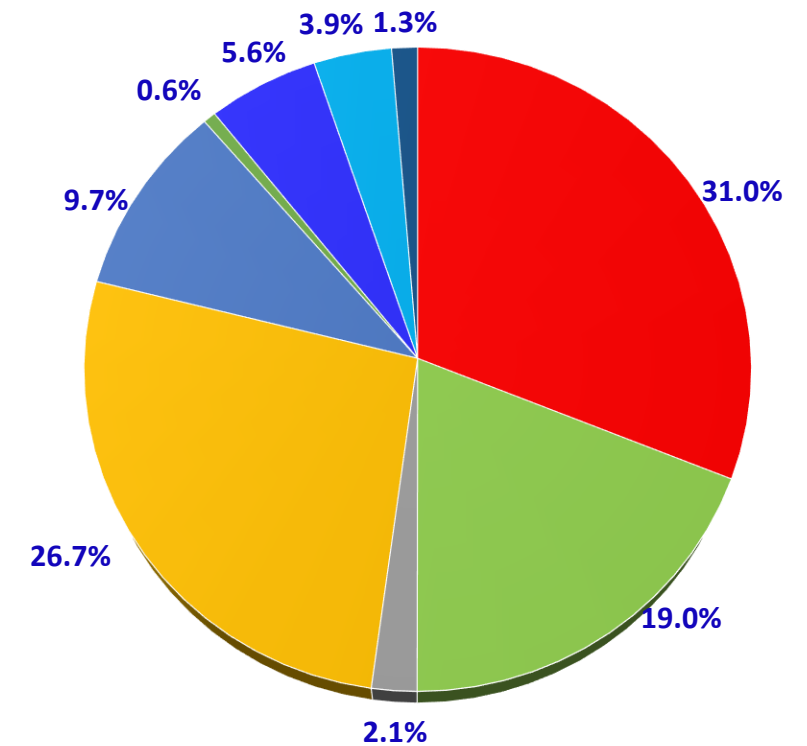
(Amt in Cr)

FY 19



2958	Gold Loans	3799
2447	SME Loans	2324
316	MSME Loans	260
3735	Corporate Loans	3748
1341	Retail Loans	1193
21	Two Wheeler Loans	78
627	Assignment Loans	680
789	LCBD & TReDS	477
31	Agri & MFI Loans	158

FY 20



Profit & Loss Account - Q4 FY 20

Amt in Cr

	Q4FY19	Q3FY20	Q4FY20	YoY	QoQ
Interest Income	354.0	388.7	388.9	34.9	0.3
Interest Expense	233.4	233.4	231.4	-2.0	-2.1
Net Interest Income	120.6	155.2	157.5	36.9	2.3
Treasury Profit	8.1	4.0	13.3	5.2	9.3
Commission Income	8.5	7.7	10.7	2.2	3.0
Processing Fees	10.4	7.8	13.6	3.2	5.8
Bad debts recovered	6.1	17.9	19.6	13.5	1.7
Other Income	12.7	13.2	29.4	16.7	16.2
Total Non Interest Income	45.9	50.6	86.6	40.7	36.0
Total Net Operating Income	166.4	205.9	244.1	77.7	38.3
Staff Cost	150.2	84.2	79.0	-71.3	-5.2
Other Opex	54.3	51.7	58.2	3.9	6.5
Total Opex	204.5	135.8	137.1	-67.4	1.3
Operating Profit/Loss	-38.0	70.0	107.0	145.0	37.0

	Q4FY19	Q3FY20	Q4FY20	YoY	QoQ
Operating Profit	-38.0	70.0	107.0	145.0	37.0
Provision for NPA	166.7	35.3	56.0	-110.7	20.7
Provision for Dep on Inv	11.1	-6.1	24.0	12.9	30.1
Other Provisions	12.8	-1.6	4.2	-8.5	5.9
Total Provisions	190.6	27.6	84.2	-106.3	56.6
Profit Before Tax	-228.7	42.4	22.8	251.4	-19.7
Tax	-78.0	14.3	82.4	160.4	68.1
Profit/Loss (-) After Tax	-150.6	28.1	-59.6	91.0	-87.8

- ❖ Provision for NPA was higher due to full provision for a corporate account which turned NPA during the quarter (Rs 29 crore)
- ❖ Provision for Depreciation on Investment was higher in Q4FY20 due to provision for SR Rs 30 Crore
- ❖ Bank opted for the lower tax regime in Q4FY20 & the total effect (DTA and MAT credit reversals) on Q4 earnings is Rs 77 crore.
- ❖ In Q4, an amount of Rs 1.63 Cr is provided towards general provision against accounts retained as standard as per RBI moratorium circular

Profit & Loss Account - FY 20

Amt in Cr

	FY 19	FY 20	YoY	YoY%
Interest Income	1347.5	1509.9	162.4	12.0%
Interest Expense	907.6	917.6	10.0	1.0%
Net Interest Income	440.0	592.3	152.3	35.0%
Treasury Profit	8.0	30.2	22.2	277.0%
Commission Income	27.2	32.1	4.9	18.0%
Processing Fees	20.5	32.3	11.8	58.0%
Bad Debts recovered	30.8	60.2	29.4	95.5%
Other Income	49.4	66.8	17.5	35.3%
Total Non Interest Income	135.9	221.6	85.7	63.0%
Total Net Operating Income	575.9	813.9	238.0	41.0%
Staff Cost	384.4	331.3	-53.2	-14.0%
Other Opex	178.1	202.1	24.0	13.0%
Total Opex	562.5	533.3	-29.2	-5.0%
Operating Profit	13.4	280.6	267.2	2000.0%

	FY 19	FY 20	YoY	YoY%
Operating Profit	13.4	280.6	267.2	2000.0%
Provision for NPA	261.7	121.1	-140.6	-54.0%
Provision for Dep on Inv	35.3	20.4	-14.9	-42.0%
Other Provisions	16.5	5.0	-11.5	-70.0%
Total Provisions	313.5	146.5	-167.0	-53.0%
Profit/Loss(-) Before Tax	-300.1	134.1	434.2	
Tax	-102.7	121.3	224.0	-218.0%
Profit/Loss (-) After Tax	-197.4	12.7	210.2	

❖ Bank had opted for the lower tax regime in Q4FY20 the total effect (DTA reversal and MAT credit reversal) on earnings is Rs 87 crore.

❖ Provision on COVID relief accounts at 10% was provided in full- Rs 1.63 Cr

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Balance Sheet - FY 20

Amt in Cr

31.03.2019

31.03.2020

YoY (%)

31.12.2020

QoQ (%)

Liabilities

Capital	86.0	173.5	101.8%	173.5	0.0%
Share Warrant	651.3	-	-100.0%	-	0.0%
Reserves & Surplus	694.4	1,787.2	157.4%	1,846.8	-3.2%
Deposits	15,123.9	15,790.7	4.4%	15,241.1	3.6%
Of Which CASA	4,210.6	4,606.6	9.4%	4,353.2	5.8%
Borrowings	-	794.0	0.0%	100.0	694.1%
Other Liabilities & Provisions	355.6	318.9	-10.3%	420.6	-24.2%
Total	16,911.2	18,864.3	11.5%	17,782.0	6.1%

Assets

Cash & Balance with RBI	725.4	547.8	-24.5%	693.9	-21.1%
Balance with Banks & Money at call & Short Notice	248.2	391.6	57.7%	259.3	51.0%
Investments	4,027.6	5,359.8	33.1%	4,663.8	14.9%
Advances	10,615.2	11,366.4	7.1%	10,808.1	5.2%
Fixed Assets	218.0	228.3	5.0%	221.0	3.0%
Other Assets	1,077.0	970.4	-10.0%	1,136.0	-15.0%
Total	16,911.2	18,864.3	12.0%	17,782.0	6.0%

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Asset Quality

Amt in Cr

Gross NPA: Movement

	QoQ movement				YoY movement	
	Q1 FY20 (3 months)	Q2 FY20 (3 months)	Q3FY20 (3 months)	Q4 FY20 (3 months)	FY19 (12 months)	FY20 (12 months)

Opening Balance of Gross NPA	530.6	513.4	326.2	352.6	764.1	530.6
Additions	32.0	60.7	52.7	83.2	197.6	181.8
Sub-total (A)	562.6	574.1	378.9	435.8	961.6	712.3
Less:-						
(i) Upgradations	6.8	10.5	9.0	7.1	33.2	19.5
(ii) Recoveries (excluding recoveries made from upgraded accounts)	39.2	25.6	16.2	17.3	97.8	85.2
(iii) Technical/ Prudential Write-offs	0.0	205.6	0.0	0.0	279.8	183.9
(iv) Write-offs other than those under (iii) above	3.2	6.2	1.1	1.9	20.25	14.3
Sub-total (B)	49.2	247.9	26.3	26.4	431.0	303.0
Closing balance of Gross NPA (A – B)	513.4	326.2	352.6	409.4	530.6	409.4

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Key Ratios

Amt in Cr

78.16% 79.88% 79.45% 80.31% 80.02%

Q4 FY19 Q1 FY20 Q2 FY20 Q3 FY20 Q4 FY20

Provision Coverage Ratio

0.45% 0.53% 0.60% *0.54%
Q4 FY19 Q1 FY20 Q2 FY20 Q3 FY20 Q4 FY20
-3.38% -1.24%

*Ex tax effect

Return on Assets

122.91% 75.34% 68.47% 65.99% 56.17%
Q4 FY19 Q1 FY20 Q2 FY20 Q3 FY20 Q4 FY20

Cost to Income Ratio

2.71% 3.02% 3.14% 3.33% 3.26%
120 132 147 155 158
Q4 FY19 Q1 FY20 Q2 FY20 Q3 FY20 Q4 FY20

■ Net interest income — Net Interest Margin

2.27% 2.04% 1.96% 1.98% 1.91%
241 217 222 214 217
Q4 FY19 Q1 FY20 Q2 FY20 Q3 FY20 Q4 FY20

■ Net NPA — Net NPA %

4.87% 4.71% 2.86% 3.22% 3.54%
531 513 326 353 409
Q4 FY19 Q1 FY20 Q2 FY20 Q3 FY20 Q4 FY20

■ Gross NPA — Gross NPA %

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Digital Touch Points



1,500 + Installations



6 lacs+ Debit Cards



2 lacs+ Net Banking
users



300 ATM
Network



1,000+ QR
Installations



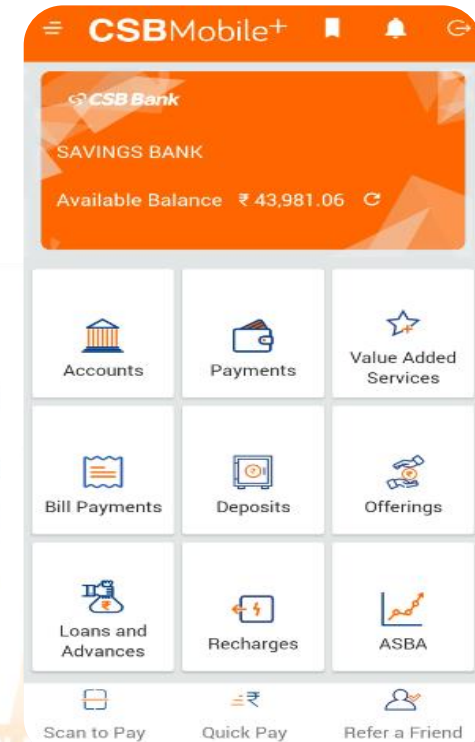
50,000+ ePassbook
Downloads



78,000+ Prepaid
Cards



1 lac+ UPI
Downloads



2 lacs+ Mobile
Banking Users

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Digital Milestones in FY 20

Mobile Banking activation
jumped
to 34%

MEITY ranks our Bank 18 out of 53 Banks.
Bank surpassed the target
of 1 Cr Digital txn

Digital Transactions increased
by 26.3 %

ATM
Uptime now 95%

Debit cards Activation
increased by 24%

No cash in wallet? just pay.

Swipe to Pay
With CSB Debit Cards

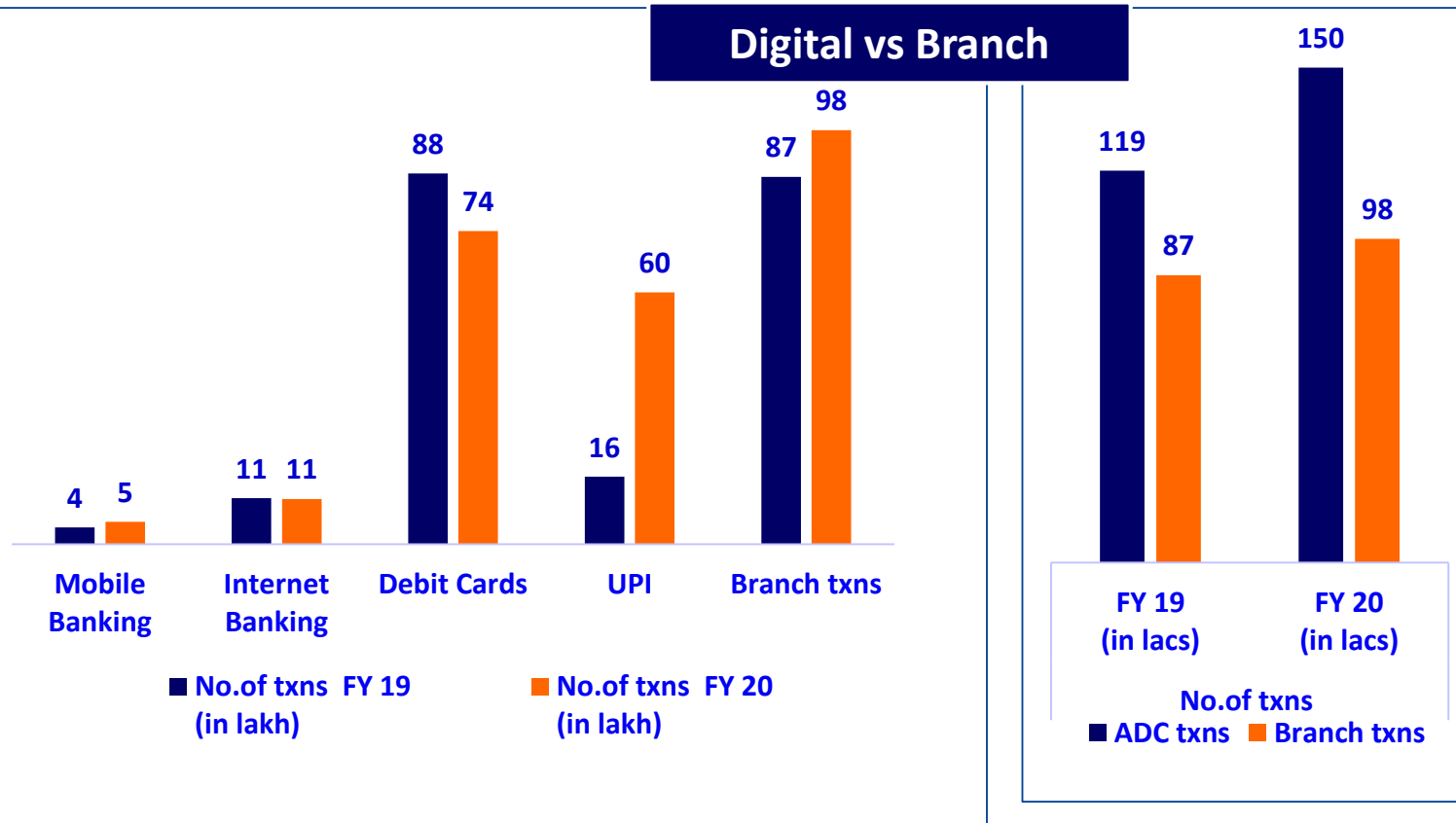
Click to Pay
With CSB Net Banking

Tap to Pay
With CSB Mobile Banking

Scan to Pay
With CSB PAY (UPI App)

Channel transactions

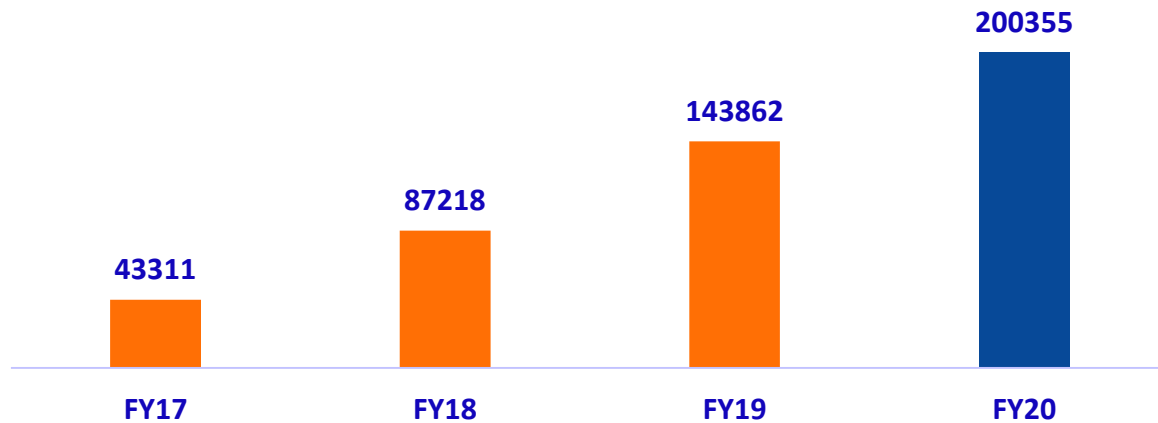
Digital vs Branch



	No. of txns	
	FY 19 (In lakh)	FY 20 (In lakh)
Mobile Banking	4	5
Internet Banking	11	11
Debit Cards	88	74
UPI	16	60
Branch txns	87	98
Total Channel Transactions	119	150
% of channel txns	57.76%	60.48%

CSB Mobile+ App - Way to Go Digital

Mobile Banking Y-O-Y signups



- *Full fledged application ranging from fund Transfers ,Recharges, Scan & Pay payments to UPI*
- *'Refer & Win' attractive cashbacks*
- *Best UI & UX Design*

Upcoming Digital Projects



WhatsApp Banking



Chatbot in Mobile App



BBPS in Net/Mobile Banking



Up gradation of CSB Mobile+ with Collect payments



Loyalty Rewards program for customers



Tap & Pay Cards (Contactless)



FASTag /National Electronic Toll Collections



CSB E-Tax Filing

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Verticalisation of Business Units

- ✓ For liabilities, Bank has plans to set up NRI vertical to sharpen focus on NRE deposits.
 - ✓ Agri & MFI vertical launched last year has a closing book of Rs 159 crore as on 31.03.2020 .
 - ✓ MSME vertical which was operationalized recently has started penetrating the targeted segments along with active cross selling
 - ✓ Two wheeler vertical, which is currently concentrated in Kerala (book size of Rs 74 crore as on 31.03.2020 in Kerala and other states Rs 4 crore) will be increasing its presence to other geographies.
- Apart from these fledglings, gold loans will continue to be the prime driver of the loan book with the branch expansion initiative oriented to gold loan potential areas and steady increase in feet on street sales force for gold loans.

Branch Expansion Plans

- ✓ Bank plans to open 103 branches in this financial year.
- ✓ Branch Opening will be primarily in Southern/Western India
- ✓ These branches will be opened at areas with gold loan, Agri & MFI, MSME and CASA potential in line with the strategic priorities of the bank

COVID 19 - Update

Branch Operations:

- Customers were provided uninterrupted banking services during this period. All our branches were generally kept open and functional
- Business Continuity for critical functions such as CBS, Treasury, CTS & RTGS was ensured
- Digital channels were pushed duly highlighting the safety aspects

Business Initiatives:

- HNI customers were contacted (calling activity) with a view to deepen the relationship & for sourcing leads
- Branches also focussed on dormant account activation during this period
- In Gold Loans, actively promoted door step gold loans and Akshaya Gold Credit Line scheme
- Actively participated in TLTRO operations by RBI
- Introduced COVID Demand Loans to support the customers

Improvement in Technology:

- Bank continued to improve on technology and introduced digital account opening and Gold Loan LOS across all the branches

Cost saving Measures:

- Renegotiated with landlords for possible rent reduction.
- With a view to improve the fee income, aggressively marketed lockers and insurance policies especially COVID insurance.

Others:

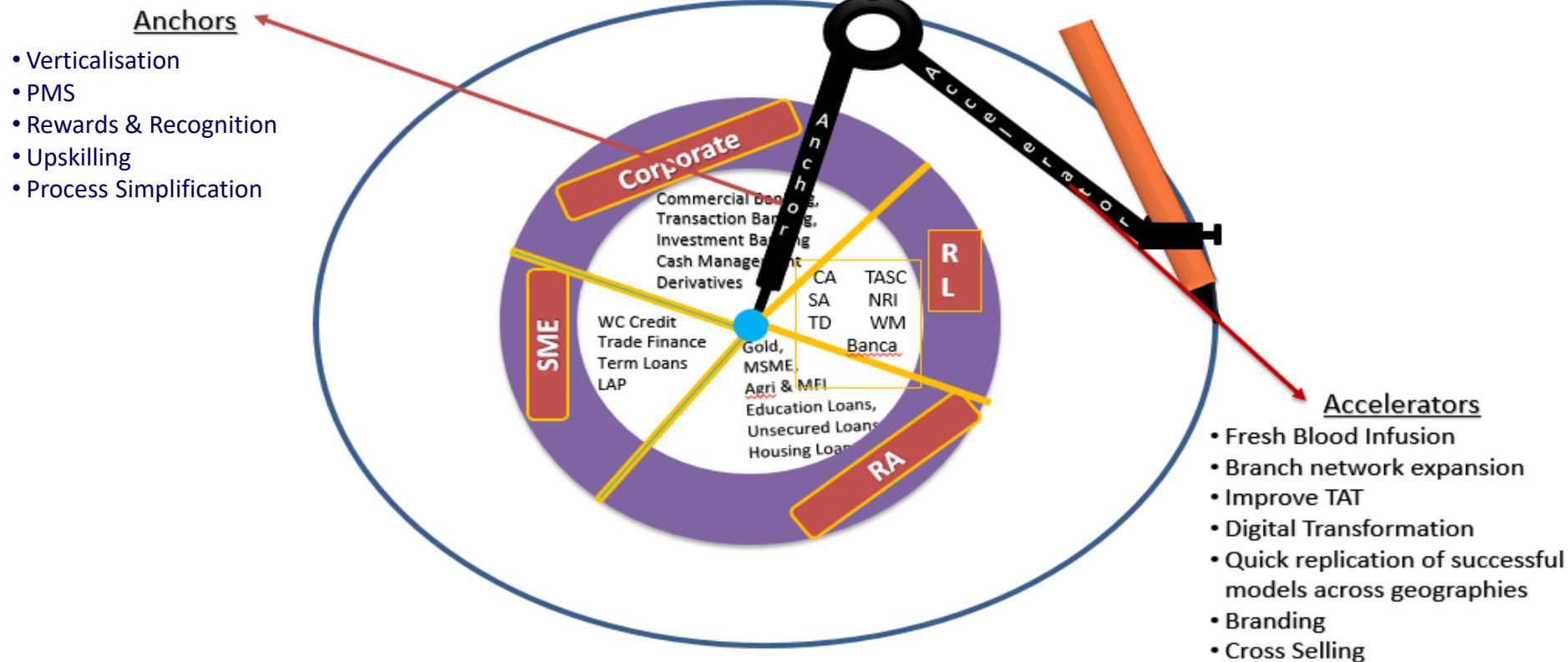
- As per the RBI guidelines, bank has extended moratorium across the board to all the eligible borrowers
- Groundwork for branch expansion like identification of premises, rent negotiation, technical feasibility study etc have progressed
- E learning modules were prepared and are ready for launch
- Recruitment drives were conducted through video conferencing mode.

We aim to

- deliver long term value for the shareholders,
- grow with the aspirations of our customers,
- provide employees with a meritocratic work environment,
- meet the regulatory expectations.

Through

- expanding our footprints across India especially South and Western India,
- extending into new clientele base in retail and MSME
- reorganising into business verticals with clearly defined roles and responsibilities,
- incentivising performance,
- maintaining a granular asset portfolio with reduced focus on corporate credit,
- competing on non price value propositions,
- maintaining robust capital , funding and liquidity base,
- strong balance sheet with strong controls.



Thank You...

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